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May 26, 2011

Mr. Jeff Derouen
Executive Director
Public Service Commission of Kentucky
211 Sower Boulevard
Frankfort, Kentucky 40602

RE: Application of Kentucky Utilities Company for a Certificate of Public Convenience and Necessity Authorizing KU to Bid on a Franchise Established by the City of Drakesboro

Dear Mr. Derouen:

Enclosed please find an original and 10 copies of an Application for a Certificate of Public Convenience and Necessity ("CCN"), to enable Kentucky Utilities Company (the "Company") to apply for an electric franchise with the City of Drakesboro (the "City") pursuant to KRS 278.020(4). In a public meeting held on May 16, 2011, the City Council of Drakesboro, Kentucky passed Ordinance No. 04-18-2011, which directed the advertising for bids and selling of an electric franchise in the City.

For many years, the Company has been the owner of a franchise granted by the City to erect facilities for providing electric service to the City and the inhabitants thereof. The franchise to be obtained will replace the previous franchise.

If you have any questions, please do not hesitate to contact me.

Very truly yours,

Allyson K. Sturgeon

Enclosures

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PUBLIC SERVICE
COMMISSION

**BEFORE THE
KENTUCKY PUBLIC SERVICE COMMISSION**

In the Matter of:

**APPLICATION OF KENTUCKY UTILITIES COMPANY)
FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND)
NECESSITY AUTHORIZING KU TO BID ON A) CASE NO. 2011-_____
FRANCHISE ESTABLISHED BY THE CITY OF)
DRAKESBORO, KENTUCKY)**

APPLICATION

The Applicant, Kentucky Utilities Company (“KU”), respectfully states as follows:

1. The Post Office address of the principal office of Applicant is 220 West Main Street, Louisville, Kentucky 40202. KU is a Kentucky corporation authorized to do business in the Commonwealth of Kentucky.

2. KU is a utility engaged in the business of supplying electric service in and to various cities and the inhabitants thereof within the Commonwealth of Kentucky, and has conducted such business for a number of years. The instant filing is made in accordance with Section 278.020(4) of the Kentucky Revised Statutes.

3. Receipt of the requested certificate will allow KU to pursue its bid on a new franchise for which the City of Drakesboro, Kentucky (the “City”) has solicited bids pursuant to resolution or ordinance and advertisement, a copy of which is attached hereto as Exhibit A.

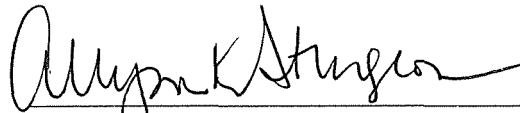
4. A certified copy of KU’s Articles of Incorporation is already on file with the Commission in Case No. 2010-00204 and is incorporated herein by reference pursuant to 807 KAR 5:001, Section 8(3).

5. There is and will continue to be a demand and need for electric service in the areas of the City subject to the franchise, and KU desires to obtain a franchise in accordance with the bidding protocol established by the City.

6. Should KU be successful in acquiring said franchise, it will file copies thereof with the Commission.

WHEREFORE, Kentucky Utilities Company asks that the Commission enter an Order granting to KU a Certificate of Public Convenience and Necessity to bid for and acquire a franchise from the City.

Dated at Louisville, Kentucky, this 26th day of May, 2011.



Allyson K. Sturgeon
Senior Corporate Counsel
Kentucky Utilities Company
220 West Main Street
Louisville, Kentucky 40202
(502) 627-2088

Exhibit A



LEGAL NOTICES

NOTICE OF SALE OF FRANCHISE

By virtue of a resolution heretofore passed by the Council of the City of Drakesboro, Kentucky, directing the advertisement for bids and selling of a franchise to use certain streets, alleys, and public grounds of the city of Drakesboro, Kentucky for the purpose of owning, operating, equipping and maintaining a system for the transmission and distribution of electric energy. The City Clerk of Drakesboro will on June 20, 2011, at or about 5:00 p.m., sell at public auction to the highest bidder at the City Hall of Drakesboro a franchise for the purpose set out. Said franchise is more particularly described and fully defined in a proposed ordinance granting and creating the same and said proposed ordinance defines the terms and conditions upon which said sale

shall be made, the full text of which is available for inspection in the office of the Drakesboro City Clerk, 303 Mose Rager Blvd., Drakesboro, Kentucky. The ordinance by title and summary is as follows:
ORDINANCE #04-18-2011. AN ORDINANCE ESTABLISHING A FRANCHISE AGREEMENT RELATED TO THE TRANSMISSION AND DISTRIBUTION OF ELECTRICAL ENERGY, AND THE PROVISION OF RETAIL ELECTRIC SERVICE IN AREAS HERETOFORE SERVED BY KENTUCKY UTILITIES COMPANY.

Misty Hambrick City Clerk
Published May 25, 2011
5-24c

**COMMONWEALTH OF KENTUCKY
CITY OF DRAKESBORO**

ORDINANCE NO. 04-18-2011

AN ORDINANCE CREATING A FRANCHISE FOR THE ERECTION, LAYING AND MAINTENANCE OF ELECTRIC FACILITIES AND APPURTENANT FACILITIES AND EQUIPMENT IN, ALONG AND ACROSS THE PUBLIC WAYS, ROADS, STREETS, ALLEYS AND OTHER PUBLIC PLACES IN THE CITY OF DRAKESBORO, KENTUCKY; FOR FURNISHING AND SELLING ELECTRICITY BY MEANS OF SAID FACILITIES; AND PROVIDING FOR THE SALE OF SAID FRANCHISE.

WHEREAS, the City of Drakesboro, wishes to ensure that electric service continues to be furnished to its citizens in a reliable and efficient manner;

WHEREAS, the City is aware that the provision of such service requires the continued use of public streets, ways, alleys and other public places;

WHEREAS, the franchise granted to and acquired by [Kentucky Utilities] on May 15, 1991, under which that utility provided such service, has expired by its terms;

WHEREAS, the City wishes to provide for the sale of a new franchise for the benefit of its citizenry, giving effect to Section 96.010 of the Kentucky Revised Statutes;

NOW, THEREFORE, BE IT ORDAINED as follows:

Section 1. An exclusive franchise ("Franchise") to use the City's public rights-of-way, as described in the Franchise Agreement attached to this Ordinance, is hereby created.

Section 2. The Franchise created by this Ordinance shall be bid in accordance with the applicable requirements of the Constitution of the Commonwealth of Kentucky and Chapter 424 of the Kentucky Revised Statutes, as well as any applicable City ordinances.

Section 3. The Franchise created by this Ordinance shall be awarded to the highest and best bidder as shall be determined by the City in its sole discretion. In awarding the Franchise, the

City shall consider the technical, managerial, and financial qualifications of the bidder to perform its obligations under the Franchise.

Section 4. The winning bidder and the City shall negotiate, execute and be bound by a Franchise Agreement with terms identical to, or substantially identical to, the Franchise Agreement referenced in Section 1 above and attached hereto, such Agreement to contain terms “that are fair and reasonable to the [C]ity, to the purchaser of the [F]ranchise and to the patrons of the utility” (KRS Section 96.010). Such Franchise Agreement shall take effect no earlier than 90 days after its execution, to allow the City and the winner bidder to develop appropriate procedures for identifying and reviewing the electric-consuming entities within the City’s corporate limits.

Section 5. All ordinances or parts of ordinances in conflict with the provisions of this Ordinance are hereby repealed.

Section 6. Should any section, clause, line, paragraph, or part of this Ordinance or the attached Agreement be held unconstitutional or invalid for any reason, the same not affect the remainder of this Ordinance or the attached Agreement, as applicable.

Section 7. Time is of the essence in carrying out the terms and the provisions of this Ordinance and the Franchise created herein.

Section 8. This Ordinance shall become effective from and after its passage and publication. Read at a meeting of the Drakesboro City Council on the 18th day of April, 2011; a second reading was held on the 16th day of May, 2011; said Ordinance was READ and APPROVED on the 16th day of May, 2011.

Jesse C. Gibson, Mayor
ATTESTED BY:

Misty Hambright, City Clerk