

**MEMORANDUM OF UNDERSTANDING**

This Memorandum of Understanding is entered into this <sup>6<sup>th</sup></sup> day of September, 2022, by and among Kentucky Utilities Company (“KU”), and Lexington-Fayette Urban County Government (“LFUCG”).

WHEREAS, KU owns and operates a transmission and distribution system in Lexington-Fayette County; and in 2019, in accordance with its cycle-based, system-wide vegetation management program, KU began vegetation work in Lexington-Fayette County necessary to protect the integrity of those transmission facilities in order for KU to continue providing safe and reliable service;

WHEREAS, on or about December 1, 2021, LFUCG filed an action in Fayette Circuit Court, Case No. 21-CI-03574, seeking, *inter alia*, an injunction halting KU’s vegetation management work in Lexington-Fayette County and a declaration that KU’s vegetation management procedures are unlawful (the “Lawsuit”);

WHEREAS, on or about December 3, 2021, KU agreed to temporarily suspend removal of trees on Lansdowne Drive, and to hold the Lawsuit in abeyance while the parties attempted to negotiate a broader resolution suitable to both parties;

WHEREAS representatives from KU and LFUCG have met several times to conduct those negotiations in good faith and to expressly consider six requests made by the LFUCG mayor in writing to KU; and

WHEREAS the parties have now reached a mutually agreeable resolution.

NOW THEREFORE, the parties hereby mutually agree as follows:

LFUCG agrees to file a dismissal, with prejudice, of Case No. 21-CI-03574, to sign a release of all claims relating to that Lawsuit, and to consent to KU resuming its vegetation management work in Lexington-Fayette County in exchange for the following commitments from KU:

(1) The below program modification commitments for non-NERC transmission lines by KU address the mayor’s first request, which was to “[c]onsider the potential for changes and compromise to reduce the amount of tree cutting currently taking place.” Together, these modifications are expected to result in approximately 50% of trees saved compared to the original plan in Lexington-Fayette County.

(a) For areas with a maintained landscape, previously referenced as urban, KU will replace its current “ground up” approach (which considers trees with the potential to grow taller than 15 feet at maturity incompatible for the transmission right-of-way wire zone) with a “wire down” approach (which instead considers the position of the wire at maximum sag and National Electrical Safety Code blowout conditions, and incorporates a 20-foot safety zone around that position). A graphic representation of this wire down approach is attached hereto as Exhibit “A” and incorporated herein by reference.

- (b) KU will implement a shared corridor management approach in areas where multi-span electric distribution lines run directly under electric transmission lines. In these areas, trees infringing on transmission infrastructure and located directly under distribution lines will be maintained by distribution management efforts that, instead of removing the trees, will trim them to where practicable maintain the required distance from transmission lines.
- (c) All of the remaining non-NERC transmission line work to be performed by KU in Lexington-Fayette County, in maintained or landscaped areas, is agreed by the parties to be located in an urban area and therefore subject to either the wire down or shared corridor management approach. KU reserves the right to maintain NERC-designated lines by limiting vegetation or trees to those species with a maximum mature height of 15 feet.

(2) The below commitments by KU address the mayor's second request, which was to "[c]onsider more robust revegetation on private and public property easements."

- (a) As KU resumes the vegetation management work throughout public areas (properties) in Lexington-Fayette County, KU will continue to collaborate with LFUCG, homeowners' associations and stakeholders on developing appropriate replanting plans for public property associated with KU's transmission lines and conducting those plans in close coordination with any tree removals. It is agreed by the parties that public property includes any property for which the government has a legal interest as shown on Exhibit "B" and incorporated herein by reference.
- (b) For all other properties, KU will continue to make reasonable efforts to communicate with property owners to discuss tree removals and mitigation prior to the start of work. KU will update its mitigation efforts for the initial reclaim cycle to increase the monetary compensation to property owners by 20%, providing \$300 per yard tree up to \$1,800 per parcel of private property. A yard tree is defined as a tree in a maintained area, generally mowed around.

(3) The below commitments by KU address the mayor's third request, which was to "[p]rovide better notification to neighborhoods and neighbors when there are plans to cut trees along electrical line routes."

- (a) As part of its existing cycle-based vegetation management program, KU personnel currently contact and/or meet with area representatives in advance of beginning any vegetation management work in a new area to ensure awareness of the work and its purpose, send out advanced mailings to ensure customer awareness and provide company contact information. and make reasonable efforts to communicate with property owners impacted by the work. Within Lexington-Fayette County, these efforts have included ongoing monthly meetings with LFUCG and council members. As part of enhanced efforts in this area, KU will work to broaden awareness of planned work by providing additional mailings to those within the project areas; developing a map highlighting upcoming vegetation work areas;

providing updates on the company website; and using social media within targeted work areas when possible. KU agrees to publish its vegetation management program on its corporate website. Additionally, KU commits reasonable efforts to provide at least four weeks advance written notice (*i.e.*, mailer, door hanger) to property owners before work begins and at least six weeks (but with a goal of at least eight weeks) advance written notice to elected officials/HOA leadership.

(4) The below commitments address the mayor's fourth request, which was to "[a]llow the city to provide input on the stormwater study KU intends to conduct."

KU enlisted the work of a third-party environmental consultant to perform a review that included a stormwater analysis in the Lakes Edge area in Lexington-Fayette County where there are known stormwater capacity challenges. LFUCG officials and Lakes Edge Homeowners Association provided input regarding existing water impacts, which was provided to the consultant performing the review. After the review was completed, KU met with LFUCG staff to discuss the assessment. Their feedback is being incorporated into the final draft, which will be released upon completion.

(5) The below commitment addresses the mayor's fifth request to "[s]tudy the Kentucky geological survey maps for sinkhole impacts from tree cutting."

The environmental assessment performed by the third-party environmental consultant included a sinkhole review and did not identify any specific concerns regarding sinkholes and impacts from tree removals.

(6) The below commitment addresses the mayor's sixth request to "[i]mplement at least a 30-day moratorium on tree cutting to study and consider these requests."

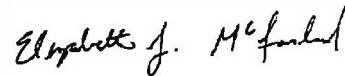
KU has paused all vegetation management work across Lexington-Fayette County since December 2021 as KU worked to have the environmental assessment completed, to allow an opportunity for the negotiations with the mayor and other LFUCG officials, and to further explore how KU might best address the concerns raised while also ensuring the safety and reliability of our system for KU's customers.



Lexington-Fayette Urban County Government  
By: M. Todd Osterloh



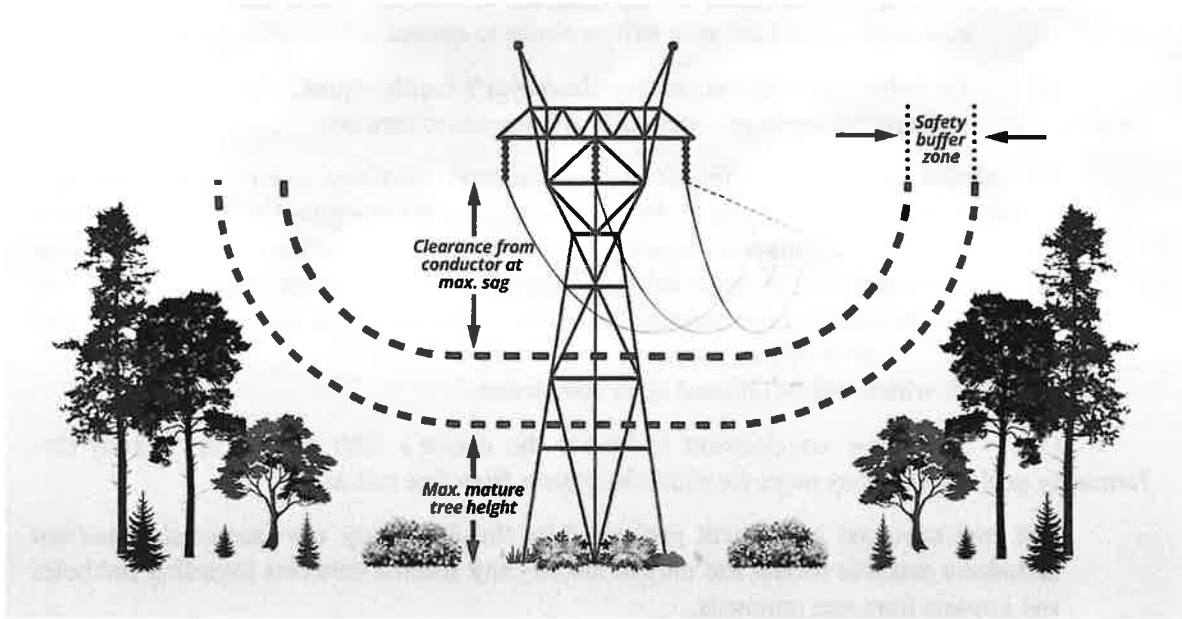
David Barberie  
Counsel for LFUCG



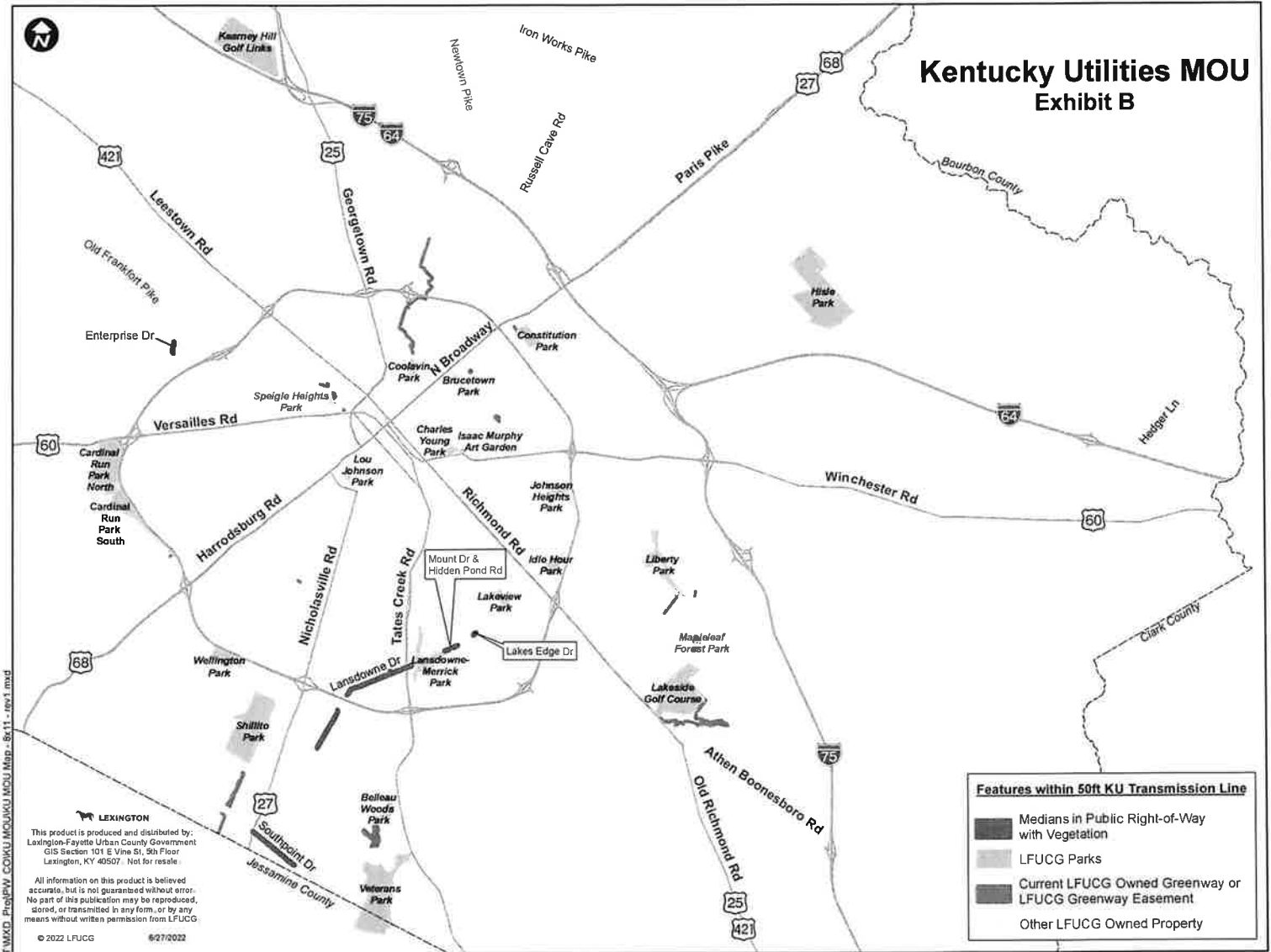
Kentucky Utilities Co.  
By: Elizabeth McFarland  
VP of Transmission

KU Vegetation Management - Exhibit A

Graphic Representation of Wire Down Analysis



# Kentucky Utilities MOU Exhibit B



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**LEXINGTON**  
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**RELEASE**

This Release is made and entered into as of the 6<sup>th</sup> day of September 2022, by and between (i) **Kentucky Utilities Company** ("KU") and (ii) **Lexington-Fayette Urban County Government** ("LFUCG"), with each a "Party" and collectively the "Parties."

**RECITALS:**

WHEREAS, LFUCG filed a lawsuit on or about December 2, 2021 in the Fayette Circuit Court styled *Lexington-Fayette Urban County Government v. Kentucky Utilities Company*, Case No. 21-CI-03574 ("Lawsuit");

WHEREAS, the Parties have agreed that it is in their respective interests to compromise and fully settle any existing or potential claims and disputes asserted or that could have been asserted in the Lawsuit;

WHEREAS, the Parties memorialized the terms of their agreement in a Memorandum of Understanding ("MOU") regarding KU's vegetation management program in Lexington, Kentucky that was approved by the LFUCG Council on August 18, 2022;

NOW THEREFORE, in consideration of the mutual agreements contained herein and in the MOU, the benefits to be derived from the Parties therefrom, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:


1. **Release.** In exchange for the promises and undertakings provided in this Release and the MOU, LFUCG, on behalf of and for the benefit of, itself/their and its/their representatives, agents, attorneys, conservators, trustees, members, officers, directors, employees, predecessors, successors, insurers, divisions, subdivisions and affiliated entities, and all their past, present or future assigns or successors (each a "Released Party"), hereby forever releases any and all claims, demands, rights, causes of action, obligations, damages, costs, expenses, fees, compensation, and liabilities of any nature whatsoever, whether known or unknown, direct or indirect, suspected or claimed, accrued or un-accrued, contingent or vested, that relate in any way to the Lawsuit (the "Released Claims"). LFUCG further agrees and covenants that neither it, nor any person or entity claiming by or through them, shall ever commence, join in, or participate as a party in any suit or other proceeding against KU for any claim arising out of, by reason of, in connection with, or in any way related to, the Released Claims. This is a general release and should be construed as broadly as the law allows.

2. **Dismissal of Lawsuit.** The Parties agree that upon execution of this Release, LFUCG will file a voluntary dismissal, with prejudice, of all claims against KU in the Lawsuit pursuant to CR 41.01(1). After execution of the agreed order of dismissal, LFUCG shall take all actions necessary to tender the dismissal to the Fayette Circuit Court.

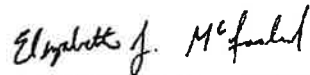
EXECUTED and effective as of the date first above written.

THEREFORE, the Parties have executed this Release as of the day and year written above and have set forth their signatures below.

**LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT**

By:   
Name: Susan B. Speckert  
Its: COMMISSIONER of LAW

**KENTUCKY UTILITIES COMPANY**

By:   
Name: Elizabeth McFarland  
Its: VP of Transmission