GAMCO INVESTORS, INC. ET AL
Form 8-K
August 07, 2018

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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of The
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) August 7, 2018

GAMCO INVESTORS, INC.
(Exact name of registrant as specified in its charter)

Delaware	1-14761	13-4007862
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

One Corporate Center, Rye, NY	10580
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code (914) 921-3700

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2 below):

[ ] Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

[ ] Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

[ ] Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

[ ] Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has 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.

Item 2.02 Results of Operations and Financial Condition.

The following information is furnished pursuant to Item 2.02, "Results of Operations and Financials Condition."

On August 7, 2018, GAMCO Investors, Inc. ("GAMCO") announced its results of operations for the quarter ended June 30, 2018. A copy of the related press release is being filed as Exhibit 99.1 to this Form 8-K and is incorporated herein by reference in its entirety.

The information furnished under Item 2.02, including the exhibit attached hereto, is not deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 and shall not be incorporated by reference into any registration statement or other document pursuant to the Securities Act of 1933, except as otherwise expressly stated in such filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

99.1 GAMCO's Press Release, dated August 7, 2018.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

GAMCO Investors, Inc.

By: /s/ Kieran Caterina

Kieran Caterina
Senior Vice President and Co-Principal Financial Officer

Date:August 7, 2018
Exhibit Index

Exhibit No.

99.1 GAMCO's Press Release, dated August 7, 2018.

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278

267

545

Total

$ 428

$ (279)

$ 149

$ 404

$ (267)

$ 137

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	2014 Six Months			2013 Six Months		
	Margins	Other (a)	Operating Income (b)	Margins	Other (a)	Operating Income (b)
Operating Revenues	$ 1,656		$ 1,656	$ 1,482		$ 1,482
Fuel	508		508	447		447
Energy purchases	160		160	123		123
Other operation and maintenance	48	$ 364	412	48	$ 346	394
Depreciation	3	170	173	2	163	165
Taxes, other than income	1	25	26		24	24
Total Operating Expenses	720	559	1,279	620	533	1,153
Total	$ 936	$ (559)	$ 377	$ 862	$ (533)	$ 329

(a) Represents amounts excluded from Margins.
(b) As reported on the Statements of Income.

Statement of Income Analysis --

Certain Operating Revenues and Expenses included in "Margins"

The following Statement of Income line items and their related increase (decrease) during the periods ended June 30, 2014 compared with 2013 are included above within "Margins" and are not discussed separately.

	Three Months	Six Months
Operating revenues	$ 40	$ 174
Fuel	15	61
Energy purchases	(1)	37

Other Operation and Maintenance

The increase (decrease) in other operation and maintenance expense for the periods ended June 30, 2014 compared with 2013 was due to:

	Three Months	Six Months
Timing and scope of generation maintenance outages	$ 3	$ 6
Storm expenses	3	9
Other	3	3
Total	$ 9	$ 18

Depreciation

Depreciation increased by $4 million and $8 million for the three and six months ended June 30, 2014 compared with 2013 primarily due to additions to PP&E, net.

Interest Expense

Interest expense increased by $5 million and $10 million for the three and six months ended June 30, 2014 compared with 2013 primarily due to the issuance of $500 million First Mortgage Bonds in November 2013.

Income Taxes

Income taxes increased by $4 million and $16 million for the three and six months ended June 30, 2014 compared with 2013 primarily due to the change in pre-tax income at current period tax rates.

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LG&E: Earnings, Margins and Statement of Income Analysis

Earnings

	Three Months Ended June 30, 2014	Three Months Ended June 30, 2013	Six Months Ended June 30, 2014	Six Months Ended June 30, 2013
Net Income	$ 35	$ 29	$ 87	$ 73

Earnings increased for the three-month period in 2014 compared with 2013 primarily due to returns from additional environmental capital investments and higher sales volumes due to favorable weather conditions. Earnings increased for the six-month period in 2014 compared with 2013 primarily due to returns from additional environmental capital investments, higher sales volume, higher demand revenue and higher off-system sales partially offset by increased operation and maintenance expense driven by storm-related expenses. The changes in volumes and demand revenue were primarily attributable to unusually cold weather conditions during the first quarter of 2014.

The table below quantifies the changes in the components of Net Income between these periods, which reflect amounts classified as Margins on a separate line within the table and not in their respective Statement of Income line items.

	Three Months	Six Months
Margins	$ 13	$ 37
Other operation and maintenance	2	(4)
Depreciation	(2)	(4)
Interest expense	(2)	(4)
Other	(1)	(2)
Income taxes	(4)	(9)
Total	$ 6	$ 14

Margins

"Margins" is a non-GAAP financial performance measure that management utilizes as an indicator of the performance of its business. See PPL's "Results of Operations - Margins" for an explanation of why management believes this measure is useful and the underlying drivers of the changes between periods. Within PPL's discussion, LG&E's Margins are included in "Kentucky Gross Margins."

The following tables contain the components from the Statements of Income that are included in this non-GAAP financial measure and a reconciliation to "Operating Income" for the periods ended June 30.

	2014 Three Months			2013 Three Months		
	Margins	Other (a)	Operating Income (b)	Margins	Other (a)	Operating Income (b)
Operating Revenues	$ 344		$ 344	$ 316		$ 316
Operating Expenses						
Fuel	104		104	88		88
	31		31	34		34

Energy purchases, including affiliate											
Other operation and maintenance		12	$	82		94		10	$	84	94
Depreciation		1		38		39		1		36	37
Taxes, other than income				7		7				6	6
Total Operating Expenses		148		127		275		133		126	259
Total	$	196	$	(127)	$	69	$	183	$	(126)	$ 57

	2014 Six Months			2013 Six Months		
	Margins	Other (a)	Operating Income (b)	Margins	Other (a)	Operating Income (b)
Operating Revenues	$ 823		$ 823	$ 706		$ 706
Operating Expenses						
Fuel	221		221	184		184
Energy purchases, including affiliate	155		155	115		115
Other operation and maintenance	24	$ 168	192	21	$ 164	185
Depreciation	1	76	77	1	72	73
Taxes, other than income		13	13		12	12
Total Operating Expenses	401	257	658	321	248	569
Total	$ 422	$ (257)	$ 165	$ 385	$ (248)	$ 137

(a) Represents amounts excluded from Margins.
(b) As reported on the Statements of Income.

Statement of Income Analysis --

Certain Operating Revenues and Expenses included in "Margins"

The following Statement of Income line items and their related increase (decrease) during the periods ended June 30, 2014 compared with 2013 are included above within "Margins" and are not discussed separately.

	Three Months	Six Months
Retail and wholesale	$ 18	$ 91
Electric revenue from affiliate	10	26
Fuel	16	37
Energy purchases	(2)	36
Energy purchases from affiliate	(1)	4

Other Operation and Maintenance

Other operation and maintenance expense increased by $7 million for the six months ended June 30, 2014 compared with 2013 primarily due to storm expenses.

Depreciation

Depreciation increased by $2 million and $4 million for the three and six months ended June 30, 2014 compared with 2013 primarily due to additions to PP&E, net.

Interest Expense

Interest expense increased by $2 million and $4 million for the three and six months ended June 30, 2014 compared with 2013 primarily due to the issuance of $250 million First Mortgage Bonds in November 2013.

Income Taxes

Income taxes increased by $4 million and $9 million for the three and six months ended June 30, 2014 compared with 2013 primarily due to the change in pre-tax income at current period tax rates.

KU: Earnings, Margins and Statement of Income Analysis

Earnings

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Net Income	$ 40	$ 44	$ 117	$ 108

Special item, gains (losses), after-tax	1	1	1	1

Excluding a special item, earnings increased for the three-month period in 2014 compared with 2013 primarily due to returns on additional environmental capital investments. Earnings increased for the six-month period in 2014 compared with 2013 primarily due to returns on additional environmental capital investments, higher sales volumes and higher demand revenue partially offset by other operation and maintenance expense driven by the timing of generation maintenance outages. The changes in volumes and demand revenue were primarily attributable to unusually cold weather conditions during the first quarter of 2014.

The table below quantifies the changes in the components of Net Income between these periods, which reflect amounts classified as Margins and a certain item that management considers special on separate lines within the table and not in their respective Statement of Income line items.

		Three Months		Six Months
Margins	$	11	$	37
Other operation and maintenance		(9)		(13)
Depreciation		(1)		(2)
Interest expense		(3)		(5)
Other		(3)		(1)
Income taxes				(7)
Special item - EEI adjustments, after-tax		1		
Total	$	(4)	$	9

Margins

"Margins" is a non-GAAP financial performance measure that management utilizes as an indicator of the performance of its business. See PPL's "Results of Operations - Margins" for an explanation of why management believes this measure is useful and the underlying drivers of the changes between periods. Within PPL's discussion, KU's Margins are included in "Kentucky Gross Margins."

The following tables contain the components from the Statements of Income that are included in this non-GAAP financial measure and a reconciliation to "Operating Income" for the periods ended June 30.

	2014 Three Months			2013 Three Months		
	Margins	Other (a)	Operating Income (b)	Margins	Other (a)	Operating Income (b)
Operating Revenues	$ 404		$ 404	$ 383		$ 383
Operating Expenses						
Fuel	127		127	128		128
Energy purchases, including affiliate	31		31	20		20
Other operation and maintenance	13	$ 94	107	13	$ 85	98
Depreciation	1	46	47	1	45	46
Taxes, other than income		6	6		6	6
Total Operating Expenses	172	146	318	162	136	298
Total	$ 232	$ (146)	$ 86	$ 221	$ (136)	$ 85

	2014 Six Months			2013 Six Months		
	Margins	Other (a)	Operating Income (b)	Margins	Other (a)	Operating Income (b)
Operating Revenues	$ 902		$ 902	$ 815		$ 815
Operating Expenses						
Fuel	287		287	263		263

Energy purchases, including affiliate	74		74	47		47
Other operation and maintenance	24	$ 181	205	27	$ 168	195
Depreciation	2	93	95	1	91	92
Taxes, other than income	1	12	13		12	12
Total Operating Expenses	388	286	674	338	271	609
Total	$ 514	$ (286)	$ 228	$ 477	$ (271)	$ 206

(a) Represents amounts excluded from Margins.
(b) As reported on the Statements of Income.

Statement of Income Analysis --

Certain Operating Revenues and Expenses included in "Margins"

The following Statement of Income line items and their related increase (decrease) during the periods ended June 30, 2014 compared with 2013 are included above within "Margins" and are not discussed separately.

	Three Months	Six Months
Retail and wholesale	$ 22	$ 83
Electric revenue from affiliate	(1)	4
Fuel	(1)	24
Energy purchases	1	1
Energy purchases from affiliate	10	26

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Other Operation and Maintenance

The increase (decrease) in other operation and maintenance expense for the periods ended June 30, 2014 compared with 2013 was due to:

	Three Months	Six Months
Timing and scope of generation maintenance outages	$ 4	$ 7
Storm expenses	2	2
Other	3	1
Total	$ 9	$ 10

Interest Expense

Interest expense increased by $3 million and $5 million for the three and six months ended June 30, 2014 compared with 2013 primarily due to the issuance of $250 million First Mortgage Bonds in November 2013.

Income Taxes

Income taxes increased by $7 million for the six months ended June 30, 2014 compared with 2013 primarily due to the change in pre-tax income at current period tax rates.

Financial Condition

The remainder of this Item 2 in this Form 10-Q is presented on a combined basis, providing information, as applicable, for all Registrants.

Liquidity and Capital Resources

(All Registrants)

The Registrants had the following at:

	PPL (a)	PPL Energy Supply	PPL Electric	LKE	LG&E	KU
June 30, 2014						
Cash and cash equivalents	$ 1,269	$ 264	$ 149	$ 23	$ 5	$ 18
Notes receivable from affiliates				16		
Short-term debt	808	324		320	70	175
December 31, 2013						
Cash and cash equivalents	$ 1,102	$ 239	$ 25	$ 35	$ 8	$ 21
Notes receivable from affiliates			150	70		

Short-term debt	701	20	245	20	150

(a) At June 30, 2014, $462 million of cash and cash equivalents were denominated in GBP. If these amounts would be remitted as dividends, PPL may be subject to additional U.S. taxes, net of allowable foreign income tax credits. Historically, dividends paid by foreign subsidiaries have been limited to distributions of the current year's earnings. See Note 5 to the Financial Statements in PPL's 2013 Form 10-K for additional information on undistributed earnings of WPD.

Net cash provided by (used in) operating, investing and financing activities for the six-month periods ended June 30, and the changes between periods were as follows.

	PPL	PPL Energy Supply	PPL Electric	LKE	LG&E	KU
2014						
Operating activities	$ 1,583	$ 290	$ 148	$ 516	$ 202	$ 297
Investing activities	(2,103)	(403)	(295)	(501)	(248)	(305)
Financing activities	671	138	271	(27)	43	5
2013						
Operating activities	$ 947	$ 227	$ 115	$ 297	$ 186	$ 190
Investing activities	(1,834)	(282)	(455)	(568)	(226)	(340)
Financing activities	710	(93)	224	251	31	139

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	PPL	PPL Energy Supply	PPL Electric	LKE	LG&E	KU
Change - Cash Provided (Used)						
Operating activities	$ 636	$ 63	$ 33	$ 219	$ 16	$ 107
Investing activities	(269)	(121)	160	67	(22)	35
Financing activities	(39)	231	47	(278)	12	(134)

Operating Activities

The components of the change in cash provided by (used in) operating activities for the six months ended June 30, 2014 compared with 2013 were as follows.

	PPL	PPL Energy Supply	PPL Electric	LKE	LG&E	KU
Change - Cash Provided (Used)						
Net income	$ (273)	$ (101)	$ 28	$ 20	$ 14	$ 9
Non-cash components	234	(37)	(46)	52	(5)	14
Working capital	300	58	(14)	31	(20)	5
Defined benefit funding	250	74	69	116	34	58
Other operating activities	125	69	(4)		(7)	21
Total	$ 636	$ 63	$ 33	$ 219	$ 16	$ 107

(PPL)

The increase in cash from changes in components of working capital was partially due to a decrease in customer and other accounts receivable (primarily due to changes in customer rates and changes in income tax receivables) and a reduction in collateral returned to counterparties.

(PPL Energy Supply)

The increase in cash from changes in components of working capital was primarily due to a decrease in prepayments (primarily due to higher federal income tax payments in 2013) and a reduction in collateral returned to counterparties, partially offset by an increase in net cash paid related to power options. The change in cash from other operating activities was partially due to cash payments made in 2013 on PPL Montana's operating lease arrangement related to partial interests in Units 1, 2 and 3 of the Colstrip coal-fired electric generating facility that was terminated in December 2013.

(PPL Electric)

The decrease in non-cash components of net income primarily consisted of deferred income tax benefits.

(LKE)

LKE's non-cash components of net income included a $54 million increase in deferred income taxes primarily due to utilization of net operating losses. The increase in cash from changes in components of working capital was driven primarily by the change in accounts receivable and unbilled revenues due to weather and higher rates, and lower fuel inventory due to weather, offset by a decrease in accounts payable due to timing of fuel purchases.

(LG&E)

LG&E's increase in cash from changes in components of working capital was driven primarily by the change in accounts receivable and unbilled revenues due to weather and higher rates, offset by a decrease in accounts payable due to timing of fuel purchases.

(KU)

KU's non-cash components of net income included a $17 million increase in deferred income taxes primarily due to utilization of net operating losses.

Investing Activities

Expenditures for Property, Plant and Equipment

The primary use of cash within investing activities is expenditures for PP&E. The change in these expenditures for the six months ended June 30, 2014 compared with 2013 was as follows.

	PPL	PPL Energy Supply	PPL Electric	LKE	LG&E	KU
(Increase) Decrease	$ (57)	$ 65	$ 15	$ 23	$ (13)	$ 36

The increase in expenditures for PP&E for PPL was primarily due to higher project costs to enhance system reliability at WPD and the changes in project expenditures at PPL Energy Supply, LG&E and KU. The decrease in expenditures at PPL Energy Supply was partially due to expenditures made in 2013 for the Holtwood hydroelectric expansion project. The increase in expenditures for LG&E was primarily due to environmental air projects at LG&E's Mill Creek plant and GLT projects, partially offset by lower expenditures for the construction of Cane Run Unit 7. The decrease in expenditures for KU was related to lower expenditures for the construction of Cane Run Unit 7 and environmental CCR projects at KU's Ghent and E.W. Brown plants, partially offset by higher expenditures for environmental air projects at KU's Ghent and E.W. Brown plants.

Other Significant Changes in Components of Investing Activities

For PPL and PPL Energy Supply, the change in investing activities for the six months ended June 30, 2014 compared with 2013 reflects increases of $234 million in restricted cash and cash equivalents. These changes were primarily related to increased cash collateral requirements in 2014 of $257 million to support PPL Energy Supply's commodity hedging program primarily due to higher forward prices. PPL Energy Supply borrowed under its short-term credit facilities to help fund these increased collateral requirements.

For PPL Electric, the change in investing activities was primarily due to cash received for notes receivable from affiliates of $150 million.

Financing Activities

The components of the change in cash provided by (used in) financing activities for the six months ended June 30, 2014 compared with 2013 was as follows.

	PPL	PPL Energy Supply	PPL Electric	LKE	LG&E	KU
Change - Cash Provided (Used)						
Long-term debt issuances/retirements, net	$ (384)		$ 286			
Stock issuances/redemptions, net	786					
Dividends	(44)		(21)		$ (12)	$ (31)
		$ 119	(110)	$ (179)	(1)	(26)

Capital contributions/distributions, net						
Change in short-term debt, net	(456)	105	(105)	(52)	25	(77)
Other financing activities	59	7	(3)	(47)		
Total	$ (39)	$ 231	$ 47	$ (278)	$ 12	$ (134)

For LKE, the change in Other financing activities for the six months ended June 30, 2014 compared with 2013 was due to a $47 million borrowing in 2013 included in notes payable with affiliates.

See Note 7 to the Financial Statements in this Form 10-Q for information on 2014 short and long-term debt activity, equity transactions and dividends. See the Registrants' 2013 Form 10-K for information on 2013 activity.

Credit Facilities

The Registrants maintain credit facilities to enhance liquidity, provide credit support and provide a backstop to commercial paper programs. Amounts borrowed under these credit facilities are reflected in "Short-term debt" on the Balance Sheets. At June 30, 2014, the total committed borrowing capacity and the use of that capacity under these credit facilities was as follows.

External (All Registrants)

	Committed Capacity	Borrowed	Letters of Credit and Commercial Paper Issued	Unused Capacity
PPL Capital Funding Credit Facilities	$ 450		$ 11	$ 439
PPL Energy Supply Credit Facilities	3,150	$ 175	407	2,568
PPL Electric Credit Facility	300		1	299
LKE Credit Facility	75	75		
LG&E Credit Facility	500		70	430
KU Credit Facilities	598		373	225
Total LKE	1,173	75	443	655
Total U.S. Credit Facilities (a)	$ 5,073	$ 250	$ 862	$ 3,961
Total U.K. Credit Facilities (b)	£ 1,055	£ 97		£ 958

(a) The commitments under the U.S. credit facilities are provided by a diverse bank group, with no one bank and its affiliates providing an aggregate commitment of more than the following percentages of the total committed capacity: PPL - 10%, PPL Energy Supply - 10%, PPL Electric - 6%, LKE - 12%, LG&E - 6% and KU - 22%.

(b) The amount borrowed at June 30, 2014 was a USD-denominated borrowing of $164 million. At June 30, 2014, the USD equivalent of unused capacity under the U.K. committed credit facilities was $1.6 billion.

The commitments under the U.K. credit facilities are provided by a diverse bank group, with no one bank providing more than 13% of the total committed capacity.

As a result of the proposed spinoff transaction, PPL Energy Supply is in the process of syndicating a $1.85 billion credit facility which is currently fully committed. This syndicated credit facility will replace the existing $3 billion PPL Energy Supply syndicated credit facility and will be effective upon closing of the spinoff transaction. See "Overview - Business Strategy" and "Financial and Operational Developments - Other Financial and Operational Developments - Anticipated Spinoff of PPL Energy Supply" above for additional information.

During the second quarter of 2014, PPL Energy Supply's corporate credit rating was lowered to below investment grade. At June 30, 2014, the additional collateral posted as a result of the downgrade was $176 million. PPL Energy Supply primarily issued letters of credit under its credit facilities noted above to post the required collateral. PPL Energy Supply continues to have adequate access to the capital markets and adequate capacity under its credit facilities and does not expect a material change in its financing costs as a result of the downgrade.

See Note 7 to the Financial Statements for further discussion of the Registrants' credit facilities.

Intercompany (All Registrants except PPL)

	Committed Capacity	Borrowed	Unused Capacity
PPL Energy Supply Credit Facility	$ 200		$ 200
PPL Electric Credit Facility	100		100
LKE Credit Facility	225		225
LG&E Money Pool (a)	500		500
KU Money Pool (a)	500		500

(a) LG&E and KU participate in an intercompany money pool agreement whereby LKE, LG&E and/or KU make available funds up to $500 million at an interest rate based on a market index of commercial paper issues.

See Note 11 to the Financial Statements for further discussion of intercompany credit facilities.

Commercial Paper (All Registrants)

PPL Energy Supply, PPL Electric, LG&E and KU maintain commercial paper programs to provide an additional financing source to fund their short-term liquidity needs, as necessary. Commercial paper issuances are supported by the respective Registrant's Syndicated Credit Facility.

Outstanding commercial paper issuances are reflected in "Short-term debt" on the Balance Sheets. At June 30, 2014, the available capacity and the use of that capacity was as follows:

	Capacity	Commercial Paper Issuances	Unused Capacity
PPL Energy Supply	$ 750	$ 149	$ 601
PPL Electric	300		300
LG&E	350	70	280
KU	350	175	175
Total LKE	700	245	455
Total PPL	$ 1,750	$ 394	$ 1,356

Long-term Debt and Equity Securities (PPL and PPL Electric)

The long-term debt and equity securities activity through June 30, 2014 was:

	Debt Issuances (a)	Debt Retirements	Net Stock Issuances
PPL	$ 296	$ 239	$ 1,017
PPL Electric	296	10	
Non-cash Transactions:			
PPL (b)	$ 750	$ 750	

(a) Issuances are net of pricing discounts, where applicable and exclude the impact of debt issuance costs.
(b) Represents the remarketing of Junior Subordinated Notes that were issued as a component of PPL's 2011 Equity Units.

Common Stock Dividends (PPL)

In May 2014, PPL declared its quarterly common stock dividend, payable July 1, 2014, at 37.25 cents per share (equivalent to $1.49 per annum). Future dividends, declared at the discretion of the Board of Directors, will be dependent upon future earnings, cash flows, financial and legal requirements and other factors.

Rating Agency Actions

(All Registrants)

Moody's, S&P and Fitch periodically review the credit ratings on the debt of the Registrants and their subsidiaries. Based on their respective independent reviews, the rating agencies may make certain ratings revisions or ratings affirmations.

A credit rating reflects an assessment by the rating agency of the creditworthiness associated with an issuer and particular securities that it issues. The credit ratings of the Registrants and their subsidiaries are based on information provided by the Registrants and other sources. The ratings of Moody's, S&P and Fitch are not a recommendation to buy, sell or hold any securities of the Registrants or their subsidiaries. Such ratings may be subject to revisions or withdrawal by the agencies at any time and should be evaluated independently of each other and any other rating that may be assigned to the securities. The credit ratings of the Registrants and their subsidiaries affect their liquidity, access to capital markets and cost of borrowing under their credit facilities.

The rating agencies have taken the following actions related to the Registrants and their subsidiaries during 2014:

(PPL)

In January 2014, Moody's affirmed its ratings and revised its outlook to stable for PPL.

In March 2014, Moody's, S&P and Fitch assigned ratings of Baa3, BBB- and BBB, respectively, to PPL Capital Funding's $350 million 3.95% Senior Notes due 2024 and $400 million 5.00% Senior Notes due 2044. Fitch also assigned a stable outlook to these notes.

In April 2014, Moody's affirmed its ratings with a stable outlook for PPL WEM, WPD (East Midlands), WPD (West Midlands), PPL WW, WPD (South Wales) and WPD (South West).

In April 2014, Fitch affirmed its ratings with a stable outlook for PPL and PPL Capital Funding.

In June 2014, Moody's affirmed its ratings and revised its outlook to positive for PPL and PPL Capital Funding.

In June 2014, S&P affirmed its ratings for PPL, PPL Capital Funding, PPL WEM, WPD (East Midlands), WPD (West Midlands), PPL WW, WPD (South Wales) and WPD (South West) and placed the issuers on CreditWatch with positive implications.

In June 2014, Fitch affirmed its ratings with a stable outlook for PPL and PPL Capital Funding.

(PPL and PPL Energy Supply)

In April 2014, Fitch affirmed its ratings with a negative outlook for PPL Energy Supply.

In May 2014, S&P lowered its long-term issuer rating and senior unsecured rating from BBB to BB+ and its commercial paper rating and short-term issuer rating from A-2 to A-3 with a stable outlook for PPL Energy Supply.

In June 2014, Moody's lowered its senior unsecured rating from Baa2 to Ba1 and its commercial paper rating and short-term issuer rating from P-2 to Not Prime with a negative outlook for PPL Energy Supply. Moody's also assigned a Corporate Family Rating of Ba1, a Probability of Default Rating of Ba1-PD and a Speculative Grade Liquidity rating of SGL-1 to PPL Energy Supply.

In June 2014, S&P lowered its long-term issuer rating and senior unsecured rating from BB+ to BB and its commercial paper rating and short-term issuer rating from A-3 to B for PPL Energy Supply and placed the issuer on CreditWatch with negative implications.

In June 2014, Fitch lowered its long-term issuer default rating and senior unsecured debt rating from BBB- to BB and its commercial paper rating and short-term issuer default rating from F3 to B for PPL Energy Supply and placed the issuer on Rating Watch Negative.

(PPL and PPL Electric)

In January 2014, Moody's upgraded its long-term issuer rating and senior unsecured rating from Baa2 to Baa1 and senior secured rating from A3 to A2, affirmed its commercial paper rating and revised its outlook to stable for PPL Electric.

In April 2014, Fitch affirmed its ratings with a stable outlook for PPL Electric.

In June 2014, S&P affirmed its ratings for PPL Electric and placed the issuer on CreditWatch with positive implications.

In June 2014, Moody's, S&P, and Fitch assigned ratings of A2, A- and A-, respectively, to PPL Electric's $300 million 4.125% First Mortgage Bonds due 2044. Fitch also assigned a stable outlook to these notes.

(PPL, LKE, LG&E and KU)

In January 2014, Moody's affirmed its ratings and revised its outlook to stable for LKE.

In January 2014, Moody's upgraded its long-term issuer ratings and senior unsecured ratings from Baa1 to A3 and senior secured ratings from A2 to A1, affirmed its commercial paper ratings and revised its outlook to stable for LG&E and KU.

In February 2014, Moody's affirmed its ratings for KU's 2000 Series A Solid Waste Disposal Facility Revenue Bonds, KU's 2004 Series A and 2008 Series A Environmental Facilities Revenue Bonds and KU's 2006 Series B Environmental Facilities Revenue Refunding Bonds.

In April 2014, Fitch affirmed its ratings with a stable outlook for LKE, LG&E and KU.

In June 2014, S&P affirmed its ratings for LKE, LG&E and KU and placed the issuers on CreditWatch with positive implications.

In June 2014, Moody's affirmed its ratings and revised its outlook to positive for LKE.

In June 2014, S&P affirmed its ratings for KU's 2000 Series A Solid Waste Disposal Facility Revenue Bonds, KU's 2004 Series A and 2008 Series A Environmental Facilities Revenue Bonds and KU's 2006 Series B Environmental Facilities Revenue Refunding Bonds and placed them on CreditWatch with positive implications.

Ratings Triggers

(All Registrants except PPL Electric)

Various derivative and non-derivative contracts, including contracts for the sale and purchase of electricity and fuel, commodity transportation and storage, interest rate and foreign currency instruments (for PPL), contain provisions that require the posting of additional collateral or permit the counterparty to terminate the contract, if PPL's, PPL Energy Supply's, LKE's, LG&E's or KU's or their subsidiaries' credit rating, as applicable, were to fall below investment grade. See Note 14 to the Financial Statements for a discussion of "Credit Risk-Related Contingent Features," including a discussion of the potential additional collateral requirements for PPL, PPL Energy Supply, LKE and LG&E for derivative contracts in a net liability position at June 30, 2014.

Capital Expenditures

(PPL)

Capital expenditure plans are revised periodically to reflect changes in operational, market and regulatory conditions. In the second quarter of 2014, PPL increased its projected capital spending for the period 2014 through 2018 related to distribution facilities by approximately $0.3 billion from the previously disclosed $1.9 billion projection included in PPL's 2013 Form 10-K. The increased projected capital spending results from a change in the forecasted foreign currency exchange rate for WPD expenditures that increased each yearly estimate by approximately $70 million.

(PPL, LKE, LG&E and KU)

LG&E and KU continue to evaluate their future capacity requirements with the possibility that reduced or delayed capacity needs may result in adjustments to the timing of previously estimated capacity construction at KU's Green River generating site. See Note 8 to the Financial Statements for additional information.

(All Registrants)

For additional information on the Registrants' liquidity and capital resources, see "Item 7. Combined Management's Discussion and Analysis of Financial Condition and Results of Operations," in the Registrants' 2013 Form 10-K.

Risk Management

Market Risk

(All Registrants)

See Notes 13 and 14 to the Financial Statements for information about the Registrants' risk management objectives, valuation techniques and accounting designations.

The forward-looking information presented below provides estimates of what may occur in the future, assuming certain adverse market conditions and model assumptions. Actual future results may differ materially from those presented. These disclosures are not precise indicators of expected future losses, but only indicators of possible losses under normal market conditions at a given confidence level.

Commodity Price Risk (Non-trading)

(PPL, LKE, LG&E and KU)

LG&E's and KU's retail electric and natural gas rates and municipal wholesale electric rates are set by regulatory commissions and the fuel costs incurred are directly recoverable from customers. As a result, LG&E and KU are subject to commodity price risk for only a small portion of on-going business operations. LG&E and KU sell excess economic generation to maximize the value of the physical assets at times when the assets are not required to serve LG&E's or KU's customers. See Note 14 to the Financial Statements for additional information.

(PPL and PPL Electric)

PPL Electric is exposed to market price and volumetric risks from its obligation as PLR. The PUC has approved a cost recovery mechanism that allows PPL Electric to pass through to customers the cost associated with fulfilling its PLR obligation. This cost recovery mechanism substantially eliminates PPL Electric's exposure to market price risk. PPL Electric also mitigates its exposure to volumetric risk by entering into full-requirement energy supply contracts for the majority of its PLR obligations. These supply contracts transfer the volumetric risk associated with the PLR obligation to the energy suppliers.

(PPL and PPL Energy Supply)

PPL Energy Supply segregates its non-trading activities into two categories: hedge activity and economic activity. Transactions that are accounted for as hedge activity qualify for hedge accounting treatment. The economic activity category includes transactions that address a specific risk, but were not eligible for hedge accounting or for which hedge accounting was not elected. This activity includes the changes in fair value of positions used to hedge a portion of the economic value of PPL Energy Supply's competitive generation assets and full-requirement sales and retail contracts. This economic activity is subject to changes in fair value due to market price volatility of the input and output commodities (e.g., fuel and power). Although they do not receive hedge accounting treatment, these transactions are considered non-trading activity. See Note 14 to the Financial Statements for additional information.

To hedge the impact of market price volatility on PPL Energy Supply's energy-related assets, liabilities and other contractual arrangements, PPL Energy Supply both sells and purchases physical energy at the wholesale level under FERC market-based tariffs throughout the U.S. and enters into financial exchange-traded and over-the-counter contracts. PPL Energy Supply's non-trading commodity derivative contracts range in maturity through 2019.

The following tables sets forth the changes in the net fair value of non-trading commodity derivative contracts for the periods ended June 30. See Notes 13 and 14 to the Financial Statements for additional information.

	Gains (Losses)			
	Three Months		Six Months	
	2014	2013	2014	2013
Fair value of contracts outstanding at the beginning of the period	$ (141)	$ 229	$ 107	$ 473

Contracts realized or otherwise settled during the period		(20)		(100)		485		(237)
Fair value of new contracts entered into during the period (a)		19		37		3		46
Other changes in fair value		(36)		119		(773)		3
Fair value of contracts outstanding at the end of the period	$	(178)	$	285	$	(178)	$	285

(a) Represents the fair value of contracts at the end of the quarter of their inception.

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The following table segregates the net fair value of non-trading commodity derivative contracts at June 30, 2014, based on the observability of the information used to determine the fair value.

	Net Asset (Liability)				
Source of Fair Value	Maturity Less Than 1 Year	Maturity 1-3 Years	Maturity 4-5 Years	Maturity in Excess of 5 Years	Total Fair Value
Prices based on significant observable inputs (Level 2)	$ (159)	$ (12)	$ 8	$ 1	$ (162)
Prices based on significant unobservable inputs (Level 3)	(21)	4	1		(16)
Fair value of contracts outstanding at the end of the period	$ (180)	$ (8)	$ 9	$ 1	$ (178)

PPL Energy Supply sells electricity, capacity and related services and buys fuel on a forward basis to hedge the value of energy from its generation assets. If PPL Energy Supply were unable to deliver firm capacity and energy or to accept the delivery of fuel under its agreements, under certain circumstances it could be required to pay liquidating damages. These damages would be based on the difference between the market price and the contract price of the commodity. Depending on price changes in the wholesale energy markets, such damages could be significant. Extreme weather conditions, unplanned power plant outages, transmission disruptions, nonperformance by counterparties (or their counterparties) with which it has energy contracts and other factors could affect PPL Energy Supply's ability to meet its obligations, or cause significant increases in the market price of replacement energy. Although PPL Energy Supply attempts to mitigate these risks, there can be no assurance that it will be able to fully meet its firm obligations, that it will not be required to pay damages for failure to perform, or that it will not experience counterparty nonperformance in the future.

Commodity Price Risk (Trading)

PPL Energy Supply's trading commodity derivative contracts range in maturity through 2020. The following table sets forth changes in the net fair value of trading commodity derivative contracts for the periods ended June 30. See Notes 13 and 14 to the Financial Statements for additional information.

	Gains (Losses)			
	Three Months		Six Months	
	2014	2013	2014	2013
Fair value of contracts outstanding at the beginning of the period	$ 31	$ 15	$ 11	$ 29
Contracts realized or otherwise settled during the period	(3)		(3)	(2)
Fair value of new contracts entered into during the period (a)	(5)	(4)	(18)	(16)
Other changes in fair value	49	7	82	7
Fair value of contracts outstanding at the end of the period	$ 72	$ 18	$ 72	$ 18

(a) Represents the fair value of contracts at the end of the quarter of their inception.

The following table segregates the net fair value of trading commodity derivative contracts at June 30, 2014, based on the observability of the information used to determine the fair value.

	Net Asset (Liability)				
Source of Fair Value	Maturity Less Than 1 Year	Maturity 1-3 Years	Maturity 4-5 Years	Maturity in Excess of 5 Years	Total Fair Value
Prices based on significant observable inputs (Level 2)	$ (2)	$ (19)		$ 3	$ (18)
Prices based on significant unobservable inputs (Level 3)	4	29	$ 36	21	90
Fair value of contracts outstanding at the end of the period	$ 2	$ 10	$ 36	$ 24	$ 72

VaR Models

A VaR model is utilized to measure commodity price risk in unregulated gross energy margins for the non-trading and trading portfolios. VaR is 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. VaR is calculated using a Monte Carlo simulation technique based on a five-day holding period at a 95% confidence level. Given the company's disciplined hedging program, the non-trading VaR exposure is expected to be limited in the short-term. The VaR for portfolios using end-of-month results for the six months ended June 30, 2014 was as follows.

		Trading VaR	Non-Trading VaR
95% Confidence Level, Five-Day Holding Period			
	Period End	$ 9	$ 15
	Average for the Period	9	10
	High	10	15
	Low	8	5

The trading portfolio includes all proprietary trading positions, regardless of the delivery period. All positions not considered proprietary trading are considered non-trading. The non-trading portfolio includes the entire portfolio, including generation, with delivery periods through the next 12 months. Both the trading and non-trading VaR computations exclude FTRs due to the absence of reliable spot and forward markets. The fair value of the non-trading and trading FTR positions was insignificant at June 30, 2014.

Interest Rate Risk (All Registrants)

The Registrants and their subsidiaries issue debt to finance their operations, which exposes them to interest rate risk. The Registrants and their subsidiaries utilize various financial derivative instruments to adjust the mix of fixed and floating interest rates in their debt portfolios, adjust the duration of their debt portfolios and lock in benchmark interest rates in anticipation of future financing, when appropriate. Risk limits under the risk management program are designed to balance risk exposure to volatility in interest expense and changes in the fair value of the debt portfolios due to changes in the absolute level of interest rates.

The following interest rate hedges were outstanding at June 30, 2014.

		Exposure Hedged	Fair Value, Net - Asset (Liability) (a)	Effect of a 10% Adverse Movement in Rates (b)	Maturities Ranging Through
PPL					
Cash flow hedges					
	Interest rate swaps (c)	$ 475	$ (11)	$ (15)	2026
	Cross-currency swaps (d)	1,262	(48)	(177)	2028
Economic hedges					
	Interest rate swaps (e)	179	(43)	(3)	2033
LKE and LG&E					
Economic hedges					
	Interest rate swaps (e)	179	(43)	(3)	2033

(a) Includes accrued interest, if applicable.

(b) Effects of adverse movements decrease assets or increase liabilities, as applicable, which could result in an asset becoming a liability. Sensitivities represent a 10% adverse movement in interest rates, except for cross-currency swaps which also includes foreign currency exchange rates.

(c) Changes in the fair value of such cash flow hedges are recorded in equity or as regulatory assets or regulatory liabilities, if recoverable through regulated rates and reclassified into earnings in the same period during which the item being hedged affects earnings.

(d) Cross-currency swaps are utilized to hedge the principal and interest payments of WPD's U.S. dollar-denominated senior notes. Changes in the fair value of these instruments are recorded in equity and reclassified into earnings in the same period during which the item being hedged affects earnings.

(e) Realized changes in the fair value of such economic hedges are recoverable through regulated rates and any subsequent changes in fair value of these derivatives are included in regulatory assets or regulatory liabilities.

The Registrants are exposed to a potential increase in interest expense and to changes in the fair value of their debt portfolios. The estimated impact of a 10% adverse movement in interest rates at June 30, 2014 is shown below.

	PPL	PPL Energy Supply	PPL Electric	LKE	LG&E	KU
Increase in interest expense	Not Significant	Not Significant	Not Significant	Not Significant	Not Significant	Not Significant
Increase in fair value of debt	$ 768	$ 45	$ 135	$ 141	$ 44	$ 83

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Foreign Currency Risk (PPL)

PPL is exposed to foreign currency risk, primarily through investments in U.K. affiliates. In addition, PPL's domestic operations may make purchases of equipment in currencies other than U.S. dollars.

PPL has adopted a foreign currency risk management program designed to hedge certain foreign currency exposures, including firm commitments, recognized assets or liabilities, anticipated transactions and net investments. In addition, PPL enters into financial instruments to protect against foreign currency translation risk of expected earnings.

The following foreign currency hedges were outstanding at June 30, 2014.

	Exposure Hedged	Fair Value, Net - Asset (Liability)	Effect of a 10% Adverse Movement in Foreign Currency Exchange Rates (a)	Maturities Ranging Through
Net investment hedges (b)	£ 306	$ (27)	$ (52)	2016
Economic hedges (c)	1,750	(147)	(285)	2016

(a) Effects of adverse movements decrease assets or increase liabilities, as applicable, which could result in an asset becoming a liability.
(b) To protect the value of a portion of its net investment in WPD, PPL executes forward contracts to sell GBP. The positions outstanding exclude the amount of intercompany loans classified as net investment hedges. See Note 14 to the Financial Statements for additional information.
(c) To economically hedge the translation of expected earnings denominated in GBP to U.S. dollars, PPL enters into a combination of average rate forwards and average rate options to sell GBP.

NDT Funds - Securities Price Risk (PPL and PPL Energy Supply)

In connection with certain NRC requirements, PPL Susquehanna maintains trust funds to fund certain costs of decommissioning the PPL Susquehanna nuclear plant (Susquehanna). At June 30, 2014, these funds were invested primarily in domestic equity securities and fixed-rate, fixed-income securities and are reflected at fair value on the Balance Sheet. The mix of securities is designed to provide returns sufficient to fund Susquehanna's decommissioning and to compensate for inflationary increases in decommissioning costs. However, the equity securities included in the trusts are exposed to price fluctuation in equity markets, and the values of fixed-rate, fixed-income securities are primarily exposed to changes in interest rates. PPL actively monitors the investment performance and periodically reviews asset allocation in accordance with its nuclear decommissioning trust policy statement. At June 30, 2014, a hypothetical 10% increase in interest rates and a 10% decrease in equity prices would have resulted in an estimated $70 million reduction in the fair value of the trust assets. See Notes 13 and 17 to the Financial Statements for additional information regarding the NDT funds.

Credit Risk (All Registrants)

See Notes 13 and 14 to the Financial Statements in this Form 10-Q and "Risk Management - Credit Risk" in the Registrants' 2013 Form 10-K for additional information.

Foreign Currency Translation (PPL)

The value of the British pound sterling fluctuates in relation to the U.S. dollar. Changes in this exchange rate resulted in a foreign currency translation gain of $140 million for the six months ended June 30, 2014, which primarily reflected a $349 million increase to PP&E and goodwill offset by an increase of $209 million to net liabilities. Changes in this exchange rate resulted in a foreign currency translation loss of $269 million for the six months ended June 30, 2013, which primarily reflected a $714 million reduction to PP&E and goodwill offset by a reduction of $445 million to net liabilities. The impact of foreign currency translation is recorded in AOCI.

Related Party Transactions (All Registrants)

The Registrants are not aware of any material ownership interests or operating responsibility by senior management in outside partnerships, including leasing transactions with variable interest entities, or other entities doing business with the Registrants. See Note 11 to the Financial Statements for additional information on related party transactions for PPL Energy Supply, PPL Electric, LKE, LG&E and KU.

Acquisitions, Development and Divestitures

(All Registrants)

The Registrants from time to time evaluate opportunities for potential acquisitions, divestitures and development projects. Development projects are reexamined based on market conditions and other factors to determine whether to proceed with the projects, sell, cancel or expand them, execute tolling agreements or pursue other options. See Note 8 to the Financial Statements for information on the more significant activities.

(PPL and PPL Energy Supply)

See Note 8 to the Financial Statements for information on the anticipated spinoff of PPL Energy Supply.

Environmental Matters

(All Registrants)

Extensive federal, state and local environmental laws and regulations are applicable to PPL's, PPL Energy Supply's, LKE's, LG&E's and KU's air emissions, water discharges and the management of hazardous and solid waste, as well as other aspects of the Registrants' businesses. The cost of compliance or alleged non-compliance cannot be predicted with certainty but could be material. In addition, costs may increase significantly if the requirements or scope of environmental laws or regulations, or similar rules, are expanded or changed. Costs may take the form of increased capital expenditures or operating and maintenance expenses, monetary fines, penalties or other restrictions. Many of these environmental law considerations are also applicable to the operations of key suppliers, or customers, such as coal producers and industrial power users, and may impact the cost for their products or their demand for the Registrants' services.

The following is a discussion of the more significant environmental matters. See Note 10 to the Financial Statements in this Form 10-Q and "Item 1. Business - Environmental Matters" in the Registrants' 2013 Form 10-K for additional information on environmental matters.

Climate Change
Physical effects associated with climate change could include the impact of changes in weather patterns, such as storm frequency and intensity, and the resultant potential damage, as applicable, to the Registrants' generation assets, electricity transmission and delivery systems, as well as impacts on the Registrants' customers. In addition, changed weather patterns could potentially reduce annual rainfall in areas where PPL, PPL Energy Supply, LKE, LG&E and KU have hydroelectric generating facilities or where river water is used to cool their fossil and nuclear (as applicable) powered generators. The Registrants cannot currently predict whether their businesses will experience these potential risks or estimate the cost of their related consequences.

In June 2013, President Obama released his Climate Action Plan which reiterates the goal of reducing GHG emissions in the U.S. through such actions as regulating power plant emissions, promoting increased use of renewables and clean energy technology, and establishing tighter energy efficiency standards. Also, by Presidential Memorandum, the EPA was directed to issue a revised proposal for new power plants (a prior proposal was issued in 2012) by September 20, 2013, with a final rule to be issued in a timely fashion thereafter, and to issue proposed standards for existing power plants by June 1, 2014 with a final rule by June 1, 2015. The EPA was further directed to require that states develop implementation plans for existing plants by June 30, 2016.

The EPA's revised proposal for new sources was published in the Federal Register on January 8, 2014. The proposed limits for coal plants can only be achieved through carbon capture and sequestration, a technology that is not presently commercially viable and, therefore, effectively preclude the construction of new coal plants. The proposed standards for new gas plants may also not be continuously achievable.

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The EPA's proposed regulation addressing GHG emissions from existing power plants was published in the Federal Register on June 18, 2014, making the comment deadline October 16, 2014. The proposal contains very stringent, state-specific rate-based reduction goals to be achieved in two phases (2020-2029 and 2030 and beyond). The EPA believes it has offered some flexibility to the states as to how state plans can be crafted, including the option to demonstrate compliance on a mass basis or through a multi-state collaboration, however, the EPA's proposed broad definition of the "best system of emission reduction" (BSER) substantially limits this flexibility. PPL is analyzing the proposal and potential impacts in preparation for submitting comments to the agency by the October 16, 2014 deadline. The regulation of GHG emissions from existing plants could have a significant industry-wide impact depending on the structure and stringency of the final rule and state implementation plans.

The Administration's increase in its estimate of the "social cost of carbon" (which is used to calculate benefits associated with proposed regulations) from $23.80 to $38 per metric ton in 2015 may lead to more costly regulatory requirements. The White House Office of Management and Budget opened this issue for public comment and PPL submitted comments.

Additionally, the Climate Action Plan requirements related to preparing the U.S. for the impacts of climate change could affect PPL, PPL Electric, LKE, LG&E and KU and others in the industry as modifications to electricity delivery systems to improve the ability to withstand major storms may be needed in order to meet those requirements.

Waters of the United States

On April 21, 2014, the EPA and the U.S. Army Corps of Engineers published a proposed rule which greatly expands the Clean Water Act definition of Waters of the United States. Comments are due by October 20, 2014. If the definition is expanded as proposed, permits and other regulatory requirements may be imposed for many matters presently not covered (including vegetation management for transmission lines and activities affecting storm water conveyances and wetlands), the implications of which could be significant. Both the U.S. House and Senate are considering legislation to block this regulation.

(All Registrants except PPL Electric)

Coal Combustion Residuals (CCRs)

In June 2010, the EPA proposed two approaches to regulating the disposal and management of CCRs (as either hazardous or non-hazardous waste) under RCRA. Under a litigation settlement agreement involving certain environmental groups, the EPA has agreed to issue its final rulemaking by December 2014. Regulations could impact handling, disposal and/or beneficial use of CCRs. Recent ash spills that have occurred within the utility industry may precipitate more stringent regulation of both active and legacy CCR sites. The financial and operational impact is expected to be material if CCRs are regulated as hazardous waste, and significant if regulated as non-hazardous.

In July 2013, the U.S. House of Representatives passed House Bill H.R. 2218, the Coal Residuals and Reuse Management Act of 2013, which would preempt the EPA from issuing final CCR regulations and set rules governing state programs. It remains uncertain whether similar legislation would be passed by the U.S. Senate.

Effluent Limitation Guidelines (ELGs)

In June 2013, the EPA published proposed regulations to revise discharge limitations for steam electric generation wastewater permits. The proposed limitations are based on the EPA review of available treatment technologies and their capacity for reducing pollutants and include new requirements for fly ash and bottom ash transport water and metal cleaning waste waters, as well as new limits for scrubber wastewater and landfill leachate. The EPA's proposed ELG regulations also contain some requirements that would affect the inspection and operation of CCR facilities, if finalized as proposed. The proposal contains several alternative approaches, some of which could significantly impact PPL's, PPL Energy Supply's, LKE's, LG&E's and KU's coal-fired plants. The final regulation is expected to be issued by September 2015, which is contingent upon the EPA meeting its deadline for issuing the final CCR regulation. At the present time, PPL, PPL Energy Supply, LKE, LG&E and KU are unable to predict the outcome of this matter or estimate a range of reasonably possible costs, but the costs could be significant. Pending finalization of the ELGs, certain states (including Pennsylvania and Kentucky) and environmental groups are proposing more stringent technology-based limits in permit renewals. Depending on the final limits imposed, the costs of compliance could be significant and costs could be imposed ahead of federal timelines.

Clean Water Act/316(b)

On May 19, 2014, the EPA issued its final rule under 316(b) of the Clean Water Act. It will become effective upon publication which is expected in July. The regulation applies to nearly all PPL-owned steam electric generation plants in Pennsylvania, Kentucky, and Montana, even those equipped with closed-cycle cooling systems. The rule requires Best Technology Available to reduce mortality of aquatic organisms that are pulled into the plant cooling water system (entrainment), and imposes standards for reduction of mortality of aquatic organisms trapped on water intake screens (impingement). For some plants, studies required by the rule will be used to determine the proper technology for compliance. PPL, PPL Energy Supply, LKE, LG&E and KU are evaluating compliance strategies but do not presently expect the compliance costs to be material.

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MATS

In February 2012, the EPA finalized MATS requiring fossil-fuel fired plants to reduce emissions of mercury and other hazardous air pollutants by April 16, 2015. The rule, which was challenged by industry groups and states, was upheld by the D.C. Circuit Court in April 2014. The EPA has subsequently proposed changes to the rule with respect to new sources to address the concern that the rule effectively precludes construction of any new coal-fired plants. PPL, PPL Energy Supply, LKE, LG&E and KU are generally well-positioned to comply with MATS, primarily due to recent investments in environmental controls at PPL Energy Supply and approved ECR plans to install additional controls at some of LG&E's and KU's Kentucky plants. Additionally, PPL Energy Supply is evaluating chemical additive systems for mercury control at Brunner Island, and modifications to existing controls at Colstrip for improved particulate matter reductions. In September 2012, PPL Energy Supply announced its intention to place its Corette plant in long-term reserve status beginning in April 2015 due to expected market conditions and costs to comply with MATS. The Corette plant asset group was determined to be impaired in December 2013. See "Application of Critical Accounting Policies - Asset Impairment (Excluding Investments)" in PPL's and PPL Energy Supply's 2013 Form 10 K for additional information. Also, LG&E, KU and PPL Energy Supply have received compliance extensions for certain plants in Kentucky and Pennsylvania and are considering extension requests for additional plants.

LG&E's and KU's anticipated retirements of generating units at the Cane Run and Green River plants are in response to MATS and other environmental regulations.

CSAPR and CAIR

In 2011, the EPA finalized its CSAPR regulating emissions of nitrogen oxide and sulfur dioxide through new allowance trading programs which were to be implemented in two phases (2012 and 2014). Like its predecessor, the CAIR, CSAPR targeted sources in the eastern U.S. In December 2011, the U.S. Court of Appeals for the District of Columbia Circuit (D.C. Circuit Court) stayed implementation of CSAPR, leaving CAIR in place. Subsequently, in August 2012, the D.C. Circuit Court vacated and remanded CSAPR back to the EPA for further rulemaking, again leaving CAIR in place in the interim. On April 29, 2014, the U.S. Supreme Court reversed and remanded the D.C. Circuit Court's August 2012 decision which may result in new or revised emission reduction requirements, including the possible replacement of the CAIR program with CSAPR, depending on future determinations by the EPA and the courts. PPL, PPL Energy Supply, LKE, LG&E and KU do not currently anticipate that the costs of meeting CSAPR requirements will be significant.

PPL, PPL Energy Supply, LKE, LG&E and KU plants in Pennsylvania and Kentucky will continue to comply with CAIR through optimization of existing controls, balanced with emission allowance purchases.

Regional Haze

Under the EPA's regional haze programs (developed to eliminate man-made visibility degradation by 2064), states are required to make reasonable progress every decade through the application, among other things, of Best Available Retrofit Technology (BART) on power plants commissioned between 1962 and 1977. For the eastern U.S., the EPA had determined that region-wide reductions under the CSAPR trading program could be utilized by state programs to satisfy BART requirements for sulfur dioxide and nitrogen oxides. Although the August 2012 decision by the D.C. Circuit Court to vacate and remand CSAPR has been reversed by the U.S. Supreme Court, future decisions by EPA and the courts will determine whether power plants located in the eastern U.S., including PPL Energy Supply's plants in Pennsylvania and LG&E's and KU's plants in Kentucky, will be subject to further reductions in those pollutants in accordance with BART requirements.

The EPA signed its final Federal Implementation Plan (FIP) of the Regional Haze Rules for Montana in September 2012, with tighter emissions limits for PPL Energy Supply's Colstrip Units 1 & 2 based on the installation of new controls (no limits or additional controls were specified for Colstrip Units 3 & 4), and tighter emission limits for the Corette plant (which are not based on additional controls). The cost of the potential additional controls for Colstrip

Units 1 & 2, if required, could be significant. PPL Energy Supply expects to meet the tighter permit limits at Corette without any significant changes to operations, although other requirements have led to the planned suspension of operations at Corette beginning in April 2015 (see "MATS" discussion above). Both PPL and environmental groups have appealed the final FIP to the U.S. Court of Appeals for the Ninth Circuit and oral arguments occurred in May 2014.

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National Ambient Air Quality Standards

In 2008, the EPA revised the National Ambient Air Quality Standard for ozone. As a result, states in the ozone transport region (OTR), including Pennsylvania, are required by the Clean Air Act to impose additional reductions in nitrogen oxide emissions based upon reasonably available control technologies. The PADEP has issued a draft rule requiring reasonable reductions. However, the proposal is being questioned as too lenient by the EPA, other OTR states and environmental groups. The PADEP may impose more stringent emission limits than those set forth in the proposed rule which could have a significant impact on PPL Energy Supply's Pennsylvania coal plants.

During 2010 and 2012, the EPA issued new ambient air standards for sulfur dioxide and particulates, respectively. In 2013, the EPA preliminarily designated Jefferson County, Kentucky, as a partial non-attainment area for sulfur dioxide. Final designations of non-attainment areas may occur in 2014. Existing environmental plans for LG&E's and KU's Kentucky plants, including announced retirements of certain plants and ECR-approved new or upgraded scrubbers or baghouses at other plants, may aid in achievement of eventual ambient air requirements. However, depending upon the specifics of final non-attainment designations and consequent compliance plans, additional controls may be required, the financial impact of which could be significant. States are working on designations for other areas according to the timeline outlined in the EPA's Data Requirements Rule issued in April 2014.

New Accounting Guidance (All Registrants)

See Notes 2 and 19 to the Financial Statements for a discussion of new accounting guidance adopted and pending adoption.

Application of Critical Accounting Policies (All Registrants)

Financial condition and results of operations are impacted by the methods, assumptions and estimates used in the application of critical accounting policies. The following table summarizes the accounting policies by Registrant that are particularly important to an understanding of the reported financial condition or results of operations, and require management to make estimates or other judgments of matters that are inherently uncertain. See "Item 7. Combined Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Registrants' 2013 Form 10-K for a discussion of each critical accounting policy.

	PPL	PPL Energy Supply	PPL Electric	LKE	LG&E	KU
Defined Benefits	X	X	X	X	X	X
Loss Accruals	X	X	X	X	X	X
Income Taxes	X	X	X	X	X	X
Asset Impairments (Excluding Investments)	X	X		X	X	X
AROs	X	X		X	X	X
Price Risk Management	X	X		X	X	X
Regulatory Assets and Liabilities	X		X	X	X	X
Revenue Recognition - unbilled revenue			X	X	X	X

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PPL Corporation
PPL Energy Supply, LLC
PPL Electric Utilities Corporation
LG&E and KU Energy LLC
Louisville Gas and Electric Company
Kentucky Utilities Company

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Reference is made to "Risk Management" in "Item 2. Combined Management's Discussion and Analysis of Financial Condition and Results of Operations."

Item 4. Controls and Procedures

(a) Evaluation of disclosure controls and procedures.

The Registrants' principal executive officers and principal financial officers, based on their evaluation of the Registrants' disclosure controls and procedures (as defined in Rules 13a-15(e) or 15d-15(e) of the Securities Exchange Act of 1934) have concluded that, as of June 30, 2014, the Registrants' disclosure controls and procedures are effective to ensure that material information relating to the Registrants and their consolidated subsidiaries is recorded, processed, summarized and reported within the time periods specified by the SEC's rules and forms, particularly during the period for which this quarterly report has been prepared. The aforementioned principal officers have concluded that the disclosure controls and procedures are also effective to ensure that information required to be disclosed in reports filed under the Exchange Act is accumulated and communicated to management, including the principal executive and principal financial officers, to allow for timely decisions regarding required disclosure.

(b) Change in internal controls over financial reporting.

The Registrants' principal executive officers and principal financial officers have concluded that there were no changes in the Registrants' internal control over financial reporting during the Registrants' second fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Registrants' internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

For information regarding pending administrative and judicial proceedings involving regulatory, environmental and other matters, which information is incorporated by reference into this Part II, see:

- "Item 3. Legal Proceedings" in each Registrant's 2013 Form 10-K; and
- Notes 6 and 10 to the Financial Statements.

Item 1A. Risk Factors

PPL Corporation and PPL Energy Supply, LLC

The proposed spinoff of PPL Energy Supply and combination with RJS Power are contingent upon the satisfaction of a number of conditions and may present difficulties that could have an adverse effect on us.

The proposed spinoff of the business of PPL Energy Supply and the subsequent combination with RJS Power to form Talen Energy are complex transactions, subject to various conditions, and may be affected by unanticipated developments or changes in market conditions. We expect Talen Energy to file a registration statement with the SEC that will contain detailed information regarding Talen Energy. Completion of the proposed spinoff of PPL Energy Supply and subsequent combination with RJS Power will be contingent upon a number of factors, including that (i) PPL receives a favorable opinion of tax counsel as described below; (ii) the SEC declares effective Talen Energy's registration statement relating to the registration of Talen Energy common stock and no SEC stop order suspending effectiveness of the registration statement be in effect prior to the PPL Energy Supply spinoff; (iii) the Talen Energy common stock be authorized for listing on the New York Stock

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Exchange; (iv) certain regulatory approvals, including approval by the NRC and the FERC, a Hart-Scott-Rodino review and certain approvals by the PUC be obtained and (v) there be available, subject to certain conditions, at least $1 billion of undrawn capacity after excluding any letters of credit or other credit support measures posted in connection with energy marketing and trading transactions then outstanding, under a Talen Energy (or its subsidiaries) revolving credit or similar facility. The spinoff and subsequent combination with RJS Power may be terminated by mutual written consent of the parties or subject to certain other circumstances, including the failure to complete these transactions by June 30, 2015 or, if the required regulatory approvals have not been obtained at such time but the other conditions to the consummation of these transactions have been or are capable of being satisfied, December 31, 2015. For these and other reasons, the spinoff and the subsequent combination may not be completed on the terms or within the expected timeframe that we announced, if at all. Further, if the spinoff and the subsequent combination are completed, such transactions may not achieve the intended results.

If the proposed spinoff of the business of PPL Energy Supply does not qualify as a tax-free spinoff under Section 355 of the Internal Revenue Code of 1986, as amended (the "Code"), including as a result of subsequent acquisitions of stock of PPL or Talen Energy, then PPL and/or its shareowners may be required to pay substantial U.S. federal income taxes.

The proposed spinoff of the business of PPL Energy Supply and the subsequent combination with RJS Power are conditioned upon PPL's receipt of an opinion of tax counsel to the effect that, among other matters, the spinoff will qualify as tax-free under Section 355 of the Code to PPL and its shareowners for U.S. federal income tax purposes. Receipt of the opinion of tax counsel will satisfy a condition to completion of the spinoff and subsequent combination. An opinion of tax counsel is not binding on the IRS. Accordingly, the IRS may reach conclusions with respect to the spinoff that are different from the conclusions reached in the opinion. PPL is not aware of any facts or circumstances that would cause the factual statements or representations on which the opinion will be based to be materially different from the facts at the time of the spinoff. If, notwithstanding the receipt of the opinion of tax counsel, the IRS were to determine the spinoff to be taxable, PPL would, and its shareowners may, depending on their individual circumstances, recognize a tax liability that could be substantial.

In addition, the spinoff will be taxable to PPL pursuant to Section 355(e) of the Code if there is a 50% or more change in ownership of either PPL or Talen Energy, directly or indirectly, as part of a plan or series of related transactions that include the spinoff. Because PPL's shareowners will collectively own more than 50% of Talen Energy's common stock following the spinoff and subsequent combination, the combination alone will not cause the spinoff to be taxable to PPL under Section 355(e) of the Code. However, Section 355(e) of the Code might apply if acquisitions of stock of PPL before or after the spinoff, or of Talen Energy after the combination, are considered to be part of a plan or series of related transactions that include the spinoff. PPL is not aware of any such plan or series of transactions that include the spinoff.

PPL may not be successful in realizing the full amount of annual savings anticipated to be available as a result of the proposed spinoff of PPL Energy Supply.

In connection with the spinoff of PPL Energy Supply, and following any required transition services period, PPL is targeting to reduce its annual corporate support costs by an estimated $185 million. This includes $110 million of corporate support costs to be transferred to Talen Energy and $75 million from workforce reductions and other corporate cost savings. If for any reason PPL cannot realize all or a significant portion of the $75 million corporate cost savings it could have an adverse effect on PPL's results of operations, including PPL's ability to maintain or increase its dividend to shareowners.

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

There have been no material changes in risk factors from those disclosed in "Item 1A. Risk Factors" of the 2013 Form 10-K.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

PPL Corporation

On July 31, 2014, the Board of Directors (Board) of PPL elected Rodney C. Adkins a director of PPL, effective August 1, 2014, for a term expiring at PPL's Annual Meeting of Shareowners in 2015.

Mr. Adkins will retire from International Business Machines Corporation (IBM) at the end of 2014 after more than 33 years of service for that company. Mr. Adkins is currently serving as Senior Vice President with a focus on special corporate projects and key client relationships. Until April 2014, Mr. Adkins served as Senior Vice President for Corporate Strategy since 2013, leading continuous transformation and developing strategies and plans linked to a new era of computing, new markets and new clients for IBM. Prior to that, since 2009, Mr. Adkins was Senior Vice President of IBM's Systems and Technology Group (STG), and prior to that, since 2007, Mr. Adkins served as Senior Vice President of IBM's STG development and manufacturing.

Mr. Adkins serves on the boards of United Parcel Service, Inc., W. W. Grainger, Inc., the national board of the Smithsonian Institution and the board of directors of the National Action Council for Minorities in Engineering. The Board expects to appoint Mr. Adkins as a member of the Board's Audit Committee in 2015. The Board has determined that Mr. Adkins satisfies the requirements for "independence" as set forth in PPL's Independence Guidelines and the applicable rules of the New York Stock Exchange. Mr. Adkins is 55 years old.

As a non-employee director, Mr. Adkins will receive the same compensation paid to other non-employee directors of PPL in accordance with the policies and procedures previously approved by the Board for non-employee directors. There were no arrangements or understandings pursuant to which Mr. Adkins was elected, nor are there any relationships or related transactions between PPL and Mr. Adkins to be disclosed under applicable rules of the Securities and Exchange Commission.

Item 6. Exhibits

The following Exhibits indicated by an asterisk preceding the Exhibit number are filed herewith. The balance of the Exhibits have heretofore been filed with the Commission and pursuant to Rule 12(b)-32 are incorporated herein by reference. Exhibits indicated by a [_] are filed or listed pursuant to Item 601(b)(10)(iii) of Regulation S-K.

2(a)	- Separation Agreement among PPL Corporation, Talen Energy Holdings, Inc., Talen Energy Corporation, PPL Energy Supply, LLC, Raven Power Holdings LLC, C/R Energy Jade, LLC and Sapphire Power Holdings LLC., dated as of June 9, 2014 (Exhibit 2.1 to PPL Energy Supply, LLC Form 8-K Report (File No. 1-32944) dated June 12, 2014)
2(b)	- Transaction Agreement among PPL Corporation, Talen Energy Holdings, Inc., Talen Energy Corporation, PPL Energy Supply, LLC, Talen Energy Merger Sub, Inc., C/R Energy Jade, LLC, Sapphire Power Holdings LLC. and Raven Power Holdings LLC, dated as of June 9, 2014 (Exhibit 2.2 to PPL Energy Supply, LLC Form 8-K Report (File No. 1-32944) dated June 12, 2014)
4(a)	- Supplemental Indenture No. 16, dated as of June 1, 2014, of PPL Electric Utilities Corporation to The Bank of New York Mellon, as Trustee (Exhibit 4(a) to PPL Electric Utilities Corporation Form 8-K Report (File No. 1-905) dated June 5, 2014)
*[_]10(a)	- Amendment No. 5 to Executive Deferred Compensation Plan, dated as of May 8, 2014
10(b)	- Employee Matters Agreement among PPL Corporation, Talen Energy Corporation, C/R Energy Jade, LLC, Sapphire Power Holdings LLC. and Raven Power Holdings LLC, dated as of June 9, 2014 (Exhibit 10.1 to PPL Energy Supply, LLC Form 8-K Report (File No. 1-32944) dated June 12, 2014)
*10(c)	- First Amendment, dated as of July 22, 2014, to Amended and Restated Letter of Credit Issuance and Reimbursement Agreement, dated as of August 30, 2013, by and between PPL Energy Supply, LLC and Canadian Imperial Bank of Commerce, New York Agency
*10(d)	- $300,000,000 Revolving Credit Agreement, dated as of July 28, 2014, among PPL Capital Funding, Inc., as the Borrower, PPL Corporation, as the Guarantor, the Lenders from time to time party thereto and Wells Fargo Bank, National Association, as Administrative Agent, Issuing Lender and Swingline Lender
*10(e)	- $300,000,000 Amended and Restated Revolving Credit Agreement, dated as of July 28, 2014, among PPL Electric Utilities Corporation, as the Borrower, the Lenders from time to time thereto and Wells Fargo Bank, National Association, as Administrative Agent, Issuing Lender and Swingline Lender
*10(f)	- $400,000,000 Amended and Restated Revolving Credit Agreement, dated as of July 28, 2014, among Kentucky Utilities Company, as the Borrower, the Lenders from time to time thereto and Wells Fargo Bank, National Association, as

Administrative Agent, Issuing Lender and Swingline Lender

*10(g)	- $500,000,000 Amended and Restated Revolving Credit Agreement, dated as of July 28, 2014, among Louisville Gas and Electric Company, the Lenders from time to time party thereto and Wells Fargo Bank, National Association, as Administrative Agent, Issuing Lender and Swingline Lender
*10(h)	- Amendment and Restatement Agreement, dated July 29, 2014, between Western Power Distribution (South West) plc and the banks party thereto, as Bookrunners and Mandated Lead Arrangers, HSBC Bank plc and Mizuho Bank, Ltd., as Joint Coordinators, and Mizuho Bank, Ltd., as Facility Agent, relating to the £245,000,000 Multicurrency Revolving Credit Facility Agreement originally dated January 12, 2012
*10(i)	- Amendment and Restatement Agreement, dated July 29, 2014, between Western Power Distribution (East Midlands) plc and the banks party thereto, as Bookrunners and Mandated Lead Arrangers, HSBC Bank plc and Mizuho Bank Ltd., as Joint Coordinators, and Bank of America Merrill Lynch International Limited, as Facility Agent, relating to the £300,000,000 Multicurrency Revolving Credit Facility Agreement originally dated April 4, 2011
*10(j)	- Amendment and Restatement Agreement, dated July 29, 2014, between Western Power Distribution (West Midlands) plc and the banks party thereto, as Bookrunners and Mandated Lead Arrangers, HSBC Bank plc and Mizuho Bank Ltd., as Joint Coordinators, and Bank of America Merrill Lynch International Limited, as Facility Agent, relating to the £300,000,000 Multicurrency Revolving Credit Facility Agreement originally dated April 4, 2011
*12(a)	- PPL Corporation and Subsidiaries Computation of Ratio of Earnings to Combined Fixed Charges and Preferred Stock Dividends
*12(b)	- PPL Energy Supply, LLC and Subsidiaries Computation of Ratio of Earnings to Fixed Charges

*12(c)	-	PPL Electric Utilities Corporation and Subsidiaries Computation of Ratio of Earnings to Combined Fixed Charges and Preferred Stock Dividends
*12(d)	-	LG&E and KU Energy LLC and Subsidiaries Computation of Ratio of Earnings to Fixed Charges
*12(e)	-	Louisville Gas and Electric Company Computation of Ratio of Earnings to Fixed Charges
*12(f)	-	Kentucky Utilities Company Computation of Ratio of Earnings to Fixed Charges

Certifications pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, for the quarterly period ended June 30, 2014, filed by the following officers for the following companies:

*31(a)	-	PPL Corporation's principal executive officer
*31(b)	-	PPL Corporation's principal financial officer
*31(c)	-	PPL Energy Supply, LLC's principal executive officer
*31(d)	-	PPL Energy Supply, LLC's principal financial officer
*31(e)	-	PPL Electric Utilities Corporation's principal executive officer
*31(f)	-	PPL Electric Utilities Corporation's principal financial officer
*31(g)	-	LG&E and KU Energy LLC's principal executive officer
*31(h)	-	LG&E and KU Energy LLC's principal financial officer
*31(i)	-	Louisville Gas and Electric Company's principal executive officer
*31(j)	-	Louisville Gas and Electric Company's principal financial officer
*31(k)	-	Kentucky Utilities Company's principal executive officer
*31(l)	-	Kentucky Utilities Company's principal financial officer

Certifications pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, for the quarterly period ended June 30, 2014, furnished by the following officers for the following companies:

*32(a)	-	PPL Corporation's principal executive officer and principal financial officer

*32(b)	-	PPL Energy Supply, LLC's principal executive officer and principal financial officer
*32(c)	-	PPL Electric Utilities Corporation's principal executive officer and principal financial officer
*32(d)	-	LG&E and KU Energy LLC's principal executive officer and principal financial officer
*32(e)	-	Louisville Gas and Electric Company's principal executive officer and principal financial officer
*32(f)	-	Kentucky Utilities Company's principal executive officer and principal financial officer
101.INS	-	XBRL Instance Document for 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
101.SCH	-	XBRL Taxonomy Extension Schema for 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
101.CAL	-	XBRL Taxonomy Extension Calculation Linkbase for 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
101.DEF	-	XBRL Taxonomy Extension Definition Linkbase for 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
101.LAB	-	XBRL Taxonomy Extension Label Linkbase for 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
101.PRE	-	XBRL Taxonomy Extension Presentation Linkbase for 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

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrants have duly caused this report to be signed on their behalf by the undersigned thereunto duly authorized. The signature for each undersigned company shall be deemed to relate only to matters having reference to such company or its subsidiaries.

PPL Corporation
(Registrant)

PPL Energy Supply, LLC
(Registrant)

Date: July 31, 2014

/s/ Stephen K. Breininger
Stephen K. Breininger
Controller
(Principal Accounting Officer)

PPL Electric Utilities Corporation
(Registrant)

Date: July 31, 2014

/s/ Dennis A. Urban, Jr.
Dennis A. Urban, Jr.
Controller
(Principal Financial Officer and
Principal Accounting Officer)

LG&E and KU Energy LLC
(Registrant)

Louisville Gas and Electric Company
(Registrant)

Kentucky Utilities Company
(Registrant)

Date: July 31, 2014

/s/ Kent W. Blake
Kent W. Blake
Chief Financial Officer
(Principal Financial Officer and
Principal Accounting Officer)

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