

FRANCHISE AGREEMENT

This Franchise Agreement ("Agreement") is hereby made and entered into this 8TH day of June, 2026, by and between the City of Nortonville in the Commonwealth of Kentucky ("City") and Kentucky Utilities Company ("KU").

WITNESSETH:

WHEREAS the City adopted Ordinance No. 2026-002 on April 27, 2026, pursuant to which the City has awarded KU a non-exclusive electric franchise ("Franchise") over the public rights-of-way within the City's corporate limits, subject to and in accordance with the terms of this Agreement; and

WHEREAS the above-referenced Ordinance requires the City and KU execute this Agreement;

NOW, THEREFORE, in consideration of the faithful performance and strict observance by KU and the City of all terms, provisions, conditions, obligations, and reservations set forth herein, it is hereby agreed between the parties as follows:

1. Grant and Acceptance. The City hereby grants to KU a non-exclusive franchise to enter upon, acquire, construct, operate, maintain, install, use, and repair, in the public rights-of-way of the City, an electric distribution system within the corporate boundaries of the City as it now exists or may hereafter be constituted or extended, subject to the provisions of this Agreement. Such system may include pipes, wire, manholes, ducts, structures, stations, towers, amplifiers, poles, overhead conductors and devices, underground conductors and devices, transformers, and any other apparatus, equipment and facilities (collectively "Equipment") necessary, essential, and/or used or useful to the distribution and sale of electric service through the City and to any other town or any portion of the county or to any other county ("Services"). Additionally, KU shall have the right to use the streets with its service and maintenance vehicles in furtherance of the Franchise. Unless there is an emergency, prior to beginning the construction or installation of any new equipment under the Franchise, KU shall obtain any necessary governmental permits for such construction or installation, copies of which it shall provide to the City. Work performed by KU under the Franchise shall be performed in a workmanlike manner



and in such a way as not to unnecessarily interfere with the public's use of City streets. Whenever the surface of any City street is opened, it must be restored at the expense of KU within a reasonable time to a condition comparable to what it was prior to the opening thereof.

2. Definitions. Terms not defined but referred to herein shall be construed to reflect common usage or the common usage as would apply in the electric service industry.

3. Term of Franchise; Termination. The Franchise shall be non-exclusive and shall continue for a period of Twenty (20) years with the first billing cycle on or after the expiration of the existing franchise agreement, as set forth in Section 5 below. KU may, at its option, terminate the Franchise and this Agreement upon Five (5) days' written notice if (a) the City breaches any of its obligations hereunder and such breach is not cured within Thirty (30) days of KU's notice to the City of such breach; (b) KU is not permitted to pass through to affected customers all fees payable by it under Sections 9 and 10 below; or (c) the City creates or amends any ordinance or regulation which, as determined in good faith and subject to objective reasonableness, would have the effect of (i) substantially altering, amending, or adding to the terms of this Agreement, (ii) substantially impairing KU's ability to perform its obligations under the Franchise in an efficient, unencumbered and profitable way; or (iii) preventing KU from complying with applicable statutes or regulations, rules or orders issued by the Kentucky Public Service Commission (or any successor regulatory body). Without diminishing KU's rights under this Section 3, the City agrees that to the extent it desires to pass or amend an ordinance or regulation which could have the effect of substantially (i) altering, amending, or adding to the terms of this Agreement; (ii) impairing KU's ability to perform its obligations under the Franchise in an efficient, unencumbered and profitable way; or (iii) preventing KU from complying with applicable statutes or regulations, rules or orders issued by the Kentucky Public Service Commission (or any successor regulatory body), that it will first discuss such proposed ordinance or regulation with KU and the parties shall negotiate in good faith regarding the same.

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4. Territorial Extent of the Franchise. KU is authorized to operate throughout all the territory within the corporate limits of the City for which it is authorized under state or federal law.

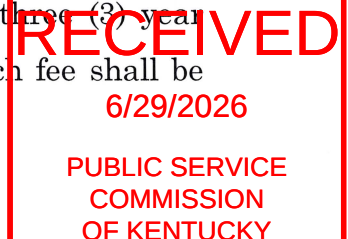
5. Effective Date. This Agreement shall become effective with the first billing cycle on or after the expiration of the existing franchise agreement.

6. Compliance with City Regulations. Subject to Section 3 hereof, KU will comply with all applicable provisions of lawful City ordinances and regulations (including any amendments thereto), unless such provisions (i) conflict with or impair KU's ability to comply with any rule, regulation, or order issued by the Kentucky Public Service Commission (or any successor regulatory body) related to KU's rates or services, or otherwise (ii) are preempted by the action of any authority with jurisdiction over KU.

7. Rights Reserved by City. Subject to the above provisions, the Franchise is expressly subject to the right of the City: (i) to repeal the same for misuse, nonuse, or KU's failure to comply with applicable local, state, or federal laws; (ii) to impose such other regulations as may be determined by the City to be conducive to the safety, welfare, and morals of the public; and/or (iii) to control and regulate the use of its streets, roads, alleys, bridges, public places and space about and beneath them.

8. Liability and Indemnification. KU shall indemnify, defend, and hold harmless the City from and against claims by third parties asserted against the City alleging or claiming that KU's use of the public streets or the presence or operation of KU's equipment on or along said streets has caused damage to tangible property or bodily injury, if and to the extent such damage or injury is not caused by the City's negligence or misconduct.

9. Franchise Fees. As compensation for the Franchise granted to KU, the City shall receive payment of a total annual fee of Three Percent (3.0%) of the gross receipts per year from KU's sale of electricity to electric-consuming entities inside the City's corporate limits with the right to decrease or increase to a total annual fee of up to Five (5) percent of the gross receipts at each three (3) year anniversary of the franchise agreement; provided, however, that such fee shall be



payable by KU only if and to the extent KU is authorized by the Kentucky Public Service Commission (or any successor regulatory body) to pass through such fees to the entities served by it inside the City's corporate limits; *and provided further*, the City shall provide the Company a list, in electronic format, of all addresses within the City corporate limits that are to be served by the Company, which shall be updated annually. Payment of any amount due under this Agreement shall be made on a quarterly basis within Sixty (60) days of the end of the preceding payment period.

10. Other Fees. Any other fees assessed to KU in connection with KU's use of the City's public ways, including fees associated with permits and licenses of whatever nature, shall be payable by KU only if and to the extent KU is authorized by the Kentucky Public Service Commission (or any successor regulatory body) to pass through such fees to the entities served by it inside the City's corporate limits.

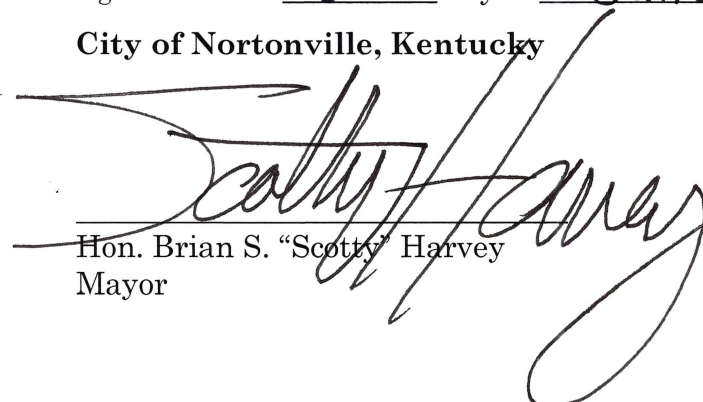
11. Insurance Bonds. KU shall maintain in force throughout the term of this Franchise both general liability insurance and motor vehicle insurance, in accordance with all applicable laws and regulations.

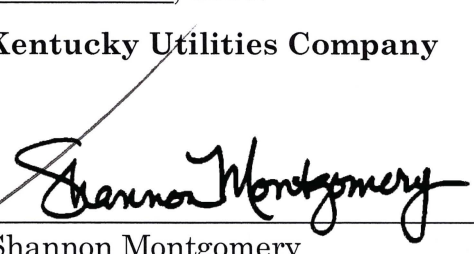
12. Rate Regulation. KU agrees to charge such rate or rates as may from time to time be fixed by the Kentucky Public Service Commission (or any successor regulatory body).

Agreed to this 8th day of June, 2026.

City of Nortonville, Kentucky

Kentucky Utilities Company


Hon. Brian S. "Scotty" Harvey
Mayor


Shannon Montgomery
Vice President, Customer Service

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