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MAY 01 2013

PUBLIC SERVICE  
COMMISSION  
LG&E and KU Energy LLC  
Legal Department  
220 West Main Street  
Louisville, Kentucky 40202  
[www.lge-ku.com](http://www.lge-ku.com)

May 1, 2013

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

Allyson K. Sturgeon  
Senior Corporate Attorney  
T 502-627-2088  
F 502-217-4995  
[allyson.sturgeon@lge-ku.com](mailto:allyson.sturgeon@lge-ku.com)

**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 Cynthiana**

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 Cynthiana (the "City") pursuant to KRS 278.020(4). In a public meeting held on April 23, 2013, the City Council of Cynthiana, Kentucky passed Ordinance No. 1501, which directed the advertising for bids and selling of an electric franchise in the City. The Company asks that the Commission enter an Order granting a Certificate of Public Convenience and Necessity to bid for and acquire a franchise from the City on or before May 14, 2013.

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. 2013-\_\_\_\_\_  
FRANCHISE ESTABLISHED BY THE CITY OF )  
CYNTHIANA, 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 Cynthiana, 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 14(2)(a).

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 on or before May 10, 2013.

Dated at Louisville, Kentucky, this 1<sup>st</sup> day of May, 2013.

A handwritten signature in black ink, reading "Allyson K. Sturgeon", written over a horizontal line.

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

## **Exhibit A**

NOTICE OF SALE OF ELECTRIC FRANCHISE

NOTICE IS HEREBY GIVEN that the City of Cynthiana, Kentucky, will on May 14, 2013, at 10:00a.m., at City Hall, 104 E. Pleasant Street, Cynthiana, Kentucky, consider offers for sale to the highest and best bidder, plus all costs, including advertising cost, a franchise as defined in Ordinance #1501, adopted by the Board of Commissioners on April 23, 2013, the full text of which Ordinance is available for inspection in the Office of the City Clerk, City Hall, 104 E. Pleasant Street, Cynthiana, Kentucky, between the hours of 8:00 a.m. and 4:00 p.m., Monday through Friday:

ORDINANCE NO. 1501

AN ORDINANCE CREATING AND ESTABLISHING FOR BID A NON-EXCLUSIVE ELECTRIC FRANCHISE FOR THE PLACEMENT OF FACILITIES FOR THE TRANSMISSION, DISTRIBUTION AND SALE OF ELECTRICAL ENERGY WITHIN THE PUBLIC RIGHT-OF-WAY OF THE CITY OF CYNTHIANA FOR A TEN (10) YEAR DURATION, IN RETURN FOR PAYMENT TO THE CITY OF CYNTHIANA OF THE SUM OF THREE PERCENT (3%) OF FRANCHISEE'S GROSS RECEIPTS PER YEAR FROM THE FRANCHISEE'S SALE OF ELECTRICITY TO ELECTRIC-CONSUMING ENTITIES INSIDE THE CITY OF CYNTHIANA'S CORPORATE LIMITS AND FURTHER PROVIDING FOR COMPLIANCE WITH RELEVANT LAWS, REGULATIONS AND STANDARDS; INDEMNIFICATION; INSURANCE; CANCELLATION OR TERMINATION; AND BID REQUIREMENTS; ALL EFFECTIVE ON DATE OF PASSAGE

Sealed bids are to be delivered to the Office of the City Clerk, City Hall, 104 E. Pleasant Street, Cynthiana, Kentucky 41031 to be publicly opened and read at 10:00a.m. On May 14, 2013.

The City of Cynthiana reserves the right to accept any bid, to reject any and all bids, to waive any irregularities or informalities in awarding the franchise, and to accept what, in its opinion, is the lowest, responsive, responsible and best bid which is in the best interest of, and most advantageous to, the City.

SUMMARY OF ORDINANCE NO. 1501

The following is a summary of Ordinance No. 1501 prepared in accordance with KRS 83A.060(9):

AN ORDINANCE CREATING AND ESTABLISHING FOR BID A NON-EXCLUSIVE ELECTRIC FRANCHISE FOR THE PLACEMENT OF FACILITIES FOR THE TRANSMISSION, DISTRIBUTION AND SALE OF ELECTRICAL ENERGY WITHIN THE PUBLIC RIGHT-OF-WAY OF THE CITY OF CYNTHIANA FOR A TEN (10) YEAR DURATION, IN RETURN FOR PAYMENT TO THE CITY OF CYNTHIANA OF THE SUM OF THREE PERCENT (3%) OF FRANCHISEE'S GROSS RECEIPTS PER YEAR FROM THE FRANCHISEE'S SALE OF ELECTRICITY TO ELECTRIC-CONSUMING ENTITIES INSIDE THE CITY OF CYNTHIANA'S CORPORATE LIMITS AND FURTHER PROVIDING FOR COMPLIANCE WITH RELEVANT LAWS, REGULATIONS AND STANDARDS; IDEMNIFICATION; INSURANCE; CANCELLATION OR TERMINATION; AND BID REQUIREMENTS; ALL EFFECTIVE ON DATE OF PASSAGE.

The Ordinance provides for the following:

The Ordinance creates and establishes a non-exclusive electric franchise for the placement of facilities for the transmission, distribution and sale of electrical energy within the public right-of-way of the City of Cynthiana for a period of ten (10) years in return

for payment to the City of Cynthiana of the sum of three percent (3%) of the successful franchisee's gross receipts per year from the sale of electricity to electric-consuming entities, including businesses, industrial facilities and dwellings located inside the corporate limits of the City of Cynthiana.

The Ordinance further provides definitions including, but not limited to, definitions of facilities, public utilities and right-of-way; provides for indemnification in the event of claims, suits or similar causes of action or proceedings; requires the successful bidder to have commercial general liability insurance and motor vehicle insurance in accordance with all applicable laws and regulations; reserves the right to grant similar franchises to more than one company; prohibits the assignment of the franchise without at least sixty (60) days advance notice and consent by the City; provides and explains events which would permit cancellation, termination or forfeiture of the franchise; requires that the franchise be duly advertised for bid pursuant to applicable law and provides the following Section 14(a) which provides for the payment of a franchise fee and which is required to be published verbatim and which reads as follows:

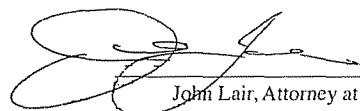
SECTION 14. -

(a) In consideration for the granting of the franchise the Company agrees to pay to the Government a franchise fee in a sum equal to three percent (3%) of gross receipts per year from the Company's sale of electricity to all electric-consuming entities (which includes businesses, industrial facilities and dwellings) inside the City's corporate limits; provided, however, that such fee shall be payable by the Company only if and to the extent the Company is authorized by the Kentucky Public Service Commission (or its successor) to pass through such fee to the entities served by it inside the Government's corporate limits; and provided further, the Government shall notify the Company, at least thirty (30) days prior to the effective date, of any annexations or other changes in the City's boundaries and provide the Company a list, in electronic format, of all addresses within the territory annexed or added to or de-annexed or otherwise removed from the Government's limits that are to be served by the Company.

The Ordinance further grants the Company the authority to trim trees located in the right-of-way according to the directives of the Government; requires the Company to comply with all applicable laws of the Commonwealth of Kentucky and the City of Cynthiana; provides that the Ordinance and the franchise awarded pursuant thereto does not create a contractual relationship in favor of any third party against either the City or the Company receiving the franchise and provides that in the event any portion of the Ordinance is held unconstitutional or otherwise declared invalid, the remainder of the Ordinance shall be unaffected. The Ordinance shall take effect no earlier than ninety (90) days after the City Commission accepts the bid from the successful bidder.

This Ordinance received first reading on April 9, 2013 and second reading on April 23, 2013 at which time the Ordinance was passed and duly adopted by the City Commission, signed by the Mayor, attested by the City Clerk and ordered to be published by summary.

This Summary of Ordinance No. 1501 was prepared by John Lair, Attorney at Law, Cynthiana, Kentucky in accordance with KRS 83A.060(9).

  
John Lair, Attorney at Law