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November 3, 2017

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NOV 06 2017

PUBLIC SERVICE
COMMISSION

Gwen R. Pinson
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, KY 40601

RE: *Case No. 2017-00181--Application Of Level 3 Communications, LLC Under KRS 278.020(5) for a Certificate Of Convenience and Necessity Showing a Demand and Need for Telecommunications Service in the City of Florence Kentucky*

Dear Ms. Pinson:

On May 1, 2017 the Commission granted Level 3's application in the referenced case. Level 3 was granted a franchise by the City of Florence on August 9, 2017. The Commission's Order required Level 3 to file an executed copy of the franchise agreement and a statement disclosing the franchise fee.

Enclosed please find a copy of the executed franchise agreement. The initial franchise fee has not yet been determined by the City.¹

Please confirm your receipt of this filing by placing the stamp of your office with the date received.

¹ Florence is currently a certified participant in the state telecom tax distribution fund. Under KRS 136.660(4), any political subdivision that chooses to impose a franchise fee on communications service will forfeit distribution of all state telecom receipts during the time franchise fees are collected. The Level 3 franchise for Florence was granted shortly after the decision in *Kentucky CATV Ass'n v. City of Florence*, 520 S.W.3d 355 (Ky. 2017), which authorized cities to impose franchise fees in lieu of receiving distributions from the state telecom tax fund. It is our understanding that unless Florence notifies the Kentucky Department of Revenue that it is revoking its certified participation in the state fund, the City will not impose a franchise fee.

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Should you have any questions please contact me at your convenience.

Very truly yours,

STOLL KEENON OGDEN PLLC

A handwritten signature in blue ink, appearing to read 'D. Brent', with a stylized flourish extending to the right.

Douglas F. Brent

Enclosures

cc: Carolyn Ridley

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PUBLIC SERVICE
COMMISSION

FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT made and entered into this 9th day of August 2017, by and between the City of Florence, KY, a political subdivision of the Commonwealth of Kentucky (hereinafter "Florence"), and Level 3 Communications LLC (hereinafter "Level 3").

WITNESSETH:

WHEREAS, by Ordinance No. O-19-16 Florence created a ten (10) year, non-exclusive franchise for a telecommunications system within the confines of Florence; and

WHEREAS, Florence offered at bid a telecommunication franchise pursuant to Ordinance No. O-19-16; and

WHEREAS, by Resolution No. R-8-17, Florence accepted the bid of Level 3 to acquire said franchise; and

WHEREAS, Florence and Level 3 have entered into this Franchise Agreement to memorialize the grant by Florence to Level 3 of said franchise subject to the terms and conditions reflected in Ordinance No. O-19-16.

NOW THEREFORE, for and in consideration of the mutual covenants and agreements contained herein the receipt and sufficiency of which are hereby acknowledged, Florence and Level 3 hereby agree to incorporate the foregoing recitals as if fully set forth herein and further agree as follows:

1. Ordinance No. O-19-16, which is attached hereto as Exhibit "A", is incorporated herein by reference in its entirety and shall apply as if fully set forth herein.
2. Resolution No. R-8-17, which is attached hereto as Exhibit "B", is incorporated herein by reference in its entirety and shall apply as if fully set forth herein.

3. Florence has granted unto Level 3 a non-exclusive franchise for a telecommunications system within the confines of Florence, KY, for a term of ten (10) years, subject to the provisions of the Ordinance No. O-19-16.

4. The franchise memorialized in this Franchise Agreement shall commence August 15, 2017, and shall expire as provided in the terms and provisions of Ordinance No. O-19-16.

5. Level 3 does hereby bind itself, its successors and assigns, to faithfully and fully perform each and every condition of said franchise as memorialized in this Franchise Agreement, and further to faithfully perform all acts required of it pursuant to said franchise.

6. This Franchise Agreement memorializes the agreement between the parties contained and embodied in the Ordinance No. O-19-16 and shall be binding upon and inure to the benefit of the respective successors in interest to the parties hereto.

IN WITNESS WHEREOF, Florence and Level 3 have executed this Franchise Agreement as their free and voluntary act and deed effective as of the day and year first above written.

[Signatures on following page]

City of Florence, KY

BY: *Diane E. Whalen*
Diane Whalen
Mayor

Level 3 Communications LLC

BY: *Steven C. Smith*
SENIOR DIRECTOR