

PPL CORP  
Form 10-Q/A  
June 21, 2002

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549**

Form 10-Q/A  
Amendment No. 1

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 for the period ended March 31, 2002

OR

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

<u>Commission File Number</u>	<u>Registrant; State of Incorporation; Address and Telephone Number</u>	<u>IRS Employer Identification No.</u>
1-11459	<b>PPL Corporation</b> (Exact name of Registrant as specified in its charter) (Pennsylvania) Two North Ninth Street Allentown, PA 18101-1179 (610) 774-5151	23-2758192
333-74794	<b>PPL Energy Supply, LLC</b> (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	<b>PPL Electric Utilities Corporation</b> (Exact name of Registrant as specified in its charter) (Pennsylvania) Two North Ninth Street Allentown, PA 18101-1179 (610) 774-5151	23-0959590
333-50350	<b>PPL Montana, LLC</b> (Exact name of Registrant as specified in its charter) (Delaware) 303 North Broadway - Suite 400 Billings, MT 59101 (406) 237-6900	54-1928759

Indicate by check mark whether the registrant (1) has 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 registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

PPL Corporation Yes  No

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PPL Energy Supply, LLC	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
PPL Electric Utilities Corporation	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
PPL Montana, LLC	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>

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, \$.01 par value, 147,142,007 shares outstanding at April 30, 2002, excluding 30,993,637 shares held as treasury stock
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PPL Energy Supply, LLC	PPL Corporation indirectly holds all of the member interests in PPL Energy Supply, LLC.
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PPL Electric Utilities Corporation	Common stock, no par value, 78,029,863 shares outstanding and all held by PPL Corporation at April 30, 2002, excluding 79,270,519 shares held as treasury stock
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PPL Montana, LLC	PPL Corporation indirectly holds all of the member interests in PPL Montana, LLC.
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**PPL Energy supply, LLC and PPL Montana, LLC meet the conditions set forth in General Instruction (H)(1)(a) and (b) of Form 10-Q and are therefore filing this form with the reduced disclosure format.**

Reason for Amendment:

This Quarterly Report on Form 10-Q/A is being filed as Amendment No. 1 to amend "Item 1. Financial Statements" of the Registrants' Quarterly Report on Form 10-Q for the quarter ended March 31, 2002, filed on May 13, 2002. In June 2001, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 142 ("SFAS 142"), "Goodwill and Other Intangible Assets", which eliminates the amortization of goodwill and other acquired intangible assets with indefinite economic useful lives. SFAS 142 requires an annual impairment test of goodwill at the reporting unit level. A reporting unit is a segment or one level below a segment (referred to as a component). Intangible assets other than goodwill that are not subject to amortization are also required to undergo an annual impairment test. PPL Corporation and its subsidiaries adopted SFAS 142 on January 1, 2002, as reflected in Note 10 to the financial statements filed in Form 10-Q for the quarter ended March 31, 2002.

Note 10 to the financial statements for the quarter ended March 31, 2002 has been revised to include the reconciliation of reported earnings of PPL Corporation and PPL Energy Supply, LLC for the twelve months ended December 31, 2001, 2000 and 1999, to earnings adjusted to exclude the amortization expense related to goodwill and equity method goodwill that will no longer be recorded in accordance with SFAS 142. PPL Corporation, PPL Energy Supply, LLC, PPL Electric Utilities Corporation and PPL Montana, LLC were not affected by changes in amortization periods for other intangible assets. PPL Electric Utilities Corporation and PPL Montana, LLC had no goodwill at December 31, 2001, 2000 and 1999. The adoption of SFAS 142 would not have affected prior period earnings of PPL Electric Utilities Corporation and PPL Montana, LLC.

No attempt has been made in this Form 10-Q/A to modify or update other disclosures as presented in the original Form 10-Q.

**PPL CORPORATION AND SUBSIDIARIES**

**PART I. FINANCIAL INFORMATION**

**Item 1. Financial Statements**

In the opinion of PPL, the unaudited financial statements that follow reflect all adjustments necessary to present fairly the Condensed Consolidated Balance Sheet as of March 31, 2002 and December 31, 2001, and the Condensed Consolidated Statement of Income, the Condensed Consolidated Statement of Cash Flows and the Condensed Consolidated Statement of Shareowners' Common Equity and Comprehensive Income for the periods ended March 31, 2002 and 2001.

**CONDENSED CONSOLIDATED STATEMENT OF INCOME**

**PPL Corporation and Subsidiaries**

(Unaudited)

(Millions of Dollars, except per share data)

	<b>Three Months Ended March 31,</b>	
	<b>2002</b>	<b>2001</b>
<b>Operating Revenues</b>		
Retail electric and gas	\$ 847	\$ 956
Wholesale energy marketing and trading	275	468
Energy related businesses	153	142
	<b>1,275</b>	<b>1,566</b>
<b>Operating Expenses</b>		
Operation		
Fuel	146	187
Energy purchases	259	396
Other	191	184
Amortization of recoverable transition costs	53	71
Maintenance	62	54
Depreciation	62	66
Taxes, other than income	51	41
Energy related businesses	126	113
Write-down of international energy projects	6	
	<b>956</b>	<b>1,112</b>
<b>Operating Income</b>	<b>319</b>	<b>454</b>
Other Income - net	5	6
Interest Expense	97	104
	<b>227</b>	<b>356</b>
<b>Income Before Income Taxes and Minority Interest</b>	<b>227</b>	<b>356</b>
Income Taxes	62	126

Minority Interest	<u>1</u>	<u>2</u>
<b>Income Before Cumulative Effect of a Change in Accounting Principle</b>	<b>164</b>	228
Cumulative Effect of a Change in Accounting Principle	<b>(150)</b>	
<b>Income Before Dividends on Preferred Securities</b>	<b>14</b>	228
Dividends - Preferred Securities	<b>17</b>	6
<b>Net Income (Loss)</b>	<b>\$ (3)</b>	<b>\$ 222</b>
<b>Earnings (Loss) Per Share of Common Stock</b>		
Basic	<b>\$ (0.02)</b>	\$ 1.53
Diluted	<b>\$ (0.02)</b>	\$ 1.52
<b>Dividends Declared per Share of Common Stock</b>	<b>\$ 0.36</b>	\$ 0.265

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

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

### PPL Corporation and Subsidiaries

(Unaudited)

(Millions of Dollars)

	<b>Three Months Ended March 31,</b>	
	<b>2002</b>	<b>2001</b>
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>\$ (13)</b>	<b>\$ 181</b>
<b>Cash Flows From Investing Activities</b>		
Expenditures for property, plant and equipment	<b>(107)</b>	(108)
Investment in generating assets and electric energy projects	<b>(179)</b>	(163)
Other investing activities - net	<b>(17)</b>	(9)
Net cash used in investing activities	<b>(303)</b>	(280)
<b>Cash Flows From Financing Activities</b>		
Issuance of common stock	<b>19</b>	24
Deposit of funds for the retirement of long-term debt	<b>(11)</b>	(5)
Retirement of long-term debt	<b>(78)</b>	(65)
Payment of common and preferred dividends	<b>(57)</b>	(44)
Net decrease in short-term debt	<b>(21)</b>	(22)
Net cash used in financing activities	<b>(148)</b>	(112)
<b>Net Decrease In Cash and Cash Equivalents</b>	<b>(464)</b>	(211)

Cash and Cash Equivalents at Beginning of Period	<u>950</u>	<u>480</u>
Cash and Cash Equivalents at End of Period	<u>\$ 486</u>	<u>\$ 269</u>

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

## CONDENSED CONSOLIDATED BALANCE SHEET

### PPL Corporation and Subsidiaries

(Unaudited)

(Millions of Dollars)

	<u>March 31, 2002</u>	<u>December 31, 2001</u>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 486	\$ 950
Accounts receivable (less reserve: 2002, \$122; 2001, \$121)	609	535
Unbilled revenues	199	248
Fuel, materials and supplies - at average cost	243	251
Prepayments	197	51
Deferred income taxes	85	77
Price risk management assets	138	124
Other	117	102
	<u>2,074</u>	<u>2,338</u>
<b>Investments</b>		
Investment in unconsolidated affiliates - at equity	586	586
Investment in unconsolidated affiliates - at cost	117	114
Nuclear plant decommissioning trust fund	289	276
Other	49	55
	<u>1,041</u>	<u>1,031</u>
<b>Property, Plant and Equipment - net</b>		
Electric plant in service		
Transmission and distribution	2,633	2,565
Generation	2,466	2,464
General	312	310
	<u>5,411</u>	<u>5,339</u>
Construction work in progress	262	181
Nuclear fuel	116	127

		<u>5,789</u>	<u>5,647</u>
Gas and oil plant	Electric plant	199	197
Other property		<u>104</u>	<u>103</u>
		<u>6,092</u>	<u>5,947</u>
<b>Regulatory and Other Noncurrent Assets</b>			
Recoverable transition costs		2,119	2,172
Other		<u>1,042</u>	<u>1,086</u>
		<u>3,161</u>	<u>3,258</u>
		<u>\$ 12,368</u>	<u>\$ 12,574</u>

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

## CONDENSED CONSOLIDATED BALANCE SHEET

### PPL Corporation and Subsidiaries

(Unaudited)

(Millions of Dollars)

	<u>March 31, 2002</u>	<u>December 31, 2001</u>
<b>Liabilities and Equity</b>		
<b>Current Liabilities</b>		
Short-term debt	\$ 112	\$ 118
Long-term debt	579	498
Above market NUG contracts	76	87
Accounts payable	484	558
Taxes	168	146
Interest	67	61
Dividends	64	51
Price risk management liabilities	135	106
Other	194	213
	<u>1,879</u>	<u>1,838</u>
<b>Long-term Debt</b>	<u>4,940</u>	<u>5,081</u>
<b>Deferred Credits and Other Noncurrent Liabilities</b>		
Deferred income taxes and investment tax credits	1,504	1,449
Above market NUG contracts	409	493
Other	876	911

	<u>2,789</u>	<u>2,853</u>
<b>Commitments and Contingent Liabilities</b>		
<b>Minority Interest</b>	<u>39</u>	<u>38</u>
<b>Company-obligated Mandatorily Redeemable Preferred Securities of Subsidiary Trusts Holding Solely Company Debentures</b>	<u>825</u>	<u>825</u>
<b>Preferred Stock</b>		
With sinking fund requirements	31	31
Without sinking fund requirements	<u>51</u>	<u>51</u>
	<u>82</u>	<u>82</u>
<b>Shareowners' Common Equity</b>		
Common stock	2	2
Capital in excess of par value	1,975	1,956
Treasury stock	(836)	(836)
Earnings reinvested	967	1,023
Accumulated other comprehensive loss	(255)	(251)
Capital stock expense and other	<u>(39)</u>	<u>(37)</u>
	<u>1,814</u>	<u>1,857</u>
	<u>\$ 12,368</u>	<u>\$ 12,574</u>

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

**CONDENSED CONSOLIDATED STATEMENT OF SHAREOWNERS' COMMON EQUITY  
AND COMPREHENSIVE INCOME  
PPL Corporation and Subsidiaries**

(Unaudited)

(Millions of Dollars)

	<b>For the Three Months Ended March 31,</b>	
	<u>2002</u>	<u>2001</u>
Common stock at beginning of period	\$ 2	\$ 2
Common stock at end of period	<u>2</u>	<u>2</u>
Capital in excess of par value at beginning of period	1,956	1,895

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Common stock issued (a)	<b>19</b>	24
	<hr/>	<hr/>
Capital in excess of par value at end of period	<b>1,975</b>	1,919
	<hr/>	<hr/>
Treasury stock at beginning of period	<b>(836)</b>	(836)
	<hr/>	<hr/>
Treasury stock at end of period	<b>(836)</b>	(836)
	<hr/>	<hr/>
Earnings reinvested at beginning of period	<b>1,023</b>	999
Net income (loss) (b)	<b>(3)</b>	222
Cash dividends declared on common stock	<b>(53)</b>	(39)
	<hr/>	<hr/>
Earnings reinvested at end of period	<b>967</b>	1,182
	<hr/>	<hr/>
Accumulated other comprehensive loss at beginning of period	<b>(251)</b>	(36)
Foreign currency translation adjustments (b)	<b>8</b>	(25)
Unrealized loss on available-for-sale securities (b)	<b>(1)</b>	(2)
Unrealized loss on qualifying derivatives (b) (c)	<b>(11)</b>	(190)
	<hr/>	<hr/>
Accumulated other comprehensive loss at end of period	<b>(255)</b>	(253)
	<hr/>	<hr/>
Capital stock expense and other at beginning of period	<b>(37)</b>	(12)
Other	<b>(2)</b>	
	<hr/>	<hr/>
Capital stock expense and other at end of period	<b>(39)</b>	(12)
	<hr/>	<hr/>
Total Shareowners' Common Equity	<b>\$ 1,814</b>	\$ 2,002
	<hr/>	<hr/>
Common stock shares at beginning of period (a)	<b>146,580</b>	145,041
Common stock issued through the ESOP, DRIP, ICP, ICPKE and structured equity program	<b>542</b>	582
	<hr/>	<hr/>
Common stock shares at end of period	<b>147,122</b>	145,623
	<hr/>	<hr/>
(a)	In thousands. \$.01 par value, 390 million shares authorized. Each share entitles the holder to one vote on any question presented to any shareowners' meeting.	
(b)	Statement of Comprehensive Income:	
	Net income (loss)	\$ (3)      \$ 222
	Other comprehensive income (loss):	
	Foreign currency translation adjustments, net of tax (benefit) of \$(6), \$(11)	<b>8</b> (25)
	Unrealized loss on available-for-sale securities, net of tax (benefit) of \$0, \$(2)	<b>(1)</b> (2)
	Unrealized loss on qualifying derivatives, net of tax (benefit) of \$(7), \$(126)	<b>(11)</b> (190)
	<hr/>	<hr/>
	Total other comprehensive loss	<b>(4)</b> (217)



Comprehensive Income (Loss)	\$ (7)	\$ 5
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- (c) Includes a \$(182) million cumulative effect of a change in accounting principle from the adoption of SFAS 133 on January 1, 2001.

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

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## **PPL ENERGY SUPPLY, LLC AND SUBSIDIARIES**

### **PART I. FINANCIAL INFORMATION**

#### **Item 1. Financial Statements**

In the opinion of PPL Energy Supply, the unaudited financial statements that follow reflect all adjustments necessary to present fairly the Condensed Consolidated Balance Sheet as of March 31, 2002 and December 31, 2001, and the Condensed Consolidated Statement of Income, the Condensed Consolidated Statement of Cash Flows and the Condensed Consolidated Statement of Member's Equity and Comprehensive Income for the periods ended March 31, 2002 and 2001.

### **CONDENSED CONSOLIDATED STATEMENT OF INCOME**

#### **PPL Energy Supply, LLC and Subsidiaries**

(Unaudited)

(Millions of Dollars)

	<b>Three Months Ended March 31,</b>	
	<b>2002</b>	<b>2001</b>
<b>Operating Revenues</b>		
Wholesale energy marketing and trading	\$ 637	\$ 790
Retail electric and gas	152	251
Energy related businesses	151	136
	<b>940</b>	<b>1,177</b>
<b>Operating Expenses</b>		
Operation		
Fuel	112	139
Energy purchases	244	375
Other operation and maintenance	190	173
Transmission	7	19
Depreciation	37	43
Taxes, other than income	9	12
Energy related businesses	115	94

Write-down of international energy projects	<b>6</b>	
Total	<b>720</b>	855
<b>Operating Income</b>	<b>220</b>	322
Other Income - net	<b>9</b>	14
Interest Expense	<b>18</b>	23
<b>Income Before Income Taxes and Minority Interest</b>	<b>211</b>	313
Income Taxes	<b>65</b>	110
Minority Interest	<b>1</b>	2
<b>Income Before Cumulative Effect of a Change in Accounting Principle</b>	<b>145</b>	201
Cumulative Effect of a Change in Accounting Principle	<b>(150)</b>	
<b>Net Income (Loss)</b>	<b>\$ (5)</b>	\$ 201

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

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

### PPL Energy Supply, LLC and Subsidiaries

(Unaudited)

(Millions of Dollars)

	Three Months Ended March 31,	
	2002	2001
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 105</b>	\$ 401
<b>Cash Flows From Investing Activities</b>		
Expenditures for property, plant and equipment	<b>(70)</b>	(77)
Investment in generating assets and electric energy projects	<b>(179)</b>	(163)
Net (increase) decrease in notes receivable from affiliates	<b>(144)</b>	669
Other investing activities - net	<b>(18)</b>	(3)
Net cash provided by (used in) investing activities	<b>(411)</b>	426
<b>Cash Flows From Financing Activities</b>		
Contributions from Member	<b>1</b>	
Distributions to Member	<b>(221)</b>	(193)
Net decrease in short-term debt	<b>(21)</b>	(115)
Net decrease in short-term debt payable to affiliates		(513)

Net cash used in financing activities	(241)	(821)
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(547)</b>	6
Cash and Cash Equivalents at Beginning of Period	832	130
Cash and Cash Equivalents at End of Period	<b>\$ 285</b>	<b>\$ 136</b>
<b>Non-Cash Contributions from Member</b>		
Intercompany notes and accounts receivable		\$ 920

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

## CONDENSED CONSOLIDATED BALANCE SHEET

### PPL Energy Supply, LLC and Subsidiaries

(Unaudited)

(Millions of Dollars)

	March 31, 2002	December 31, 2001
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 285	\$ 832
Accounts receivable (less reserve: 2002, \$102; 2001, \$100)	355	341
Unbilled revenues	91	114
Accounts receivable from affiliated companies	103	113
Notes receivable from affiliated companies	449	305
Fuel, materials and supplies - at average cost	209	209
Prepayments	62	39
Price risk management assets	134	123
Deferred income taxes	21	17
Other	49	37
	<b>1,758</b>	<b>2,130</b>
<b>Investments</b>		
Investment in unconsolidated affiliates - at equity	586	586
Investment in unconsolidated affiliates - at cost	117	114
Note receivable from affiliated companies	90	90
Nuclear plant decommissioning trust fund	289	276
Other	5	7
	<b>1,087</b>	<b>1,073</b>

<b>Property, Plant and Equipment - net</b>		
Electric plant in service		
Transmission and distribution	521	465
Generation	2,466	2,464
General	120	122
	<b>3,107</b>	<b>3,051</b>
Construction work in progress	228	146
Nuclear fuel	116	127
	<b>3,451</b>	<b>3,324</b>
Gas and oil plant	24	24
Other property	71	71
	<b>3,546</b>	<b>3,419</b>
<b>Other Noncurrent Assets</b>	<b>503</b>	<b>547</b>
	<b>\$ 6,894</b>	<b>\$ 7,169</b>

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

## CONDENSED CONSOLIDATED BALANCE SHEET

### PPL Energy Supply, LLC and Subsidiaries

(Unaudited)

(Millions of Dollars)

	March 31, 2002	December 31, 2001
<b>Liabilities and Equity</b>		
<b>Current Liabilities</b>		
Short-term debt	\$ 112	\$ 118
Long-term debt	24	24
Accounts payable	422	493
Accounts payable to affiliated companies	23	47
Above market NUG contracts	76	87
Wholesale energy commitments	7	13
Taxes	89	102
Collateral on PLR energy supply to affiliate	56	
Deferred revenue on PLR energy supply to affiliate	12	11
Price risk management liabilities	129	97
Other	147	152
	<b>1,097</b>	<b>1,144</b>

<b>Long-term Debt</b>	<b>755</b>	<b>737</b>
<b>Deferred Credits and Other Noncurrent Liabilities</b>		
Deferred income taxes and investment tax credits	<b>130</b>	55
Above market NUG contracts	<b>409</b>	493
Wholesale energy commitments	<b>63</b>	65
Nuclear plant decommissioning	<b>299</b>	294
Deferred revenue on PLR energy supply to affiliate	<b>78</b>	79
Other	<b>282</b>	292
	<b>1,261</b>	1,278
<b>Commitments and Contingent Liabilities</b>		
<b>Minority Interest</b>	<b>39</b>	38
<b>Member's Equity</b>	<b>3,742</b>	3,972
	<b>\$ 6,894</b>	\$ 7,169

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

## CONDENSED CONSOLIDATED STATEMENT OF MEMBER'S EQUITY AND COMPREHENSIVE INCOME

### PPL Energy Supply, LLC and Subsidiaries

(Unaudited)

(Millions of Dollars)

	For the Three Months Ended March 31,	
	2002	2001
Member's Equity at beginning of period	\$ 3,972	\$ 2,577
Member contributions	1	920
Net income (loss) (a)	(5)	201
Other comprehensive income (loss), net of tax:		
Foreign currency translation adjustments (a)	8	(25)
Unrealized loss on qualifying derivatives (a) (b)	(13)	(186)
Distributions to Member	(221)	(232)
Member's Equity at end of period	\$ 3,742	\$ 3,255

(a) Statement of Comprehensive Income:

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Net income (loss)	\$	(5)	\$	201
Other comprehensive income (loss):				
Foreign currency translation adjustments, net of tax (benefit) of \$(6), \$(11)		8		(25)