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February 4, 2015

RECEIVED

FEB 9 2015

PUBLIC SERVICE
COMMISSION

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

RE: Application of Owen Electric Cooperative, Inc. ("Owen") for a Certificate of Public Convenience and Necessity Authorizing Owen to Bid on a Franchise Established by the City of Walton
PSC-Case No. 2015-_____

Dear Mr. Derouen:

Please find enclosed for filing with the Commission an original and ten copies of an Application for a Certificate of Public Convenience and Necessity ("CPCN") to enable Owen Electric Cooperative, Inc. ("Owen") to apply for an electric franchise with the City of Walton ("City") pursuant to KRS 278.020(4). In a public meeting held on December 8, 2014, the City of Walton, Kentucky passed Ordinance No. 2014-11, which directed the advertising for bids and selling of either or both a natural gas or an electric franchise in the City. Owen respectfully requests that the Commission enter an Order granting a CPCN to bid for and acquire an electric franchise from the City on or before March 6, 2015.

If you have any questions, please contact me.

Very truly yours,


James M. Crawford
Counsel

Enclosures

**BEFORE THE
KENTUCKY PUBLIC SERVICE COMMISSION**

RECEIVED

FEB 9 2015

PUBLIC SERVICE
COMMISSION

In the Matter of:

**APPLICATION OF OWEN ELECTRIC COOPERATIVE,)
INC. (“OWEN”) FOR A CERTIFICATE OF PUBLIC)
CONVENIENCE AND NECESSITY AUTHORIZING OWEN) CASE NO. 2015-____
TO BID ON A FRANCHISE ESTABLISHED BY THE CITY)
OF WALTON, KENTUCKY)**

APPLICATION

Comes now the Applicant, Owen Electric Cooperative, Inc. (“Owen” or “Applicant”) by and through counsel, pursuant to KRS 278.020(4) and 807 KAR 5:001, Sections 14, 15(1), and related sections, and for its Application requesting that the Public Service Commission (“Commission”) enter an Order on or before March 6, 2015 granting a Certificate of Public Convenience and Necessity (“CPCN”) to bid for and acquire a franchise from the City of Walton (“City”), respectfully states as follows:

Pursuant to 807 KAR 5:001, Section 14(1), Applicant’s mailing address is Owen Electric Cooperative, Inc., P.O. Box 400, 8205 Highway 127 North, Owenton, Kentucky 40359. The electronic mailing address of Applicant is psc@owenelectric.com.

Pursuant to 807 KAR 5:001, Section 14(2) and 15(1)(a), the current certified copy of Owen’s Articles of Incorporation is on file with the Commission as part of the record in Case No. 90-166, filed June 13, 1990. Amendments to the Articles of Incorporation are on file with the Commission as of February 18, 1992 as part of the record in Case No. 92-064, as part of the record in Case No. 2006-00314 filed June 22, 2006, and as part of the record in Case No. 2008-00154 filed August 27, 2008. An additional amendment was filed with the Commission as part

of Case No. 2012-00448 filed March 12, 2013. Owen attests that it is in good standing with the State of Kentucky.

Pursuant to 807 KAR 5:001, Section 15(1)(a)2, the name of the governmental agency offering the franchise is the City of Walton, Kentucky.

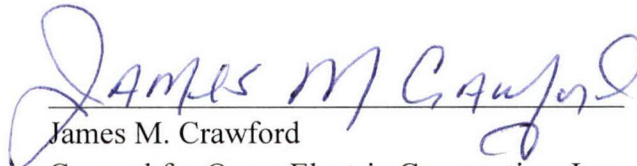
Pursuant to 807 KAR 5:001, Section 15(1)(a)3, the type of franchise offered by the City is outlined in Ordinance No. 2014-11 and in its Legal Notice, provided as Exhibit 1 to this Application.

Pursuant to 807 KAR 5:001, Section 15(1)(a)4, 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 Owen desires to obtain a franchise in accordance with the bidding protocol established by the City.

Pursuant to 807 KAR 5:001, Section 15(1)(b), if Owen is successful in acquiring said franchise, it shall file a copy thereof with the Commission using the electronic tariff filing system.

WHEREFORE, Owen Electric Cooperative, Inc. respectfully requests that the Commission enter an Order on or before March 6, 2015 granting a Certificate of Public Convenience and Necessity ("CPCN") to bid for and acquire an electric franchise from the City of Walton.

Dated at Owenton, Kentucky, this 4th of February 2015.



James M. Crawford
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CITY OF WALTON, KENTUCKY
ORDINANCE NO. 2014- 11

AN ORDINANCE OF THE CITY OF WALTON, 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 EITHER OR BOTH NATURAL GAS AND ELECTRICITY 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 K.R.S. 96.010 through 96.045; and

WHEREAS, Sections 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 now uses the streets, alleys and public grounds of the City of Walton, Kentucky ("City") for the transmission and distribution of either or both natural gas and 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 both natural gas and 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 either or both electricity and natural gas through and for consumption within the City;

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

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

Section 1.0 □ Definitions

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

- 1.1 The word "City" means the City of Walton, Kentucky in Boone and Kenton Counties, 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 words "facilities" mean the tangible apparatus, equipment and instrumentalities and the appurtenances thereto used for the transmission and distribution of either or both electricity and natural gas through and within public property in the City, including, without limitation, poles, wires, cables, cross-arms, conduits, anchors, junction boxes, manholes, 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 Walton, Kentucky that has been dedicated or is otherwise open to public use and is subject to regulation by the City of Walton, Kentucky.

Section 2.0 □ 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 either or both electricity and natural gas for consumption both within and outside of the City.

Section 3.0 □ Terms of Franchise

As required by K.R.S. 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 therefor publicly, and award it to the highest and best bidder; but the City shall have the right to reject any and all bids.

3.2 Bond Requirement

Pursuant to the requirements of K.R.S. 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 K.R.S. 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

Pursuant to the requirements of K.R.S. Chapter 96, the City hereby reserves all of the rights identified therein 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 affiliate which may, during the term of the franchise assume the obligation to provide natural gas and 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 K.R.S. Chapter 278.

3.7 Effective Period of Franchise

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

3.8 Franchise Termination

In the event of any continuing default by the Franchisee of any of its obligations of the franchise hereby established after a written notice and description thereof to the Franchisee from 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, at least ninety (90) days prior to the termination date.

3.9 Franchisee Rights and Privileges During Effective Period

While the franchise established hereby is effective, 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 reconstruction 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.

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.

3.9.4 Right-of-Way Maintenance

The Franchisee shall have the right, without payment of fees, 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.

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 dollars 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 Provislon of Electricity and Natural Gas

Provide either or both electricity or natural gas 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, inconvenience 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 (5) year franchise, and to compensate the City for its superintendence of the franchise, the successful bidder shall pay to the City:

- a) The sum of One Thousand and 00/100 Dollars (\$1,000.00) within forty-five (45) days of the bid being accepted by the City; and
- b) Such sums as are necessary to reimburse the City for the costs incurred by it 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 including the City's reasonable attorney's fee in preparing and reviewing this franchise and any resulting franchise agreement. The total amount of said reimbursement shall not exceed \$2,000.00.

The franchise fee required hereby is not in substitution or in lieu of any other tax, fee, imposition or charge for which the Franchisee would otherwise be responsible and liable. The franchise fee required hereby is in consideration of the use of the public streets, alleys and other public grounds within the City by the Franchisee pursuant to the franchise hereby established, since such use is a valuable right in property, the acquisition and maintenance of which is very expensive to the City; and, without such use, the Franchisee would be required to acquire easements in private property for the transmission and distribution of either or both electricity and natural gas, at considerable expense to the Franchisee.

3.11 Franchisee Obligations During and After Effective Period

While this Franchise is effective, the Franchisee shall:

3.11.1 Release

Release, acquit and forever discharge the City, and all of its officers, agents, employees, successors and assigns thereof, from each, every, and any and all obligations and liabilities of any of them, to the Franchisee and the successors and assigns thereof for each, every, and any and all personal injuries, property damage, costs, expenses, losses, compensation and all other damages of every kind and nature, and all

claims and causes of action therefor, at law, or in equity, including, without limitation, claims of third parties for indemnification and/or contribution, which may accrue to the Franchisee and the successors and assigns thereof, through any act, omission, event or occurrence proximately caused by any negligence of the Franchisee, which is in any way related to the franchise established hereby or the award or grant thereof to the Franchisee or the use of the public streets, alleys and other public grounds within the City by the Franchisee pursuant to the franchise.

3.11.2 Indemnification

Pay, indemnify and hold the City and its officers, agents, employees, successors and assigns thereof harmless from and to defend them at the request of the City and at the sole cost and expense of the Franchisee, from each, every, any and all obligations and liabilities of any of them to others and the executors, administrators, heirs, successors and assigns of such others for each, every, any and all personal injuries, property damage, costs, expenses, losses, compensation and all other damages of every kind and nature, and all claims and causes of action therefor, at law, or in equity, including, without limitation, claims of third parties for indemnification and/or contribution, which may accrue to such others and their executors, administrators, heirs, successors and assigns, through any act, omission, event or occurrence proximately caused by any negligence of the Franchisee which is in any way related to the franchise established hereby or the award or grant thereof by the City to the Franchisee or the use of the public streets, alleys and other public grounds within the City by the Franchisee pursuant to the franchise hereby established.

3.11.3 Franchisee Obligations After Effective Period

The Release obligation of the Franchisee provided in Section 3.11.1 and the Indemnification obligation of the Franchisee provided in Section 3.11.2 shall continue after the Effective Period of the franchise hereby established. In regard to all such claims that accrue during the Effective Period and any extension or holdover thereof.

Section 4.0 – Construction

This ordinance shall not be construed in a manner which would create an obligation, requirement or duty on the part of the Franchisee which is in any way inconsistent with Kentucky law or its tariff on file with and approved by the Commission.

Section 5.0 – Conflicting Ordinances Repealed

All other ordinances or parts of ordinances in conflict with the provisions of this Ordinance are hereby repealed to the extent of such conflict.

Section 6.0 – Effective Date

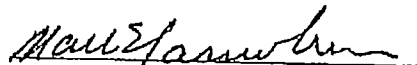
This Ordinance shall be effective as soon as possible according to law.

APPROVED AND PASSED on first reading by 4 Members of City Council on the 10TH day of NOVEMBER, 2014.

APPROVED AND PASSED on second reading by 5 Members of City Council on the 8TH day of DECEMBER, 2014.

DATE OF PUBLICATION: DECEMBER 25, 2014.

APPROVED:


Mark S. Cannahan, Mayor

ATTEST:


Peggy Day, City Clerk

CERTIFICATION OF CITY CLERK

I, Peggy Gray, hereby certify that I am the duly qualified City Clerk of Walton, Kentucky, that the foregoing Ordinance is a true copy of an Ordinance given its first read on November 10th 2014; given its second reading and enacted by City Council on December 8th, 2014; that Ordinance 2014-11 has been published as required by law; that said meetings were duly held in accordance with applicable requirements of Kentucky laws, including KRS 61.810, 61.815, 61.820 and 61.825; that a quorum was present at each said meetings; that said Ordinance has not been modified, amended or repealed, and is now in full force and effect, and that Ordinance 2014-11 appears as a matter of public record in the City of Walton Ordinance Book.

IN WITNESS WHEREOF, I have hereto set my hand as City Clerk and the official seal of the City of Walton, Kentucky, on this 8th day of December, 2014.


Peggy Gray, City Clerk

Affidavit of Publication

Publisher's Fee 37.76 Affidavit Charge 5.00

State of Ohio

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} SS.
}
}

Hamilton County

Janice Colston

Personally appeared

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:

12/25/14

- Community Press
Community Recorder
Cincinnati.Com

Janice Colston

AFFIANT
Sworn to before me, this

12/28/14

Crystal Williams

Notary Public of Ohio

SUMMARY OF CITY OF WALTON, KENTUCKY, ORDINANCE NO. 2014-11
AN ORDINANCE OF THE CITY OF WALTON, 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 EITHER OR BOTH NATURAL GAS AND ELECTRICITY THROUGH AND FOR CONSUMPTION WITHIN THE CITY AND PROVIDING THE TERMS THEREOF.
This Ordinance establishes and sets forth the terms and conditions for a non-exclusive franchise for the transmission and distribution of either or both of natural gas and electricity through the City of Walton. The franchise shall be effective for a term of two years.
This Ordinance was adopted by the Walton City Council on December 9, 2014.
The full text of the Ordinance, including any exhibits, is available for inspection in the office of the City Clerk of the City of Walton, Kentucky at the Walton City Building, 40 North Main Street, Walton, Kentucky during regular business hours.
CERTIFICATION
I certify that I prepared the foregoing summary of Ordinance No. 2014-11 and that I am an Attorney licensed to practice law in the Commonwealth of Kentucky.
Timothy M. Noyes
NOYES & McMAIN, PLLC
6867 US Hwy 42, Suite 300
Union, KY 40381
Telephone (859) 384-4300
Fax (859) 384-5392

