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PUBLIC SERVICE
COMMISSION

September 4, 2013

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

LG&E and KU Energy LLC
Legal Department
220 West Main Street
Louisville, Kentucky 40202
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Allyson K. Sturgeon
Senior Corporate Attorney
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RE: Application of Kentucky Utilities Company for a Certificate of Public Convenience and Necessity Authorizing KU to Bid on a Franchise Established by Lexington-Fayette Urban County Government, Case No. 2013-00118

Dear Mr. Derouen:

Enclosed please find an original and 10 copies of Lexington-Fayette Urban County Government's ("LFUCG") Ordinance No. 102-2013 which increases the franchise fee for each of LFUCG's utilities, including Kentucky Utilities Company, from three percent to four percent of gross revenues, effective October 1, 2013. This increase is consistent with Section 5 of the Franchise Agreement and Section 18 of LFUCG Ordinance No. 35-2013 (attached to the Franchise Agreement as Exhibit A) which was filed with this Commission earlier this year.

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

Very truly yours,

A handwritten signature in black ink that reads 'Allyson K Sturgeon'. The signature is written in a cursive, flowing style.

Allyson K. Sturgeon

Enclosures

cc: David J. Barberie

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0-102-2013

AN ORDINANCE AMENDING ORDINANCE NO. 35-2013 AND THE FRANCHISE AGREEMENTS WITH KENTUCKY UTILITIES COMPANY, INC.; BLUE GRASS ENERGY COOPERATIVE CORPORATION; AND CLARK ENERGY COOPERATIVE, INC., TO INCREASE THE FRANCHISE FEES FOR EACH UTILITY FROM THREE PERCENT (3%) TO FOUR PERCENT (4%) OF GROSS REVENUES EFFECTIVE OCTOBER 1, 2013.

WHEREAS, the current franchise fees for the respective electric franchises with Kentucky Utilities Company, Inc. (Resolution No. 153-2013); Blue Grass Energy Cooperative Corporation (Resolution No. 154-2013); and Clark Energy Cooperative, Inc. (Resolution No. 152-2013), have been established at three percent (3%) of each franchisees' gross revenues as defined in their respective franchise agreements and ordinances; and

WHEREAS, pursuant to the terms and provisions of Lexington-Fayette Urban County Government Ordinance No. 35-2013, and the respective franchise agreements the Lexington-Fayette Urban County Government, through the Urban County Council, has the right to impose upon each franchisee a franchise fee in an amount not to exceed five percent (5%) of its gross revenues.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT:

Section 1 - That the above recitals are incorporated herein as if fully stated.

Section 2 - That pursuant to the provisions of Ordinance No. 35-2013, and the respective franchise agreements with Kentucky Utilities Company, Inc.; Blue Grass Energy Cooperative Corporation; and Clark Energy Cooperative, Inc., the ordinance and franchise agreements be and hereby are amended, and the franchise fee for each utility is increased from three percent (3%) to four percent (4%) of its gross revenues as defined in that utility's ordinance and franchise agreement effective October 1, 2013.

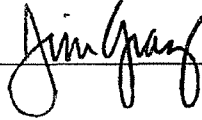
Section 3 - That the remainder of Ordinance No. 35-2013 and the respective franchise agreements shall be unchanged and the franchise fees established by this Ordinance shall remain in effect until such time as this Ordinance is further amended by the Urban County Council.

Section 4 – That the Mayor is hereby authorized to execute any necessary amendments to the franchise agreements or any other related documents in order to implement the increase to the franchise fees.

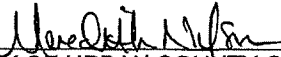
Section 5 - That this Ordinance shall become effective on the date of its passage.

PASSED URBAN COUNTY COUNCIL: August 29, 2013

MAYOR



ATTEST:



CLERK OF URBAN COUNTY COUNCIL

PUBLISHED: September 5, 2013-1t

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