

PPL Corp
 Form 10-Q
 May 02, 2019

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UNITED STATES
 SECURITIES AND EXCHANGE COMMISSION
 Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT
 OF 1934 for the quarterly period ended March 31, 2019.

OR
 TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT
 OF 1934 for the transition period from _____ to _____

Commission File	Registrant; State of Incorporation;	IRS Employer
Number	Address and Telephone Number	Identification No.

	PPL Corporation (Exact name of Registrant as specified in its charter) (Pennsylvania)	
1-11459	Two North Ninth Street Allentown, PA 18101-1179 (610) 774-5151	23-2758192

	PPL Electric Utilities Corporation (Exact name of Registrant as specified in its charter) (Pennsylvania)	
1-905	Two North Ninth Street Allentown, PA 18101-1179 (610) 774-5151	23-0959590

	LG&E and KU Energy LLC (Exact name of Registrant as specified in its charter) (Kentucky)	
333-173665	220 West Main Street Louisville, KY 40202-1377 (502) 627-2000	20-0523163

	Louisville Gas and Electric Company (Exact name of Registrant as specified in its charter) (Kentucky)	
1-2893	220 West Main Street Louisville, KY 40202-1377 (502) 627-2000	61-0264150

1-3464	Kentucky Utilities Company	61-0247570
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(Exact name of Registrant as specified in its charter)

(Kentucky and Virginia)

One Quality Street

Lexington, KY 40507-1462

(502) 627-2000

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Indicate by check mark whether the registrants (1) have filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrants were required to file such reports), and (2) have been subject to such filing requirements for the past 90 days.

PPL Corporation	Yes	X	No
PPL Electric Utilities Corporation	Yes	X	No
LG&E and KU Energy LLC	Yes	X	No
Louisville Gas and Electric Company	Yes	X	No
Kentucky Utilities Company	Yes	X	No

Indicate by check mark whether the registrants have submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrants were required to submit such files).

PPL Corporation	Yes	X	No
PPL Electric Utilities Corporation	Yes	X	No
LG&E and KU Energy LLC	Yes	X	No
Louisville Gas and Electric Company	Yes	X	No
Kentucky Utilities Company	Yes	X	No

Indicate by check mark whether the registrants are large accelerated filers, accelerated filers, non-accelerated filers, smaller reporting companies or emerging growth companies. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

	Large accelerated filer	Accelerated filer	Non-accelerated filer	Smaller reporting company	Emerging growth company
PPL Corporation	[X]	[]	[]	[]	[]
PPL Electric Utilities Corporation	[]	[]	[X]	[]	[]
LG&E and KU Energy LLC	[]	[]	[X]	[]	[]
Louisville Gas and Electric Company	[]	[]	[X]	[]	[]
Kentucky Utilities Company	[]	[]	[X]	[]	[]

If emerging growth companies, indicate by check mark if the registrants have elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

PPL Corporation	[]
PPL Electric Utilities Corporation	[]
LG&E and KU Energy LLC	[]
Louisville Gas and Electric Company	[]
Kentucky Utilities Company	[]

Indicate by check mark whether the registrants are shell companies (as defined in Rule 12b-2 of the Exchange Act).

PPL Corporation	Yes	No	X
PPL Electric Utilities Corporation	Yes	No	X
LG&E and KU Energy LLC	Yes	No	X
Louisville Gas and Electric Company	Yes	No	X

Kentucky Utilities Company

Yes No

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Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol:	Name of each exchange on which registered
Common Stock of PPL Corporation	PPL	New York Stock Exchange
Junior Subordinated Notes of PPL Capital Funding, Inc. 2007 Series A due 2067	PPL/67	New York Stock Exchange
2013 Series B due 2073	PPX	New York Stock Exchange

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

PPL Corporation	Common stock, \$0.01 par value, 721,742,302 shares outstanding at April 25, 2019.
PPL Electric Utilities Corporation	Common stock, no par value, 66,368,056 shares outstanding and all held by PPL Corporation at April 25, 2019.
LG&E and KU Energy LLC	PPL Corporation directly holds all of the membership interests in LG&E and KU Energy LLC.
Louisville Gas and Electric Company	Common stock, no par value, 21,294,223 shares outstanding and all held by LG&E and KU Energy LLC at April 25, 2019.
Kentucky Utilities Company	Common stock, no par value, 37,817,878 shares outstanding and all held by LG&E and KU Energy LLC at April 25, 2019.

This document is available free of charge at the Investors section of PPL Corporation's website at www.pplweb.com. However, information on this website does not constitute a part of this Form 10-Q.

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PPL CORPORATION
PPL ELECTRIC UTILITIES CORPORATION
LG&E AND KU ENERGY LLC
LOUISVILLE GAS AND ELECTRIC COMPANY
KENTUCKY UTILITIES COMPANY

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FOR THE QUARTER ENDED MARCH 31, 2019

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This combined Form 10-Q is separately filed by the following Registrants in their individual capacity: PPL Corporation, PPL Electric Utilities Corporation, LG&E and KU Energy LLC, Louisville Gas and Electric Company and Kentucky Utilities Company. Information contained herein relating to any individual Registrant is filed by such Registrant solely on its own behalf, and no Registrant makes any representation as to information relating to any other Registrant, except that information under "Forward-Looking Information" relating to subsidiaries of PPL Corporation is also attributed to PPL Corporation and information relating to the subsidiaries of LG&E and KU Energy LLC is also attributed to LG&E and KU Energy LLC.

Unless otherwise specified, references in this Report, individually, to PPL Corporation, PPL Electric Utilities Corporation, LG&E and KU Energy LLC, Louisville Gas and Electric Company and Kentucky Utilities Company are references to such entities directly or to one or more of their subsidiaries, as the case may be, the financial results of which subsidiaries are consolidated into such Registrants' financial statements in accordance with GAAP. This presentation has been applied where identification of particular subsidiaries is not material to the matter being disclosed, and to conform narrative disclosures to the presentation of financial information on a consolidated basis.

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GLOSSARY OF TERMS AND ABBREVIATIONS

PPL Corporation and its subsidiaries

KU - Kentucky Utilities Company, a public utility subsidiary of LKE engaged in the regulated generation, transmission, distribution and sale of electricity, primarily in Kentucky.

LG&E - Louisville Gas and Electric Company, a public utility subsidiary of LKE engaged in the regulated generation, transmission, distribution and sale of electricity and the distribution and sale of natural gas in Kentucky.

LKE - LG&E and KU Energy LLC, a subsidiary of PPL and the parent of LG&E, KU and other subsidiaries.

LKS - LG&E and KU Services Company, a subsidiary of LKE that provides administrative, management, and support services primarily to LKE and its subsidiaries.

PPL - PPL Corporation, the parent holding company of PPL Electric, PPL Energy Funding, PPL Capital Funding, LKE and other subsidiaries.

PPL Capital Funding - PPL Capital Funding, Inc., a financing subsidiary of PPL that provides financing for the operations of PPL and certain subsidiaries. Debt issued by PPL Capital Funding is guaranteed as to payment by PPL.

PPL Electric - PPL Electric Utilities Corporation, a public utility subsidiary of PPL engaged in the regulated transmission and distribution of electricity in its Pennsylvania service area and that provides electricity supply to its retail customers in this area as a PLR.

PPL Energy Funding - PPL Energy Funding Corporation, a subsidiary of PPL and the parent holding company of PPL Global and other subsidiaries.

PPL EU Services - PPL EU Services Corporation, a subsidiary of PPL that provides administrative, management and support services primarily to PPL Electric.

PPL Global - PPL Global, LLC, a subsidiary of PPL Energy Funding that, primarily through its subsidiaries, owns and operates WPD, PPL's regulated electricity distribution businesses in the U.K.

PPL Services - PPL Services Corporation, a subsidiary of PPL that provides administrative, management and support services to PPL and its subsidiaries.

PPL WPD Limited - an indirect U.K. subsidiary of PPL Global. Following a reorganization in October 2015 and October 2017, PPL WPD Limited is an indirect parent to WPD plc having previously been a sister company.

Safari Energy - Safari Energy, LLC, an indirect subsidiary of PPL, acquired in June 2018, that provides solar energy solutions for commercial customers in the U.S.

WPD - refers to PPL WPD Limited and its subsidiaries.

WPD (East Midlands) - Western Power Distribution (East Midlands) plc, a British regional electricity distribution utility company.

WPD plc - Western Power Distribution plc, an indirect U.K. subsidiary of PPL WPD Limited. Its principal indirectly owned subsidiaries are WPD (East Midlands), WPD (South Wales), WPD (South West) and WPD (West Midlands).

WPD Midlands - refers to WPD (East Midlands) and WPD (West Midlands), collectively.

WPD (South Wales) - Western Power Distribution (South Wales) plc, a British regional electricity distribution utility company.

WPD (South West) - Western Power Distribution (South West) plc, a British regional electricity distribution utility company.

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WPD (West Midlands) - Western Power Distribution (West Midlands) plc, a British regional electricity distribution utility company.

WKE - Western Kentucky Energy Corp., a subsidiary of LKE that leased certain non-regulated utility generating plants in western Kentucky until July 2009.

Other terms and abbreviations

£ - British pound sterling.

2018 Form 10-K - Annual Report to the SEC on Form 10-K for the year ended December 31, 2018.

Act 11 - Act 11 of 2012 that became effective on April 16, 2012. The Pennsylvania legislation authorized the PUC to approve two specific ratemaking mechanisms: the use of a fully projected future test year in base rate proceedings and, subject to certain conditions, a DSIC.

Act 129 - Act 129 of 2008 that became effective in October 2008. The law amended the Pennsylvania Public Utility Code and created an energy efficiency and conservation program and smart metering technology requirements, adopted new PLR electricity supply procurement rules, provided remedies for market misconduct and changed the Alternative Energy Portfolio Standard (AEPS).

Act 129 Smart Meter program - PPL Electric's system wide meter replacement program that installs wireless digital meters that provide secure communication between PPL Electric and the meter as well as all related infrastructure.

Adjusted Gross Margins - a non-GAAP financial measure of performance used in "Item 2. Combined Management's Discussion and Analysis of Financial Condition and Results of Operations" (MD&A).

Advanced Metering System - meters and meter-reading systems that provide two-way communication capabilities, which communicate usage and other relevant data to LG&E and KU at regular intervals, and are also able to receive information from LG&E and KU, such as software upgrades and requests to provide meter readings in real time.

AFUDC - allowance for funds used during construction. The cost of equity and debt funds used to finance construction projects of regulated businesses, which is capitalized as part of construction costs.

AOI - accumulated other comprehensive income or loss.

ARO - asset retirement obligation.

ATM Program - at-the-market stock offering program.

CCR(s) - coal combustion residual(s). CCRs include fly ash, bottom ash and sulfur dioxide scrubber wastes.

Clean Air Act - federal legislation enacted to address certain environmental issues related to air emissions, including acid rain, ozone and toxic air emissions.

Clean Water Act - federal legislation enacted to address certain environmental issues relating to water quality including effluent discharges, cooling water intake, and dredge and fill activities.

CPCN - Certificate of Public Convenience and Necessity. Authority granted by the KPSC pursuant to Kentucky Revised Statute 278.020 to provide utility service to or for the public or the construction of certain plant, equipment, property or facility for furnishing of utility service to the public.

Customer Choice Act - the Pennsylvania Electricity Generation Customer Choice and Competition Act, legislation enacted to restructure the state's electric utility industry to create retail access to a competitive market for generation of electricity.

Depreciation not normalized - the flow-through income tax impact related to the state regulatory treatment of depreciation-related timing differences.

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DNO - Distribution Network Operator in the U.K.

DRIP - PPL Amended and Restated Dividend Reinvestment and Direct Stock Purchase Plan.

DSIC - Distribution System Improvement Charge. Authorized under Act 11, which is an alternative ratemaking mechanism providing more-timely cost recovery of qualifying distribution system capital expenditures.

DSM - Demand Side Management. Pursuant to Kentucky Revised Statute 278.285, the KPSC may determine the reasonableness of DSM programs proposed by any utility under its jurisdiction. DSM programs consist of energy efficiency programs intended to reduce peak demand and delay the investment in additional power plant construction, provide customers with tools and information regarding their energy usage and support energy efficiency.

DUoS - Distribution Use of System, the charge to licensed third party energy suppliers who are WPD's customers and use WPD's networks to deliver electricity to their customers, the end-users.

Earnings from Ongoing Operations - a non-GAAP financial measure of earnings adjusted for the impact of special items and used in "Item 2. Combined Management's Discussion and Analysis of Financial Condition and Results of Operations" (MD&A).

ECR - Environmental Cost Recovery. Pursuant to Kentucky Revised Statute 278.183, Kentucky electric utilities are entitled to the current recovery of costs of complying with the Clean Air Act, as amended, and those federal, state or local environmental requirements that apply to coal combustion wastes and byproducts from the production of energy from coal.

ELG(s) - Effluent Limitation Guidelines, regulations promulgated by the EPA.

EPA - Environmental Protection Agency, a U.S. government agency.

EPS - earnings per share.

FERC - Federal Energy Regulatory Commission, the U.S. federal agency that regulates, among other things, interstate transmission and wholesale sales of electricity, hydroelectric power projects and related matters.

GAAP - Generally Accepted Accounting Principles in the U.S.

GBP - British pound sterling.

GHG(s) - greenhouse gas(es).

GLT - gas line tracker. The KPSC approved mechanism for LG&E's recovery of costs associated with gas transmission lines, gas service lines, gas risers, leak mitigation, and gas main replacements.

HB 487 - House Bill 487. Comprehensive Kentucky state tax legislation enacted in April 2018.

IRS - Internal Revenue Service, a U.S. government agency.

KPSC - Kentucky Public Service Commission, the state agency that has jurisdiction over the regulation of rates and service of utilities in Kentucky.

kWh - kilowatt hour, basic unit of electrical energy.

LIBOR - London Interbank Offered Rate.

MATS - Mercury and Air Toxics Standards, regulations promulgated by the EPA.

Moody's - Moody's Investors Service, Inc., a credit rating agency.

MW - megawatt, one thousand kilowatts.

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NAAQS - National Ambient Air Quality Standards periodically adopted pursuant to the Clean Air Act.

NERC - North American Electric Reliability Corporation.

New Source Review - a Clean Air Act program that requires industrial facilities to install updated pollution control equipment when they are built or when making a modification that increases emissions beyond certain allowable thresholds.

NPNS - the normal purchases and normal sales exception as permitted by derivative accounting rules. Derivatives that qualify for this exception may receive accrual accounting treatment.

OCI - other comprehensive income or loss.

Ofgem - Office of Gas and Electricity Markets, the British agency that regulates transmission, distribution and wholesale sales of electricity and gas and related matters.

OVEC - Ohio Valley Electric Corporation, located in Piketon, Ohio, an entity in which LKE indirectly owns an 8.13% interest (consists of LG&E's 5.63% and KU's 2.50% interests), which is recorded at cost. OVEC owns and operates two coal-fired power plants, the Kyger Creek plant in Ohio and the Clifty Creek plant in Indiana, with combined capacities of 2,120 MW.

Performance unit - stock-based compensation award that represents a variable number of shares of PPL common stock that a recipient may receive based on PPL's attainment of (i) relative total shareholder return (TSR) over a three-year performance period as compared to companies in the Philadelphia Stock Exchange Utility Index; or (ii) corporate return on equity (ROE) based on the average of the annual ROE for each year of the three-year performance period.

PJM - PJM Interconnection, L.L.C., operator of the electricity transmission network and electricity energy market in all or parts of Delaware, Illinois, Indiana, Kentucky, Maryland, Michigan, New Jersey, North Carolina, Ohio, Pennsylvania, Tennessee, Virginia, West Virginia and the District of Columbia.

PLR - Provider of Last Resort, the role of PPL Electric in providing default electricity supply within its delivery area to retail customers who have not chosen to select an alternative electricity supplier under the Customer Choice Act.

PP&E - property, plant and equipment.

PPL EnergyPlus - prior to the June 1, 2015 spinoff, PPL Energy Supply, LLC, PPL EnergyPlus, LLC, a subsidiary of PPL Energy Supply that marketed and traded wholesale and retail electricity and gas, and supplied energy and energy services in competitive markets.

PPL Energy Supply - prior to the June 1, 2015 spinoff, PPL Energy Supply, LLC, a subsidiary of PPL Energy Funding and the indirect parent company of PPL Montana, LLC.

PPL Montana - prior to the June 1, 2015 spinoff of PPL Energy Supply, PPL Montana, LLC, an indirect subsidiary of PPL Energy Supply that generated electricity for wholesale sales in Montana and the Pacific Northwest.

PUC - Pennsylvania Public Utility Commission, the state agency that regulates certain ratemaking, services, accounting and operations of Pennsylvania utilities.

RAV - regulatory asset value. This term, used within the U.K. regulatory environment, is also commonly known as RAB or regulatory asset base. RAV is based on historical investment costs at time of privatization, plus subsequent allowed additions less annual regulatory depreciation, and represents the value on which DNOs earn a return in accordance with the regulatory cost of capital. RAV is indexed to Retail Price Index (RPI) in order to allow for the effects of inflation. RAV additions have been and continue to be based on a percentage of annual total expenditures that have a long-term benefit to WPD (similar to capital projects for the U.S. regulated businesses that are generally included in rate base).

RCRA - Resource Conservation and Recovery Act of 1976.

Registrant(s) - refers to the Registrants named on the cover of this Report (each a "Registrant" and collectively, the "Registrants").

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Regulation S-X - SEC regulation governing the form and content of and requirements for financial statements required to be filed pursuant to the federal securities laws.

RFC - ReliabilityFirst Corporation, one of eight regional entities with delegated authority from NERC that work to safeguard the reliability of the bulk power systems throughout North America.

RIIO - Ofgem's framework for setting U.K. regulated gas and electric utility price controls which stands for "Revenues = Incentive + Innovation + Outputs." RIIO-1 refers to the first generation of price controls under the RIIO framework. RIIO-ED1 refers to the RIIO regulatory price control applicable to the operators of U.K. electricity distribution networks, the duration of which is April 2015 through March 2023. RIIO-2 refers to the second generation of price controls under the RIIO framework. RIIO-ED2 refers to the second generation of the RIIO regulatory price control applicable to the operators of U.K. electricity distribution networks, which will begin in April 2023.

Riverstone - Riverstone Holdings LLC, a Delaware limited liability company and, as of December 6, 2016, ultimate parent company of the entities that own the competitive power generation business contributed to Talen Energy.

RPI - retail price index, is a measure of inflation in the United Kingdom published monthly by the Office for National Statistics.

Sarbanes-Oxley - Sarbanes-Oxley Act of 2002, which sets requirements for management's assessment of internal controls for financial reporting. It also requires an independent auditor to make its own assessment.

SCRs - selective catalytic reduction, a pollution control process for the removal of nitrogen oxide from exhaust gas.

Scrubber - an air pollution control device that can remove particulates and/or gases (primarily sulfur dioxide) from exhaust gases.

SEC - the U.S. Securities and Exchange Commission, a U.S. government agency primarily responsible to protect investors and maintain the integrity of the securities markets.

SERC - SERC Reliability Corporation, one of eight regional entities with delegated authority from NERC that work to safeguard the reliability of the bulk power systems throughout North America.

Smart metering technology - technology that can measure, among other things, time of electricity consumption to permit offering rate incentives for usage during lower cost or demand intervals. The use of this technology also has the potential to strengthen network reliability.

S&P - S&P Global Ratings, a credit rating agency.

Superfund - federal environmental statute that addresses remediation of contaminated sites; states also have similar statutes.

Talen Energy - Talen Energy Corporation, the Delaware corporation formed to be the publicly traded company and owner of the competitive generation assets of PPL Energy Supply and certain affiliates of Riverstone, which as of December 6, 2016, became wholly owned by Riverstone.

Talen Energy Marketing - Talen Energy Marketing, LLC, the new name of PPL EnergyPlus subsequent to the spinoff of PPL Energy Supply.

TCJA - Tax Cuts and Jobs Act. Comprehensive U.S. federal tax legislation enacted on December 22, 2017.

Treasury Stock Method - a method applied to calculate diluted EPS that assumes any proceeds that could be obtained upon exercise of options and warrants (and their equivalents) would be used to purchase common stock at the average market price during the relevant period.

VEBA - Voluntary Employee Beneficiary Association. A tax-exempt trust under the Internal Revenue Code Section 501(c)(9) used by employers to fund and pay eligible medical, life and similar benefits.

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VSCC - Virginia State Corporation Commission, the state agency that has jurisdiction over the regulation of Virginia corporations, including utilities.

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Forward-looking Information

Statements contained in this Form 10-Q concerning expectations, beliefs, plans, objectives, goals, strategies, future events or performance and underlying assumptions and other statements that are other than statements of historical fact are "forward-looking statements" within the meaning of the federal securities laws. Although the Registrants believe that the expectations and assumptions reflected in these statements are reasonable, there can be no assurance that these expectations will prove to be correct. Forward-looking statements are subject to many risks and uncertainties, and actual results may differ materially from the results discussed in forward-looking statements. In addition to the specific factors discussed in each Registrant's 2018 Form 10-K and in "Item 2. Combined Management's Discussion and Analysis of Financial Condition and Results of Operations" in this Form 10-Q, the following are among the important factors that could cause actual results to differ materially and adversely from the forward-looking statements:

- the outcome of rate cases or other cost recovery or revenue proceedings;
- changes in U.S. state or federal or U.K. tax laws or regulations;
- the direct or indirect effects on PPL or its subsidiaries or business systems of cyber-based intrusion or the threat of cyberattacks;
- significant decreases in demand for electricity in the U.S.;
- expansion of alternative and distributed sources of electricity generation and storage;
- changes in foreign currency exchange rates for British pound sterling and the related impact on unrealized gains and losses on PPL's foreign currency economic hedges;
- the effectiveness of our risk management programs, including foreign currency and interest rate hedging;
- non-achievement by WPD of performance targets set by Ofgem;
- the effect of changes in RPI on WPD's revenues and index linked debt;
- developments related to ongoing negotiations regarding the U.K.'s intent to withdraw from the European Union and any actions in response thereto;
- the amount of WPD's pension deficit funding recovered in revenues after March 31, 2021, following the next triennial pension review that began in March 2019;
- defaults by counterparties or suppliers for energy, capacity, coal, natural gas or key commodities, goods or services;
- capital market conditions, including the availability of capital or credit, changes in interest rates and certain economic indices, and decisions regarding capital structure;
- a material decline in the market value of PPL's equity;
- significant decreases in the fair value of debt and equity securities and its impact on the value of assets in defined benefit plans, and the potential cash funding requirements if fair value declines;
- interest rates and their effect on pension and retiree medical liabilities, ARO liabilities and interest payable on certain debt securities;
- volatility in or the impact of other changes in financial markets and economic conditions;
- the potential impact of any unrecorded commitments and liabilities of the Registrants and their subsidiaries;
- new accounting requirements or new interpretations or applications of existing requirements;
- changes in the corporate credit ratings or securities analyst rankings of the Registrants and their securities;
- any requirement to record impairment charges pursuant to GAAP with respect to any of our significant investments;
- laws or regulations to reduce emissions of GHGs or the physical effects of climate change;
- continuing ability to access fuel supply for LG&E and KU, as well as the ability to recover fuel costs and environmental expenditures in a timely manner at LG&E and KU and natural gas supply costs at LG&E;
- weather and other conditions affecting generation, transmission and distribution operations, operating costs and customer energy use;

- catastrophic events such as fires, earthquakes, explosions, floods, tornadoes, hurricanes and other storms, droughts, pandemic health events or other similar occurrences;
- war, armed conflicts, terrorist attacks, or similar disruptive events;
- changes in political, regulatory or economic conditions in states, regions or countries where the Registrants or their subsidiaries conduct business;
- receipt of necessary governmental permits and approvals;
- new state, federal or foreign legislation or regulatory developments;
- the impact of any state, federal or foreign investigations applicable to the Registrants and their subsidiaries and the energy industry;
- our ability to attract and retain qualified employees;
- the effect of any business or industry restructuring;
- development of new projects, markets and technologies;
- performance of new ventures;

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business dispositions or acquisitions and our ability to realize expected benefits from such business transactions;
collective labor bargaining negotiations; and
the outcome of litigation against the Registrants and their subsidiaries.

Any forward-looking statements should be considered in light of such important factors and in conjunction with other documents of the Registrants on file with the SEC.

New factors that could cause actual results to differ materially from those described in forward-looking statements emerge from time to time, and it is not possible for the Registrants to predict all such factors, or the extent to which any such factor or combination of factors may cause actual results to differ from those contained in any forward-looking statement. Any forward-looking statement speaks only as of the date on which such statement is made, and the Registrants undertake no obligation to update the information contained in such statement to reflect subsequent developments or information.

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PART I. FINANCIAL INFORMATION

ITEM 1. Financial Statements

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

PPL Corporation and Subsidiaries

(Unaudited)

(Millions of Dollars, except share data)

	Three Months Ended March 31,	
	2019	2018
Operating Revenues	\$2,079	\$2,126
Operating Expenses		
Operation		
Fuel	194	214
Energy purchases	250	241
Other operation and maintenance	490	468
Depreciation	284	269
Taxes, other than income	80	83
Total Operating Expenses	1,298	1,275
Operating Income	781	851
Other Income (Expense) - net	52	(43)
Interest Expense	241	239
Income Before Income Taxes	592	569
Income Taxes	126	117
Net Income	\$466	\$452
Earnings Per Share of Common Stock:		
Net Income Available to PPL Common Shareowners:		
Basic	\$0.65	\$0.65
Diluted	\$0.64	\$0.65
Weighted-Average Shares of Common Stock Outstanding (in thousands)		
Basic	721,023,694,514	
Diluted	729,953,695,322	

The accompanying Notes to Condensed Financial Statements are an integral part of the financial statements.

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CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

PPL Corporation and Subsidiaries

(Unaudited)

(Millions of Dollars)

	Three Months Ended March 31,	
	2019	2018
Net income	\$466	\$452
Other comprehensive income (loss):		
Amounts arising during the period - gains (losses), net of tax (expense) benefit:		
Foreign currency translation adjustments, net of tax of \$0, \$0	294	116
Qualifying derivatives, net of tax of \$4, \$4	(19)	(20)
Defined benefit plans:		
Net actuarial gain (loss), net of tax of \$1, \$0	(3)	(1)
Reclassifications from AOCI - (gains) losses, net of tax expense (benefit):		
Qualifying derivatives, net of tax of (\$6), (\$2)	24	12
Defined benefit plans:		
Net actuarial (gain) loss, net of tax of (\$5), (\$9)	21	36
Total other comprehensive income	317	143
Comprehensive income	\$783	\$595

The accompanying Notes to Condensed Financial Statements are an integral part of the financial statements.

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

PPL Corporation and Subsidiaries

(Unaudited)

(Millions of Dollars)

	Three Months Ended March 31, 2019 2018	
Cash Flows from Operating Activities		
Net income	\$466	\$452
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	284	269
Amortization	22	21
Defined benefit plans - (income)	(66)	(50)
Deferred income taxes and investment tax credits	89	59
Unrealized losses on derivatives, and other hedging activities	53	85
Stock-based compensation expense	14	15
Other	(3)	(3)
Change in current assets and current liabilities		
Accounts receivable	(57)	(71)
Accounts payable	(94)	(36)
Unbilled revenues	48	58
Fuel, materials and supplies	31	43
Prepayments	(86)	(73)
Regulatory assets and liabilities, net	(25)	64
Accrued interest	48	39
Other current liabilities	(72)	(120)
Other	(21)	6
Other operating activities		
Defined benefit plans - funding	(127)	(150)
Other assets	(20)	(30)
Other liabilities	(10)	(12)
Net cash provided by operating activities	474	566
Cash Flows from Investing Activities		
Expenditures for property, plant and equipment	(729)	(750)
Purchase of investments	(55)	—
Proceeds from the sale of investments	57	—
Other investing activities	5	(3)
Net cash used in investing activities	(722)	(753)
Cash Flows from Financing Activities		
Issuance of long-term debt	—	144
Issuance of common stock	22	100
Payment of common stock dividends	(296)	(273)
Net increase in short-term debt	424	369
Other financing activities	(8)	(9)

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Net cash provided by financing activities	142	331
Effect of Exchange Rates on Cash, Cash Equivalents and Restricted Cash	3	(2)
Net Increase (Decrease) in Cash, Cash Equivalents and Restricted Cash	(103)	142
Cash, Cash Equivalents and Restricted Cash at Beginning of Period	643	511
Cash, Cash Equivalents and Restricted Cash at End of Period	\$540	\$653

Supplemental Disclosures of Cash Flow Information

Significant non-cash transactions:

Accrued expenditures for property, plant and equipment at March 31,	\$322	\$313
Accrued expenditures for intangible assets at March 31,	\$64	\$65

The accompanying Notes to Condensed Financial Statements are an integral part of the financial statements.

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CONDENSED CONSOLIDATED BALANCE SHEETS

PPL Corporation and Subsidiaries

(Unaudited)

(Millions of Dollars, shares in thousands)

	March 31, 2019	December 31, 2018
Assets		
Current Assets		
Cash and cash equivalents	\$ 518	\$ 621
Accounts receivable (less reserve: 2019, \$61; 2018, \$56)		
Customer	749	663
Other	104	107
Unbilled revenues	456	496
Fuel, materials and supplies	274	303
Prepayments	157	70
Price risk management assets	109	109
Other current assets	62	63
Total Current Assets	2,429	2,432
Property, Plant and Equipment		
Regulated utility plant	40,752	39,734
Less: accumulated depreciation - regulated utility plant	7,532	7,310
Regulated utility plant, net	33,220	32,424
Non-regulated property, plant and equipment	357	355
Less: accumulated depreciation - non-regulated property, plant and equipment	104	101
Non-regulated property, plant and equipment, net	253	254
Construction work in progress	1,834	1,780
Property, Plant and Equipment, net	35,307	34,458
Other Noncurrent Assets		
Regulatory assets	1,666	1,673
Goodwill	3,260	3,162
Other intangibles	728	716
Pension benefit asset	715	535
Price risk management assets	172	228
Other noncurrent assets	290	192
Total Other Noncurrent Assets	6,831	6,506
Total Assets	\$ 44,567	\$ 43,396

The accompanying Notes to Condensed Financial Statements are an integral part of the financial statements.

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CONDENSED CONSOLIDATED BALANCE SHEETS

PPL Corporation and Subsidiaries

(Unaudited)

(Millions of Dollars, shares in thousands)

	March 31, December 31,	
	2019	2018
Liabilities and Equity		
Current Liabilities		
Short-term debt	\$ 1,428	\$ 1,430
Long-term debt due within one year	202	530
Accounts payable	823	989
Taxes	112	110
Interest	332	278
Dividends	298	296
Customer deposits	260	257
Regulatory liabilities	100	122
Other current liabilities	506	551
Total Current Liabilities	4,061	4,563
Long-term Debt	21,114	20,069
Deferred Credits and Other Noncurrent Liabilities		
Deferred income taxes	2,941	2,796
Investment tax credits	125	126
Accrued pension obligations	718	771
Asset retirement obligations	267	264
Regulatory liabilities	2,700	2,714
Other deferred credits and noncurrent liabilities	469	436
Total Deferred Credits and Other Noncurrent Liabilities	7,220	7,107
Commitments and Contingent Liabilities (Notes 7 and 11)		
Equity		
Common stock - \$0.01 par value (a)	7	7
Additional paid-in capital	11,051	11,021
Earnings reinvested	4,761	4,593
Accumulated other comprehensive loss	(3,647)	(3,964)
Total Equity	12,172	11,657
Total Liabilities and Equity	\$ 44,567	\$ 43,396

(a) 1,560,000 shares authorized; 721,371 and 720,323 shares issued and outstanding at March 31, 2019 and December 31, 2018.

The accompanying Notes to Condensed Financial Statements are an integral part of the financial statements.

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CONDENSED CONSOLIDATED STATEMENTS OF EQUITY

PPL Corporation and Subsidiaries

(Unaudited)

(Millions of Dollars)

	Common stock shares outstanding (a)	Common stock	Additional paid-in capital	Earnings reinvested	Accumulated other comprehensive loss	Total
December 31, 2018	720,323	\$ 7	\$ 11,021	\$ 4,593	\$ (3,964)	\$ 11,657
Common stock issued	1,048		32			32
Stock-based compensation			(2)			(2)
Net income				466		466
Dividends and dividend equivalents (b)				(298)		(298)
Other comprehensive income					317	317
March 31, 2019	721,371	\$ 7	\$ 11,051	\$ 4,761	\$ (3,647)	\$ 12,172
December 31, 2017	693,398	\$ 7	\$ 10,305	\$ 3,871	\$ (3,422)	\$ 10,761
Common stock issued	3,985		115			115
Stock-based compensation			(9)			(9)
Net income				452		452
Dividends and dividend equivalents (b)				(286)		(286)
Other comprehensive income					143	143
March 31, 2018	697,383	\$ 7	\$ 10,411	\$ 4,037	\$ (3,279)	\$ 11,176

(a) Shares in thousands. Each share entitles the holder to one vote on any question presented at any shareowners' meeting.

(b) Dividends declared per share of common stock at March 31, 2019 and March 31, 2018: \$0.4125 and \$0.4100.

The accompanying Notes to Condensed Financial Statements are an integral part of the financial statements.

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CONDENSED CONSOLIDATED STATEMENTS OF INCOME

PPL Electric Utilities Corporation and Subsidiaries

(Unaudited)

(Millions of Dollars)

	Three Months Ended March 31, 2019 2018	
Operating Revenues	\$645	\$639
Operating Expenses		
Operation		
Energy purchases	171	161
Other operation and maintenance	150	133
Depreciation	95	85
Taxes, other than income	31	32
Total Operating Expenses	447	411
Operating Income	198	228
Other Income (Expense) - net	5	6
Interest Income from Affiliate	2	—
Interest Expense	42	37
Income Before Income Taxes	163	197
Income Taxes	42	49
Net Income (a)	\$121	\$148

(a) Net income equals comprehensive income.

The accompanying Notes to Condensed Financial Statements are an integral part of the financial statements.

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

PPL Electric Utilities Corporation and Subsidiaries

(Unaudited)

(Millions of Dollars)

	Three Months Ended March 31, 2019 2018	
Cash Flows from Operating Activities		
Net income	\$121	\$148
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	95	85
Amortization	5	6
Defined benefit plans - expense	—	2
Deferred income taxes and investment tax credits	16	21
Other	(2)	(5)
Change in current assets and current liabilities		
Accounts receivable	(25)	(30)
Accounts payable	(5)	(36)
Unbilled revenues	13	16
Prepayments	(88)	(69)
Regulatory assets and liabilities, net	(15)	5
Taxes payable	(2)	4
Other	(12)	(19)
Other operating activities		
Defined benefit plans - funding	(21)	(28)
Other assets	2	(25)
Other liabilities	(1)	1
Net cash provided by operating activities	81	76
Cash Flows from Investing Activities		
Expenditures for property, plant and equipment	(264)	(245)
Expenditures for intangible assets	—	(1)
Net cash used in investing activities	(264)	(246)
Cash Flows from Financing Activities		
Payment of common stock dividends to parent	(120)	(72)
Net increase in short-term debt	60	213
Other financing activities	(1)	—
Net cash provided by (used in) financing activities	(61)	141
Net Decrease in Cash, Cash Equivalents and Restricted Cash	(244)	(29)
Cash, Cash Equivalents and Restricted Cash at Beginning of Period	269	51
Cash, Cash Equivalents and Restricted Cash at End of Period	\$25	\$22

Supplemental Disclosure of Cash Flow Information

Significant non-cash transactions:

Accrued expenditures for property, plant and equipment at March 31,	\$142	\$147
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The accompanying Notes to Condensed Financial Statements are an integral part of the financial statements.

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CONDENSED CONSOLIDATED BALANCE SHEETS

PPL Electric Utilities Corporation and Subsidiaries

(Unaudited)

(Millions of Dollars, shares in thousands)

	March 31, December 31,	
	2019	2018
Assets		
Current Assets		
Cash and cash equivalents	\$ 23	\$ 267
Accounts receivable (less reserve: 2019, \$30; 2018, \$27)		
Customer	320	264
Other	19	38
Accounts receivable from affiliates	11	11
Unbilled revenues	107	120
Materials and supplies	24	25
Prepayments	86	5
Regulatory assets	11	11
Other current assets	9	9
Total Current Assets	610	750
Property, Plant and Equipment		
Regulated utility plant	11,794	11,637
Less: accumulated depreciation - regulated utility plant	2,892	2,856
Regulated utility plant, net	8,902	8,781
Construction work in progress	609	586
Property, Plant and Equipment, net	9,511	9,367
Other Noncurrent Assets		
Regulatory assets	809	824
Intangibles	260	260
Other noncurrent assets	53	42
Total Other Noncurrent Assets	1,122	1,126
Total Assets	\$ 11,243	\$ 11,243

The accompanying Notes to Condensed Financial Statements are an integral part of the financial statements.

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CONDENSED CONSOLIDATED BALANCE SHEETS

PPL Electric Utilities Corporation and Subsidiaries

(Unaudited)

(Millions of Dollars, shares in thousands)

	March 31, December 31,	
	2019	2018
Liabilities and Equity		
Current Liabilities		
Short-term debt	\$ 60	\$ —
Accounts payable	373	418
Accounts payable to affiliates	48	25
Taxes	10	12
Interest	42	37
Regulatory liabilities	60	74
Other current liabilities	84	101
Total Current Liabilities	677	667
Long-term Debt	3,694	3,694
Deferred Credits and Other Noncurrent Liabilities		
Deferred income taxes	1,345	1,320
Accrued pension obligations	257	282
Regulatory liabilities	667	675
Other deferred credits and noncurrent liabilities	141	144
Total Deferred Credits and Other Noncurrent Liabilities	2,410	2,421
Commitments and Contingent Liabilities (Notes 7 and 11)		
Equity		
Common stock - no par value (a)	364	364
Additional paid-in capital	3,158	3,158
Earnings reinvested	940	939
Total Equity	4,462	4,461
Total Liabilities and Equity	\$ 11,243	\$ 11,243

(a) 170,000 shares authorized; 66,368 shares issued and outstanding at March 31, 2019 and December 31, 2018.

The accompanying Notes to Condensed Financial Statements are an integral part of the financial statements.

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CONDENSED CONSOLIDATED STATEMENTS OF EQUITY

PPL Electric Utilities Corporation and Subsidiaries

(Unaudited)

(Millions of Dollars)

	Common stock shares outstanding (a)	Common stock	Additional paid-in capital	Earnings reinvested	Total
December 31, 2018	66,368	\$ 364	\$ 3,158	\$ 939	\$4,461
Net income				121	121
Dividends declared on common stock				(120)	(120)
March 31, 2019	66,368	\$ 364	\$ 3,158	\$ 940	\$4,462
December 31, 2017	66,368	\$ 364	\$ 2,729	\$ 899	\$3,992
Net income				148	148
Dividends declared on common stock				(72)	(72)
March 31, 2018	66,368	\$ 364	\$ 2,729	\$ 975	\$4,068

(a) Shares in thousands. All common shares of PPL Electric stock are owned by PPL.

The accompanying Notes to Condensed Financial Statements are an integral part of the financial statements.

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CONDENSED CONSOLIDATED STATEMENTS OF INCOME

LG&E and KU Energy LLC and Subsidiaries

(Unaudited)

(Millions of Dollars)

	Three Months Ended March 31, 2019 2018	
Operating Revenues	\$845	\$872
Operating Expenses		
Operation		
Fuel	194	214
Energy purchases	79	80
Other operation and maintenance	214	205
Depreciation	123	117
Taxes, other than income	18	17
Total Operating Expenses	628	633
Operating Income	217	239
Other Income (Expense) - net	—	(3)
Interest Expense	54	50
Interest Expense with Affiliate	7	5
Income Before Income Taxes	156	181
Income Taxes	32	39
Net Income (a)	\$124	\$142

(a) Net income approximates comprehensive income.

The accompanying Notes to Condensed Financial Statements are an integral part of the financial statements.

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

LG&E and KU Energy LLC and Subsidiaries

(Unaudited)

(Millions of Dollars)

	Three Months Ended March 31, 2019 2018	
Cash Flows from Operating Activities		
Net income	\$124	\$142
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	123	117
Amortization	10	5
Defined benefit plans - expense	3	3
Deferred income taxes and investment tax credits	36	8
Other	(1)	—
Change in current assets and current liabilities		
Accounts receivable	8	(5)
Accounts payable	(33)	10
Accounts payable to affiliates	7	2
Unbilled revenues	21	31
Fuel, materials and supplies	29	42
Regulatory assets and liabilities, net	(10)	60
Taxes payable	(29)	7
Accrued interest	42	42
Other	(15)	(67)
Other operating activities		
Defined benefit plans - funding	(21)	(108)
Expenditures for asset retirement obligations	(21)	(9)
Other assets	(2)	(3)
Other liabilities	(1)	1
Net cash provided by operating activities	270	278
Cash Flows from Investing Activities		
Expenditures for property, plant and equipment	(278)	(294)
Net cash used in investing activities	(278)	(294)
Cash Flows from Financing Activities		
Net increase (decrease) in notes payable with affiliate	74	12
Issuance of long-term debt	—	100
Net decrease in short-term debt	(12)	(29)
Distributions to member	(56)	(69)
Other financing activities	—	(1)
Net cash provided by financing activities	6	13
Net Decrease in Cash and Cash Equivalents	(2)	(3)
Cash and Cash Equivalents at Beginning of Period	24	30
Cash and Cash Equivalents at End of Period	\$22	\$27

Supplemental Disclosure of Cash Flow Information

Significant non-cash transactions:

Accrued expenditures for property, plant and equipment at March 31,	\$88	\$124
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The accompanying Notes to Condensed Financial Statements are an integral part of the financial statements.

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CONDENSED CONSOLIDATED BALANCE SHEETS

LG&E and KU Energy LLC and Subsidiaries

(Unaudited)

(Millions of Dollars)

	March 31, December 31,	
	2019	2018
Assets		
Current Assets		
Cash and cash equivalents	\$ 22	\$ 24
Accounts receivable (less reserve: 2019, \$28; 2018, \$27)		
Customer	239	239
Other	60	63
Unbilled revenues	148	169
Fuel, materials and supplies	219	248
Prepayments	25	25
Regulatory assets	27	25
Total Current Assets	740	793
Property, Plant and Equipment		
Regulated utility plant	13,806	13,721
Less: accumulated depreciation - regulated utility plant	2,146	2,125
Regulated utility plant, net	11,660	11,596
Construction work in progress	1,046	1,018
Property, Plant and Equipment, net	12,706	12,614
Other Noncurrent Assets		
Regulatory assets	857	849
Goodwill	996	996
Other intangibles	75	78
Other noncurrent assets	136	82
Total Other Noncurrent Assets	2,064	2,005
Total Assets	\$ 15,510	\$ 15,412

The accompanying Notes to Condensed Financial Statements are an integral part of the financial statements.

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CONDENSED CONSOLIDATED BALANCE SHEETS

LG&E and KU Energy LLC and Subsidiaries

(Unaudited)

(Millions of Dollars)

	March 31, December 31,	
	2019	2018
Liabilities and Equity		
Current Liabilities		
Short-term debt	\$ 69	\$ 514
Long-term debt due within one year	202	530
Notes payable with affiliates	187	113
Accounts payable	278	366
Accounts payable to affiliates	17	9
Customer deposits	63	61
Taxes	34	63
Price risk management liabilities	4	4
Regulatory liabilities	40	48
Interest	74	32
Asset retirement obligations	73	82
Other current liabilities	122	126
Total Current Liabilities	1,163	1,948
Long-term Debt		
Long-term debt	5,084	4,322
Long-term debt to affiliate	650	650
Total Long-term Debt	5,734	4,972
Deferred Credits and Other Noncurrent Liabilities		
Deferred income taxes	999	956
Investment tax credits	125	126
Price risk management liabilities	17	16
Accrued pension obligations	259	282
Asset retirement obligations	214	214
Regulatory liabilities	2,033	2,039
Other deferred credits and noncurrent liabilities	175	136
Total Deferred Credits and Other Noncurrent Liabilities	3,822	3,769
Commitments and Contingent Liabilities (Notes 7 and 11)		
Member's Equity	4,791	4,723
Total Liabilities and Equity	\$ 15,510	\$ 15,412

The accompanying Notes to Condensed Financial Statements are an integral part of the financial statements.

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CONDENSED CONSOLIDATED STATEMENTS OF EQUITY

LG&E and KU Energy LLC and Subsidiaries

(Unaudited)

(Millions of Dollars)

	Member's Equity
December 31, 2018	\$ 4,723
Net income	124
Distributions to member	(56)
March 31, 2019	\$ 4,791
December 31, 2017	\$ 4,563
Net income	142
Distributions to member	(69)
Other comprehensive income	1
March 31, 2018	\$ 4,637

The accompanying Notes to Condensed Financial Statements are an integral part of the financial statements.

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CONDENSED STATEMENTS OF INCOME

Louisville Gas and Electric Company

(Unaudited)

(Millions of Dollars)

	Three Months Ended March 31, 2019 2018	
Operating Revenues		
Retail and wholesale	\$397	\$407
Electric revenue from affiliate	13	12
Total Operating Revenues	410	419
Operating Expenses		
Operation		
Fuel	78	79
Energy purchases	74	76
Energy purchases from affiliate	2	6
Other operation and maintenance	94	89
Depreciation	51	48
Taxes, other than income	9	9
Total Operating Expenses	308	307
Operating Income	102	112
Other Income (Expense) - net	—	(1)
Interest Expense	21	18
Income Before Income Taxes	81	93
Income Taxes	17	21
Net Income (a)	\$64	\$72

(a) Net income equals comprehensive income.

The accompanying Notes to Condensed Financial Statements are an integral part of the financial statements.

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CONDENSED STATEMENTS OF CASH FLOWS

Louisville Gas and Electric Company

(Unaudited)

(Millions of Dollars)

	Three Months Ended March 31, 2019	2018
Cash Flows from Operating Activities		
Net income	\$64	\$ 72
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	51	