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PUBLIC SERVICE

David S. Samford (859) 368-7740 COMMISSION david@gosssamfordlaw.com

November 2, 2016

HAND DELIVERED

Dr. Talina Mathews, Executive Director Kentucky Public Service Commission P.O. Box 615 211 Sower Boulevard Frankfort, KY 40602

> RE: In the Matter of the Application of Farmers Rural Electric Cooperative Corporation for a Certificate of Public Convenience and Necessity to Bid on a Franchise to Serve the City of Cave City, Kentucky, Application, Case No. 2016-00385

Dear Dr. Mathews:

Please find enclosed for filing with the Commission in the above-referenced case an original and ten (10) copies of Farmers Rural Electric Cooperative Corporation's Application for a Certificate of Public Convenience and Necessity to Bid on a Franchise to Serve the City of Cave City, Kentucky. Please return a file-stamped copy of this filing to my office.

Sincerely,

David S. Samford

Enclosures

COMMONWEALTH OF KENTUCKY BEFORE THE PUBLIC SERVICE COMMISSION

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NOV 0 2 2016

PUBLIC SERVICE

COMMISSION

IN THE MATTER OF:

APPLICATION OF FARMERS RURAL
ELECTRIC COOPERATIVE CORPORATION
FOR A CERTIFICATE OF PUBLIC
CONVENIENCE AND NECESSITY TO BID
ON A FRANCHISE TO SERVE THE CITY
OF CAVE CITY, KENTUCKY

CASE NO. 2016- 00385

APPLICATION

Comes now Farmers Rural Electric Cooperative Corporation ("Farmers RECC" or "Company"), 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 Cave City, in Barren County, Kentucky ("Cave City"), to provide electricity transmission and distribution service, respectfully stating as follows:

1. Farmers RECC is a nonprofit Kentucky electric cooperative corporation organized under KRS Chapter 279, originally incorporated on March 15, 1938 and is in good standing in the Commonwealth of Kentucky. Farmers RECC currently serves approximately 25,045 customers in eight Kentucky counties. Farmers RECC's address is 404 S. Broadway, Glasgow, Kentucky 42141 and its mailing address is P.O. Box 1298, Glasgow, Kentucky 42142-1298. The Company's email address is farmersrecc-psc@farmersrecc.com. Farmers RECC does not have a franchise for the use of the streets, alleys and public

- grounds to provide electric distribution facilities and services within the territorial limits of Cave City.
- Farmers RECC proposes to bid upon a new municipal franchise to place and operate electric distribution facilities in the public streets and places of Cave City and to provide related electric service to Cave City. The new franchise will be awarded by the City Council of Cave City.
- 3. The City Council of Cave City passed an Ordinance setting forth the requirements and deadlines for submitting a bid to secure a new franchise. Cave City has directed that bids shall be received on or before Monday, November 14, 2016. 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 Glasgow Daily Times by Cave City 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 Farmers RECC pursuant to the franchise.
- Upon obtaining a franchise from Cave City, Farmers RECC will file a true and correct copy of same with the Commission.

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

This the 2nd day of November, 2016.

Respectfully Submitted,

David S. Samford
L. Allyson Honaker
Goss Samford, PLLC
2365 Harrodsburg Road
Suite B-325
Lexington, Kentucky 40504
(859) 368-7740
David@gosssamfordlaw.com
Allyson@gosssamfordlaw.com

Counsel for Farmers Rural Electric Cooperative Corporation

ORDINANCE NO. 1612-9C

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 CAVE CITY, KENTUCKY: FOR FURNISHING AND SELLING ELECTRICITY BY MEANS OF SAID FACILITIES: AND PROVIDING FOR THE SALE OF SAID FRANCHISE.

WHEREAS, the City of Cave City ("City") 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, Farmer Rural Electric Cooperative distributes electricity in Cave City, Kentucky, without a franchise as required by law;

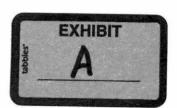
WHEREAS, the City wishes to provide for the sale of a franchise for the benefit of its citizenry, giving effect to Section 96.010 of the Kentucky Revised Statutes;

NOW, THEREFORE, BE IT ORDAINED as follows:

<u>Section 1</u>. A nonexclusive 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 City, to the purchaser of the Franchise 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 winning 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.

<u>Section 7</u>. 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 City of Cave City Council on 9-/2-/6; a second reading was held on the 10-10-/6; said Ordinance was READ and APPROVED on the 10-16 day of October, 2016.

Dwayne Hatcher

, Mayor

ATTESTED BY:

Strady

City Clerk

FRANCHISE AGREEMENT

and devices, underground conductors and devices, transformers, and any other apparatus,

equipment and facilities (collectively, "Equipment") necessary, essential, and/or used or useful to the distribution and sale of electric service through the City and to any other town or any portion of the county or to any other county ("Services"). Additionally, the Company shall have the right to use the streets with its service and maintenance vehicles in furtherance of the Franchise. Prior to beginning the construction or installation of any new equipment under the Franchise, the Company shall obtain any necessary governmental permits for such construction or installation, copies of which it shall provide to the City. Work performed by the Company under the Franchise shall be performed in a workmanlike manner and in such a way as not to unnecessarily interfere with the public's use of City streets. Whenever the surface of any City street is opened, it must be restored at the expense of the Company within a reasonable time to a condition comparable to what it was prior to the opening thereof.

- Definitions. Terms not defined but referred to herein shall be construed to reflect a common usage or the common usage as would apply in the electric service industry.
- 3. Term of Franchise; Termination. The Franchise shall be non-exclusive and shall continue for a period of twenty years from and after the effective date of this Agreement, as set forth in Section 5. The Company may, at its option, terminate the Franchise and this Agreement upon five (5) days' written notice if (a) the City breaches any of its obligations hereunder and such breach is not cured within thirty (30) days of the Company's notice to the City of such breach; (b) the Company is not permitted to pass through to affected customers all fees payable by it under Sections 9 and 10 herein; or (c)

the City creates or amends any ordinance or regulation which, in the Company's sole discretion, would have the effect of (i) substantially altering, amending or adding to the terms of this Agreement, (ii) substantially impairing the Company's ability to perform its obligations under the Franchise in an efficient, unencumbered and profitable way; or (iii) preventing the Company from complying with applicable statutes or regulations, rules or orders issued by the Kentucky Public Service Commission. Without diminishing the Company's rights under this Section 3, the City agrees that to the extent it desires to pass or amend an ordinance or regulation which could have the effect of substantially (i) altering, amending, or adding to the terms of this Agreement; (ii) impairing the Company's ability to perform its obligations under the Franchise in an efficient, unencumbered and profitable way; or (iii) preventing the Company from complying with applicable statutes or regulations, rules or orders issued by the Kentucky Public Service Commission, that it will first discuss such proposed ordinance or regulation with the Company and the parties shall negotiate in good faith regarding the same.

- 4. <u>Territorial Extent of the Franchise</u>. The Company is authorized to operate throughout all the territory within the corporate limits of the City for which it is authorized under state or federal law.
- Effective Date. This Agreement shall become effective 90 days after the execution hereof.
- Compliance With City Regulations. Subject to Section 3 hereof, the
 Company will comply with all applicable provisions of lawful City ordinances and
 regulations (including any amendments thereto), unless such provisions (i) conflict with or

impair the Company's ability to comply with any rule, regulation or order issued by the Kentucky Public Service Commission related to the Company's rates or services, or otherwise (ii) are preempted by the action of any authority with jurisdiction over the Company.

- 7. Rights Reserved by City. Subject to the above provisions, the Franchise is expressly subject to the right of the City: (i) to repeal the same for misuse, nonuse, or the Company's failure to comply with applicable local, state or federal laws; (ii) to impose such other regulations as may be determined by the City to be conducive to the safety, welfare and morals of the public; and/or (iii) to control and regulate the use of its streets, roads, alleys, bridges, public places and space about and beneath them.
- 8. <u>Liability and Indemnification</u>. The Company shall indemnify, defend, and hold harmless the City from and against claims by third parties asserted against the City that the Company's use of the public streets or the presence or operation of the Company's equipment on or along said streets has caused damage to tangible property or bodily injury, if and to the extent such damage or injury is not caused by the City's negligence or misconduct.
- 9. Franchise Fees. As compensation for the Franchise granted to the Company, the City shall receive payment of a total annual fee of three (3) percent of gross receipts per year from the Company's sale of electricity to electric-consuming entities inside the City's corporate limits; payable each calendar quarter on January 15, April 15, July 15 and October 15 for the immediate past quarter; 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 City's corporate limits; and provided further, the City shall provide the Company a list, in electronic format, of all electric-consuming entities within the City limits that are to be served by the Company, which list shall be updated annually.

- 10. Other Fees. Any other fees assessed to the Company in connection with the Company's use of the City's public ways, including fees associated with permits and licenses of whatever nature, 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 fees to the entities served by it inside the City's corporate limits
- 11. <u>Insurance Bonds</u>. The Company shall maintain in force through the term of the Franchise both general liability insurance and motor vehicle insurance, in accordance with all applicable laws and regulations.
- 12. <u>Rate Regulation</u>. The Company agrees to charge such rate or rates as may from time to time be fixed by the Public Service Commission of Kentucky or any successor regulatory body.

Agreed to this day of _	, 201	
	DWAYNE HATCHER, MAYOR CITY OF CAVE CITY	
	MANAGER FARMERS RURAL ELECTRIC	



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LEGAL NOTICE COMMONWEALTH OF KENTUCKY CITY OF CAVE CITY ORDINANCE 16-12-90

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 CAVE CITY, KENTUCKY: FOR FURNISHING AND SELLING ELECTRICITY BY MEANS OF SAID FACILITIES; AND PROVIDING FOR THE SALE OF SAID FRANCHISE.

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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, Farmer Rural Electric Cooperative distrib-

WHEREAS, Farmer Rural Electric Cooperative distributes electricity in Cave City, Kentucky, without a franchise as required by law;

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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

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 FranchiseAgreementwith 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 City, to the purchaser of the Franchise 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 winning 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.

<u>Section 6.</u> 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 of 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 City of Cave City Council on 9-12-16; a second reading was held on the 10-10-16; said Ordinance was READ and APPROVED on the 10th day of October, 2016.

/S/ Dwayne Hatcher, Mayor ATTESTED BY: /S/ Jennifer Freeman, City Clerk

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LEGAL NOTICE NOTICE OF SALE OF FRANCHISE

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Inursday, Uctober 2/, 2017 at 8:00 a.m. at 111 Bunche Avenue Glasgow, KY, EOE MFD

CLASSIFIEDS

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