



Frankfort Plant Board

Water
Cable
Electric
Security
Local Phone
Digital Cable
Long Distance
Community TV
Ethernet/Internet
Cable Modem/ISP
Cable Advertising

April 15, 2014

Advance Copy Via Facsimile to 502-627-3613

Charles A. Freibert, Jr.
Director, Marketing
LG&E and KU Energy
220 West Main Street
Louisville, Kentucky 40202

Re: Notice of termination of Contract for Electric Service

Dear Mr. Freibert:

Pursuant to Section 2.3.1.1 of the Amended and Restated Contract for Electric Service between Frankfort Electric and Water Plant Board and Kentucky Utilities Company ("KU") (the "Contract"), Frankfort Electric and Water Plant Board hereby delivers notice of termination of the Contract effective April 30, 2019. If KU prefers a mutually agreeable earlier effective date of termination pursuant to Section 2.3.1.4 of the Contract, Frankfort Electric and Water Plant Board is willing to consider that possibility. We expect that KU will honor its obligation under Section 4.1.3.4 of the Contract to file within sixty days for approval to cease collecting Construction Work in Progress in our rates.

Frankfort Electric and Water Plant Board might not have delivered its notice of termination at this time, were it not for KU's actions that created the risk that we would face a longer notice of termination period of up to almost eleven years by delaying the notice. KU's unilateral filing at the Federal Energy Regulatory Commission ("FERC") on September 23, 2013, included the unexpected request for a lengthening of the five-year notice period, which has been in effect for decades, to ten-plus years. FERC accepted KU's proposed changes to go into effect on April 23, 2014, subject to the outcome of the proceedings in FERC Docket Nos. ER13-2428 and EL14-5. Therefore, while we regret having been confronted with this deadline for making a decision, we have concluded that it is preferable to terminate the Contract while there is still assurance of the longstanding five-year notice period, rather than be subjected to the risk of an unacceptably long notice period, coupled with other adverse elements of KU's proposed

Equal Opportunity/Affirmative Action Employer

317 West Second Street (P.O. Box 308) Frankfort, Kentucky 40602 Phone (502) 352-4372
Fax (502) 223-3887 www.fpb.cc

Charles A. Freibert, Jr.

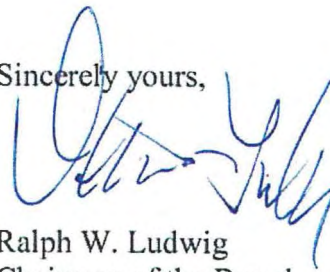
April 15, 2014

Page 2 of 2

changes to our rates and contract. Those elements include the risks of an excessive rate of return, rate shock due to a proposed new true-up mechanism in the formula rate, unreasonable creditworthiness requirements, and the imposition of other unjustified charges. With KU having opposed or ignored our earlier requests for relief from this deadline, its eleventh-hour proposal for a temporary extension did not change this conclusion.

Frankfort Electric and Water Plant Board appreciates the services that KU has provided under the Contract and its predecessors for many years. We look forward to a positive, continuing relationship during the notice period and to continuing to work with KU and Louisville Gas and Electric Company ("LG&E") as we implement successor arrangements, including the rollover of network transmission service rights under the KU/LG&E Open Access Transmission Tariff.

Sincerely yours,



Ralph W. Ludwig
Chairman of the Board

RWL:kp

cc: Advance Copy Via Facsimile to 502-627-3367

Elizabeth Cocanougher Fox

Senior Corporate Attorney

LG&E and KU Energy

220 West Main Street

Louisville, Kentucky 40202

Equal Opportunity/Affirmative Action Employer



CITY OF MADISONVILLE

David W. Jackson
Mayor

April 16, 2014

Advance Copy Via Facsimile to 502-627-3613

Charles A. Freibert, Jr.
Director, Marketing
LG&E and KU Energy
220 West Main Street
Louisville, Kentucky 40202

Re: Notice of termination of Contract for Electric Service

Dear Mr. Freibert:

Pursuant to Section 2.3.1.1 of the Amended and Restated Contract for Electric Service between Madisonville Municipal Utilities and Kentucky Utilities Company ("KU") (the "Contract"), Madisonville Municipal Utilities hereby delivers notice of termination of the Contract effective April 30, 2019. If KU prefers a mutually agreeable earlier effective date of termination pursuant to Section 2.3.1.4 of the Contract, Madisonville Municipal Utilities is willing to consider that possibility. We expect that KU will honor its obligation under Section 4.1.3.4 of the Contract to file within sixty days for approval to cease collecting Construction Work in Progress in our rates.

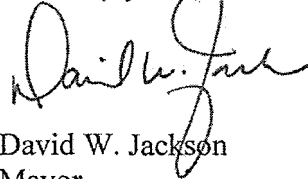
Madisonville Municipal Utilities might not have delivered its notice of termination at this time, were it not for KU's actions that created the risk that we would face a longer notice of termination period of up to almost eleven years by delaying the notice. KU's unilateral filing at the Federal Energy Regulatory Commission ("FERC") on September 23, 2013, included the unexpected request for a lengthening of the five-year notice period, which has been in effect for decades, to ten-plus years. FERC accepted KU's proposed changes to go into effect on April 23, 2014, subject to the outcome of the proceedings in FERC Docket Nos. ER13-2428 and EL14-5. Therefore, while we regret having been confronted with this deadline for making a decision, we have concluded that it is preferable to terminate the Contract while there is still assurance of the longstanding five-year notice period, rather than be subjected to the risk of an unacceptably long notice period, coupled with other adverse elements of KU's proposed changes to our rates and contract. Those elements include the risks of an excessive rate of return, rate shock due to a

Charles A. Freibert, Jr.
April 16, 2014
Page 2

proposed new true-up mechanism in the formula rate, unreasonable creditworthiness requirements, and the imposition of other unjustified charges. With KU having opposed or ignored our earlier requests for relief from this deadline, its eleventh-hour proposal for a temporary extension did not change this conclusion.

Madisonville Municipal Utilities appreciates the services that KU has provided under the Contract and its predecessors for many years. We look forward to a positive, continuing relationship during the notice period and to continuing to work with KU and Louisville Gas and Electric Company ("LG&E") as we implement successor arrangements, including the rollover of network transmission service rights under the KU/LG&E Open Access Transmission Tariff.

Sincerely yours,



David W. Jackson
Mayor

cc: Advance Copy Via Facsimile to 502-627-3367
Elizabeth Cocanougher Fox
Senior Corporate Attorney
LG&E and KU Energy
220 West Main Street
Louisville, Kentucky 40202

Mailing Address:
PO Box 1350
Corbin, KY 40702



Physical Address:
1515 Cumberland Falls Hwy.
Corbin, KY 40702

City Utilities Commission

Phone 606-528-4026 / Fax 606-528-4848

April 15, 2014

Advance Copy Via Facsimile to 502-627-3613

Charles A. Freibert, Jr.
Director, Marketing
LG&E and KU Energy
220 West Main Street
Louisville, Kentucky 40202

Re: Notice of Termination of Contract for Electric Service

Dear Mr. Freibert:

Pursuant to Section 2.3.1.1 of the Amended and Restated Contract for Electric Service between the **Corbin City Utilities Commission** and Kentucky Utilities Company ("KU") (the "Contract"), the **Corbin City Utilities Commission** hereby delivers notice of termination of the Contract effective April 30, 2019. If KU prefers a mutually agreeable earlier effective date of termination pursuant to Section 2.3.1.4 of the Contract, the **Corbin City Utilities Commission** is willing to consider that possibility. We expect that KU will honor its obligation under Section 4.1.3.4 of the Contract to file within sixty days for approval to cease collecting Construction Work in Progress in our rates.

The **Corbin City Utilities Commission** might not have delivered its notice of termination at this time, were it not for KU's actions that created the risk that we would face a longer notice of termination period of up to almost eleven years by delaying the notice. KU's unilateral filing at the Federal Energy Regulatory Commission ("FERC") on September 23, 2013, included the unexpected request for a lengthening of the five-year notice period, which has been in effect for decades, to ten-plus years. FERC accepted KU's proposed changes to go into effect on April 23, 2014, subject to the outcome of the proceedings in FERC Docket Nos. ER13-2428 and EL14-5. Therefore, while we regret having been confronted with this deadline for making a decision, we have concluded that it is preferable to terminate the Contract while there is still assurance of the longstanding five-year notice period, rather than be subjected to the risk of an unacceptably long notice period, coupled with other adverse elements of KU's proposed changes to our rates and contract. Those elements include the risks of an excessive rate of return, rate shock due to a proposed new true-up mechanism in the formula rate, unreasonable

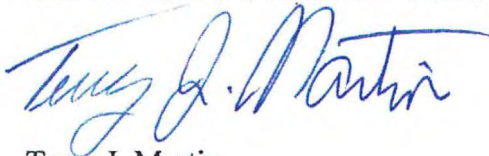
Charles A. Friebert, Jr.
April 15, 2014
Page Two

creditworthiness requirements, and the imposition of other unjustified charges. With KU having opposed or ignored our earlier requests for relief from this deadline, its eleventh-hour proposal for a temporary extension did not change this conclusion.

The **Corbin City Utilities Commission** appreciates the services that KU has provided under the Contract and its predecessors for many years. We look forward to a positive, continuing relationship during the notice period and to continuing to work with KU and Louisville Gas and Electric Company ("LG&E") as we implement successor arrangements, including the rollover of network transmission service rights under the KU/LG&E Open Access Transmission Tariff.

Sincerely,

CORBIN CITY UTILITIES COMMISSION



Terry J. Martin
Chairman

cc: **Advance Copy Via Facsimile to 502-627-3367**
Elizabeth Cocanougher Fox
Senior Corporate Attorney
LG&E and KU Energy
220 West Main Street
Louisville, Kentucky 40202



CITY OF BEREA

MAYORS OFFICE

STEVEN CONNELLY
MAYOR

212 CHESTNUT STREET • BEREA, KENTUCKY 40403
(859) 986-8528 • FAX (859) 986-7657
mayor@bereaky.gov

April 17, 2014

mayor@bereaky.gov

Advance Copy Via Facsimile to 502-627-3613

Charles A. Freibert, Jr.
Director, Marketing
LG&E and KU Energy
220 West Main Street
Louisville, Kentucky 40202

Re: Notice of termination of Contract for Electric Service

Dear Mr. Freibert:

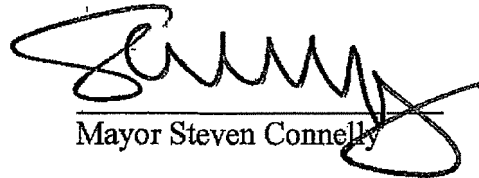
Pursuant to Section 2.3.1.1 of the Amended and Restated Contract for Electric Service between **City of Berea Municipal Utilities** and Kentucky Utilities Company ("KU") (the "Contract"), **City of Berea Municipal Utilities** hereby delivers notice of termination of the Contract effective April 30, 2019. If KU prefers a mutually agreeable earlier effective date of termination pursuant to Section 2.3.1.4 of the Contract, **City of Berea Municipal Utilities** is willing to consider that possibility. We expect that KU will honor its obligation under Section 4.1.3.4 of the Contract to file within sixty days for approval to cease collecting Construction Work in Progress in our rates.

City of Berea Municipal Utilities might not have delivered its notice of termination at this time, were it not for KU's actions that created the risk that we would face a longer notice of termination period of up to almost eleven years by delaying the notice. KU's unilateral filing at the Federal Energy Regulatory Commission ("FERC") on September 23, 2013, included the unexpected request for a lengthening of the five-year notice period, which has been in effect for decades, to ten-plus years. FERC accepted KU's proposed changes to go into effect on April 23, 2014, subject to the outcome of the proceedings in FERC Docket Nos. ER13-2428 and EL14-5. Therefore, while we regret having been confronted with this deadline for making a decision, we have concluded that it is preferable to terminate the Contract while there is still assurance of the longstanding five-year notice period, rather than be subjected to the risk of an unacceptably long notice period, coupled with other adverse elements of KU's proposed changes to our rates and contract. Those elements include the risks of an excessive rate of return, rate shock due to a

proposed new true-up mechanism in the formula rate, unreasonable creditworthiness requirements, and the imposition of other unjustified charges. With KU having opposed or ignored our earlier requests for relief from this deadline, its eleventh-hour proposal for a temporary extension did not change this conclusion.

City of Berea Municipal Utilities appreciates the services that KU has provided under the Contract and its predecessors for many years. We look forward to a positive, continuing relationship during the notice period and to continuing to work with KU and Louisville Gas and Electric Company ("LG&E") as we implement successor arrangements, including the rollover of network transmission service rights under the KU/LG&E Open Access Transmission Tariff.

Sincerely,



Mayor Steven Connelly

cc: Advance Copy Via Facsimile to 502-627-3367
Elizabeth Cocanougher Fox
Senior Corporate Attorney
LG&E and KU Energy
220 West Main Street
Louisville, Kentucky 40202



City of Bardwell

Kentucky
UNDISCOVERED SPIRIT
Sinclair

Philip King, MAYOR

P.O. Box 639 • Bardwell, KY, 42023
Email bardwell@mygalaxyexpress.com

Phone (270) 628-5415
Fax (270) 628-3246

April 17, 2014

Advance Copy via Facsimile to 502-627-3613

Charles A. Freibert, Jr.
Director, Marketing
LG&E and KU Energy
220 West Main Street
Louisville, Kentucky 40202

Re: Notice of termination of Contract for Electric Service

Dear Mr. Freibert:

Pursuant to Section 2.3.1.1 of the Amended and Restated Contract for Electric Service between **Bardwell City Utilities** and Kentucky Utilities Company ("KU") (the "Contract"), **Bardwell City Utilities** hereby delivers notice of termination of the Contract effective April 30, 2019. If KU prefers a mutually agreeable earlier effective date of termination pursuant to Section 2.3.1.4 of the Contract, **Bardwell City Utilities** is willing to consider that possibility. We expect that KU will honor its obligation under Section 4.1.3.4 of the Contract to file within sixty days for approval to cease collecting Construction Work in Progress in our rates.

Bardwell City Utilities might not have delivered its notice of termination at this time, were it not for KU's actions that created the risk that we would face a longer notice of termination period of up to almost eleven years by delaying the notice. KU's unilateral filing at the Federal Energy Regulatory Commission ("FERC") on September 23, 2013, included the unexpected request for a lengthening of the five-year notice period, which has been in effect for decades, to ten-plus years. FERC accepted KU's proposed changes to go into effect on April 23, 2014, subject to the outcome of the proceedings in FERC Docket Nos. ER13-2428 and EL14-5. Therefore, while we regret having been confronted with this deadline for making a decision, we have concluded that it is preferable to terminate the Contract while there is still assurance of the longstanding five-year notice period, rather than be subjected to the risk of an unacceptably long notice period, coupled with other adverse elements of KU's proposed changes to our rates and contract. Those elements include the risks of an excessive rate of return, rate shock due to a proposed new true-up mechanism in the formula rate, unreasonable creditworthiness requirements, and the imposition of other unjustified charges. With KU having opposed or ignored our earlier requests for relief from this deadline, its eleventh-hour proposal for a temporary extension did not change this conclusion.



City of Bardwell



Philip King, MAYOR

P.O. Box 639 • Bardwell, KY, 42023

Email bardwell@mygalaxyexpress.com

Phone (270) 628-5415

Fax (270) 628-3246

Bardwell City Utilities appreciates the services that KU has provided under the Contract and its predecessors for many years. We look forward to a positive, continuing relationship during the notice period and to continuing to work with KU and Louisville Gas and Electric Company ("LG&E") as we implement successor arrangements, including the rollover of network transmission service rights under the KU/LG&E Open Access Transmission Tariff.

Sincerely yours,

A handwritten signature in blue ink that reads "Philip King".

Philip King – Mayor - Bardwell City
Utilities, City of Bardwell

04/17/2014

cc: Advance Copy Via Facsimile to 502-627-3367
Elizabeth Cocanougher Fox
Senior Corporate Attorney
LG&E and KU Energy
220 West Main Street
Louisville, Kentucky 40202

Mayor
Mark Hart
City Clerk
Terry England

CITY OF FALMOUTH

230 Main Street, Falmouth, Kentucky 41040
Phone: (859) 654-6937 Fax (859) 654-3603
falmouthch@fuse.net

Sinclair
Council Members
Darryl Ammerman
Gary Askin
Jodi Chaplin-Ramey
Mary Ann Pittman
Ernie Richie
Ron Stinson

April 17, 2014

Advance Copy Via Facsimile to 502-627-3613

Charles A. Freibert, Jr.
Director, Marketing
LG&E and KU Energy
220 West Main Street
Louisville, Kentucky 40202

Re: Notice of termination of Contract for Electric Service

Dear Mr. Freibert:

Pursuant to Section 2.3.1.1 of the Amended and Restated Contract for Electric Service between City of Falmouth and Kentucky Utilities Company ("KU") (the "Contract"), City of Falmouth hereby delivers notice of termination of the Contract effective April 30, 2019. If KU prefers a mutually agreeable earlier effective date of termination pursuant to Section 2.3.1.4 of the Contract, City of Falmouth is willing to consider that possibility. We expect that KU will honor its obligation under Section 4.1.3.4 of the Contract to file within sixty days for approval to cease collecting Construction Work in Progress in our rates.

City of Falmouth might not have delivered its notice of termination at this time, were it not for KU's actions that created the risk that we would face a longer notice of termination period of up to almost eleven years by delaying the notice. KU's unilateral filing at the Federal Energy Regulatory Commission ("FERC") on September 23, 2013, included the unexpected request for a lengthening of the five-year notice period, which has been in effect for decades, to ten-plus years. FERC accepted KU's proposed changes to go into effect on April 23, 2014, subject to the outcome of the proceedings in FERC Docket Nos. ER13-2428 and EL14-5. Therefore, while we regret having been confronted with this deadline for making a decision, we have concluded that it is preferable to terminate the Contract while there is still assurance of the longstanding five-year notice period, rather than be subjected to the risk of an unacceptably long notice period, coupled with other adverse elements of KU's proposed changes to our rates and contract. Those elements include the risks of an excessive rate of return, rate shock due to a proposed new true-up mechanism in the formula rate, unreasonable creditworthiness requirements, and the imposition of other unjustified charges. With KU having opposed or ignored our earlier requests for relief from this deadline, its eleventh-hour proposal for a temporary extension did not change this conclusion.

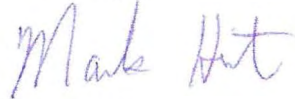
Charles A. Freibert, Jr.

April 17, 2014

Page 2

City of Falmouth appreciates the services that KU has provided under the Contract and its predecessors for many years. We look forward to a positive, continuing relationship during the notice period and to continuing to work with KU and Louisville Gas and Electric Company ("LG&E") as we implement successor arrangements, including the rollover of network transmission service rights under the KU/LG&E Open Access Transmission Tariff.

Sincerely yours,



Mark Hart, Mayor

cc: **Advance Copy Via Facsimile to 502-627-3367**

Elizabeth Cocanougher Fox
Senior Corporate Attorney
LG&E and KU Energy
220 West Main Street
Louisville, Kentucky 40202



April 21, 2014

Advance Copy Via Facsimile to 502-627-3613

Charles A. Freibert, Jr.
Director, Marketing
LG&E and KU Energy
220 West Main Street
Louisville, Kentucky 40202

Re: Notice of termination of Contract for Electric Service

Dear Mr. Freibert:

Pursuant to Section 2.3.1.1 of the Amended and Restated Contract for Electric Service between Barbourville Utility Commission and Kentucky Utilities Company ("KU") (the "Contract"), Barbourville Utility Commission hereby delivers notice of termination of the Contract effective April 30, 2019. If KU prefers a mutually agreeable earlier effective date of termination pursuant to Section 2.3.1.4 of the Contract, Barbourville Utility Commission is willing to consider that possibility. We expect that KU will honor its obligation under Section 4.1.3.4 of the Contract to file within sixty days for approval to cease collecting Construction Work in Progress in our rates.

The Barbourville Utility Commission might not have delivered its notice of termination at this time, were it not for KU's actions that created the risk that we would face a longer notice of termination period of up to almost eleven years by delaying the notice. KU's unilateral filing at the Federal Energy Regulatory Commission ("FERC") on September 23, 2013, included the unexpected request for a lengthening of the five-year notice period, which has been in effect for decades, to ten-plus years. FERC accepted KU's proposed changes to go into effect on April 23, 2014, subject to the outcome of the proceedings in FERC Docket Nos. ER13-2428 and EL14-5. Therefore, while we regret having been confronted with this deadline for making a decision, we have concluded that it is preferable to terminate the Contract while there is still assurance of the longstanding five-year notice period, rather than be subjected to the risk of an unacceptably long notice period, coupled with other adverse elements of KU's proposed changes to our rates and contract. Those elements include the risks of an excessive rate of return, rate shock due to a proposed new true-up mechanism in the formula rate, unreasonable creditworthiness requirements, and the imposition of other unjustified charges. With KU having opposed or ignored our earlier requests for relief from this deadline, its eleventh-hour proposal for a temporary extension did not change this conclusion.

The Barbourville Utility Commission appreciates the services that KU has provided under the Contract and its predecessors for many years. We look forward to a positive, continuing relationship during the notice period and to continuing to work with KU and
202 Daniel Boone Drive, Barbourville, KY 40906 (606) 546-3187 Fax: (606) 546-4848 www.barbourville.com



Louisville Gas and Electric Company ("LG&E") as we implement successor arrangements, including the rollover of network transmission service rights under the KU/LG&E Open Access Transmission Tariff.

Sincerely yours,

A handwritten signature in black ink that reads "Josh Callihan". The signature is fluid and cursive, with the first name "Josh" being larger and more prominent than the last name "Callihan".

Josh Callihan, PE
General Manager
Barbourville Utility Commission

cc: **Advance Copy Via Facsimile to 502-627-3367**

Elizabeth Cocanougher Fox
Senior Corporate Attorney
LG&E and KU Energy
220 West Main Street
Louisville, Kentucky 40202

Lewis Hopper
Board Chairman
Barbourville Utility Commission

Steve Evans
Board Member
Barbourville Utility Commission

Tim Davis
Board Member
Barbourville Utility Commission

CITY OF PROVIDENCE

Eddie Gooch, Mayor
Kay Travis, City Clerk

P.O. Box 128
201 E. MAIN
Providence, KY 42450
270-667-5463 Phone
270-667-5125 Fax

April 17, 2014

Charles A. Freibert, Jr.
Director, Marketing
LG&E and KU Energy
220 West Main Street
Louisville, Kentucky 40202

Re: Notice of termination of Contract for Electric Service

Dear Mr. Freibert:

Pursuant to Section 2.3.1.1 of the Amended and Restated Contract for Electric Service between **Providence Municipal Utilities** and Kentucky Utilities Company (“KU”) (the “Contract”), **Providence Municipal Utilities** hereby delivers notice of termination of the Contract effective April 30, 2019. If KU prefers a mutually agreeable earlier effective date of termination pursuant to Section 2.3.1.4 of the Contract, **Providence Municipal Utilities** is willing to consider that possibility. We expect that KU will honor its obligation under Section 4.1.3.4 of the Contract to file within sixty days for approval to cease collecting Construction Work in Progress in our rates.

Providence Municipal Utilities might not have delivered its notice of termination at this time, were it not for KU’s actions that created the risk that we would face a longer notice of termination period of up to almost eleven years by delaying the notice. KU’s unilateral filing at the Federal Energy Regulatory Commission (“FERC”) on September 23, 2013, included the unexpected request for a lengthening of the five-year notice period, which has been in effect for decades, to ten-plus years. FERC accepted KU’s proposed changes to go into effect on April 23, 2014, subject to the outcome of the proceedings in FERC Docket Nos. ER13-2428 and EL14-5. Therefore, while we regret having been confronted with this deadline for making a decision, we have concluded that it is preferable to terminate the Contract while there is still assurance of the longstanding five-year notice period, rather than be subjected to the risk of an unacceptably long notice period, coupled with other adverse elements of KU’s proposed changes to our rates and contract. Those elements include the risks of an excessive rate of return, rate shock due to a proposed new true-up mechanism in the formula rate, unreasonable creditworthiness requirements, and the imposition of other unjustified charges. With KU having opposed or ignored our earlier requests for relief from this deadline, its eleventh-hour proposal for a temporary extension did not change this conclusion.

Providence Municipal Utilities appreciates the services that KU has provided under the Contract and its predecessors for many years. We look forward to a positive, continuing relationship during the notice period and to continuing to work with KU and Louisville Gas and Electric Company ("LG&E") as we implement successor arrangements, including the rollover of network transmission service rights under the KU/LG&E Open Access Transmission Tariff.

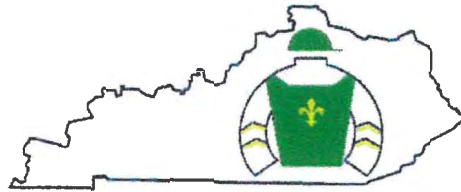
Sincerely yours,

A handwritten signature in black ink that reads "Eddie Gooch". The signature is written in a cursive, flowing style.

Eddie Gooch, Mayor

XXX:yy

cc: Elizabeth Cocanougher Fox
Senior Corporate Attorney
LG&E and KU Energy
220 West Main Street
Louisville, Kentucky 40202



The City of Paris

"THOROUGHbred CAPITAL OF THE WORLD"

525 HIGH STREET
PARIS, KENTUCKY 40361

PHONE (859) 987-2110
FAX (859) 987-4640
TDD (859) 987-2100

April 21, 2014

Advance Copy Via Facsimile to 502-627-3613

Charles A. Freibert, Jr.
Director, Marketing
LG&E and KU Energy
220 West Main Street
Louisville, Kentucky 40202

Re: Notice of termination of Interchange Agreement

Dear Mr. Freibert:

Pursuant to Section 2.3.1.1 of the Amended and Restated Interchange Agreement between the City of Paris, Kentucky and Kentucky Utilities Company ("KU") (the "Contract"), the City of Paris, Kentucky hereby delivers notice of termination of the Contract. It is the City of Paris, Kentucky's intent that the effective date of termination will be April 30, 2017, unless and except as follows. KU has proposed, in its filing pending before the Federal Energy Regulatory Commission ("FERC") in Docket Nos. ER13-2428 and EL14-5, to eliminate the existing interruptible (or "Secondary") electric service to Paris and the associated capacity credit for the Paris diesel generating units as provided in the Contract. In the event that either KU agrees to honor the Contract's existing provisions regarding the interruptible service and capacity credit or FERC determines that those provisions should remain in effect in substantially their existing form for the remaining term of the Contract, the effective date of termination will be April 30, 2019. If KU prefers a mutually agreeable alternative effective date of termination pursuant to Section 2.3.1.4 of the Contract, the City of Paris, Kentucky is willing to consider that possibility. We expect that KU will honor its obligation under Section 4.1.3.4 of the Contract to file within sixty days for approval to cease collecting Construction Work in Progress in our rates.

The City of Paris, Kentucky might not have delivered its notice of termination at this time, were it not for KU's actions that created the risk that we would face a longer notice of termination period of up to almost eleven years by delaying the notice. KU's unilateral filing at FERC on September 23, 2013, included the unexpected request for a lengthening of the three-year notice period, which has been in effect for decades, to ten-plus years. FERC accepted KU's proposed changes to go into effect on April 23, 2014, subject to the outcome of the proceedings in FERC Docket Nos. ER13-2428 and EL14-5. Therefore, while we regret having been confronted with this deadline for making a decision, we have concluded that it is preferable to

Charles A. Freibert, Jr.

April 21, 2014

Page 2

terminate the Contract while there is still assurance of the longstanding three-year notice period, rather than be subjected to the risk of an unacceptably long notice period, coupled with other adverse elements of KU's proposed changes to our rates and contract. Those elements include the risks of the elimination of interruptible service, an excessive rate of return, rate shock due to a proposed new true-up mechanism in the formula rate, unreasonable creditworthiness requirements, and the imposition of other unjustified charges. With KU having opposed or ignored our earlier requests for relief from this deadline, its eleventh-hour proposal for a temporary extension did not change this conclusion.

The City of Paris, Kentucky appreciates the services that KU has provided under the Contract and its predecessors for many years. We look forward to a positive, continuing relationship during the notice period and to continuing to work with KU and Louisville Gas and Electric Company ("LG&E") as we implement successor arrangements, including the rollover of network transmission service rights under the KU/LG&E Open Access Transmission Tariff.

Sincerely yours,



Michael Thornton, Mayor City of Paris

cc: **Advance Copy Via Facsimile to 502-627-3367**

Elizabeth Cocanougher Fox
Senior Corporate Attorney
LG&E and KU Energy
220 West Main Street
Louisville, Kentucky 40202