

an *e-on* company

Mr. Jeff DeRouen  
Executive Director  
Public Service Commission of Kentucky  
211 Sower Boulevard  
P. O. Box 615  
Frankfort, Kentucky 40602-0615

RECEIVED

JUN 22 2010

PUBLIC SERVICE  
COMMISSION

**E.ON U.S. LLC**

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Rick E. Lovekamp  
Manager - Regulatory Affairs  
T 502-627-3780  
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rick.lovekamp@eon-us.com

June 22, 2010

**Re: Application of Kentucky Utilities Company for a Certificate of Public Convenience and Necessity Authorizing KU to Bid on Franchise Established by the City of Science Hill, Kentucky, Case No. 2009-00413**

Dear Mr. DeRouen:

Pursuant to the Commission's October 30, 2009 Order in the above-referenced proceeding, enclosed please find two copies of the executed franchise agreement with the City of Science Hill, Kentucky.

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

Sincerely,

Rick E. Lovekamp  
Manager, Regulatory Affairs

Attachments

**FRANCHISE AGREEMENT**

This Franchise Agreement ("Agreement") is hereby made and entered into this 3rd day of November, 2009 by and between the City of Science Hill in the Commonwealth of Kentucky ("City") and Kentucky Utilities Company ("Company").

**WITNESSTH:**

**WHEREAS**, the City adopted an Ordinance #9-1-09 on October 6, 2009 pursuant to which the City has awarded the Company an exclusive franchise ("Franchise") over the public rights-of-way within the City's corporate limits, subject to and in accordance with the terms of this Agreement; and

**WHEREAS**, the above-referenced Ordinance requires that the City and the Company execute this Agreement;

**NOW, THEREFORE**, in consideration of the faithful performance and strict observance by the Company and the City of all terms, provisions, conditions, obligations and reservations set forth herein, it is hereby agreed between the parties as follows:

1. Reaffirmation of Grant and Acceptance. The City hereby reaffirms its grant to the Company of the Franchise and rights to construct, operate, maintain, install, use and lay pipes, wire, manholes, ducts, structures, stations, towers, amplifiers, poles, overhead conductors 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.

2. 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 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. Territorial Extent of the Franchise. The Company is authorized to operate throughout all the territory within the corporate limits of the City for which it has a certificate of public convenience and necessity under state law.

5. Effective Date. This Agreement shall become effective 90 days after the execution hereof.

6. 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. To the extent any such provision requires the Company to incur costs in excess of those identified under either "Fee Option 2" or "Fee Option 3" set forth in Section 9 below, the Company shall be required to comply therewith only if and to the extent the Company is authorized by the Kentucky Public Service Commission (or its successor) to pass through such costs to the entities served by it inside the City's corporate limits.

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. Liability and Indemnification. 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 in accordance with Fee Option 1, as set forth below. The City must notify the Company of the option it has selected within 10 days after the execution of this Agreement.

*Fee Option 1:* a total annual fee of up to three (3) percent of gross receipts per year from the Company's sale of electricity to electricity-consuming entities 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 City's corporate limits; *and provided further* that prior to submitting an invoice to the Company for the above-referenced fee, the City shall provide the Company a list, in electronic format, of all electricity-consuming entities within the City limits that are to be served by the Company, which list shall be updated at least quarterly. The City shall provide the Company an updated list, in electronic format, quarterly.

*Fee Option 2:* A total fixed annual payment, as set forth below.

*Fee Option 3: A total one-time payment, as set forth below, payable on the date this Agreement is executed.*

Class of City Ranking	Option 2 Annual Payment Per City	Option 3 One-time Payment Per City
2nd Class	\$ 1,000	\$ 6,240
3rd Class	\$ 500	\$ 3,120
4th Class	\$ 300	\$ 1,872
5th Class	\$ 200	\$ 1,248
6th Class	\$ 100	\$ 624


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 Insurance Bonds. 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.

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12. Rate Regulation. 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 3rd day of November, 2009.

  
\_\_\_\_\_  
Bill Dick  
Mayor, City of Science Hill

  
\_\_\_\_\_  
John P. Malloy  
Vice President, Energy Delivery Retail Business

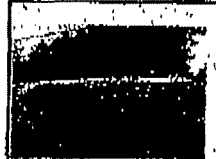
er, Hotfoot, Divided Livedwells, Jackplate, 24 Volt 82 Pro Thrust Motor, 13 New Batteries, Single Console, 4 Blade Trophy Plus Prop Stainless Steel, Single Axle trailer, Lots of Storage, Very Nice Bass Boat, Garage Kept, Super Clean, NADA with accessories \$16,500. Only Asking \$11,900 If Interested Call Jeff (806)416-2974 or (806)878-1288

1997 Searay 230 Bowrider Select, 1 owner, 454 Chevy engine, Bravo drive, less than 200 hours. Eagle trailer with brakes. Like new, great condition. 3 Tank hydro hoist, 8,000 - 10,000 lb. lift, located at Burdette Marina. Also includes 1 year of slip rental. All for \$28,000. Call 602-224-1087 or 502-330-0591

2004 KFX 400 Four Wheeler Over \$1000.00 in extra, New Tires Asking \$2450 obo. Call 606-416-2909 or 606-675-1770

2000 Sea Doo XP 851 cc's, rotax. Comes w/ Trailer, \$4000 obo. Call 606-224-3567 ask for Roger.

12 ft. Box, Top Air Frig. Sleeps 6. Has Awning Spare Tire, Jacks in Good Condition. Asking \$2250. 606-423-9510



For Sale 1995 Jet Royale Runabout With Trailer. Good Clean Boat. May Trade. \$2250 OBO. Call 606-678-5760

Reduced Again! 1997 Pontoon, 24 Ft. Sundowner, Bamini Top, 80HP Johnson, Great Condition. Stereo, Fish Finder, Heavy Duty Ladder System, Comes Complete with Tubes, Bopes, Life Jackets, Dual Wheel Trailer, Gas Grill & Full Storage Cover. READY TO GO! \$7,500. No reasonable offer refused. 676-9627.

130 HP Mercury Inboard/ Outboard and lower unit, \$900.00. Invader-16ft. 80hp motor, w/ roll-on trailer Call: 382-5012

Basement Model. 454 Chevy. Only 63000 original miles, air ride suspension, 2 roof A/C's, Engine A/C Sleeps 6, Rear Queen Island bed, Dinette Sleeper, Sofa bed; 12,900. Or Will Trade For Lesser Value Item. Call 806-382-9130 or 704-815-8034.

1989 Holiday Rambler Tag A Long Camping Trailer. Like New Brand New. Everything can Convert From Electric to Gas. Sleeps 6 or more. Used Very Little. Has a \$700 Hitch. Asking \$5,000. 423-5259 or 808-416-4737 Best time to call: After 5pm.

740 Auto Parts & Accessories

Auto Parts and Accessories Ford 460 Engine and Auto Transmission, Ford 3.0 engine and Auto Trans., Ford 300 6 cyl cu in engine and trans. Ford Auto Trans (fits 302) Dodge 2.5 Engine 4 cyl Tires and Wheels Call 606-416-2909

Has \$17,000.00 in it. Will call for \$8,500. Call 606-451-2909

2002 Harley Davidson Classic 2000 new tires, garage kept \$13,500.00 Call 606-871-0700

1999 Harley Davidson Sportster 1200 Custom Black, Blue, Chrome 23,000.00 Adult owned. Extras. Call 606-382-9130

1994 Sportster Davidson. This is a motor custom. Call 606-676-2133

2001 Honda 500cc Black, Windshield, 94cc bike, new front gear, 2300 miles. Great bike. 606-416-2909

2003 Black V Star 1100 Custom Garage kept. New front end. Over 8000 miles. Windshield, headlight, numerous extras. \$5500.00. Call 606-416-2909

ATTN: Kim Gentry

**NOTICE OF ORDINANCE GRANTING FRANCHISE**

By virtue of a resolution heretofore passed by the City Council of the City of Science Hill, Kentucky, Kentucky Utilities Company has been awarded an electric franchise. Said franchise is more particularly described and fully defined in an ordinance granting and creating the same, the full text of which is available for inspection in the office of the Science Hill City Clerk, 217 Langdon Street, Science Hill, Kentucky. The ordinance by title and summary is as follows: ORDINANCE #9-1-09. 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 SCIENCE HILL, KENTUCKY, FOR FURNISHING AND SELLING ELECTRICITY BY MEANS OF SAID FACILITIES, AND PROVIDING FOR THE SALE OF SAID FRANCHISE.

Victor Vaught, City Clerk Science Hill, KY, 42558

Published: November 8, 2009

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Commonwealth Journal