NOTICE OF ORDINANCE GRANTING FRANCHISE
TO
KENTUCKY UTILITIES COMPANY

The following is a true and correct copy of an ordinance enacted on the 6 20th day of Setember, 19 94, by the City Council of Versailles, Kentucky, creating and defining an electric franchise, the purchaser and grantee of which was Kentucky Utilities Company.

Dated: 9/20/94

Reata B Buggin
(Signature) City Clerk

Versailles, Kentucky
(City)

AN ORDINANCE

BE IT ORDAINED BY THE CITY OF Versailles, Woodford, COUNTY, KENTUCKY:

SECTION 1. That KENTUCKY UTILITIES COMPANY, the purchaser and grantee of this franchise, or its legal representatives, successors, and assigns, hereinafter called the "purchaser," be, and is, subject to the conditions hereinafter contained, hereby authorized and empowered to acquire, purchase, construct, maintain and operate in and through this City, a system or works for the generation, transmission and distribution of electrical energy from points either within or without the corporate limits of this City, to all areas and parts of this City and the inhabitants thereof, as its corporate limits now or hereafter exist, excepting only those areas or parts included within a franchise heretofore granted by the City to XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX Rural Electric Cooperative Corporation, and from and through this City to persons, corporations and municipalities beyond the limits thereof, and for the sale of same for light, heat, power and other purpose; and for such purposes to erect and maintain poles and other structures, wires and other apparatus necessary or convenient for the operation of said system in, upon, across, under, and along each and all of the streets, alleys and public grounds, within the present and future corporate limits of this City; to have and hold, as by law authorized, any and all real estate, easements, water and other rights necessary or convenient for said purpose; to use any and all such streets, alleys and public grounds while constructing or operating said electric system or works; and to cross any and all streets and streams in this City for the purpose of constructing, maintaining or extending such poles, wires and other apparatus as may be necessary or convenient for the proper distribution of electric energy in and through this City. Such right to maintain shall include the right to remove and/or trim trees in accordance with the purchaser's customary procedures. If, after any pole or other structure or facility has once been erected or placed, in exercise of the authority herein granted, the City Council shall order the removal of said pole, structure or facility to another location, the City shall pay the cost of making such relocation; except that, if the relocation is made necessary due to widening, regrading or reconstruction of a street or highway and the pole was originally erected in public right-of-way and is in public right-of-way immediately prior to the relocation, purchaser will pay the cost of the relocation.

SECTION 2. The purchaser shall indemnify, and save harmless the City from any and all damages, judgments, decrees, costs and expenses, including a reasonable attorney's fee, which the City may legally suffer or incur or which may be legally obtained against the City for or by reason of the use and occupation of any street, alley, or public ground in the City by the purchaser, pursuant to the terms of this franchise, or legally resulting from the exercise by the purchaser of any of the privileges herein granted; and, if any claim shall be made or suit brought against the City for damages alleged to have been sustained by reason of the occupation of any street, alley, or public ground or exercise of any privileges herein granted, by the purchaser, the City shall immediately notify the purchaser in writing thereof, and the purchaser is hereby given the right and privilege to defend or assist in defending such suit, in the name of the City.

SECTION 3. The City may not impose upon or exact from the purchaser any fee, compensation or remuneration of any kind, or impose upon the purchaser any obligation, for the purchaser's engaging in the City or adjoining territory in the sale and distribution of electrical energy, the payments provided for in Section 9 being in consideration of the rights and privileges herein granted including those with respect to the streets, alleys and public grounds within the City.

SECTION 4. The purchaser shall extend its electric light or power lines and install additional equipment whenever there is assured to it from additional business to be derived therefrom a reasonable return upon the investment required to install such extension.

SECTION 5. The purchaser shall have the right to make and enforce reasonable rules and regulations necessary to the proper conduct of its business and protection of its property.

SECTION 6. The purchaser shall have the right to charge for electrical energy supplied within the City, rates that are reasonable and that are subject to regulation by the Kentucky Public Service Commission.

SECTION 7. This franchise and all rights and privileges granted hereunder shall be in full force and effect for a period of twenty (20) years from and after the date when this franchise is granted to the purchaser.

SECTION 8. This franchise may be transferred by the purchaser and the word "purchaser" whenever used in this franchise shall include and be taken to mean and apply also to all the successors and assigns of the purchaser.

SECTION 9. As additional consideration for the grant of this franchise, the purchaser will pay to the City a sum equal to 3% of the gross revenue received by the purchaser, on and after the date when the grant of this franchise becomes effective, from electric service rendered within the corporate limits of the City to customers supplied under residential and commercial revenue classifications, as now defined in the purchaser's system of accounts and reported to the Kentucky Public Service Commission. The amount payable to the City for each full calendar quarter during which this franchise is in effect shall be computed on the basis of revenues received during such quarter, and payment shall be made within 50 days after close of the quarter; the amount which may be payable to the City for a portion of a calendar quarter at the commencement or termination of the term of this franchise shall be computed on the basis of revenues received during such portion of a calendar quarter, and shall be payable not more than 60 days after the termination of the quarter which includes the period for which payment is made. If any amount paid pursuant to the provisions of this Section 9 is stated by purchaser, at the time of such payment, to be based in whole or in part on revenues which are subject to refund by purchaser, and if any part of such revenues thereafter is required to be refunded by purchaser, the City shall repay to purchaser that part of the payment made hereunder based upon such revenues required to be refunded, such repayment to be made, at purchaser's option, either on demand or by credit against the payment or payments otherwise next becoming due hereunder. Should any license tax, occupational tax or any other tax, charge or fee except ad valorem taxes be now or hereafter imposed, the amount payable under this section shall be payable only to the extent that it exceeds the sum of all such taxes, charges or fees. The Public Service Commission of Kentucky has directed that payments such as those to the City above provided for are to be recovered as charges to customers served within the involved franchise area, and that such charges are to be listed as separate items on such customers' bills. The City recognizes that the purchaser is subject to the provisions of statutes heretofore or hereafter enacted by the General Assembly of the Commonwealth of Kentucky including statutes prescribing the regulatory jurisdiction of the Kentucky Public Service Commission, and to such Commission's exercise of such jurisdiction, and could become subject to regulatory jurisdiction of other governmental agencies relative, among other subjects, to the making of the said payments and to their rate or other treatment. If the charging, payment or collection of the sums specified in this Section 9 to be payable to the City should be made unlawful or prohibited by law or regulation, the provisions of this Section 9 shall be deemed separable from the remainder of the provisions of this Ordinance and of the franchise created hereby, and such remaining provisions of the franchise shall continue to be of full force and effect. If the making of the said payments shall not be so made unlawful or prohibited, but if the purchaser at any time shall not be permitted to fully recover in its charges to its customers the purchaser's said payments to the City, provided for in this Section 9, the purchaser shall have an option to terminate this franchise, effective upon the effective date of the law, regulation or regulatory order denying such permission.

SECTION 10. If the purchaser of this franchise is the holder of a franchise previously granted by the City of Versailles, then, unless the purchaser, as a part of its bid for this franchise expressly reserves its rights under such prior franchise, such prior franchise shall be deemed terminated effective upon the effectiveness of this franchise.

SECTION 11. It shall be the duty of the City Clerk, as soon as practicable after the introduction of this ordinance, to sell at public auction, to the highest and best bidder, the within franchise at the City Hall on some day to be fixed by the City Clerk after advertising the proposed ordinance and the time and place of sale thereof at least once on a date not less than 8 nor more than 21 days before the date of sale in the following named newspaper: Woodford Sun and in making said sale the City Clerk shall receive no bid for less amount that the total expense connected with the making of said sale including the cost of advertising, and shall report these actions hereunder at a subsequent meeting of this Council. This Council reserves the right to reject any and all bids.

ATTEST: Reata B Buggin
(Signature) City Clerk

Charles R. Reed
(Signature) Mayor

TARIFF BRANCH
RECEIVED
10/18/2012
PUBLIC SERVICE
COMMISSION
OF KENTUCKY