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PUBLIC SERVICE
COMMISSION

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

Kentucky Utilities Company
Legal Department
220 West Main Street
Louisville, Kentucky 40202
www.eon-us.com

November 3, 2009

Allyson K. Sturgeon
Senior Corporate Attorney
T 502-627-2088
F 502-217-4995
allyson.sturgeon@eon-us.com

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 Bradfordsville, Kentucky, Case No. 2009-00382

Dear Mr. DeRouen:

Pursuant to the Commission's October 7, 2009 Order in the above-referenced proceeding, enclosed please find two copies of the executed franchise agreement with the City of Bradfordsville, Kentucky.

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

Very truly yours,

Allyson K. Sturgeon
Senior Corporate Counsel

Enclosures

FRANCHISE AGREEMENT

This Franchise Agreement (“Agreement”) is hereby made and entered into this 14th day of October, 2009 by and between the City of Bradfordsville in the Commonwealth of Kentucky (“City”) and Kentucky Utilities Company (“Company”).

WITNESSTH:

WHEREAS, the City adopted an Ordinance #2009-2 on June 10, 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

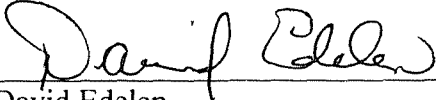
10. Other Fees. Any other fees assessed to the Company in connection with the Company's use of the City's public ways, including fees associated with permits and licenses of whatever nature, shall be payable by the Company only if and to the extent the Company is authorized by the Kentucky Public Service 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.


[the remainder of this page is intentionally blank]

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 14th day of October, 2009.



David Edelen
Mayor, City of Bradfordsville



John P. Malloy
Vice President, Energy Delivery Retail Business

son 18-20 years of age...
sion/purchase/attempt to purchase or have another purchase alcohol. \$75 fine, court costs.

Waller, 230 N. Brockton...
Ave., Lebanon, plaintiff seeks \$1,312.97 plus interest, court costs and attorney fees.

80 Gray St., Lebanon, default judgment in favor of plaintiff for \$3,644.60 plus interest, court costs and attorney fees.

\$20,500.00 plus interest, court costs and attorney fees.

09-CI-00292, 07-24-09, Farmers National Bank, 136 W. Main St., Lebanon, vs. Charles Jeremy Webb, 3595 Riley Road, Gravel Switch, default judgment in favor of plaintiff for \$3,850.92 plus interest, court costs and attorney fees.

Circuit court suits

09-CI-00370, 09-19-09, Beneficial Kentucky Inc. vs. Martha D. Gipson, 1180 Beech Fork Road, Gravel Switch, plaintiff seeks \$5,002.59 plus interest, court costs and attorney fees for alleged default on debt.

09-CI-00400, 10-08-09, Nationstar Mortgage LLC vs. Jonathan Hanlon ET AL, 722 Doctor St., Lebanon, plaintiff

09-CI-00294, 07-25-09, Sommerhill Capital LLC vs. Jennifer Laihart ET AL, 25 Aliceton Road, Gravel Switch, default judgment in favor of plaintiff for \$5,843.36 plus interest, court costs and attorney

See Record, page A11

Small claims dispositions

09-S-00071, 08-19-09, Timmy Stumph, no address available, vs. Candice Spalding, 628 Chadley Ave., Lebanon, default judgment in favor of plaintiff for \$700 plus interest, court costs and attorney fees.

09-S-00074, 09-02-09, Fisher Auto Parts, 490 W. Main St., Lebanon, vs. Tony Shuck, 124 N. Spalding Ave., Lebanon, dismissed before trial

District civil suits

(Claims filed in a lawsuit give only one side of the case.)

09-C-00277, 09-11-09, Midland Funding LLC vs. Rick J. Sparks, 4260 Hwy. 52, Loretto, plaintiff seeks \$773.12 plus interest, court costs and attorney fees for alleged default on debt.

09-C-00286, 09-22-09, Anita Carey, executrix, vs. James Redfern ET AL, 643 Willis Trail, Lebanon, plaintiff seeks \$567 plus interest, court costs and attorney fees for alleged default on debt.

09-C-00291, 09-28-09, Arrow Financial Services, LLC vs. Ray Cooper, 12300 Danville Highway, Lebanon, plaintiff seeks \$2,608.69 plus interest, court costs and attorney fees for alleged default on debt.

09-C-00298, 10-02-09, Capital One Bank vs. Crystal G. Coulter, 1940 Scott's Ridge Road, Raywick, plaintiff seeks \$2,092.74 plus interest, court costs and attorney fees for alleged default on debt.

09-C-00301, 10-03-09, Marlon County Anesthesia Assoc. vs. Peggy Sue Kirkland, 1130

09-C-00308, 10-07-09, Boone Sheet Metal, Inc., 205 Ballard St., Springfield, vs. Michelle Espinosa, D/B/A The Oak Barrel, 101 E. Main St., Lebanon, plaintiff seeks \$1,775.06 plus interest, court costs and attorney fees for alleged default on debt.

09-C-00310, 10-08-09, Capital One Bank vs. Teandra S. Adams, 174 Hamilton Heights, Lebanon, plaintiff seeks \$766.58 plus interest, court costs and attorney fees for alleged default on debt.

09-C-00312, 10-08-09, Miles Farm Supply, LLC vs. Joseph C. Brady, 3580 St. Mary Road, Lebanon, plaintiff seeks \$922.68 plus interest, court costs and attorney fees for alleged default on debt.

09-C-00313, 10-08-09, Miles Farm Supply, LLC vs. Barry Whitls, 8080 Hwy. 337, Gravel Switch, plaintiff seeks \$597.58 plus interest, court costs and attorney fees for alleged default on debt.

District civil dispositions

09-C-00043, 02-13-09, LVNV Funding LLC vs. Patrick Ford, 361 Burton Lane, Lebanon, dismissed without prejudice.

09-C-00083, 03-12-09, Asset Acceptance, LLC vs. Stephen P. Tungate, 121 Hood Lane, Lebanon, default judgment in favor of plaintiff for \$3,410.19 plus interest, court costs and attorney fees.

NOTICE OF ORDINANCE GRANTING FRANCHISE

By virtue of a resolution heretofore passed by the City Council of the City of Bradfordsville, 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 Bradfordsville City Clerk, Main Street, Bradfordsville, Kentucky. The ordinance by title and summary is as follows: ORDINANCE #2009-2. AN ORDINANCE CREATING A FRANCHISE FOR THE ERECTION, LAYING AND MAINTENANCE OF ELECTRIC FACILITIES AND APPURTENANT FACILITIES AND EQUIPMENT, ALONG AND ACROSS THE PUBLIC WAYS, ROAD, STREETS, ALLEYS AND OTHER PUBLIC PLACES IN THE CITY OF BRADFORDSVILLE, KENTUCKY; FOR FURNISHING AND SELLING ELECTRICITY BY MEANS OF SAID FACILITIES; AND PROVIDING FOR THE SALE OF SAID FRANCHISE.

Wanda Marlow, Bradfordsville, KY
City Clerk
Published October 21, 2009

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