

FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT made and entered into this 6th day of October, 2014, by and between the **CITY OF VERSAILLES**, a municipal corporation and political subdivision of the Commonwealth of Kentucky (hereinafter "Versailles"), and **KENTUCKY UTILITIES COMPANY, INC.**, a corporation created and existing under and by virtue of the laws of the Commonwealth of Kentucky, with its principal office at One Quality Street, Lexington, Kentucky 40507 (hereinafter "Kentucky Utilities").

WITNESSETH:

WHEREAS, by Ordinance No. 2014-36 adopted August 19, 2014, Versailles provided for the creation and sale of a non-exclusive franchise, for a term of ten (10) years, to enter upon, lay, acquire, construct, operate, maintain , install, use and repair, in the public right-of-way of Versailles, a system or works for the generation, transmission, distribution and sale of electrical energy from points either within or without the corporate limits of Versailles, to Versailles and the inhabitants thereof, and from and through Versailles to persons, corporations and municipalities beyond the limits thereof, and for the sale of same for light, heat, power and other purposes; and

WHEREAS, Ordinance No. 2014-36 authorized the advertising for bids on said franchise, and Kentucky Utilities submitted a timely bid to acquire said franchise; and

WHEREAS, by Ordinance No. 2014-41 adopted October 6, 2014, Versailles accepted the bid of Kentucky Utilities to acquire said franchise; and



WHEREAS, Versailles and Kentucky Utilities have entered into this Franchise Agreement to memorialize the sale by Versailles to Kentucky Utilities of said franchise subject to the terms and conditions reflected in Ordinance Nos. 2014-36 and 2014-41 (collectively, the "Ordinances").

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

1. Ordinance No. 2014-36, 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. The bid of Kentucky Utilities for said franchise, 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. Ordinance No. 2014-41, which is attached hereto as Exhibit "C", is incorporated herein by reference in its entirety and shall apply as if fully set forth herein.
4. Versailles has granted unto Kentucky Utilities a non-exclusive franchise, for a term of ten (10) years, to enter upon, lay, acquire, construct, operate, maintain, install, use and repair, in the public right-of-way of Versailles, a system or works for the generation, transmission, distribution and sale of electrical energy within the corporate boundaries of Versailles subject to the provisions of the Ordinances.



5. The franchise memorialized in this Franchise Agreement shall commence September 16, 2014, and shall expire as provided in the terms and provisions of Ordinance No. 2014-36.

6. As compensation for said franchise, Kentucky Utilities agrees to pay to Versailles a sum equal to two percent (2%) of the gross receipts per year from Kentucky Utilities' sale of electricity to all electric-consuming entities inside Versailles's corporate limits as provided in Ordinance No. 2014-36, beginning with bills issued on or after December 1, 2014.

7. Versailles shall have the right to increase said franchise fee described above to up to three (3) percent of gross receipts per year from Kentucky Utilities' sale of electricity to electric-consuming entities inside Versailles's corporate limits on or after the later of ninety (90) days after the date of the written notice or the effective date of the franchise fee specified in Versailles's notice.

8. Kentucky Utilities does hereby bind itself, its successors and assigns, to faithfully and fully perform each and every condition of said franchise as memorialized in this Agreement, and further to faithfully perform all acts required of it as the purchaser of said franchise.

9. This Franchise Agreement memorializes the agreement between the parties contained and embodied in the Ordinances and shall be binding upon and inure to the benefit of the respective successors in interest to the parties hereto.

IN WITNESS WHEREOF, Versailles and Kentucky Utilities 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 VERSAILLES

BY: [Signature]
MAYOR

ATTEST:

Allison B. White
CITY CLERK

KENTUCKY UTILITIES COMPANY, INC.

BY: [Signature]
JOHN MALLOY, VICE PRESIDENT
CUSTOMER SERVICES

STATE OF KENTUCKY)
COUNTY OF Fayette)

The foregoing Franchise Agreement was subscribed, sworn to and acknowledged before me by John Malloy, as Vice President of Customer Services, Kentucky Utilities Company, Inc., on this the 17th day of December, 2014.

My commission expires: March 17, 2015

[Signature] 438599
NOTARY PUBLIC
KENTUCKY, STATE-AT-LARGE



Exhibit List

- A Ordinance No. 2014-36
- B Bid
- C Ordinance No. 2014-41_____

