

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC JOINT APPLICATION OF)	
KENTUCKY UTILITIES COMPANY, NOLIN RURAL)	
ELECTRIC COOPERATIVE CORPORATION, AND)	
EAST KENTUCKY POWER COOPERATIVE, INC.)	CASE NO.
FOR APPROVAL OF AN AGREEMENT)	2021-00462
MODIFYING AN EXISTING TERRITORIAL)	
BOUNDARY MAP AND ESTABLISHING THE)	
RETAIL ELECTRIC SUPPLIER FOR GLENDALE)	
MEGASITE IN HARDIN COUNTY, KENTUCKY)	

ORDER

On December 17, 2021, Kentucky Utilities Company (KU), Nolin Rural Electric Cooperative Corporation (Nolin RECC), and East Kentucky Power Cooperative, Inc. (EKPC) (collectively, Joint Applicants) filed an application requesting Commission approval of Joint Applicants' agreement modifying KU's and Nolin RECC's existing territorial boundary maps and designating KU as the exclusive retail supplier serving an area in Hardin County, Kentucky, that is the site upon which two Ford Motor Company (Ford) electric battery plants will be constructed (Glendale Megasite). KU also requested approval to establish a regulatory asset for the consideration paid to Nolin RECC and the approximately \$4.0 million that KU will pay to Nolin RECC and EKPC to move or remove Nolin RECC's and EKPC's facilities in the exchanged territory. Joint Applicants requested a decision by February 1, 2022, so that the construction can begin.

Nolin RECC and EKPC jointly responded to one round of discovery, and KU responded to two rounds of discovery. There are no intervenors in this matter. The case stands submitted for a decision based upon the existing evidentiary record.

LEGAL STANDARD

In accordance with KRS 278.016, discrete geographical areas have been established with certified boundaries within which a retail electric supplier has the exclusive right to furnish retail electric service to all electric-consuming facilities located within the retail electric supplier's certified territory. The purpose for the designation of exclusive service areas for retail electric suppliers is to avoid wasteful duplication of distribution facilities, to prevent the waste of materials and natural resources, and to minimize disputes between jurisdictional electric utilities that may result in inconvenience, diminished efficiency, and higher costs in serving consumers.

KRS 278.018(1) prohibits a retail electric supplier from furnishing, making available, rendering, or extending its retail electric service to a retail electric consuming facility located within the certified territory of another retail electric supplier.

KRS 278.018(6) allows an electric utility to contract with another electric utility to allocate territories and consumers between each utility and designate which territories and consumers are served by which electric utility. Pursuant to KRS 278.018(6), the Commission is required to approve such a contract upon a finding that "the contract will promote the purposes of KRS 278.016 and will provide adequate and reasonable service to all areas and consumers" affected by the boundary change.

The legal standard for recognition of a regulatory asset is set forth in the Financial Accounting Standards Board's Statement of Financial Accounting Standards No. 71,

Accounting for the Effects of Certain Types of Regulation, which was codified as Accounting Standards Codification (ASC) 980, Regulated Operations. The Commission has historically approved regulatory assets where a utility has incurred (1) an extraordinary, nonrecurring expense, which could not have reasonably been anticipated or included in the utility's planning; (2) an expense resulting from a statutory or administrative directive; (3) an expense in relation to an industry sponsored initiative; or (4) an extraordinary or nonrecurring expense that over time will result in a saving that fully offsets the cost.

PROPOSED BOUNDARY CHANGE

Ford announced its decision to build two electric battery plants at the Glendale Megasite in September 2021. Ford will invest approximately \$5.8 billion in the electric battery plants, which are expected to create 5,000 jobs. Kentucky economic development officials stated that the Ford plants will make Kentucky the largest producer of electric automotive batteries in the United States.

Currently, Nolin RECC serves 81 percent and KU serves 19 percent of the Glendale Megasite. At the time that Ford announced its plans to build the battery plants, the actual location of the plant within the Glendale site was not known, but Nolin RECC and KU each believed it had a right to serve Ford's plants under the current territorial boundaries. Joint Applicants acknowledged that attempting to jointly serve portions of the Ford plants was impractical and likely to be contentious, leading to future disputes with corresponding delays in constructing the plants. Additionally, Ford expressed a preference to be served by KU due to Ford's existing commercial relationship with KU's

sister entity, Louisville Gas & Electric Company, at Ford's plants in Jefferson County, Kentucky.

Because the dispute was likely to result in prolonged and costly litigation and delay the Ford project, Joint Applicants entered into an agreement modifying Nolin RECC's and KU's certified boundaries. The settlement agreement is attached as an Appendix to this Order. The territory exchange includes approximately 1,200 acres of territory in Nolin RECC's service area being transferred to KU and 800 acres of KU service area being transferred to Nolin RECC. The agreement modifies the existing territorial boundary maps known as Cecilia (25-G-1), Sonora (25-G-3), and Tonieville (25-G-4). The proposed amendment of the Cecilia map was filed as Exhibit 1.1 to the agreement; the proposed amendment of the Sonora map was filed as Exhibit 1.2 to the agreement; and the proposed amendment of the Tonieville map was filed as Exhibit 1.3 to the agreement.

In accordance with the agreement, KU will become the exclusive retail electric supplier to the Glendale Megasite in Hardin County, Kentucky. Nolin RECC relinquished its claim to service the area in exchange for KU paying Nolin RECC consideration in an amount that is approximately one-half of Nolin RECC's estimated net present value of the avoided life cycle margins from servicing the Glendale Megasite.¹ Additionally, KU will compensate EKPC and Nolin RECC approximately \$4.0 million for moving or removing EKPC's and Nolin RECC's existing facilities necessary to accommodate Ford project. All work moving or removing existing facilities will be done by EKPC and Nolin RECC personnel. KU asserted that, based on assumptions regarding load data for the Glendale

¹ Nolin RECC/EKPC's Response to Commission Staff's First Request for Information (Staff's First Request) (filed Jan. 12, 2021), Item 5.

Megasite and potential rate design for the load, KU expects to recover the variable and fixed cost of providing service.² KU further asserted that KU expects the total demand revenues from the Ford battery plants to exceed the total amount of the payments to Nolin RECC and EKPC.³

In addition to the boundary exchange, the agreement contains two conditions: (1) if a substation rebuild in two parcels is required, KU will have the right to serve only that portion of the parcel owned by and necessary to KU to rebuild its substation. Because EKPC has existing substations in this area, a decision regarding the rebuild would be made prior to removal of any EKPC facilities; and (2) in another parcel, if an adjacent existing KU customer, Hendrickson or any of its successors, wishes to expand its existing operations into this parcel, KU has the right to serve the expanded load in this parcel.

Joint Applicants argued that the proposed boundary change satisfies legal standards established in KRS 278.016 and KRS 278.018 because: (1) it allows orderly development of retail electric service to the Glendale Megasite; (2) avoids wasteful duplication of facilities and unnecessary encumbering of landscape with duplicative facilities owned by EKPC, Nolin RECC, and KU serving portions of the same plant site; (3) prevents waste of materials and natural resources; (4) minimizes disputes over electric service to these areas in the future; (5) is a fair, just and reasonable resolution to KU/Nolin RECC/EKPC dispute; (6) serves the interest of the public and all interested parties, including Ford; (7) avoids costly litigation; and (8) ensures the area, including proposed

² KU's Response to Commission Staff's Second Request for Information (Staff's Second Request) (filed Jan. 21, 2021), Item 1.

³ *Id.*

Ford facility, will receive adequate and reasonable service in a timely matter. Further, no existing customer's retail electric supplier will change due to the boundary modification.

REGULATORY ASSET

KU requested Commission approval to establish a regulatory asset consisting of [REDACTED] consideration paid to Nolin RECC in exchange for the territorial modification and \$4 million paid to Nolin RECC and EKPC to remove existing facilities. KU argued that that establishing a regulatory asset is consistent with the Commission's Order in Case No. 2019-00370⁵ that approved a regulatory liability for the consideration that Louisville Gas and Electric Company received from Meade County Rural Electric Cooperative Corporation and Big Rivers Electric Corporation for a boundary change to serve Nucor Corporation's new steel plate mill in Meade County, Kentucky.

KU maintained that the expense was an extraordinary, nonrecurring expense that could not have been reasonably anticipated or included in utility planning, or in the forecasted test period in its recent rate case. KU argued that the amounts are extraordinary, nonrecurring costs because they will be incurred in connection with the resolution and development of the one-time, single largest economic development project in the history of Kentucky. KU further argued that the expenses were extraordinary

⁴ Order (Ky. PSC Jan. 25, 2022), the amount of consideration paid by KU to Nolin RECC was granted confidential treatment. This is consistent with previous orders granting confidential treatment to consideration paid for a boundary change in Case No. 2019-00370, *Electronic Joint Application of Louisville Gas and Electric Company, Meade County Rural Electric Cooperative Corporation, and Big Rivers Electric Corporation for (1) Approval of an Agreement Modifying an Existing Territorial Boundary Map and (2) Establishing Meade County Rural Electric Cooperative Corporation as the Retail Electric Supplier for Nucor Corporation's Proposed Steel Plate Mill In Buttermilk Falls Industrial Park in Meade County, Kentucky* (Ky. PSC Mar. 9, 2020).

⁵ Case No. 2019-00370, *Electronic Joint Application of Louisville Gas and Electric Company, Meade County Rural Electric Cooperative Corporation, and Big Rivers Electric Corporation* (Ky. PSC Feb. 24, 2020).

because the expenses are not ordinary expenses incurred in the typical course of business or even the typical course of economic development projects. KU maintained that the expenses will not recur again or on an ongoing basis. Finally, KU claimed that, because the Ford project at the Glendale Megasite is the largest economic development project in the history of Kentucky, KU could not have predicted the need for or the timing or magnitude of this investment and thus could not have included the payments referenced in the settlement agreement in its planning or recent forecast test periods in the most recent rate cases. KU further argued that the payment is the result of a government-supported initiative to serve the economic development customer.

DISCUSSION AND FINDINGS

Based upon a review of the case record and being otherwise sufficiently advised, the Commission finds that the settlement agreement among the Joint Applicants regarding the provision of retail electric service to the Glendale Megasite and modification of the Cecilia, Sonora, and Tonieville certified territory maps is reasonable and should be approved. Based upon the application and discovery responses, portions of the proposed Ford battery plant site are served by both Nolin RECC and KU. Without the boundary change, a single customer at a single site would receive electric service from two electric utilities, which is inconsistent with the stated policy preference in KRS 270.016 for orderly development of electric service that avoids wasteful duplication of facilities and unnecessary encumbering of the landscape with duplicative facilities serving the same site. The agreement minimizes disputes between KU and Nolin RECC that could result in inconvenience and diminished efficiency.

Additionally, no existing customers will be affected by the boundary modification as set forth in the settlement agreement.

The monetary consideration paid to Nolin RECC reflects a fair resolution of a dispute that could have resulted in costly litigation that would have delayed construction of the electric battery plants. The Ford plant represents a significant new load served by KU and, based upon the totality of evidence in the case record, the revenues generated from serving that load should significantly exceed the payment to Nolin RECC. Also based upon the totality of evidence in the case record, including available load data, the payment received from KU by Nolin RECC represents approximately one-half of the net present value of avoided life cycle margins from servicing the Glendale Megasite. Although the net present value of expected future development could not be quantified with certainty, Nolin RECC will receive additional territory that can be reasonably expected to result in future development that would lead to load growth for Nolin RECC and, as a result of load growth, increased margins. Further, the record indicates that Nolin RECC's expected aggregate and future value of the transaction reasonably represents an equivalent value to serving any electric consuming facilities at the Glendale Megasite.

The Commission further finds that KU's request to establish a regulatory asset is reasonable and should be granted for the following reasons. Given that the [REDACTED] settlement amount and the \$4.0 million cost to remove Nolin RECC's and EKPC's facilities are reasonably expected to be significantly less than the margins expected to result from new load to serve the Ford battery plants, the costs represent "an extraordinary or nonrecurring expense that over time will result in a saving that fully offsets

the cost.” The cost are extraordinary based upon the facts of the situation, given the nature of the costs, and that the costs are not *de minimis* and are nonrecurring. The Commission concludes that costs in boundary change cases, such as the settlement amount and cost to move Nolin RECC’s and EKPC’s facilities, that are not *de minimis* should fall into the regulatory asset category as extraordinary or nonrecurring expense so long as the evidence of record supports the conclusion that revenues associated with the reason for the change, or the savings derived from efficiencies due to the change, are reasonably expected to outweigh those costs.

IT IS THEREFORE ORDERED that:

1. The settlement agreement among the Joint Applicants regarding the provision of retail electric service in and around the Glendale Megasite area as reflected in the revised Cecilia, Sonora, and Tonieville maps is approved.
2. All other certified territorial boundaries between KU and Nolin RECC other than those approved in this Order remain unchanged.
3. A copy of Cecilia, Sonora, and Tonieville maps with the revisions signed by representatives of KU and Nolin RECC on December 16, 2021, respectively attached as Exhibits 1.1, 1.2, and 1.3 to the settlement agreement, with map changes delineated with latitude and longitude in Exhibits 2.4, 2.5, 3.3, 3.4, 3.5, 3.6, 3.7 of the application and in Exhibits 2.3, 2.6, and 3.8 of KU’s and Nolin RECC/EKPC’s responses to Staff’s First Request, Item 12, and reflects the agreed-upon amended territorial boundary and the written agreement of KU and Nolin RECC, and shall be attached to the Commission’s official territory boundary map.

4. KU's request to establish a regulatory asset for the amounts associated with the payments in connection with the settlement agreement is approved.

5. This case is closed and removed from the Commission's docket.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

By the Commission

Commissioner Marianne Butler did not participate in the deliberations or decision concerning this case.



ATTEST:

A handwritten signature in blue ink that reads "Linda C. Bridwell". The signature is written in a cursive style and is positioned above a horizontal line.

Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2021-00462 DATED JAN 27 2022

NINETEEN PAGES TO FOLLOW

**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:  _____

David S. Samford
L. Allyson Honaker
Goss Samford, PLLC
2365 Harrodsburg Road, Suite B-325
Lexington, KY 40504
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
Goss Samford, PLLC
2365 Harrodsburg Road, Suite B-325
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

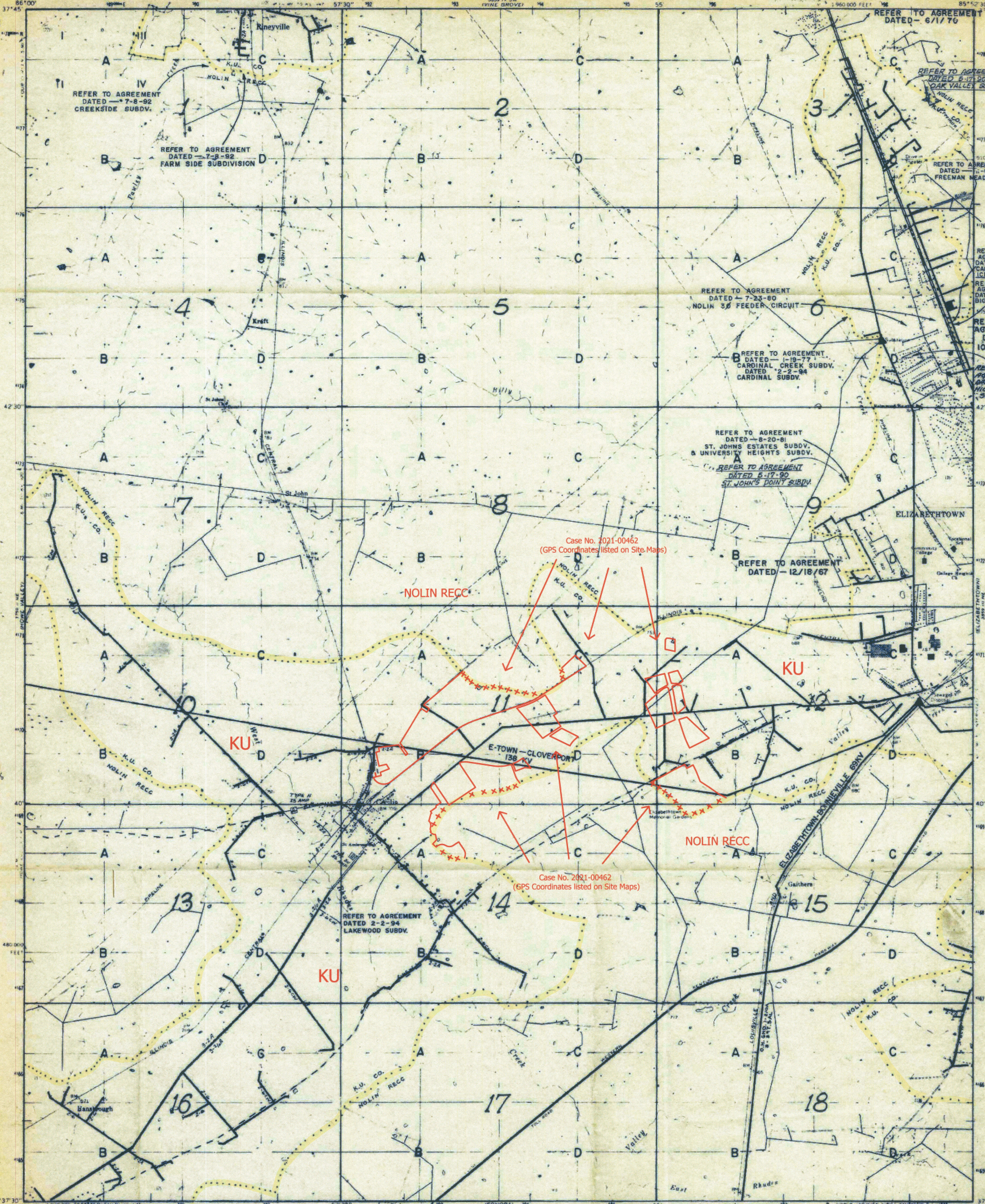
BY: Tom Bell

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

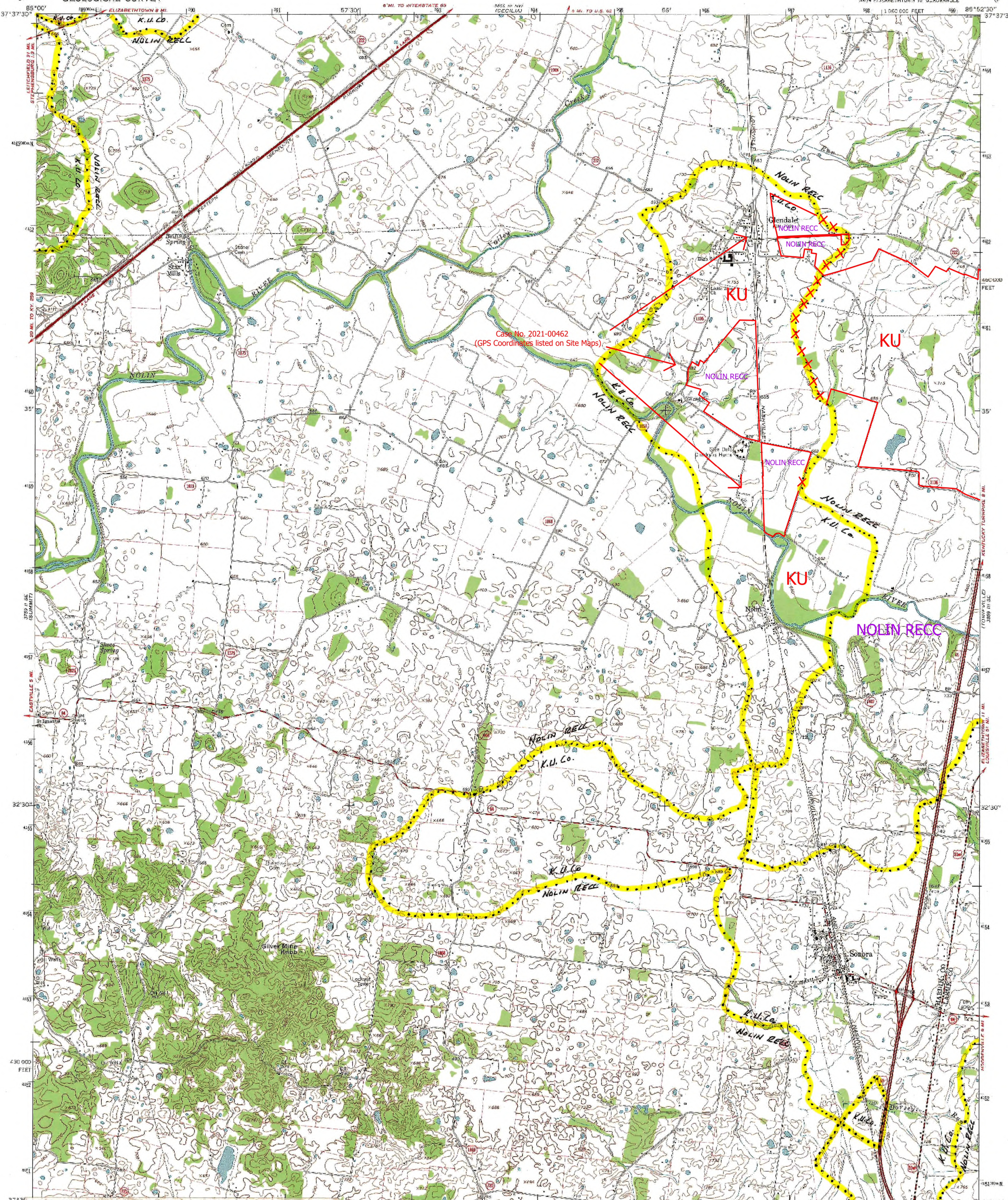
1967
AMS 3859 11 NW SERIES V853

RECEIVED
APR 5 1 08 PM '95
PUBLIC SERVICE COMMISSION

Elio A. ...
25-6-1
Case # 95-051

EXHIBIT 1.2

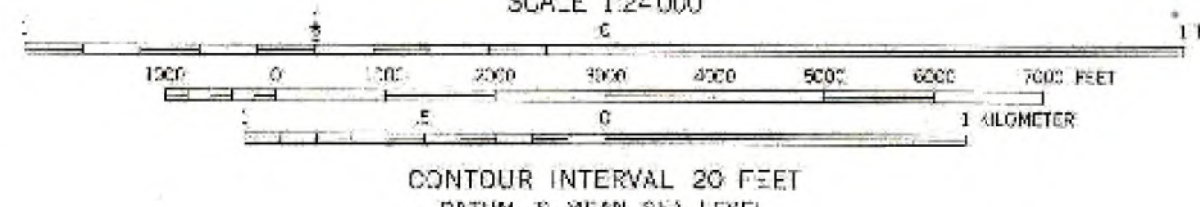
PROPOSED AMENDMENT OF SONORA (25-G-3)



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:



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

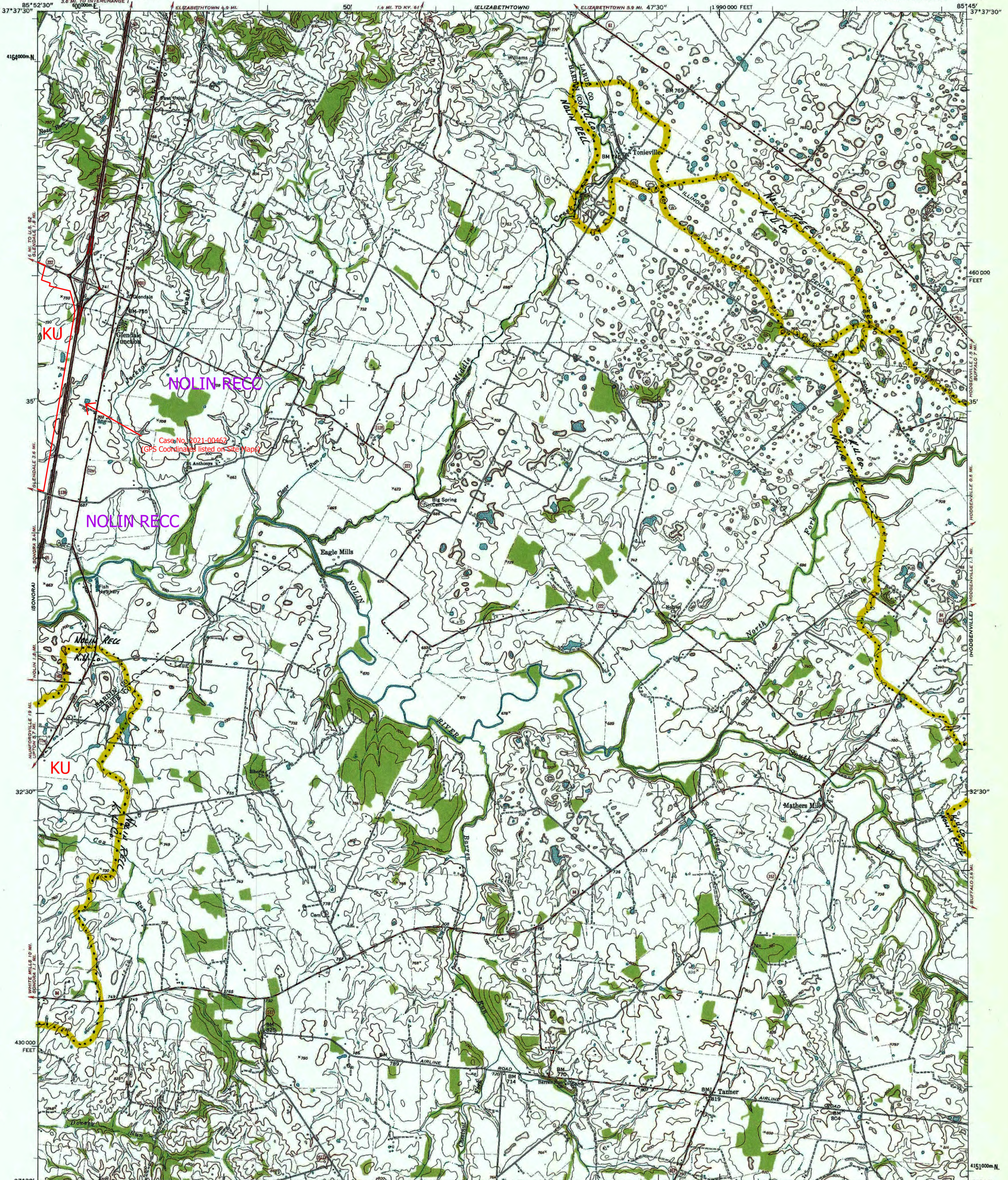
ROAD CLASSIFICATION
Primary highway, all weather, hard surface
Secondary highway all weather, hard surface
Light-duty road, all weather, improved surface
Unimproved road, fair- or dry weather
Interstate Route U.S. Route State Route

SONORA, KY.
SW/4 ELIZABETHTOWN 10 QUADRANGLE
N3733-W8552.5/7.5
1967
45 3838 III SW SERIES V853

25-63

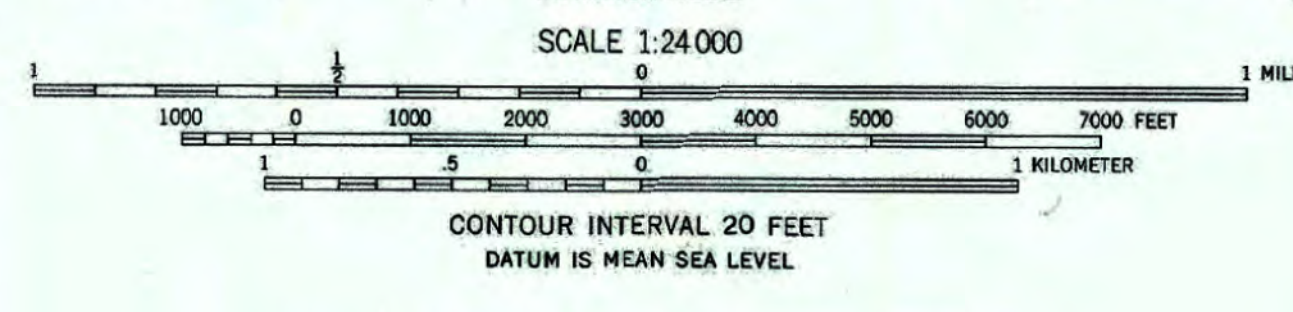
EXHIBIT 1.3

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>	6/2/02 6/3/02
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: *Nolin RECC*



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

PUBLIC SERVICE COMMISSION
APPROVED
AS TO AREAS OF CERTIFICATION
BOUNDARY LINES
Date: *9/27/02* Approved: *RCA*

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

25-G-4
1960

*Honorable Allyson K Sturgeon
Managing Senior Counsel - Regulatory &
LG&E and KU Energy LLC
220 West Main Street
Louisville, KENTUCKY 40202

*David S Samford
Goss Samford, PLLC
2365 Harrodsburg Road, Suite B325
Lexington, KENTUCKY 40504

*Honorable Kendrick R Riggs
Attorney at Law
Stoll Keenon Ogden, PLLC
2000 PNC Plaza
500 W Jefferson Street
Louisville, KENTUCKY 40202-2828

*Nolin R.E.C.C.
411 Ring Road
 Elizabethtown, KY 42701-6767

*East Kentucky Power Cooperative, Inc.
4775 Lexington Road
P. O. Box 707
Winchester, KY 40392-0707

*Rick LoveKamp
Kentucky Utilities Company
220 W. Main Street
P. O. Box 32010
Louisville, KY 40202

*Kentucky Utilities Company
220 W. Main Street
P. O. Box 32010
Louisville, KY 40232-2010