

**JOINT SETTLEMENT AND TRANSFER OF SERVICE  
TERRITORIES AGREEMENT PURSUANT TO KRS 278.016(6)**

This Joint Settlement and Transfer of Service Territories Agreement (the “Agreement”) is entered into this 16th day of December 2021 by and between Nolin Rural Electric Cooperative Corporation (“Nolin”), East Kentucky Power Cooperative, Inc. (“EKPC”) and Kentucky Utilities Company (“KU”) (collectively, the “Parties;” individually the “Party”).

**W I T N E S S E T H:**

**WHEREAS**, pursuant to KRS 278.016 to KRS 278.020 (the “Certified Territories Act”) the Commonwealth of Kentucky is divided into geographical areas within which each retail electric supplier is to exclusively provide electric service; and

**WHEREAS**, KRS 278.018 prohibits a retail electric supplier from furnishing, making available, rendering or extending its retail electric service to a consumer for use in electric consuming facilities located within the certified territory of another retail electric supplier, except as otherwise provided in the Certified Territories Act; and

**WHEREAS**, Nolin, a rural electric cooperative corporation organized pursuant to KRS Chapter 279 and a member-owned, not-for-profit owner-member of EKPC, was incorporated on July 19, 1938 and is a retail electric supplier that distributes retail electric power within its certified territory under Chapter 278 of the Kentucky Revised Statutes; and

**WHEREAS**, EKPC, a rural electric cooperative corporation organized pursuant to KRS Chapter 279, is a member-owned, not-for-profit, generation and transmission cooperative, was incorporated on July 9, 1941, and is owned by sixteen owner-member cooperatives, including Nolin, and supplies the wholesale power needs of its member cooperatives; and

**WHEREAS**, KU is a retail electric supplier engaged in the furnishing of retail electric service within its certified territory under Chapter 278 of the Kentucky Revised Statutes; and

**WHEREAS**, on September 27, 2021, the Ford Motor Company (“Ford”) announced its decision, as part of a joint venture with SK Innovation, to construct a large manufacturing facility in Hardin County, Kentucky at a location known as the Glendale MegaSite; and

**WHEREAS**, an issue exists among the Parties regarding the provision of retail electric service to the proposed Ford facility at the Glendale MegaSite (the “Split Territory”); and

**WHEREAS**, pursuant to the Certified Territories Act, the Parties’ issue is within the exclusive jurisdiction of the Kentucky Public Service Commission (“Commission”); and

**WHEREAS**, KRS 278.018(6) provides that a retail electric supplier may contract with another retail electric supplier for the purpose of allocating territories and consumers between such retail electric suppliers and designating which territories and consumers are to be served by which of said retail electric suppliers; and

**WHEREAS**, the Parties have spent many hours over several weeks in discussions to reach the terms that form the basis of this Agreement; and

**WHEREAS**, the Parties agree that this Agreement viewed in its entirety, is a fair, just, and reasonable resolution of their issue, will result in the provision of adequate and reasonable electric service to the Split Territory and other undeveloped parcels of land located in the Hardin County area, will not disrupt the provision of electric service to the existing customers of Nolin and KU, and will promote the purposes of KRS 278.016; and

**WHEREAS**, the Parties agree that this Agreement will minimize disputes between the retail electric suppliers as to which has the right to serve any electric consuming facility that may presently or in the future be located on the Split Territory and real estate parcels described below;

**NOW, THEREFORE**, for and in consideration of the promises, premises, terms and conditions set forth herein, the Parties hereby jointly stipulate and agree as follows:

1. Modification of Territorial Boundary Maps. KU and Nolin agree to modify their territorial maps known as Cecilia (25-G-1), Sonora (25-G-3), and Tonieville (25-G-4). Settlement Exhibit 1.1 contains the amended territorial boundary map known as Cecilia (25-G-1); Settlement Exhibit 1.2 contains the amended territorial boundary map known as Sonora (25-G-3); and Settlement Exhibit 1.3 contains the amended territorial boundary map known as Tonieville (25-G-4). The modification of these territorial boundary maps is shown in greater detail as identified by the reference number from the records of the Hardin County Property Value Administrator and Map Identification Numbers in Application Exhibits 2.1 through 2.5 and 3.1 through 3.8. Application Exhibits 2.1 through 2.5 show the parcels within the amended territorial boundary maps known as Sonora (25-G-3) and Tonieville (25-G-4). Application Exhibits 3.1 through 3.8 show the parcels within the amended territorial boundary map known as Cecilia (25-G-1).

a. Parcel Moving from the Service Territory of Nolin to KU’s service territory: The following parcel, representing approximately 1,200 acres of Nolin territory, more or less, shall be transferred from Nolin’s service territory to KU’s service territory:

207-00-00-018

b. Parcels Moving from the Service Territory of KU to Nolin’s service territory: Subject to the three conditions set forth below, the following parcels, representing a total of approximately 800 acres in KU’s territory, more or less, shall be transferred from KU’s service territory to Nolin’s service territory:

Cecilia Quadrant Map

Map ID	Parcel ID
1	186-20-00-001
2	187-00-00-009
3	186-00-00-044.01
4	186-00-00-027.34

Map ID	Parcel ID
6	168-00-00-042
7	167-00-00-009.02
8	167-00-00-026.01
9	186-00-00-027
10	186-00-00-027.04
11	186-00-00-027.26
12	186-00-00-027.17
13	186-00-00-027.31
14	187-30-00-023
15	187-00-00-012
18	147-30-01-058
19	147-30-01-056
21	167-00-00-028
24	168-00-00-005.02
26	167-00-00-008.03
27	167-00-00-008.01
28	167-00-00-008.02
29	147-30-01-058.01

Sonora and Tonieville Quadrant Maps

Map ID	Parcel ID
16	190-30-00-020
17	191-00-00-003.11
17a	191-00-00-003.11
20	207-00-00-010

c. The detailed maps in Application Exhibit Nos. 2.1 – 2.5 and 3.1 – 3.8 are marked according to the Hardin County Property Value Administrator and show the specific parcels that are to be exchanged between KU and Nolin RECC for purposes of reallocating their respective territorial boundaries for electric service. The transfer of certain parcels are subject to these qualifications:

(i) Parcel No. 186-00-00-027.17 will be transferred to Nolin’s service territory; however, in the event a substation rebuild is required at this location, KU will have the

right to serve only that portion of the parcel owned by and necessary to KU to rebuild its substation.

(ii) Parcel No. 186-20-00-001 will be transferred to Nolin's service territory; however, in the event a substation rebuild is required at this location, KU will have the right to serve only that portion of the parcel owned by and necessary to KU to rebuild its substation.

(iii) Parcel No. 167-00-00-008.02 will be transferred to Nolin's service territory; however, in the event the adjacent existing KU customer, Hendrickson or any of its successors, wishes to expand its existing operations into this parcel, KU will have the right to serve such expanded load in this parcel.

(iv) To the extent that KU currently serves an account located on each of Parcel Nos. 187-00-00-009, 147-30-01-058, 167-00-00-008.02, and 207-00-00-010, KU shall continue to have the right to serve such customers and the service territory maps shall be redrawn to show KU continues to serve such accounts with the remaining balance of the parcels being transferred to Nolin as set forth in Settlement Agreement Exhibit 1.

2. Further Consideration in Exchange for Transfer of Service Territory. In further exchange for and in consideration of Nolin's agreement to transfer the foregoing parcel which encompasses the location of the planned Ford facility, and to avoid protracted and costly litigation to resolve the territorial dispute, KU shall pay to Nolin the sum of [REDACTED] in order to have the exclusive right to provide retail electric service in the Split Territory. KU shall pay the above-stated sum to Nolin within thirty (30) days after all regulatory approvals set forth in Section 5 below have been obtained. Nolin's consent to relinquish any right it has to provide retail electric service in the Split Territory is expressly contingent upon the receipt of the payment in full referenced herein.. Should KU fail to make such payment in accordance with this Agreement,

Nolin may pursue the rights and remedies available to it at law and equity, including but not limited to, declaring, in its discretion, that this Agreement shall be null and void.

3. Removal of Facilities. KU will additionally compensate EKPC and Nolin for the actual reasonable costs of moving or removing any existing facilities owned or operated by either of them which are currently located on the parcel of land as set forth above in Section 1(a), to the extent necessary to accommodate the Ford project. Representatives of KU, EKPC and Nolin shall work in good faith to expeditiously develop a project scope and timeline, accomplish engineering activities such as routing studies and relocations, and complete all removal work, including, without limitation the 69-kV line owned by EKPC and located in the Split Territory as needed to accommodate the Ford project and its associated timing and schedule. However, no such work shall actually commence until the Commission has approved this Agreement in its entirety and without modification. For avoidance of doubt, all work to remove or relocate the existing facilities shall be done by Nolin, EKPC, or a contractor on their behalf and shall not be performed by KU. Notwithstanding the foregoing, no Party is relieved from: (i) their respective obligations to respond to the operating instruction(s) of its applicable reliability coordinator or balancing authority in accordance with the reliability standards of the North American Electric Reliability Corporation; (ii) taking such action as is necessary to protect the safety of persons or comply with applicable laws, rules, and regulations pertaining to the safety of persons or property; (iii) using commercially reasonable efforts to operate and maintain the facilities and equipment that are or may be owned, controlled or operated by it or on its behalf; (iv) removing its equipment and facilities (including all apparatus and necessary protective devices), in accordance with good utility practice so as to reasonably minimize the likelihood of a disturbance originating on its system or facilities from affecting or impairing the other Party's system or facilities; or (v) modifying operations or facilities

as necessary to maintain or restore the reliable operation of the bulk electric system or prevent instability, cascading outages, and uncontrolled separation, including, but not limited to, isolating all or a portion of its system or terminating the interconnection in accordance with the applicable interconnection agreement between the Parties. Upon completion of the removal of the facilities, Nolin and EKPC shall each tender an itemized invoice to KU which identifies the costs incurred in removing their respective facilities. KU shall tender payment to Nolin and EKPC respectively within fifteen (15) days of receipt of such an invoice and completion of any audit of the costs.

4. Confidential Information. The Parties agree that the payment amount contained herein is confidential business information (the “Confidential Information”) and shall keep the Confidential Information confidential; provided, however, that the Parties may disclose the Confidential Information: (i) to affiliates, directors, officers, employees, attorneys, consultants, financial advisors, and members who have a bona fide business reason to know the Confidential Information and who are bound by obligations of confidentiality to the Party disclosing such information to them; (ii) in connection with: (A) a requirement of law, regulation, rule or order of any governmental, administrative or self-regulatory agency having supervisory authority over such Party or order of any court of competent jurisdiction; or (B) seeking any regulatory or lender approvals of the Agreement, or the transactions contemplated hereunder; or (iii) if such Confidential Information has become public through no fault of the Party wishing to make the disclosure. If a Party is required to disclose any Confidential Information pursuant to sub-clause B above, the other Party shall be promptly notified so that such second Party may request that the first Party seek confidential protection, if reasonably possible, with respect to the Confidential Information with the expense thereof to be borne by such second Party. The Party bound by law, regulation, rule or order shall provide commercially reasonable cooperation to such other Party’s

request for confidential protection, but shall not be obligated to undertake commercially unreasonable legal, commercial or regulatory risks, delays or internal costs in such cooperation.

5. Approvals. The Parties agree to mutually take all actions necessary to jointly file and jointly request approval of this Agreement and Exhibit 1 with and from the Commission and, if necessary, with and from the Rural Utilities Service (“RUS”). In connection with such request for the approval of this Agreement, KU will also request authority to establish a regulatory asset for future cost recovery of the payment set forth in Sections 2 and 3 above. The Parties agree that the foregoing Agreement represents a fair, just, and reasonable resolution of the issues addressed herein, will result in the provision of adequate and reasonable retail electric service to the Split Territory and to Ford, and request that the Commission and, if necessary, RUS approve the Agreement, provided that neither EKPC nor Nolin takes, or shall take, any position with regard to the establishment or recovery of the requested regulatory asset.

a. Following the execution of this Agreement, the Parties shall cause the Agreement to be filed with the Commission and, if necessary, RUS with a request for consideration and approval of this Agreement on or before January 31, 2022.

b. This Agreement is subject to the acceptance of, and approval by, the Commission and, if necessary, RUS. The Parties agree to act in good faith and to use their best efforts to recommend to the Commission and RUS that this Agreement be accepted and approved. The Parties commit to notify immediately any other Party of any perceived violation of this provision so the Party may have an opportunity to cure any perceived violation, and all Parties commit to work in good faith to address and remedy promptly any such perceived violation. In all events, counsel for all Parties will represent to the Commission and RUS that the Agreement is a fair, just, and reasonable means of resolving all issues in these proceedings that are the subject of



this Agreement, and will clearly and definitively ask the Commission and, if necessary, RUS to accept and approve the Agreement as such.

c. If the Commission issues an order adopting this Agreement in its entirety and without additional conditions, each of the Parties agrees that it shall not file either an application for rehearing with the Commission, or an appeal to the Franklin Circuit Court with respect to such order.

d. Notwithstanding any other provisions of law, the Agreement between the Parties as herein provided when approved by the Commission shall be valid and enforceable.

e. If the Commission does not accept and approve this Agreement in its entirety and without modification, then any adversely affected Party may withdraw from the Agreement within the statutory periods provided for rehearing and appeal of the Commission's order by giving notice of withdrawal to all other Parties. If any Party timely seeks rehearing of or appeals the Commission's order, all Parties will continue to have the right to withdraw until the conclusion of all rehearings and appeals. Upon the latter of: (1) the expiration of the statutory periods provided for rehearing and appeal of the Commission's order; and (2) the conclusion of all rehearings and appeals, all Parties that have not withdrawn will continue to be bound by the terms of the Agreement as modified by the Commission's order.

f. Should this Agreement become null and void upon the withdrawal of a Party or by virtue of the Commission or RUS not accepting and approving this Agreement in its entirety, to the extent that it is determined that such approval is required, the Parties shall be returned to their respective positions as they existed prior to the execution of this Agreement.

g. If the Agreement is voided or vacated for any reason after the Commission has approved the Agreement, none of the Parties will be bound by the Agreement.

6. Commission Jurisdiction. The Agreement shall in no way be deemed to divest the Commission of jurisdiction under Chapter 278 of the Kentucky Revised Statutes.

7. Successors and Assigns. The Agreement shall inure to the benefit of and be binding upon the Parties hereto and their successors and assigns.

8. Merger. The Agreement constitutes the complete agreement and understanding among the Parties, and any and all statements, representations or agreements made prior hereto or contained contemporaneously herewith shall be null and void and shall be deemed to have been merged into the Agreement.

9. No Presumptions. The Parties hereto agree that, for the purpose of the Agreement only, the terms are based upon the independent analysis of the Parties to reflect a fair, just, and reasonable resolution of the issues herein and are the product of compromise and negotiation.

10. No Precedential Value. The Parties hereto agree that neither the Agreement nor any of its terms shall be admissible in any court or administrative proceeding, except insofar as such court or administrative tribunal is addressing litigation arising out of the implementation of the terms herein, the approval of this Agreement or a party's compliance with this Agreement. This Agreement shall not have any precedential value in this or any other jurisdiction.

11. Authority. The signatories hereto warrant that they have appropriately informed, advised, and consulted their respective Party in regard to the contents and significance of this Agreement and based upon the foregoing are authorized to execute this Agreement on behalf of their respective Party.

12. Construction. The Parties hereto agree that this Agreement is a product of negotiation among all Parties hereto, and no provision of this Agreement shall be strictly construed in favor of or against any Party.

13. Counterparts. The Parties hereto agree that this Agreement may be executed in multiple counterparts.

**IN WITNESS WHEREOF**, the Parties have hereunto affixed their signatures.

**NOLIN RURAL ELECTRIC COOPERATIVE CORPORATION**

BY:  \_\_\_\_\_

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L. Allyson Honaker  
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david@gosssamfordlaw.com  
allyson@gosssamfordlaw.com  
Phone: (859) 368-7740

*Counsel for Nolin Rural Electric Cooperative Corporation*

DATE: December 16, 2021

**EAST KENTUCKY POWER COOPERATIVE, INC.**

BY:  \_\_\_\_\_

David S. Samford  
L. Allyson Honaker  
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Lexington, KY 40504  
david@gosssamfordlaw.com  
allyson@gosssamfordlaw.com  
Phone: (859) 368-7740

*Counsel for East Kentucky Power Cooperative, Inc.*

DATE: December 16, 2021

**KENTUCKY UTILITIES COMPANY**

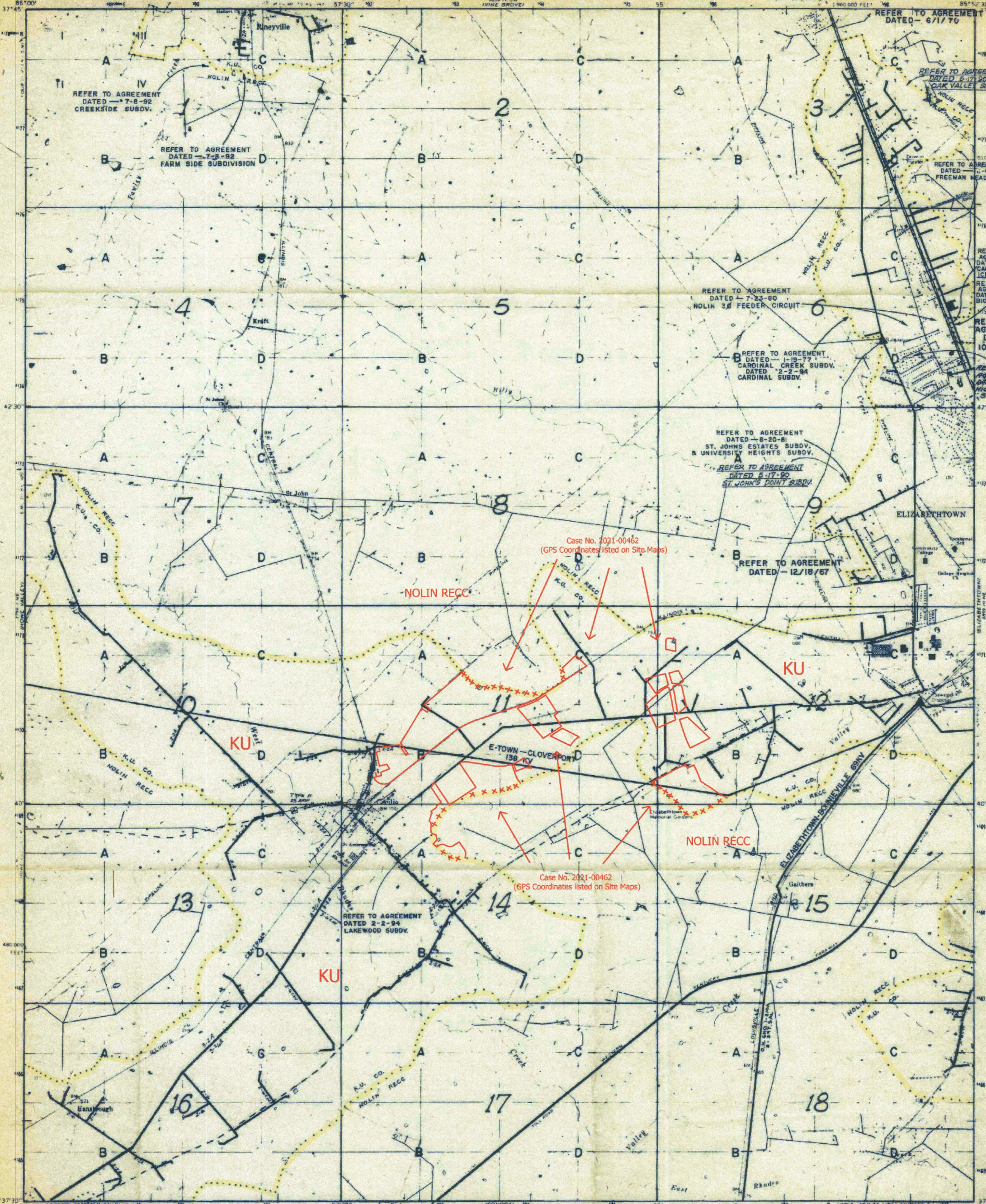
BY: Tom Bell

TITLE: COO

DATE: 12/15/21

**EXHIBIT 1.1**

**PROPOSED AMENDMENT OF CECILIA (25-G-1)**



ELECTRIC SERVICE AREAS - 1972		REVISED
OTHER DISTRIBUTION NEAR BOUNDARY LINE	UTILITIES INVOLVED	SIGNED BY
K.U. CO. DISTRIBUTION NEAR BOUNDARY LINE	K.U. CO.	<i>J.P. Bailey 11/29</i>
..... BOUNDARY LINE	NOLIN RECC.	<i>Tom Miller 11/29</i>
	K.U. CO.	<i>James G. ...</i>
PUBLIC SERVICE COMMISSION OF KENTUCKY		CERTIFIED BY

K.U. CO.	<i>Tom Miller 10-2-92</i>	
NOLIN RECC.	<i>Michael P. Miller 10-2-92</i>	
K.U. CO.	<i>Tom Miller 7-5-94</i>	
NOLIN RECC.	<i>Michael P. Miller 7-5-94</i>	
K.U. CO.	<i>Tom Miller 1-2-95</i>	
NOLIN RECC.	<i>Michael P. Miller 1-2-95</i>	
K.U. CO.	<i>John Wolf 12/16/2021</i>	
NOLIN RECC.	<i>John Wolf 12/16/2021</i>	

RECEIVED  
APR 5 1 08 PM '95  
PUBLIC SERVICE COMMISSION

RECEIVED  
APR 03 1995  
PUBLIC SERVICE COMMISSION

ROAD CLASSIFICATION  
Heavy duty Light duty  
Med. duty Unimproved dirt  
U.S. Route State Route

REV. 1-10-66  
11-8-68

CECILIA, KY.  
NW 1/4 ELIZABETHTOWN 19 QUADRANGLE  
N3737.5 - W8552.5 7.5

1967  
AMS 3859 11 NW SERIES V853

RECEIVED  
APR 5 1 08 PM '95  
PUBLIC SERVICE COMMISSION

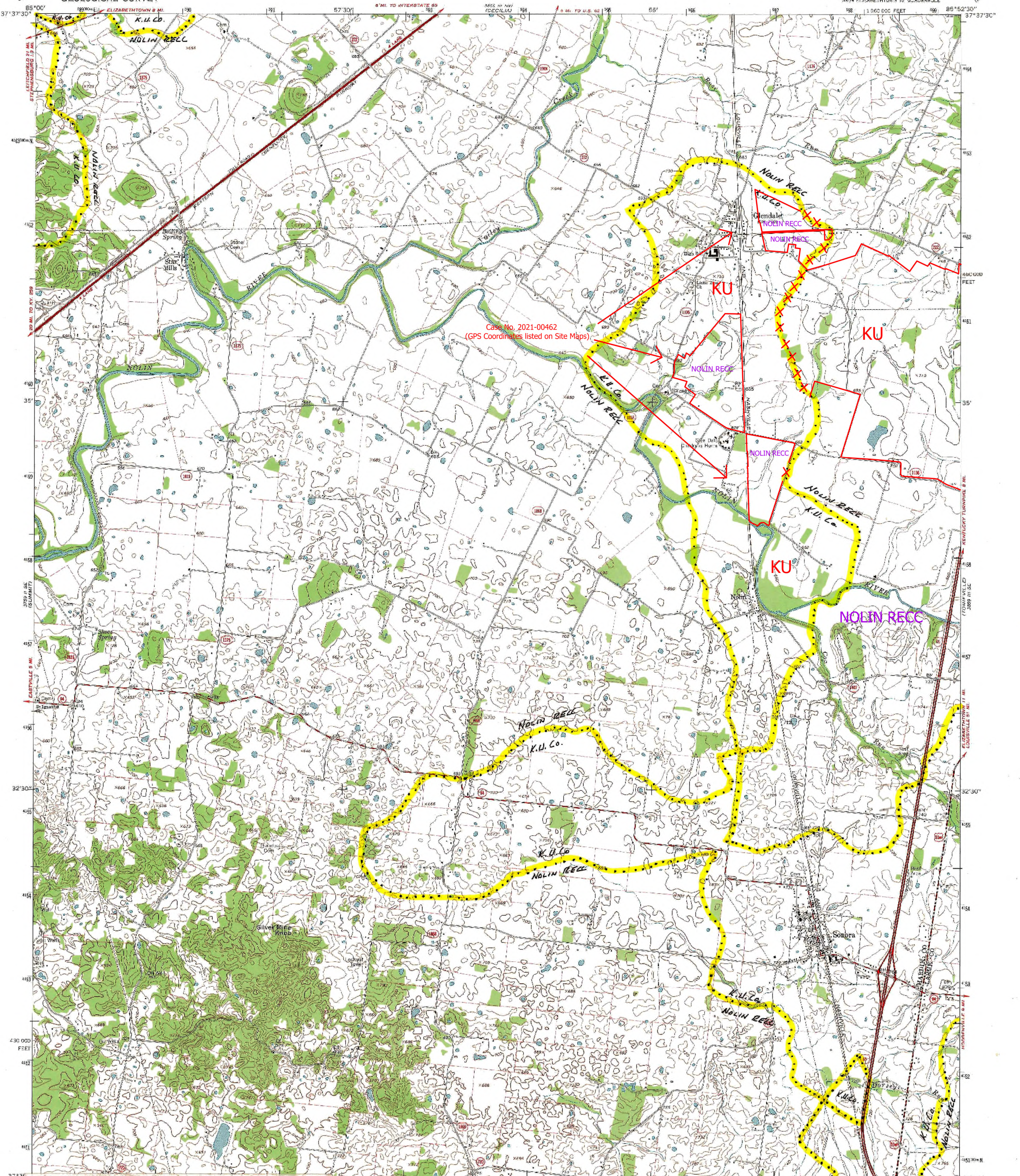
*Elio A. ...*

25-6-1  
Case # 95-051

**EXHIBIT 1.2**

**PROPOSED AMENDMENT OF SONORA (25-G-3)**



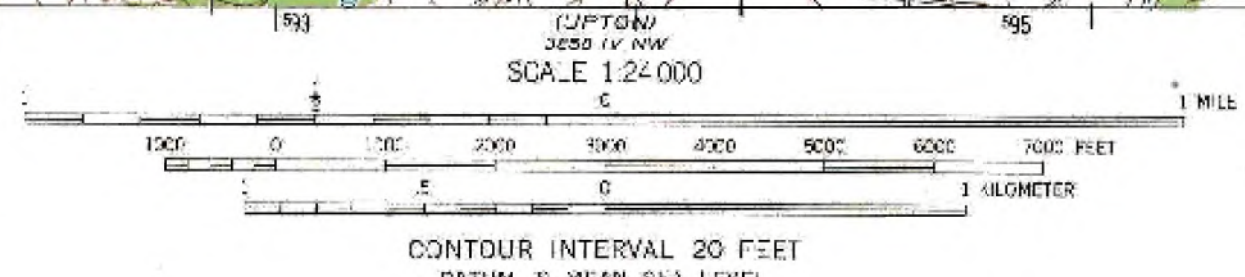


Case No. 2021-00462  
(GPS Coordinates listed on Site Maps)

ELECTRIC SERVICE AREAS -- 1982		
UTILITIES INVOLVED	SIGNED BY	DATE
NOLIN RECC	<i>Jack H. Kergel</i>	6/2/82
K.U. Co.	<i>Thomas R. Carter</i>	6/13/82
KU Co.	<i>John Wolfe</i>	12/16/2021
NOLIN RECC	<i>Steph R. Lee</i>	12/16/2021

Public Service Commission of Kentucky  
Certified By:

Nolin RECC



THIS MAP COMPLIES WITH NATIONAL MAP ACCURACY STANDARDS  
FOR SALE BY U.S. GEOLOGICAL SURVEY WASHINGTON, D.C. 20242,  
KENTUCKY GEOLOGICAL SURVEY, LEXINGTON, KENTUCKY 40505,  
AND KENTUCKY DEPARTMENT OF COMMERCE, FRANKFORT, KENTUCKY 40601  
A FOLDER DESCRIBING TOPOGRAPHIC MAPS AND SYMBOLS IS AVAILABLE ON REQUEST

PUBLIC SERVICE COMMISSION  
APPROVED  
AS TO AREA CERTIFICATION  
BOUNDARY LINES  
Date: 9/27/82 Approved: RNA

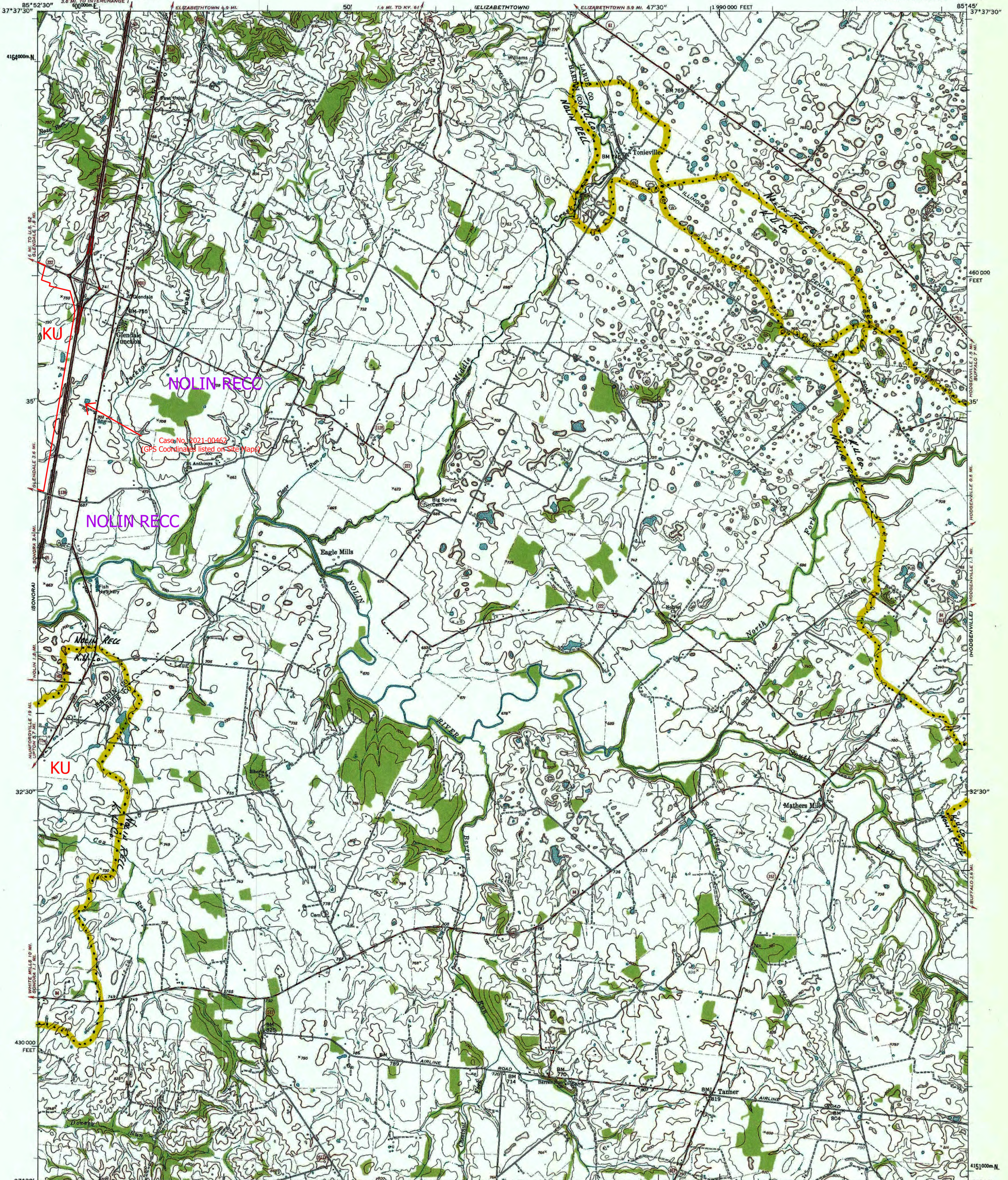
ROAD CLASSIFICATION  
Primary highway, all weather, hard surface  
Secondary highway all weather, hard surface  
Light-duty road, all weather, improved surface  
Unimproved road, fair- or dry weather  
Interstate Route U. S. Route State Route

SONORA, KY.  
SW/4 ELIZABETHTOWN 10 QUADRANGLE  
N3733-W8552.5/7.5  
1967  
AS 3838 III SW SERIES V853

25-63

**EXHIBIT 1.3**

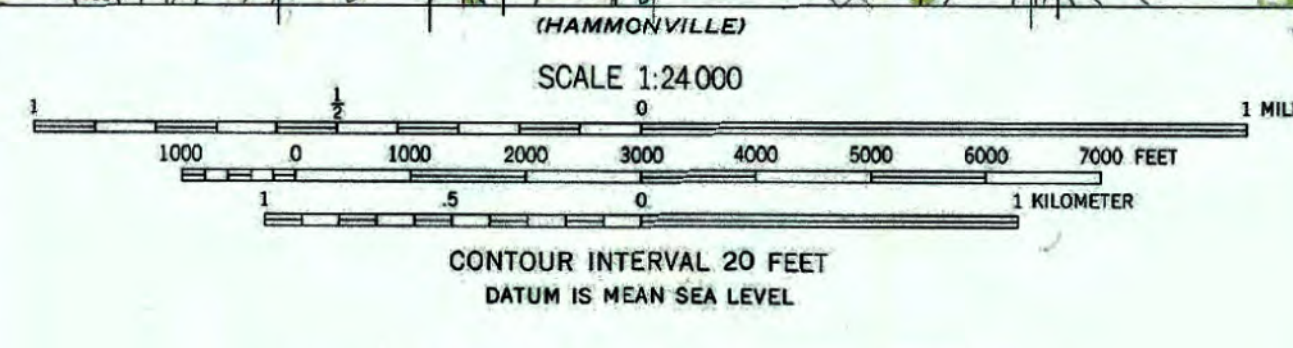
**PROPOSED AMENDMENT OF TONIEVILLE (25-G-4)**



**ELECTRIC SERVICE AREAS -- 1982**

UTILITIES INVOLVED	SIGNED BY	DATE
NOLIN RECC K.U. CO.	<i>Jack H. Kangle</i> <i>Thomas S. Carter</i>	6/2/82 6/3/82
K.U. Co.	<i>John Wolfe</i>	12/16/2021
NOLIN RECC	<i>Ray R. Lee</i>	12/16/2021

Public Service Commission of Kentucky  
Certified By: *John Wolfe*  
Nolin RECC



**ROAD CLASSIFICATION**

- Heavy-duty (solid line)
- Medium-duty (dashed line)
- Light-duty (dotted line)
- Unimproved dirt (dashed line)
- Interstate Route (circle with 'I')
- U.S. Route (circle with 'U.S.')
- State Route (circle with 'S')

**PUBLIC SERVICE COMMISSION APPROVED**  
AS TO AREAS OF CERTIFICATION  
BOUNDARY LINES  
Date: 9/27/82 Approved: RCA

TONIEVILLE, KY.  
SE 1/4 ELIZABETHTOWN 15' QUADRANGLE  
N 3730 - W 8545 / 7.5

25-G-4 1960

THIS MAP COMPLIES WITH NATIONAL MAP ACCURACY STANDARDS FOR SALE BY U. S. GEOLOGICAL SURVEY, WASHINGTON 25, D. C., KENTUCKY GEOLOGICAL SURVEY, LEXINGTON, KENTUCKY, AND KENTUCKY DEPARTMENT OF ECONOMIC DEVELOPMENT, FRANKFORT, KENTUCKY. A FOLDER DESCRIBING TOPOGRAPHIC MAPS AND SYMBOLS IS AVAILABLE ON REQUEST.