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PPL Corp
Form 10-Q
August 02, 2013

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
June 30, 2013
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 Number	Registrant; State of Incorporation; Address and Telephone Number	IRS Employer Identification No.
1-11459	PPL Corporation (Exact name of Registrant as specified in its charter) (Pennsylvania) Two North Ninth Street Allentown, PA 18101-1179 (610) 774-5151	23-2758192
1-32944	PPL Energy Supply, LLC (Exact name of Registrant as specified in its charter) (Delaware) Two North Ninth Street Allentown, PA 18101-1179 (610) 774-5151	23-3074920
1-905	PPL Electric Utilities Corporation (Exact name of Registrant as specified in its charter) (Pennsylvania) Two North Ninth Street Allentown, PA 18101-1179 (610) 774-5151	23-0959590
333-173665	LG&E and KU Energy LLC (Exact name of Registrant as specified in its charter) (Kentucky) 220 West Main Street Louisville, KY 40202-1377 (502) 627-2000	20-0523163
1-2893	Louisville Gas and Electric Company	61-0264150

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(Exact name of Registrant as specified in its charter)
(Kentucky)
220 West Main Street
Louisville, KY 40202-1377
(502) 627-2000

1-3464

Kentucky Utilities Company 61-0247570
(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	<input checked="" type="checkbox"/>	No
PPL Energy Supply, LLC	Yes	<input checked="" type="checkbox"/>	No
PPL Electric Utilities Corporation	Yes	<input checked="" type="checkbox"/>	No
LG&E and KU Energy LLC	Yes	<input checked="" type="checkbox"/>	No
Louisville Gas and Electric Company	Yes	<input checked="" type="checkbox"/>	No
Kentucky Utilities Company	Yes	<input checked="" type="checkbox"/>	No

Indicate by check mark whether the registrants have submitted electronically and posted on their corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files).

PPL Corporation	Yes	<input checked="" type="checkbox"/>	No
PPL Energy Supply, LLC	Yes	<input checked="" type="checkbox"/>	No
PPL Electric Utilities Corporation	Yes	<input checked="" type="checkbox"/>	No
LG&E and KU Energy LLC	Yes	<input checked="" type="checkbox"/>	No
Louisville Gas and Electric Company	Yes	<input checked="" type="checkbox"/>	No
Kentucky Utilities Company	Yes	<input checked="" type="checkbox"/>	No

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

	Large accelerated filer	Accelerated filer	Non-accelerated filer	Smaller reporting company
PPL Corporation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
PPL Energy Supply, LLC	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
PPL Electric Utilities Corporation	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
LG&E and KU Energy LLC	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Louisville Gas and Electric Company	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Kentucky Utilities Company	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

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

PPL Corporation	Yes	No	<input checked="" type="checkbox"/>
PPL Energy Supply, LLC	Yes	No	<input checked="" type="checkbox"/>
PPL Electric Utilities Corporation	Yes	No	<input checked="" type="checkbox"/>
LG&E and KU Energy LLC	Yes	No	<input checked="" type="checkbox"/>
Louisville Gas and Electric Company	Yes	No	<input checked="" type="checkbox"/>
Kentucky Utilities Company	Yes	No	<input checked="" type="checkbox"/>

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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, 631,700,409 shares outstanding at July 31, 2013.
PPL Energy Supply, LLC	PPL Corporation indirectly holds all of the membership interests in PPL Energy Supply, LLC.
PPL Electric Utilities Corporation	Common stock, no par value, 66,368,056 shares outstanding and all held by PPL Corporation at July 31, 2013.
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 July 31, 2013.
Kentucky Utilities Company	Common stock, no par value, 37,817,878 shares outstanding and all held by LG&E and KU Energy LLC at July 31, 2013.

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

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

FORM 10-Q
FOR THE QUARTER ENDED JUNE 30, 2013

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This combined Form 10-Q is separately filed by the following individual registrants: PPL Corporation, PPL Energy Supply, LLC, 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 PPL Corporation subsidiaries 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 within this Report, individually, to PPL Corporation, PPL Energy Supply, LLC, 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 are consolidated into such Registrants 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 current and former subsidiaries

Central Networks - collectively Central Networks East plc, Central Networks Limited and certain other related assets and liabilities. On April 1, 2011, PPL WEM Holdings plc (formerly WPD Investment Holdings Limited) purchased all of the outstanding ordinary share capital of these companies from E.ON AG subsidiaries. Central Networks West plc (subsequently renamed Western Power Distribution (West Midlands) plc), wholly owned by Central Networks Limited (subsequently renamed WPD Midlands Holdings Limited), and Central Networks East plc (subsequently renamed Western Power Distribution (East Midlands) plc) are British regional electricity distribution utility companies.

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. Within the context of this document, references to LKE also relate to the consolidated entity.

LKS - LG&E and KU Services Company, a subsidiary of LKE that provides services for 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 Brunner Island - PPL Brunner Island, LLC, a subsidiary of PPL Generation that owns generating operations in Pennsylvania.

PPL Capital Funding - PPL Capital Funding, Inc., a financing subsidiary of PPL that provides financing for the operations of PPL and certain subsidiaries.

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 electric supply to 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 Energy Supply, PPL Global and other subsidiaries.

PPL EnergyPlus - PPL EnergyPlus, LLC, a subsidiary of PPL Energy Supply that markets and trades wholesale and retail electricity and gas, and supplies energy and energy services in competitive markets.

PPL Energy Supply - PPL Energy Supply, LLC, a subsidiary of PPL Energy Funding and the parent company of PPL Generation, PPL EnergyPlus and other subsidiaries.

PPL Generation - PPL Generation, LLC, a subsidiary of PPL Energy Supply that owns and operates U.S. generating facilities through various subsidiaries.

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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 Ironwood - PPL Ironwood, LLC, an indirect subsidiary of PPL Generation that owns generating operations in Pennsylvania.

PPL Martins Creek - PPL Martins Creek, LLC, a subsidiary of PPL Generation that owns generating operations in Pennsylvania.

PPL Montana - PPL Montana, LLC, an indirect subsidiary of PPL Generation that generates electricity for wholesale sales in Montana and the Pacific Northwest.

PPL Montour - PPL Montour, LLC, a subsidiary of PPL Generation that owns generating operations in Pennsylvania.

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PPL Services - PPL Services Corporation, a subsidiary of PPL that provides services for PPL and its subsidiaries.

PPL Susquehanna - PPL Susquehanna, LLC, the nuclear generating subsidiary of PPL Generation.

PPL WEM - PPL WEM Holdings plc (formerly WPD Investment Holdings Limited), an indirect, U.K. subsidiary of PPL Global. PPL WEM indirectly owns both WPD (East Midlands) and WPD (West Midlands).

PPL WW - PPL WW Holdings Limited (formerly Western Power Distribution Holdings Limited), an indirect, U.K. subsidiary of PPL Global. PPL WW Holdings indirectly owns WPD (South Wales) and WPD (South West).

WPD - refers to PPL WW and PPL WEM and their subsidiaries.

WPD (East Midlands) - Western Power Distribution (East Midlands) plc, a British regional electricity distribution utility company. The company (formerly Central Networks East plc) was acquired and renamed in April 2011.

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.

WPD (West Midlands) - Western Power Distribution (West Midlands) plc, a British regional electricity distribution utility company. The company (formerly Central Networks West plc) was acquired and renamed in April 2011.

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

Other terms and abbreviations

£ - British pound sterling.

2010 Equity Unit(s) - a PPL equity unit, issued in June 2010, consisting of a 2010 Purchase Contract and, initially, a 5.0% undivided beneficial ownership interest in \$1,000 principal amount of PPL Capital Funding 4.625% Junior Subordinated Notes due 2018.

2010 Purchase Contract(s) - a contract that is a component of a 2010 Equity Unit that requires holders to purchase shares of PPL common stock on or prior to July 1, 2013.

2011 Equity Unit(s) - a PPL equity unit, issued in April 2011, consisting of a 2011 Purchase Contract and, initially, a 5.0% undivided beneficial ownership interest in \$1,000 principal amount of PPL Capital Funding 4.32% Junior Subordinated Notes due 2019.

2011 Purchase Contract(s) - a contract that is a component of a 2011 Equity Unit that requires holders to purchase shares of PPL common stock on or prior to May 1, 2014.

2012 Form 10-K - Annual Report to the SEC on Form 10-K for the year ended December 31, 2012.

Act 11 - Act 11 of 2012 that became effective on April 16, 2012. The Pennsylvania legislation authorizes 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 amends the Pennsylvania Public Utility Code and creates an energy efficiency and conservation program and smart metering technology requirements, adopts new PLR electricity supply procurement rules, provides remedies for market misconduct and makes changes to the existing Alternative Energy Portfolio Standard.

AEPS - Alternative Energy Portfolio Standard.

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.

AOCI - accumulated other comprehensive income or loss.

ARO - asset retirement obligation.

Baseload generation - includes the output provided by PPL's nuclear, coal, hydroelectric and qualifying facilities.

Basis - when used in the context of derivatives and commodity trading, the commodity price differential between two locations, products or time periods.

CAIR - the EPA's Clean Air Interstate Rule.

Cane Run Unit 7 - a combined-cycle natural gas unit under construction in Kentucky, jointly owned by LG&E and KU, which is expected to provide additional electric generating capacity of 141 MW and 499 MW to LG&E and KU by 2015.

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

COLA - license application for a combined construction permit and operating license from the NRC for a nuclear plant.

CSAPR - Cross-State Air Pollution Rule.

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.

DPCR4 - Distribution Price Control Review 4, the U.K. 5-year rate review period applicable to WPD that commenced April 1, 2005.

DRIP - Dividend Reinvestment and Direct Stock Purchase Plan.

DSIC - a 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 plans proposed by any utility under its jurisdiction. Proposed DSM mechanisms may seek full recovery of DSM programs and revenues lost by implementing those programs and/or incentives designed to provide financial rewards to the utility for implementing cost-effective DSM programs. The cost of such programs shall be assigned only to the class or classes of customers which benefit from the programs.

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 which apply to coal combustion and by-products from the production of energy from coal.

EEI - Electric Energy, Inc., owns and operates a coal-fired plant and a natural gas facility in southern Illinois. KU's 20% ownership interest in EEI is accounted for as an equity method investment.

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

EPS - earnings per share.

Equity Units - refers collectively to the 2011 and 2010 Equity Units.

ESOP - Employee Stock Ownership Plan.

Euro - the basic monetary unit among participating members of the European Union.

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

Fitch - Fitch, Inc., a credit rating agency.

FTRs - financial transmission rights, which are financial instruments established to manage price risk related to electricity transmission congestion that they entitle the holder to receive compensation or require the holder to remit payment for certain congestion-related transmission charges based on the level of congestion between two pricing locations (source and sink).

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

GBP - British pound sterling.

GHG - greenhouse gas(es).

GLT - Gas Line Tracker. The KPSC approved LG&E's recovery of costs associated with gas service lines, gas risers, leak mitigation, and gas main replacements. Rate recovery became effective on January 1, 2013.

If-Converted Method - A method applicable for calculating diluted EPS when a company has convertible debt outstanding. The method is applied as follows: Interest charges (after tax) applicable to the convertible debt shall be added back to net income and the convertible debt shall be assumed to have been converted to equity at the beginning of the period and the resulting common shares shall be included with outstanding shares. Both adjustments are only done for purposes of calculating diluted EPS. This method was applied to PPL's Equity Units beginning in the first quarter of 2013.

Intermediate and peaking generation - includes the output provided by PPL's competitive oil- and natural gas-fired units.

Ironwood Acquisition - In April 2012, PPL Ironwood Holdings, LLC, an indirect, wholly owned subsidiary of PPL Energy Supply, completed the acquisition from a subsidiary of The AES Corporation of all of the equity interests of AES Ironwood, L.L.C. (subsequently renamed PPL Ironwood, LLC) and AES Prescott, L.L.C. (subsequently renamed PPL Prescott, LLC), which own and operate, respectively, a natural gas-fired power plant in Lebanon, Pennsylvania.

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.

LIBOR - London Interbank Offered Rate.

LTIIIP - Long Term Infrastructure Improvement Plan.

MATS - Mercury and Air Toxics Standards.

MDEQ - Montana Department of Environmental Quality.

MEIC - Montana Environmental Information Center.

MMBtu - One million British Thermal Units.

Montana Power - The Montana Power Company, a Montana-based company that sold its generating assets to PPL Montana in December 1999. Through a series of transactions consummated during the first quarter of 2002, Montana Power sold its electricity delivery business to NorthWestern.

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

MW - megawatt, one thousand kilowatts.

MWh - megawatt-hour, one thousand kilowatt-hours.

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NDT - PPL Susquehanna's nuclear plant decommissioning trust.

NERC - North American Electric Reliability Corporation.

NorthWestern - NorthWestern Corporation, a Delaware corporation, and successor in interest to Montana Power's electricity delivery business, including Montana Power's rights and obligations under contracts with PPL Montana.

NPDES - National Pollutant Discharge Elimination System.

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

NRC - Nuclear Regulatory Commission, the federal agency that regulates nuclear power facilities.

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 related matters.

Opacity - the degree to which emissions reduce the transmission of light and obscure the view of an object in the background. There are emission regulations that limit the opacity in power plant stack gas emissions.

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 accounted for as a cost-method investment. OVEC owns and operates two coal-fired power plants, the Kyger Creek plant in Ohio and the Clifty Creek plant in Indiana, with combined nameplate capacities of 2,390 MW.

PADEP - the Pennsylvania Department of Environmental Protection, a state government agency.

PJM - PJM Interconnection, L.L.C., operator of the electric transmission network and electric 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 to retail customers within its delivery area who have not chosen to select an alternative electricity supplier under the Customer Choice Act.

PP&E - property, plant and equipment.

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

Purchase Contract(s) - refers collectively to the 2010 and 2011 Purchase Contracts (which are components of the 2010 and 2011 Equity Units.)

RAV - regulatory asset value. This term is also commonly known as RAB or regulatory asset base.

RECs - renewable energy credits.

Regional Transmission Line Expansion Plan - PJM conducts a long-range Regional Transmission Expansion Planning process that identifies what changes and additions to the grid are needed to ensure future needs are met for both the reliability and the economic performance of the grid. Under PJM agreements, transmission owners are obligated to build transmission projects that are needed to maintain reliability standards and that are reviewed and approved by the PJM Board.

Registrants - PPL, PPL Energy Supply, PPL Electric, LKE, LG&E and KU, collectively.

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 - Reliability First 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.

RMC - Risk Management Committee.

S&P - Standard & Poor's Ratings Services, a credit rating agency.

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.

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

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 whose primary mission is 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.

SIFMA Index - the Securities Industry and Financial Markets Association Municipal Swap Index.

Smart meter - an electric meter that utilizes smart metering technology.

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.

SMGT - Southern Montana Electric Generation & Transmission Cooperative, Inc., a Montana cooperative and purchaser of electricity under a long-term supply contract with PPL EnergyPlus that was terminated effective April 1, 2012.

SNCR - selective non-catalytic reduction, a pollution control process for the removal of nitrogen oxide from exhaust gases using ammonia.

Spark Spread - a measure of gross margin representing the price of power on a per MWh basis less the equivalent measure of the natural gas cost to produce that power. This measure is used to describe the gross margin of PPL and its subsidiaries' competitive natural gas-fired generating fleet. This term is also used to describe a derivative contract in which PPL and its subsidiaries sell power and buy natural gas on a forward basis in the same contract.

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

TC2 - Trimble County Unit 2, a coal-fired plant located in Kentucky with a net summer capacity of 732 MW. LKE indirectly owns a 75% interest (consists of LG&E's 14.25% and KU's 60.75% interests) in TC2 or 549 MW of the capacity.

Tolling agreement - agreement whereby the owner of an electric generating facility agrees to use that facility to convert fuel provided by a third party into electricity for delivery back to the third party.

VaR - value-at-risk, a statistical model that attempts to estimate the value of potential loss over a given holding period under normal market conditions at a given confidence level.

VIE - variable interest entity.

Volumetric risk - the risk that the actual load volumes provided under full-requirement sales contracts could vary significantly from forecasted volumes.

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

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 which 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 2012 Form 10-K and in "Item 2. 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 from the forward-looking statements.

- fuel supply cost and availability;
- continuing 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 conditions affecting generation, customer energy use and operating costs;
- operation, availability and operating costs of existing generation facilities;
- the duration of and cost, including lost revenue, associated with scheduled and unscheduled outages at our generating facilities;
- transmission and distribution system conditions and operating costs;
- expansion of alternative sources of electricity generation;
- laws or regulations to reduce emissions of "greenhouse" gases or the physical effects of climate change;
- collective labor bargaining negotiations;
- the outcome of litigation against the Registrants and their subsidiaries;
- potential effects of threatened or actual terrorism, war or other hostilities, cyber-based intrusions or natural disasters;
- the commitments and liabilities of the Registrants and their subsidiaries;
- volatility in market demand and prices for energy, capacity, transmission services, emission allowances and RECs;
- competition in retail and wholesale power and natural gas markets;
- liquidity of wholesale power markets;
- defaults by counterparties under energy, fuel or other power product contracts;
- market prices of commodity inputs for ongoing capital expenditures;
- capital market conditions, including the availability of capital or credit, changes in interest rates and certain economic indices, and decisions regarding capital structure;
- stock price performance of PPL;
- volatility in the fair value of debt and equity securities and its impact on the value of assets in the NDT funds and in defined benefit plans, and the potential cash funding requirements if fair value declines;
- interest rates and their effect on pension, retiree medical, nuclear decommissioning liabilities and interest payable on certain debt securities;
- volatility in or the impact of other changes in financial or commodity markets and economic conditions;
- new accounting requirements or new interpretations or applications of existing requirements;
- changes in securities and credit ratings;
- changes in foreign currency exchange rates for British pound sterling;
- current and future environmental conditions, regulations and other requirements and the related costs of compliance, including environmental capital expenditures, emission allowance costs and other expenses;
- legal, regulatory, political, market or other reactions to the 2011 incident at the nuclear generating facility at Fukushima, Japan, including additional NRC requirements;
- 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, approvals and rate relief;

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- new state, federal or foreign legislation or regulatory developments;
- the outcome of any rate cases or other cost recovery filings by PPL Electric, LG&E, KU or WPD;
- the impact of any state, federal or foreign investigations applicable to the Registrants and their subsidiaries and the energy industry;
- the effect of any business or industry restructuring;
- development of new projects, markets and technologies;
- performance of new ventures; and
- business dispositions or acquisitions and our ability to successfully operate acquired businesses and realize expected benefits from business acquisitions.

Any such 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.

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 June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Operating Revenues				
Utility	\$ 1,655	\$ 1,605	\$ 3,605	\$ 3,319
Unregulated retail electric and gas	257	179	494	402
Wholesale energy marketing				
Realized	811	1,083	1,787	2,291
Unrealized economic activity (Note 14)	590	(458)	(232)	394
Net energy trading margins		10	(11)	18
Energy-related businesses	137	130	264	237
Total Operating Revenues	3,450	2,549	5,907	6,661
Operating Expenses				
Operation				
Fuel	441	411	970	835
Energy purchases				
Realized	572	787	1,263	1,670
Unrealized economic activity (Note 14)	479	(442)	(155)	149
Other operation and maintenance	698	739	1,374	1,445
Depreciation	286	271	570	535
Taxes, other than income	86	87	182	178
Energy-related businesses	130	124	252	226
Total Operating Expenses	2,692	1,977	4,456	5,038
Operating Income	758	572	1,451	1,623
Other Income (Expense) - net	13	30	135	13
Other-Than-Temporary Impairments		1		1
Interest Expense	258	236	509	466
Income from Continuing Operations Before Income Taxes	513	365	1,077	1,169
Income Taxes	109	88	260	347
	404	277	817	822

Income from Continuing Operations After Income Taxes

Income (Loss) from Discontinued Operations (net of income taxes)	1	(6)	1	(6)
Net Income	405	271	818	816
Net Income Attributable to Noncontrolling Interests				4
Net Income Attributable to PPL Shareowners	\$ 405	\$ 271	\$ 818	\$ 812

Amounts Attributable to PPL Shareowners:

Income from Continuing Operations After Income Taxes	\$ 404	\$ 277	\$ 817	\$ 818
Income (Loss) from Discontinued Operations (net of income taxes)	1	(6)	1	(6)
Net Income	\$ 405	\$ 271	\$ 818	\$ 812

Earnings Per Share of Common Stock:

Income from Continuing Operations After Income Taxes Available to PPL Common Shareowners:				
Basic	\$ 0.68	\$ 0.47	\$ 1.39	\$ 1.40
Diluted	\$ 0.63	\$ 0.47	\$ 1.28	\$ 1.40
Net Income Available to PPL Common Shareowners:				
Basic	\$ 0.68	\$ 0.46	\$ 1.39	\$ 1.39
Diluted	\$ 0.63	\$ 0.46	\$ 1.28	\$ 1.39
Dividends Declared Per Share of Common Stock	\$ 0.3675	\$ 0.36	\$ 0.735	\$ 0.72

Weighted-Average Shares of Common Stock

Outstanding (in thousands)				
Basic	589,834	579,881	586,683	579,462
Diluted	664,615	580,593	661,263	580,062

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

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

PPL Corporation and Subsidiaries

(Unaudited)

(Millions of Dollars)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Net income	\$ 405	\$ 271	\$ 818	\$ 816
Other comprehensive income (loss):				
Amounts arising during the period - gains (losses), net of tax (expense)				
benefit:				
Foreign currency translation adjustments, net of tax of (\$1), (\$2), (\$7), \$0	(7)	(179)	(252)	(103)
Available-for-sale securities, net of tax of (\$2), \$8, (\$27), (\$18)	2	(7)	25	17
Qualifying derivatives, net of tax of (\$23), \$7, (\$43), (\$43)	24	2	86	80
Equity investees' other comprehensive income (loss), net of				
tax of \$0, \$0, \$0, \$2		1		(3)
Defined benefit plans:				
Net actuarial gain (loss), net of tax of \$0, \$28, \$0, \$28		(85)		(85)
Reclassifications from AOCI - (gains) losses, net of tax expense (benefit):				
Available-for-sale securities, net of tax of \$0, \$1, \$1, \$1	(1)	(1)	(2)	(6)
Qualifying derivatives, net of tax of \$22, \$84, \$57, \$159	(36)	(140)	(116)	(274)
Defined benefit plans:				
Prior service costs, net of tax of (\$1), (\$2), (\$2), (\$3)	2	2	3	5
Net actuarial loss, net of tax of (\$12), (\$7), (\$25), (\$11)	34	17	68	37
Total other comprehensive income (loss) attributable to PPL Shareowners	18	(390)	(188)	(332)
Comprehensive income (loss)	423	(119)	630	484
Comprehensive income attributable to noncontrolling interests				4
Comprehensive income (loss) attributable to PPL Shareowners	\$ 423	\$ (119)	\$ 630	\$ 480

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

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

PPL Corporation and Subsidiaries

(Unaudited)

(Millions of Dollars)

	Six Months Ended June 30,	
	2013	2012
Cash Flows from Operating Activities		
Net income	\$ 818	\$ 816
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	570	535
Amortization	113	88
Defined benefit plans - expense	91	84
Deferred income taxes and investment tax credits	291	364
Unrealized (gains) losses on derivatives, and other hedging activities	(11)	(209)
Other	50	25
Change in current assets and current liabilities		
Accounts receivable	(189)	21
Accounts payable	(75)	(126)
Unbilled revenues	144	72
Prepayments	(64)	(97)
Counterparty collateral	(61)	57
Taxes	128	29
Uncertain tax positions	(98)	(4)
Accrued interest	(119)	(87)
Other	(113)	(67)
Other operating activities		
Defined benefit plans - funding	(468)	(493)
Other assets	(64)	(16)
Other liabilities	4	(45)
Net cash provided by operating activities	947	947
Cash Flows from Investing Activities		
Expenditures for property, plant and equipment	(1,797)	(1,309)
Ironwood Acquisition, net of cash acquired		(84)
Purchases of nuclear plant decommissioning trust investments	(66)	(85)
Proceeds from the sale of nuclear plant decommissioning trust investments	59	79
Net (increase) decrease in restricted cash and cash equivalents	(17)	54
Other investing activities	(13)	(8)
Net cash provided by (used in) investing activities	(1,834)	(1,353)
Cash Flows from Financing Activities		
Issuance of long-term debt	450	575
Repurchase of common stock	(28)	
Issuance of common stock	259	35
Payment of common stock dividends	(426)	(413)

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Redemption of preference stock of a subsidiary		(250)	
Debt issuance and credit facility costs	(33)		(9)
Contract adjustment payments	(48)		(48)
Net increase (decrease) in short-term debt	563		311
Other financing activities	(27)		(10)
Net cash provided by (used in) financing activities	710		191
Effect of Exchange Rates on Cash and Cash Equivalents	(13)		(6)
Net Increase (Decrease) in Cash and Cash Equivalents	(190)		(221)
Cash and Cash Equivalents at Beginning of Period	901		1,202
Cash and Cash Equivalents at End of Period	\$ 711	\$	981

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

CONDENSED CONSOLIDATED BALANCE SHEETS

PPL Corporation and Subsidiaries

(Unaudited)

(Millions of Dollars, shares in thousands)

	June 30, 2013	December 31, 2012
Assets		
Current Assets		
Cash and cash equivalents	\$ 711	\$ 901
Restricted cash and cash equivalents	84	54
Accounts receivable (less reserve: 2013, \$66; 2012, \$64)		
Customer	879	745
Other	129	79
Unbilled revenues	701	857
Fuel, materials and supplies	642	673
Prepayments	198	166
Price risk management assets	1,334	1,525
Regulatory assets	34	19
Other current assets	63	49
Total Current Assets	4,775	5,068
Investments		
Nuclear plant decommissioning trust funds	771	712
Other investments	47	47
Total Investments	818	759
Property, Plant and Equipment		
Regulated utility plant	25,620	25,196
Less: accumulated depreciation - regulated utility plant	4,424	4,164
Regulated utility plant, net	21,196	21,032
Non-regulated property, plant and equipment		
Generation	11,594	11,295
Nuclear fuel	590	524
Other	758	726
Less: accumulated depreciation - non-regulated property, plant and equipment	6,063	5,942
Non-regulated property, plant and equipment, net	6,879	6,603
Construction work in progress	2,525	2,397
Property, Plant and Equipment, net (a)	30,600	30,032
Other Noncurrent Assets		
Regulatory assets	1,443	1,483
Goodwill	3,991	4,158
Other intangibles	907	925
Price risk management assets	599	572
Other noncurrent assets	613	637
Total Other Noncurrent Assets	7,553	7,775

Total Assets	\$	43,746	\$	43,634
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(a) At June 30, 2013 and December 31, 2012, includes \$416 million and \$428 million of PP&E, consisting primarily of "Generation," including leasehold improvements from the consolidation of a VIE that is the owner/lessor of the Lower Mt. Bethel plant.

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

CONDENSED CONSOLIDATED BALANCE SHEETS

PPL Corporation and Subsidiaries

(Unaudited)

(Millions of Dollars, shares in thousands)

	June 30, 2013	December 31, 2012
Liabilities and Equity		
Current Liabilities		
Short-term debt	\$ 1,206	\$ 652
Long-term debt due within one year	751	751
Accounts payable	1,114	1,252
Taxes	144	90
Interest	197	325
Dividends	218	210
Price risk management liabilities	887	1,065
Regulatory liabilities	54	61
Other current liabilities	971	1,219
Total Current Liabilities	5,542	5,625
Long-term Debt	18,875	18,725
Deferred Credits and Other Noncurrent Liabilities		
Deferred income taxes	3,704	3,387
Investment tax credits	350	328
Price risk management liabilities	514	629
Accrued pension obligations	1,551	2,076
Asset retirement obligations	545	536
Regulatory liabilities	1,052	1,010
Other deferred credits and noncurrent liabilities	659	820
Total Deferred Credits and Other Noncurrent Liabilities	8,375	8,786
Commitments and Contingent Liabilities (Notes 5, 6 and 10)		
Equity		
PPL Shareowners' Common Equity		
Common stock - \$0.01 par value (a)	6	6
Additional paid-in capital	7,195	6,936
Earnings reinvested	5,863	5,478
Accumulated other comprehensive loss	(2,128)	(1,940)
Total PPL Shareowners' Common Equity	10,936	10,480
Noncontrolling Interests	18	18
Total Equity	10,954	10,498
Total Liabilities and Equity	\$ 43,746	\$ 43,634

(a) 780,000 shares authorized; 591,622 and 581,944 shares issued and outstanding at June 30, 2013 and December 31, 2012.

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

CONDENSED CONSOLIDATED STATEMENTS OF EQUITY

PPL Corporation and Subsidiaries

(Unaudited)

(Millions of Dollars)

	PPL Shareowners							Total
	Common stock shares outstanding (a)	Common stock	Additional paid-in capital	Earnings reinvested	Accumulated other comprehensive loss	Non- controlling interests		
March 31, 2013 (b)	583,214	\$ 6	\$ 6,988	\$ 5,676	\$ (2,146)	\$ 18	\$ 10,542	
Common stock issued (c)	9,338		245				245	
Common stock repurchased (d)	(930)		(28)				(28)	
Cash settlement of equity forward agreements (d)			(13)				(13)	
Stock-based compensation (e)			3				3	
Net income				405			405	
Dividends, dividend equivalents, redemptions and distributions (f)				(218)			(218)	
Other comprehensive income (loss)					18		18	
June 30, 2013 (b)	591,622	\$ 6	\$ 7,195	\$ 5,863	\$ (2,128)	\$ 18	\$ 10,954	
December 31, 2012 (b)	581,944	\$ 6	\$ 6,936	\$ 5,478	\$ (1,940)	\$ 18	\$ 10,498	
Common stock issued (c)	10,608		282				282	

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Common stock repurchased (d)	(930)		(28)					(28)			
Cash settlement of equity forward agreements (d)			(13)					(13)			
Stock-based compensation (e)			18					18			
Net income					818			818			
Dividends, dividend equivalents, redemptions and distributions (f)					(433)			(433)			
Other comprehensive income (loss)						(188)		(188)			
June 30, 2013 (b)	591,622	\$	6	\$	7,195	\$	5,863	\$ (2,128)	18	\$	10,954
March 31, 2012	579,520	\$	6	\$	6,862	\$	5,129	\$ (730)	268	\$	11,535
Common stock issued (c)	693		18					18			
Stock-based compensation (e)			6					6			
Net income					271			271			
Dividends, dividend equivalents, redemptions and distributions (f)					(210)			(250)	(460)		
Other comprehensive income (loss)						(390)		(390)			
June 30, 2012	580,213	\$	6	\$	6,886	\$	5,190	\$ (1,120)	18	\$	10,980
	578,405	\$	6	\$	6,813	\$	4,797	\$ (788)	268	\$	11,096

December 31, 2011													
Common stock issued													
(c)	1,808			50					50				
Stock-based compensation													
(e)				23					23				
Net income													
					812		4		816				
Dividends, dividend equivalents													
redemptions and distributions													
(f)					(419)		(254)		(673)				
Other comprehensive income (loss)													
							(332)		(332)				
June 30, 2012	580,213	\$	6	\$	6,886	\$	5,190	\$	(1,120)	\$	18	\$	10,980

- (a) Shares in thousands. Each share entitles the holder to one vote on any question presented at any shareholders' meeting.
- (b) See Note 18 for disclosure of balances of each component of AOCI.
- (c) Each period includes shares of common stock issued through various stock and incentive compensation plans. The 2013 periods include the April issuance of shares of common stock. See Note 7 for additional information.
- (d) See Note 7 for additional information.
- (e) The three and six months ended June 30, 2013 include \$8 million and \$36 million and the three and six months ended June 30, 2012 include \$6 million and \$35 million of stock-based compensation expense related to new and existing unvested equity awards. The three and six months ended June 30, 2013 include \$(5) million and \$(18) million and the six months ended June 30, 2012 includes \$(12) million related primarily to the reclassification from "Stock-based compensation" to "Common stock issued" for the issuance of common stock after applicable equity award vesting periods and tax adjustments related to stock-based compensation.
- (f) "Earnings reinvested" includes dividends and dividend equivalents on PPL common stock and restricted stock units. "Noncontrolling interests" includes dividends, redemptions and distributions to noncontrolling interests. In June 2012, PPL Electric redeemed all of its outstanding preference stock at par value, which was classified as noncontrolling interest.

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

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

PPL Energy Supply, LLC and Subsidiaries

(Unaudited)

(Millions of Dollars)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Operating Revenues				
Wholesale energy marketing				
Realized	\$ 811	\$ 1,083	\$ 1,787	\$ 2,291
Unrealized economic activity (Note 14)	590	(458)	(232)	394
Wholesale energy marketing to affiliate	12	17	26	38
Unregulated retail electric and gas	257	180	495	404
Net energy trading margins		10	(11)	18
Energy-related businesses	122	112	235	208
Total Operating Revenues	1,792	944	2,300	3,353
Operating Expenses				
Operation				
Fuel	224	196	522	407
Energy purchases				
Realized	418	635	852	1,294
Unrealized economic activity (Note 14)	479	(442)	(155)	149
Energy purchases from affiliate	1		2	1
Other operation and maintenance	270	294	505	549
Depreciation	79	69	157	133
Taxes, other than income	16	17	33	35
Energy-related businesses	118	109	228	201
Total Operating Expenses	1,605	878	2,144	2,769
Operating Income	187	66	156	584
Other Income (Expense) - net	12	6	16	11
Other-Than-Temporary Impairments		1		1
Interest Expense	46	43	92	80
Income Before Income Taxes	153	28	80	514
Income Taxes	67	9	32	186
Net Income Attributable to PPL Energy Supply Member	\$ 86	\$ 19	\$ 48	\$ 328

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

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

PPL Energy Supply, LLC and Subsidiaries

(Unaudited)

(Millions of Dollars)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Net income	\$ 86	\$ 19	\$ 48	\$ 328
Other comprehensive income (loss):				
Amounts arising during the period - gains (losses), net of tax (expense)				
benefit:				
Available-for-sale securities, net of tax of (\$2), \$8, (\$27), (\$18)	2	(7)	25	17
Qualifying derivatives, net of tax of \$0, \$5, \$0, (\$40)		(9)		59
Reclassifications from AOCI - (gains) losses, net of tax expense (benefit):				
Available-for-sale securities, net of tax of \$0, \$1, \$1, \$1	(1)	(1)	(2)	(6)
Qualifying derivatives, net of tax of \$23, \$75, \$44, \$156	(37)	(108)	(67)	(259)
Defined benefit plans:				
Prior service costs, net of tax of \$0, \$0, (\$1), (\$1)	1	2	2	3
Net actuarial loss, net of tax of (\$3), (\$2), (\$5), \$0	4	1	8	6
Total other comprehensive income (loss) attributable to PPL Energy Supply Member	(31)	(122)	(34)	(180)
Comprehensive income (loss) attributable to PPL Energy Supply Member	\$ 55	\$ (103)	\$ 14	\$ 148

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

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

PPL Energy Supply, LLC and Subsidiaries

(Unaudited)

(Millions of Dollars)

	Six Months Ended June 30,	
	2013	2012
Cash Flows from Operating Activities		
Net income	\$ 48	\$ 328
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	157	133
Amortization	71	57
Defined benefit plans - expense	26	22
Deferred income taxes and investment tax credits	98	165
Unrealized (gains) losses on derivatives, and other hedging activities	91	(216)
Other	24	28
Change in current assets and current liabilities		
Accounts receivable	6	(2)
Accounts payable	(81)	(57)
Unbilled revenues	96	61
Fuel, materials and supplies	5	(74)
Prepayments	(67)	(30)
Counterparty collateral	(61)	57
Other	(22)	(68)
Other operating activities		
Defined benefit plans - funding	(106)	(69)
Other assets	(38)	(19)
Other liabilities	(20)	(8)
Net cash provided by operating activities	227	308
Cash Flows from Investing Activities		
Expenditures for property, plant and equipment	(241)	(316)
Ironwood Acquisition, net of cash acquired		(84)
Expenditures for intangible assets	(23)	(25)
Purchases of nuclear plant decommissioning trust investments	(66)	(85)
Proceeds from the sale of nuclear plant decommissioning trust investments	59	79
Net (increase) decrease in notes receivable from affiliates	(4)	198
Net (increase) decrease in restricted cash and cash equivalents	(24)	57
Other investing activities	17	3
Net cash provided by (used in) investing activities	(282)	(173)
Cash Flows from Financing Activities		
Retirement of long-term debt	(9)	(3)
Contributions from member	105	472
Distributions to member	(408)	(657)
Net increase (decrease) in short-term debt	219	120

	Net cash provided by (used in) financing activities	(93)	(68)
Net Increase (Decrease) in Cash and Cash Equivalents		(148)	67
Cash and Cash Equivalents at Beginning of Period		413	379
Cash and Cash Equivalents at End of Period	\$	265	\$ 446

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

CONDENSED CONSOLIDATED BALANCE SHEETS

PPL Energy Supply, LLC and Subsidiaries

(Unaudited)

(Millions of Dollars)

	June 30, 2013	December 31, 2012
Assets		
Current Assets		
Cash and cash equivalents	\$ 265	\$ 413
Restricted cash and cash equivalents	70	46
Accounts receivable (less reserve: 2013, \$20; 2012, \$23)		
Customer	200	183
Other	95	31
Accounts receivable from affiliates	53	125
Unbilled revenues	273	369
Notes receivable from affiliates	4	
Fuel, materials and supplies	322	327
Prepayments	63	15
Price risk management assets	1,146	1,511
Other current assets	22	10
Total Current Assets	2,513	3,030
Investments		
Nuclear plant decommissioning trust funds	771	712
Other investments	41	41
Total Investments	812	753
Property, Plant and Equipment		
Non-regulated property, plant and equipment		
Generation	11,604	11,305
Nuclear fuel	590	524
Other	297	294
Less: accumulated depreciation - non-regulated property, plant and equipment	5,921	5,817
Non-regulated property, plant and equipment, net	6,570	6,306
Construction work in progress	704	987
Property, Plant and Equipment, net (a)	7,274	7,293
Other Noncurrent Assets		
Goodwill	86	86
Other intangibles	259	252
Price risk management assets	508	557
Other noncurrent assets	369	404
Total Other Noncurrent Assets	1,222	1,299
Total Assets	\$ 11,821	\$ 12,375

(a)

At June 30, 2013 and December 31, 2012, includes \$416 million and \$428 million of PP&E, consisting primarily of "Generation," including leasehold improvements from the consolidation of a VIE that is the owner/lessor of the Lower Mt. Bethel plant.

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

CONDENSED CONSOLIDATED BALANCE SHEETS

PPL Energy Supply, LLC and Subsidiaries

(Unaudited)

(Millions of Dollars)

	June 30, 2013	December 31, 2012
Liabilities and Equity		
Current Liabilities		
Short-term debt	\$ 575	\$ 356
Long-term debt due within one year	741	751
Accounts payable	374	438
Accounts payable to affiliates		31
Taxes	13	62
Interest	31	31
Price risk management liabilities	879	1,010
Deferred income taxes	72	158
Other current liabilities	249	319
Total Current Liabilities	2,934	3,156
Long-term Debt	2,522	2,521
Deferred Credits and Other Noncurrent Liabilities		
Deferred income taxes	1,368	1,232
Investment tax credits	211	186
Price risk management liabilities	472	556
Accrued pension obligations	198	293
Asset retirement obligations	374	365
Other deferred credits and noncurrent liabilities	183	218
Total Deferred Credits and Other Noncurrent Liabilities	2,806	2,850
Commitments and Contingent Liabilities (Note 10)		
Equity		
Member's equity	3,541	3,830
Noncontrolling interests	18	18
Total Equity	3,559	3,848
Total Liabilities and Equity	\$ 11,821	\$ 12,375

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

CONDENSED CONSOLIDATED STATEMENTS OF EQUITY

PPL Energy Supply, LLC and Subsidiaries

(Unaudited)

(Millions of Dollars)

	Member's equity	Non- controlling interests	Total
March 31, 2013 (a)	\$ 3,476	\$ 18	\$ 3,494
Net income	86		86
Other comprehensive income (loss)	(31)		(31)
Contributions from member	105		105
Distributions	(95)		(95)
June 30, 2013 (a)	\$ 3,541	\$ 18	\$ 3,559
December 31, 2012 (a)	\$ 3,830	\$ 18	\$ 3,848
Net income	48		48
Other comprehensive income (loss)	(34)		(34)
Contributions from member	105		105
Distributions	(408)		(408)
June 30, 2013 (a)	\$ 3,541	\$ 18	\$ 3,559
March 31, 2012	\$ 3,713	\$ 18	\$ 3,731
Net income	19		19
Other comprehensive income (loss)	(122)		(122)
Contributions from member	472		472
Distributions	(100)		(100)
June 30, 2012	\$ 3,982	\$ 18	\$ 4,000
December 31, 2011	\$ 4,019	\$ 18	\$ 4,037
Net income	328		328
Other comprehensive income (loss)	(180)		(180)
Contributions from member	472		472
Distributions	(657)		(657)
June 30, 2012	\$ 3,982	\$ 18	\$ 4,000

(a) See Note 18 for disclosure of balances of each component of AOCI.

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 June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Operating Revenues				
Retail electric	\$ 413	\$ 403	\$ 925	\$ 860
Electric revenue from affiliate	1	1	2	2
Total Operating Revenues	414	404	927	862
Operating Expenses				
Operation				
Energy purchases	120	120	292	273
Energy purchases from affiliate	12	17	26	38
Other operation and maintenance	124	143	257	283
Depreciation	44	39	87	78
Taxes, other than income	22	22	52	48
Total Operating Expenses	322	341	714	720
Operating Income	92	63	213	142
Other Income (Expense) - net	2	1	3	3
Interest Expense	25	24	50	48
Income Before Income Taxes	69	40	166	97
Income Taxes	24	11	57	31
Net Income (a)	45	29	109	66
Distributions on Preference Stock				4
Net Income Available to PPL	\$ 45	\$ 29	\$ 109	\$ 62

(a) Net income approximates comprehensive income.

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

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

PPL Electric Utilities Corporation and Subsidiaries

(Unaudited)

(Millions of Dollars)

	Six Months Ended June 30,	
	2013	2012
Cash Flows from Operating Activities		
Net income	\$ 109	\$ 66
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	87	78
Amortization	10	9
Defined benefit plans - expense	10	11
Deferred income taxes and investment tax credits	81	59
Other	3	5
Change in current assets and current liabilities		
Accounts receivable	(56)	19
Accounts payable	(45)	(37)
Unbilled revenues	36	11
Prepayments	(18)	(18)
Taxes	18	
Other	(38)	(23)
Other operating activities		
Defined benefit plans - funding	(88)	(54)
Other assets		2
Other liabilities	6	(27)
Net cash provided by operating activities	115	101
Cash Flows from Investing Activities		
Expenditures for property, plant and equipment	(451)	(256)
Other investing activities	(4)	(1)
Net cash provided by (used in) investing activities	(455)	(257)
Cash Flows from Financing Activities		
Contributions from parent	205	
Redemption of preference stock		(250)
Payment of common stock dividends to parent	(66)	(56)
Net increase (decrease) in short-term debt	85	195
Other financing activities		(8)
Net cash provided by (used in) financing activities	224	(119)
Net Increase (Decrease) in Cash and Cash Equivalents	(116)	(275)
Cash and Cash Equivalents at Beginning of Period	140	320
Cash and Cash Equivalents at End of Period	\$ 24	\$ 45

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

CONDENSED CONSOLIDATED BALANCE SHEETS

PPL Electric Utilities Corporation and Subsidiaries

(Unaudited)

(Millions of Dollars, shares in thousands)

	June 30, 2013	December 31, 2012
Assets		
Current Assets		
Cash and cash equivalents	\$ 24	\$ 140
Accounts receivable (less reserve: 2013, \$19; 2012, \$18)		
Customer	316	249
Other	4	5
Accounts receivable from affiliates	3	29
Unbilled revenues	74	110
Materials and supplies	39	39
Prepayments	94	76
Deferred income taxes	45	45
Other current assets	18	4
Total Current Assets	617	697
Property, Plant and Equipment		
Regulated utility plant	6,627	6,286
Less: accumulated depreciation - regulated utility plant	2,383	2,316
Regulated utility plant, net	4,244	3,970
Other, net	2	2
Construction work in progress	444	370
Property, Plant and Equipment, net	4,690	4,342
Other Noncurrent Assets		
Regulatory assets	862	853
Intangibles	181	171
Other noncurrent assets	35	55
Total Other Noncurrent Assets	1,078	1,079
Total Assets	\$ 6,385	\$ 6,118

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

CONDENSED CONSOLIDATED BALANCE SHEETS

PPL Electric Utilities Corporation and Subsidiaries

(Unaudited)

(Millions of Dollars, shares in thousands)

	June 30, 2013	December 31, 2012
Liabilities and Equity		
Current Liabilities		
Short-term debt	\$ 85	
Long term debt due within one year	10	
Accounts payable	242	\$ 259
Accounts payable to affiliates	43	63
Taxes	20	12
Interest	26	26
Regulatory liabilities	48	52
Other current liabilities	89	93
Total Current Liabilities	563	505
Long-term Debt	1,957	1,967
Deferred Credits and Other Noncurrent Liabilities		
Deferred income taxes	1,307	1,233
Investment tax credits	3	3
Accrued pension obligations	154	237
Regulatory liabilities	13	8
Other deferred credits and noncurrent liabilities	78	103
Total Deferred Credits and Other Noncurrent Liabilities	1,555	1,584
Commitments and Contingent Liabilities (Notes 6 and 10)		
Stockholder's Equity		
Common stock - no par value (a)	364	364
Additional paid-in capital	1,340	1,135
Earnings reinvested	606	563
Total Equity	2,310	2,062
Total Liabilities and Equity	\$ 6,385	\$ 6,118

(a) 170,000 shares authorized; 66,368 shares issued and outstanding at June 30, 2013 and December 31, 2012.

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

CONDENSED CONSOLIDATED STATEMENTS OF SHAREOWNERS' EQUITY

PPL Electric Utilities Corporation and Subsidiaries

(Unaudited)

(Millions of Dollars)

	Common stock shares outstanding (a)	Preference stock	Common stock	Additional paid-in capital	Earnings reinvested	Total
March 31, 2013	66,368		\$ 364	\$ 1,195	\$ 602	\$ 2,161
Net income					45	45
Capital contributions from PPL				145		145
Cash dividends declared on common stock					(41)	(41)
June 30, 2013	66,368		\$ 364	\$ 1,340	\$ 606	\$ 2,310
December 31, 2012	66,368		\$ 364	\$ 1,135	\$ 563	\$ 2,062
Net income					109	109
Capital contributions from PPL				205		205
Cash dividends declared on common stock					(66)	(66)
June 30, 2013	66,368		\$ 364	\$ 1,340	\$ 606	\$ 2,310
March 31, 2012	66,368	\$ 250	\$ 364	\$ 979	\$ 530	\$ 2,123
Net income					29	29
Redemption of preference stock (b)		(250)				(250)
Cash dividends declared on common stock					(21)	(21)
June 30, 2012	66,368	\$	\$ 364	\$ 979	\$ 538	\$ 1,881
December 31, 2011	66,368	\$ 250	\$ 364	\$ 979	\$ 532	\$ 2,125
Net income					66	66
Redemption of preference stock (b)		(250)				(250)
Cash dividends declared on preference stock					(4)	(4)
Cash dividends declared on common stock					(56)	(56)
June 30, 2012	66,368	\$	\$ 364	\$ 979	\$ 538	\$ 1,881

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

(b) In June 2012, PPL Electric redeemed all of its outstanding preference stock.

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 June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Operating Revenues	\$ 682	\$ 658	\$ 1,482	\$ 1,363
Operating Expenses				
Operation				
Fuel	216	215	447	428
Energy purchases	37	34	123	108
Other operation and maintenance	197	197	394	403
Depreciation	83	86	165	172
Taxes, other than income	12	12	24	23
Total Operating Expenses	545	544	1,153	1,134
Operating Income	137	114	329	229
Other Income (Expense) - net		(7)	(2)	(10)
Interest Expense	36	37	73	75
Interest Expense with Affiliate	1		1	
Income from Continuing Operations Before Income Taxes	100	70	253	144
Income Taxes	37	20	94	41
Income from Continuing Operations After Income Taxes	63	50	159	103
Income (Loss) from Discontinued Operations (net of income taxes)	1	(6)	1	(6)
Net Income (a)	\$ 64	\$ 44	\$ 160	\$ 97

(a) Net income approximates comprehensive income.

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

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

LG&E and KU Energy LLC and Subsidiaries

(Unaudited)

(Millions of Dollars)

	Six Months Ended June 30,	
	2013	2012
Cash Flows from Operating Activities		
Net income	\$ 160	\$ 97
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	165	172
Amortization	14	14
Defined benefit plans - expense	27	20
Deferred income taxes and investment tax credits	95	56
Other	(6)	(2)
Change in current assets and current liabilities		
Accounts receivable	(62)	(11)
Accounts payable	36	17
Unbilled revenues	(2)	1
Fuel, materials and supplies	25	1
Taxes		33
Other	2	(6)
Other operating activities		
Defined benefit plans - funding	(156)	(62)
Other assets	(3)	
Other liabilities	2	24
Net cash provided by operating activities	297	354
Cash Flows from Investing Activities		
Expenditures for property, plant and equipment	(579)	(324)
Net (increase) decrease in notes receivable from affiliates		3
Net (increase) decrease in restricted cash and cash equivalents	10	(2)
Other investing activities	1	
Net cash provided by (used in) investing activities	(568)	(323)
Cash Flows from Financing Activities		
Net increase (decrease) in notes payable with affiliates	47	
Net increase (decrease) in short-term debt	127	
Debt issuance and credit facility costs		(1)
Distributions to member	(69)	(60)
Contributions from member	146	
Net cash provided by (used in) financing activities	251	(61)
Net Increase (Decrease) in Cash and Cash Equivalents	(20)	(30)
Cash and Cash Equivalents at Beginning of Period	43	59
Cash and Cash Equivalents at End of Period	\$ 23	\$ 29

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

CONDENSED CONSOLIDATED BALANCE SHEETS

LG&E and KU Energy LLC and Subsidiaries

(Unaudited)

(Millions of Dollars)

	June 30, 2013	December 31, 2012
Assets		
Current Assets		
Cash and cash equivalents	\$ 23	\$ 43
Accounts receivable (less reserve: 2013, \$22; 2012, \$19)		
Customer	202	133
Other	21	20
Unbilled revenues	158	156
Accounts receivable from affiliates		1
Fuel, materials and supplies	251	276
Prepayments	24	28
Price risk management assets from affiliates	72	14
Deferred income taxes	11	13
Regulatory assets	29	19
Other current assets	6	4
Total Current Assets	797	707
Property, Plant and Equipment		
Regulated utility plant	8,232	8,073
Less: accumulated depreciation - regulated utility plant	647	519
Regulated utility plant, net	7,585	7,554
Other, net	3	3
Construction work in progress	1,113	750
Property, Plant and Equipment, net	8,701	8,307
Other Noncurrent Assets		
Regulatory assets	581	630
Goodwill	996	996
Other intangibles	245	271
Other noncurrent assets	98	108
Total Other Noncurrent Assets	1,920	2,005
Total Assets	\$ 11,418	\$ 11,019

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

CONDENSED CONSOLIDATED BALANCE SHEETS

LG&E and KU Energy LLC and Subsidiaries

(Unaudited)

(Millions of Dollars)

	June 30, 2013	December 31, 2012
Liabilities and Equity		
Current Liabilities		
Short-term debt	\$ 252	\$ 125
Notes payable with affiliates	72	25
Accounts payable	301	283
Accounts payable to affiliates	1	1
Customer deposits	49	48
Taxes	26	26
Price risk management liabilities	4	5
Regulatory liabilities	6	9
Interest	21	21
Other current liabilities	104	100
Total Current Liabilities	836	643
Long-term Debt	4,075	4,075
Deferred Credits and Other Noncurrent Liabilities		
Deferred income taxes	637	541
Investment tax credits	137	138
Accrued pension obligations	266	414
Asset retirement obligations	127	125
Regulatory liabilities	1,039	1,002
Price risk management liabilities	39	53
Other deferred credits and noncurrent liabilities	240	242
Total Deferred Credits and Other Noncurrent Liabilities	2,485	2,515
Commitments and Contingent Liabilities (Notes 6 and 10)		
Member's equity	4,022	3,786
Total Liabilities and Equity	\$ 11,418	\$ 11,019

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

CONDENSED CONSOLIDATED STATEMENTS OF EQUITY

LG&E and KU Energy LLC and Subsidiaries

(Unaudited)

(Millions of Dollars)

		Member's Equity
March 31, 2013	\$	3,952
Net income		64
Contributions from member		71
Distributions to member		(65)
June 30, 2013	\$	4,022
December 31, 2012	\$	3,786
Net income		160
Contributions from member		146
Distributions to member		(69)
Other comprehensive income (loss)		(1)
June 30, 2013	\$	4,022
March 31, 2012	\$	3,765
Net income		44
Distributions to member		(35)
June 30, 2012	\$	3,774
December 31, 2011	\$	3,741
Net income		97
Distributions to member		(60)
Other comprehensive income (loss)		(4)
June 30, 2012	\$	3,774

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 June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Operating Revenues				
Retail and wholesale	\$ 302	\$ 286	\$ 671	\$ 615
Electric revenue from affiliate	14	18	35	42
Total Operating Revenues	316	304	706	657
Operating Expenses				
Operation				
Fuel	88	92	184	181
Energy purchases	31	23	111	92
Energy purchases from affiliate	3	2	4	6
Other operation and maintenance	94	92	185	190
Depreciation	37	38	73	76
Taxes, other than income	6	6	12	11
Total Operating Expenses	259	253	569	556
Operating Income	57	51	137	101
Other Income (Expense) - net	(1)	(1)	(2)	
Interest Expense	10	10	20	21
Income Before Income Taxes	46	40	115	80
Income Taxes	17	14	42	29
Net Income (a)	\$ 29	\$ 26	\$ 73	\$ 51

(a) Net income equals comprehensive income.

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

CONDENSED STATEMENTS OF CASH FLOWS

Louisville Gas and Electric Company

(Unaudited)

(Millions of Dollars)

	Six Months Ended June 30,	
	2013	2012
Cash Flows from Operating Activities		
Net income	\$ 73	\$ 51
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	73	76
Amortization	6	6
Defined benefit plans - expense	9	9
Deferred income taxes and investment tax credits	21	28
Other		(6)
Change in current assets and current liabilities		
Accounts receivable	(9)	(7)
Accounts payable	13	11
Accounts payable to affiliates	(2)	(10)
Unbilled revenues	2	6
Fuel, materials and supplies	25	6
Taxes	12	15
Other	6	
Other operating activities		
Defined benefit plans - funding	(44)	(25)
Other assets	(1)	(1)
Other liabilities	2	1
Net cash provided by operating activities	186	160
Cash Flows from Investing Activities		
Expenditures for property, plant and equipment	(236)	(120)
Net (increase) decrease in notes receivable from affiliates		(6)
Net (increase) decrease in restricted cash and cash equivalents	10	(2)
Net cash provided by (used in) investing activities	(226)	(128)
Cash Flows from Financing Activities		
Net increase (decrease) in short-term debt	25	
Debt issuance and credit facility costs		(1)
Payment of common stock dividends to parent	(48)	(31)
Contributions from parent	54	
Net cash provided by (used in) financing activities	31	(32)
Net Increase (Decrease) in Cash and Cash Equivalents	(9)	
Cash and Cash Equivalents at Beginning of Period	22	25
Cash and Cash Equivalents at End of Period	\$ 13	\$ 25

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

CONDENSED BALANCE SHEETS

Louisville Gas and Electric Company

(Unaudited)

(Millions of Dollars, shares in thousands)

	June 30, 2013	December 31, 2012
Assets		
Current Assets		
Cash and cash equivalents	\$ 13	\$ 22
Accounts receivable (less reserve: 2013, \$2; 2012, \$1)		
Customer	84	59
Other	9	16
Unbilled revenues	70	72
Accounts receivable from affiliates	8	14
Fuel, materials and supplies	117	142
Prepayments	7	7
Price risk management from affiliates	36	7
Regulatory assets	21	19
Other current assets	1	1
Total Current Assets	366	359
Property, Plant and Equipment		
Regulated utility plant	3,279	3,187
Less: accumulated depreciation - regulated utility plant	282	220
Regulated utility plant, net	2,997	2,967
Construction work in progress	407	259
Property, Plant and Equipment, net	3,404	3,226
Other Noncurrent Assets		
Regulatory assets	369	400
Goodwill	389	389
Other intangibles	132	144
Other noncurrent assets	34	44
Total Other Noncurrent Assets	924	977
Total Assets	\$ 4,694	\$ 4,562

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

CONDENSED BALANCE SHEETS

Louisville Gas and Electric Company

(Unaudited)

(Millions of Dollars, shares in thousands)

	June 30, 2013	December 31, 2012
Liabilities and Equity		
Current Liabilities		
Short-term debt	\$ 80	\$ 55
Accounts payable	146	117
Accounts payable to affiliates	21	23
Customer deposits	24	23
Taxes	14	2
Price risk management liabilities	4	5
Regulatory liabilities	5	4
Interest	5	5
Other current liabilities	40	34
Total Current Liabilities	339	268
Long-term Debt	1,112	1,112
Deferred Credits and Other Noncurrent Liabilities		
Deferred income taxes	567	544
Investment tax credits	39	40
Accrued pension obligations	57	102
Asset retirement obligations	57	56
Regulatory liabilities	488	471
Price risk management liabilities	39	53
Other deferred credits and noncurrent liabilities	107	106
Total Deferred Credits and Other Noncurrent Liabilities	1,354	1,372
Commitments and Contingent Liabilities (Notes 6 and 10)		
Stockholder's Equity		
Common stock - no par value (a)	424	424
Additional paid-in capital	1,332	1,278
Earnings reinvested	133	108
Total Equity	1,889	1,810
Total Liabilities and Equity	\$ 4,694	\$ 4,562

(a) 75,000 shares authorized; 21,294 shares issued and outstanding at June 30, 2013 and December 31, 2012.

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

CONDENSED STATEMENTS OF EQUITY

Louisville Gas and Electric Company

(Unaudited)

(Millions of Dollars)

	Common stock shares outstanding (a)	Common stock	Additional paid-in capital	Earnings reinvested	Total
March 31, 2013	21,294	\$ 424	\$ 1,303	\$ 133	\$ 1,860
Net income				29	29
Capital contributions from LKE			29		29
Cash dividends declared on common stock				(29)	(29)
June 30, 2013	21,294	\$ 424	\$ 1,332	\$ 133	\$ 1,889
December 31, 2012	21,294	\$ 424	\$ 1,278	\$ 108	\$ 1,810
Net income				73	73
Capital contributions from LKE			54		54
Cash dividends declared on common stock				(48)	(48)
June 30, 2013	21,294	\$ 424	\$ 1,332	\$ 133	\$ 1,889
March 31, 2012	21,294	\$ 424	\$ 1,278	\$ 70	\$ 1,772
Net income				26	26
Cash dividends declared on common stock				(16)	(16)
June 30, 2012	21,294	\$ 424	\$ 1,278	\$ 80	\$ 1,782
December 31, 2011	21,294	\$ 424	\$ 1,278	\$ 60	\$ 1,762
Net income				51	51
Cash dividends declared on common stock				(31)	(31)
June 30, 2012	21,294	\$ 424	\$ 1,278	\$ 80	\$ 1,782

(a) Shares in thousands. All common shares of LG&E stock are owned by LKE.

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

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CONDENSED STATEMENTS OF INCOME

Kentucky Utilities Company

(Unaudited)

(Millions of Dollars)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Operating Revenues				
Retail and wholesale	\$ 380	\$ 372	\$ 811	\$ 748
Electric revenue from affiliate	3	2	4	6
Total Operating Revenues	383	374	815	754
Operating Expenses				
Operation				
Fuel	128	123	263	247
Energy purchases	6	11	12	16
Energy purchases from affiliate	14	18	35	42
Other operation and maintenance	98	98	195	193
Depreciation	46	48	92	96
Taxes, other than income	6	6	12	12
Total Operating Expenses	298	304	609	606
Operating Income	85	70	206	148
Other Income (Expense) - net	2	(5)	1	(6)
Interest Expense	17	17	34	34
Income Before Income Taxes	70	48	173	108
Income Taxes	26	18	65	40
Net Income (a)	\$ 44	\$ 30	\$ 108	\$ 68

(a) Net income approximates comprehensive income.

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

CONDENSED STATEMENTS OF CASH FLOWS

Kentucky Utilities Company

(Unaudited)

(Millions of Dollars)

	Six Months Ended June 30,	
	2013	2012
Cash Flows from Operating Activities		
Net income	\$ 108	\$ 68
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	92	96
Amortization	7	7
Defined benefit plans - expense	12	5
Deferred income taxes and investment tax credits	72	53
Other	(2)	
Change in current assets and current liabilities		
Accounts receivable	(39)	(20)
Accounts payable	33	12
Accounts payable to affiliates	(7)	1
Unbilled revenues	(4)	(5)
Fuel, materials and supplies		(3)
Taxes	(10)	12
Other	5	(1)
Other operating activities		
Defined benefit plans - funding	(61)	(18)
Other assets	(3)	
Other liabilities	(13)	10
Net cash provided by operating activities	190	217
Cash Flows from Investing Activities		
Expenditures for property, plant and equipment	(341)	(203)
Other investing activities	1	
Net cash provided by (used in) investing activities	(340)	(203)
Cash Flows from Financing Activities		
Net increase (decrease) in notes payable with affiliates		6
Net increase (decrease) in short-term debt	102	
Payment of common stock dividends to parent	(55)	(48)
Contributions from parent	92	
Net cash provided by (used in) financing activities	139	(42)
Net Increase (Decrease) in Cash and Cash Equivalents	(11)	(28)
Cash and Cash Equivalents at Beginning of Period	21	31
Cash and Cash Equivalents at End of Period	\$ 10	\$ 3

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

CONDENSED BALANCE SHEETS

Kentucky Utilities Company

(Unaudited)

(Millions of Dollars, shares in thousands)

	June 30, 2013	December 31, 2012
Assets		
Current Assets		
Cash and cash equivalents	\$ 10	\$ 21
Accounts receivable (less reserve: 2013, \$5; 2012, \$2)		
Customer	118	74
Other	11	13
Unbilled revenues	88	84
Accounts receivable from affiliates	9	7
Fuel, materials and supplies	134	134
Prepayments	7	10
Price risk management assets from affiliates	36	7
Deferred income taxes	2	3
Regulatory assets	8	
Other current assets	5	3
Total Current Assets	428	356
Property, Plant and Equipment		
Regulated utility plant	4,953	4,886
Less: accumulated depreciation - regulated utility plant	365	299
Regulated utility plant, net	4,588	4,587
Other, net	1	1
Construction work in progress	704	