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June 17, 2014

RECEIVED

JUN 17 2014

PUBLIC SERVICE
COMMISSION

Via Hand-Delivery

Mr. Jeffrey Derouen
Executive Director
Kentucky Public Service Commission
P.O. Box 615
211 Sower Boulevard
Frankfort, KY 40602

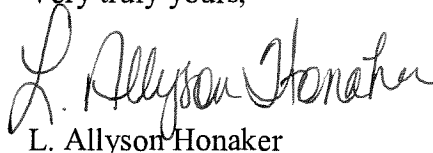
Re: In the Matter of: Application of Duke Energy Kentucky, Inc. for a
Certificate of Public Convenience and Necessity to Bid on a
Franchise to Serve the City of Southgate, Kentucky
PSC Case No. 2014-_____

Dear Mr. Derouen:

Enclosed please find for filing with the Commission in the above-referenced case an original and ten (10) copies of Duke Energy Kentucky, Inc.'s Application regarding the above-styled matter. Please return a file-stamped copy to me.

Do not hesitate to contact me if you have any questions.

Very truly yours,



L. Allyson Honaker

Enclosure

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JUN 17 2014

PUBLIC SERVICE
COMMISSION

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

APPLICATION OF DUKE ENERGY)
KENTUCKY, INC. FOR A CERTIFICATE)
OF PUBLIC CONVENIENCE AND)
NECESSITY TO BID ON A FRANCHISE)
TO SERVE THE CITY OF SOUTHGATE)
KENTUCKY)

CASE NO. 2014-_____

APPLICATION

Comes now Duke Energy Kentucky, Inc. ("Duke Energy Kentucky"), by counsel, pursuant to KRS 278.020(4), 807 KAR 5:001, Section 15(1), 807 KAR 5:001 Section 14 and other applicable law, and tenders hereby its application for a certificate of public convenience and necessity to apply for and obtain a franchise from the city of Southgate, in Campbell County, Kentucky ("Southgate"), to provide electricity and natural gas transmission and distribution service, respectfully stating as follows:

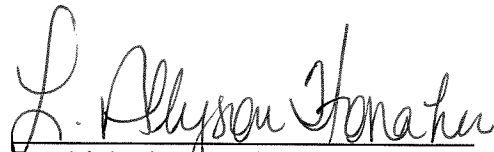
1. Duke Energy Kentucky is a Kentucky corporation, originally incorporated on March 20, 1901, that is in good standing and operating as a combined electric and natural gas utility serving approximately 240,000 customers in six Kentucky counties. Duke Energy Kentucky's business address is 139 East Fourth Street, Cincinnati, Ohio 45202 and its local address is Duke Energy Envision Center, 4580 Olympic Boulevard, Erlanger, Kentucky, 41018. Duke Energy Kentucky is the successor to Union Light, Heat and Power which held a franchise for the use of the City streets, alleys and public grounds to provide

- electricity and natural gas transmission and distribution facilities and services within the territorial limits of Southgate. However, that franchise has expired.
2. Duke Energy Kentucky proposes to bid upon a new municipal franchise to place electric and natural gas transmission and distribution facilities in public streets and places of Southgate and to provide related service to Southgate. The new franchise will be awarded by the Southgate City Council.
 3. The Southgate City Council has passed an Ordinance setting forth the requirements and deadlines for submitting a bid to secure a new franchise. Southgate has directed that bids shall be received on or before Friday, July 18, 2014. A copy of the Ordinance is attached hereto as Exhibit A and incorporated herein by reference. A copy of the Legal Notice that was published in the Community Recorder by Southgate regarding said new franchise is attached hereto as Exhibit B and incorporated herein by reference.
 4. As evidenced by the Ordinance, there is, and will continue to be, a demand and need for the facilities and services sought to be rendered by Duke Energy Kentucky pursuant to the franchise.
 5. Upon obtaining a franchise from Southgate, Duke Energy Kentucky will file a true and correct copy of same with the Commission.

WHEREFORE, on the basis of the foregoing, Duke Energy Kentucky respectfully requests the Commission to approve this application and to issue to Duke Kentucky a certificate of public convenience and necessity authorizing it to apply for and obtain a franchise from Southgate, as set forth herein.

This the 17th day of June, 2014.

Respectfully Submitted,



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and

Rocco O. D'Ascenzo
Duke Energy Business Services, LLC
139 East Fourth Street/1303-Main
P.O. Box 960 Cincinnati, OH 45202
(513) 287-4320
Rocco.D'Ascenzo@duke-energy.com

Counsel for Duke Energy Kentucky, Inc.

**CITY OF SOUTHGATE, KENTUCKY
ORDINANCE NO. 14-02**

AN ORDINANCE OF THE CITY OF SOUTHGATE, KENTUCKY ESTABLISHING A NON-EXCLUSIVE FRANCHISE FOR THE USE OF THE PUBLIC STREETS, ALLEYS AND OTHER PUBLIC GROUNDS OF THE CITY FOR THE TRANSMISSION AND DISTRIBUTION OF ELECTRICITY AND GAS THROUGH AND FOR CONSUMPTION WITHIN THE CITY; AND PROVIDING THE TERMS THEREOF.

WHEREAS, Duke Energy Kentucky, Inc. ("Duke Energy") is a public utility subject to the provisions of Sections 163 and 164 of the Kentucky Constitution and KRS 96.010 through 96.045; and

WHEREAS, Section 163 of the Kentucky Constitution prohibits public utilities from using the streets, alleys and other public grounds within a city without a franchise for that use; and

WHEREAS, Duke Energy currently has access to the streets, alleys and public grounds of the City of Southgate, Kentucky ("City") for the transmission and distribution of electricity through and for consumption within the City; and

WHEREAS, Duke Energy is a successor to The Union Light, Heat and Power Company ("ULH&P"); and

WHEREAS, ULH&P had a franchise for the use of the City streets, alleys and public grounds for the transmission and distribution of electricity through and for consumption within the City, but that franchise expired pursuant to the terms thereof; and

WHEREAS, Duke Energy currently does not have a franchise for the use of the streets, alleys and public grounds of the City for the transmission and distribution of electricity through and for consumption within the City;

NOW, THEREFORE, for the purpose of complying with the Constitution and Revised Statutes of Kentucky and pursuant to the authority and requirements of Sections 163 and 164 of the Kentucky Constitution and KRS 96.010 through 96.045:

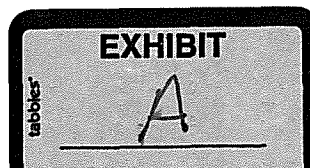
BE IT ORDAINED by the City of Southgate, Kentucky as follows:

Section 1 □ Definitions

As used herein, the following words and phrases have the meanings indicated for them:

1.1 The word "City" means the City of Southgate, Kentucky in Campbell County, Kentucky.

1.2 The words "Continuing Default" mean a default lasting for a period of more than thirty (30) consecutive calendar days.



1.3 The word "Facilities" means the tangible apparatus, equipment and instrumentalities and the appurtenances thereto used for the transmission and distribution of electricity through and within Public Property in the City, including, without limitation, poles, wires, cables, cross-arms, conduits, anchors, junction boxes, manholes, mains, pipes and valves.

1.4 The word "Franchisee" means the person to whom the City has awarded and granted a franchise hereby established.

1.5 The words "Public Property" mean real estate in the City of Southgate, Kentucky that has been dedicated or is otherwise open to public use and is subject to regulation by the City of Southgate, Kentucky.

Section 2 □ Franchise

There is hereby established a non-exclusive franchise for the use of the Public Property within the City for the transmission and distribution of electricity for consumption both within and outside of the City.

Section 3 □ Terms of Franchise

As required by KRS 96.010, the terms and conditions of the franchise hereby established are as follows:

3.1 Bidding Requirement

Pursuant to Section 164 of the Kentucky Constitution, before granting the franchise hereby established, the City shall first, after due advertisement, receive bids publicly, and award it to the highest and best bidder; but the City shall have the right to reject any and all bids. The deadline to submit bids shall be **12:00 p.m. on the 18th of July, 2014** and all bids shall be delivered, in writing, to **CITY CLERK, CITY OF SOUTHGATE, KENTUCKY, 122 Electric Avenue, Southgate, KY. 41071** by such time.

3.2 Bond Requirement

Pursuant to the requirements of KRS 96.020(1), each bid for the franchise hereby established shall include cash or a certified check equal to five percent (5%) of the fair estimated cost of the plant required to render the service. The deposit shall be forfeited to the City in case the bid is accepted and the bidder fails, for thirty (30) days after the confirmation of the sale, to pay the price bid and to give a sufficient bond in a sum equal to one-fourth (1/4) of the fair estimated cost of the plant to be erected. The bond shall be conditioned to be enforceable in case the person giving it fails, within a reasonable time, to establish a suitable plant for rendering the service and begin rendering the service in the manner set forth in the terms of the sale; provided, however, that pursuant to the provisions of KRS 96.020(2), this Section 3.2 shall not apply to a person already owning a plant and equipment sufficient to render the service required under the franchise hereby established.

3.3 Reservation of Rights

The City hereby reserves all of the rights reserved to cities of the fourth class as set forth in KRS Chapter 96 and within the meaning thereof; and the City shall have all of the rights, privileges and authority established thereby; and the Franchisee shall comply with all of the lawful exercise thereof by the City and with all other laws, rules and regulations of all governmental agencies having jurisdiction thereof.

3.4 Franchise Non-exclusive

The franchise hereby established is not an exclusive franchise. It is a non-exclusive franchise; and the City reserves the right to also grant the franchise hereby established to others in accordance with the Kentucky Certified Service Territories Act at KRS 278.016, *et seq.* and other applicable law.

3.5 Franchise Not Assignable

The franchise established hereby shall not be assignable without the written consent of the City; however, the Franchisee may assign the franchise to any corporate parent, subsidiary or affiliate which may, during the term of the franchise, assume the obligation to provide electricity throughout and for consumption within the City without being required to seek the City's consent to such assignment.

3.6 Franchise Area

The franchise established hereby shall be for the use of those portions of the Public Property within the City that are included in the territory for which the Franchisee has been certified by the Public Service Commission of Kentucky pursuant to KRS Chapter 278, or which it currently serves.

3.7 Effective Period of Franchise

The franchise established hereby shall be effective for a period of five (5) years, from the first day of the calendar month following the grant and award of a franchise hereby established to a Franchisee, unless previously terminated by the City pursuant to the provisions hereof or as otherwise provided by operation of law.

3.8 Franchise Termination

In the event of any Continuing Default by the Franchisee of any of the obligations of the franchise, and after a written notice and description thereof has been delivered to the Franchisee by the City by certified mail, return receipt requested, and upon the failure of the Franchisee to reasonably cure the default within a reasonable period of time, the City may terminate the franchise awarded and granted to the Franchisee through a written notice thereof to the Franchisee, by certified mail, return receipt requested, to be effective no less than ninety (90) days from delivery of said notice.

3.9 Franchisee Rights and Privileges During Effective Period

During the term of the franchise, the Franchisee may engage in the following activities; but always subject to the rights reserved by the City pursuant to the provisions of the previous Section 3.3 hereof:

3.9.1 Continuation of Existing Facilities

The continued operation, use, maintenance, repair, construction and/or re-construction to the existing condition thereof all of the Facilities of the Franchisee within or upon any Public Property within the City.

3.9.2 New Facilities

The Franchisee shall provide commercially reasonable notice of any non-emergency extension or expansion of any existing Facilities of the Franchisee, or the construction or installation of new Facilities within the franchise area and the plans and specifications for such new Facilities to the City. The Franchisee shall abide by the City's permitting process and receive necessary approval thereof by the Mayor or the designee thereof, which approval shall not be withheld unless the extension, expansion, construction or installation described in those plans and specifications is contrary to the public health, safety, welfare and convenience. In the event that any request for the extension or expansion of any existing Facilities of the Franchisee or the construction or installation of new Facilities of the Franchisee is denied by the Mayor or his designee, such denial shall be set forth in writing with the basis of the denial set forth therein within thirty (30) days of the Franchisee's notice. If written denial or approval is not received within thirty (30) days of the Franchisee's notice, the extension, expansion, construction or installation request shall be deemed approved. The City acknowledges that the Franchisee has a statutory duty to provide adequate, efficient and reasonable service and that the Franchisee shall not be prevented from fulfilling that statutory obligation due to any delay by the Mayor or the designee thereof in giving, or failing to give, any approval described herein. The Franchisee shall not be required to pay any fee to apply for, or obtain, any permit required by this section.

3.9.3 Pavement Removal, Excavation and Grading

The Franchisee shall provide commercially reasonable notice of any non-emergency removal or revision of any pavement and any excavation and grading reasonably necessary within any Public Property in the franchise area and the plans and specifications for such new Facilities to the City. The Franchisee shall abide by the City's permitting process and receive necessary approval thereof by the Mayor or the designee thereof, which approval shall not be withheld unless the proposed pavement removal, excavation or grading is contrary to the public health, safety, welfare and convenience. In the event that any request for pavement removal or revision, excavation or grading is denied by the Mayor or his designee, such denial shall be set forth in writing with the basis of the denial set forth therein within thirty (30) days of the Franchisee's notice. If a written denial or approval is not received within thirty (30) days, the removal or revision of any pavement and any excavation and grading shall be deemed approved. The City acknowledges that the Franchisee has a statutory duty to provide adequate, efficient and reasonable service and that the Franchisee shall not be prevented from fulfilling that statutory obligation due to any delay by the Mayor or the designee thereof in

giving, or failing to give, any approval described herein. The Franchisee shall not be required to pay any fee to apply for, or obtain, any permit required by this section.

3.9.4 Right-of-Way Maintenance

The Franchisee shall have the right, without payment of fees over and above the franchise fee, to cut, trim or remove any trees, overhanging branches or other obstructions on Public Property which in the reasonable opinion of the Franchisee may endanger or interfere with the efficient installation or maintenance of Facilities. If, during the franchise period, the City closes to public use any Public Property in or on which Facilities of the Franchisee are located, the City shall make such provisions as may be legal and necessary to grant the Franchisee the right to retain the Facilities thereof within that Public Property, along with the rights to maintain and operate such facilities.

3.9.5 Other Activities

All other activities that are reasonably necessary for the use by the Franchisee of the Public Property within the franchise area pursuant to the provisions of the franchise hereby established, or for any lawful purpose.

3.10 Franchisee Obligations During Effective Period

While this franchise is effective the Franchisee shall:

3.10.1 Surety Bond

Provide the City with and continually maintain a surety bond with (a) the City as the Obligee; and (b) the Franchisee as the Principle; and (c) a surety approved by the Mayor of the City, in an amount equal to \$50,000.00, conditioned upon the faithful performance by the Franchisee of the terms and conditions of the franchise hereby established; provided, however, that this requirement may be waived by the Mayor or the designee thereof upon the reasonable satisfaction thereof with the net worth of the Franchisee.

3.10.2 Liability Insurance

Provide the City with and continually maintain a comprehensive policy of liability insurance, with the Franchisee and the City as named insureds, and with limits not less than \$500,000.00 per person and \$1,000,000.00 per occurrence, by which the Franchisee and the City are insured against any legal liability to others that is in any way related to any acts or omissions of the Franchisee pursuant to the franchise hereby established; provided, however, that this requirement may be waived by the Mayor or the designee thereof upon the reasonable satisfaction thereof with the net worth of the Franchisee.

3.10.3 Provision of Gas and Electricity

Provide gas and electric to the consumers thereof within the City that is no less in character, quantity and geographical area than that provided at the time a franchise established hereby is granted and awarded to the Franchisee; and also equal to and no less in character and quantity than that provided to consumers thereof outside of the City and

according to the same terms, conditions, rates, charges and costs as approved by the Kentucky Public Service Commission ("Commission").

3.10.4 Maintenance of Facilities

Cause the Facilities of the Franchisee within the franchise area to be maintained and repaired to a condition that is functional and safe and not a hazard to the public health, safety, welfare and convenience.

3.10.5 Prosecution of Work

During the construction, maintenance, repair, replacement, re-construction, expansion, extension, new construction or installation of any of the Facilities of the Franchisee, the Franchisee shall promptly and diligently prosecute such activities to completion within a reasonable time, and at the least possible hazard to the public health, safety, convenience and general welfare; and, upon completion thereof, the Public Property of the City in which those activities occurred shall be restored by the Franchisee to a condition that is as good or better than the condition thereof at the time of the commencement of those activities.

3.10.6 Relocation of Facilities

During any construction, maintenance, repair, replacement, improvement or expansion by the City of any of the Public Property within the franchise area or any improvements therein other than the Facilities of the Franchisee, or at any other time, the Franchisee shall remove, relocate or adjust any of the Facilities of the Franchisee in such Public Property within a reasonable time after a written request from the City.

3.10.7 Reserved Rights of the City

Comply with the exercise by the City of all of the rights thereof reserved by the City pursuant to the provisions of the previous Section 3.3 hereof.

3.10.8 Franchise Fee

As consideration for the rights conferred by the granting of this five year franchise, and to compensate the City for its superintendence of the franchise, the successful bidder shall pay to the City a fee of one percent (1%) of the gross receipts collected by the successful bidder from customers from the sale of gas and electricity within the corporate limits of the City of Southgate upon the following conditions:

- a. The fee shall be applicable to bills rendered to customers on and after August 1, 2014 or as soon thereafter as is possible.
- b. The fee shall be a recurring, monthly charge, and shall be remitted to the City in monthly or quarterly installments, at the option of the successful bidder.
- c. The successful bidder will reimburse the City for costs incurred by the City in advertising the bid and for publication of the necessary ordinances and for the doing of all other acts necessary to the letting of this bid.

Section 6 – Effective Date

This Ordinance shall be effective as soon as possible according to law.

Section 7 – Publication

This ordinance shall be published in summary pursuant to K.R.S. 83A.060(9).

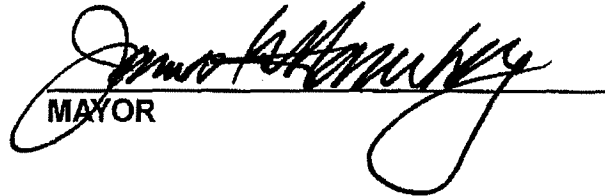
FIRST READING

5/21/14

SECOND READING

6/4/14

APPROVED:


MAYOR

ATTEST:

Brandi Barton
CITY CLERK

Affidavit of Publication

Publisher's Fee 87.50 Affidavit Charge 5.00

State of Ohio

}
}
} SS.
}
}

Hamilton County

Personally appeared **Janice Colston**

Of the The Community Press and Recorder Newspapers, published weekly in said County and State, and of general circulation in said county, who being duly sworn, depose and saith that the advertisement of which the annexed is a true copy, has been published in the said newspaper 1 times, once in each issue as follows:

6/12/14

- Community Press
- Community Recorder
- Cincinnati.Com

Janice Colston

AFFIANT
Sworn to before me, this

6/12/14

Crystal Williams

Notary Public of Ohio

COMMONWEALTH OF KENTUCKY
CITY OF SOUTHGATE, KY.

**SUMMARY OF CITY ORDINANCE 14-02
REGARDING GAS/ELECTRIC FRANCHISE**

This summary is made pursuant to the authority of KRS 83A.060(9), which permits the City to publish a summary of an Ordinance in lieu of the publication of the full Ordinance itself. Said summary follows:

A. The title of the Ordinance is: AN ORDINANCE OF THE CITY OF SOUTHGATE, KENTUCKY, ESTABLISHING A NON-EXCLUSIVE FRANCHISE FOR THE USE OF THE PUBLIC STREETS, ALLEYS AND OTHER PUBLIC GROUNDS OF THE CITY FOR THE TRANSMISSION AND DISTRIBUTION OF ELECTRICITY AND GAS THROUGH AND FOR CONSUMPTION WITHIN THE CITY; AND PROVIDING THE TERMS THEREOF.

B. The Authority of the Ordinance is Sections 183 and 184 of the Kentucky Constitution and KRS 98.010 through 98.045, and arises from the general police powers of the City.

C. The Ordinance sets forth the following sections:
1. Definitions
2. Franchise
3. Terms of Franchise
4. Effective Date
5. Publication

D. No tax is imposed through the Ordinance; although it does provide for the successful bidder to pay a franchise fee of one percent (1%) of the gross receipts collected by the successful bidder from customers from sales of gas and electricity.

E. The Ordinance becomes effective upon final reading and publication, with final reading having been on June 4, 2014.

F. THE FULL TEXT OF THE ORDINANCE IS ON FILE AND MAY BE REVIEWED AT THE OFFICE OF THE SOUTHGATE CITY CLERK, LOCATED AT 122 ELECTRIC AVENUE, SOUTHGATE, KENTUCKY BETWEEN NORMAL WORKING HOURS OF 8:00 A.M. to 4:30 P.M., MONDAY THROUGH FRIDAY. THE FULL TEXT OF THE ORDINANCE SHALL ALSO BE AVAILABLE ON THE CITY'S WEBSITE.

CERTIFICATION

I, Mary Ann Stewart, attorney for the City of Southgate, Kentucky, certify that the above constitutes a summary of Ordinance No. 14-02 as prepared by myself, pursuant to KRS 83A.060(9).

Mary Ann Stewart 1810570



Crystal Williams
Notary Public, State of Ohio
My Commission Expires 08-24-2015

