

AMENDMENT TO FRANCHISE AGREEMENT

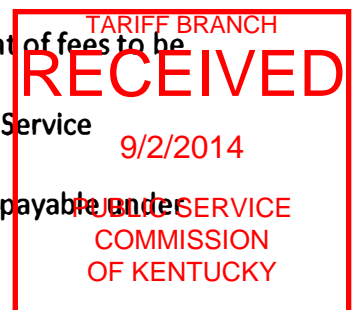
This Amendment ("Amendment") to the Franchise Agreement ("Agreement") between the City of Lebanon Junction in the Commonwealth of Kentucky ("City") and Kentucky Utilities Company ("Company") (jointly the "Parties") is hereby made and entered into this 4th day of August, 2014.

WITNESSETH:

WHEREAS, the City adopted an Ordinance (# 2014-04) on July 7, 2014, pursuant to which the City has amended its exclusive electric franchise ("Franchise") granted to and acquired by Kentucky Utilities Company on December 2, 2013 over the public rights-of-way within the City's corporate limits; and

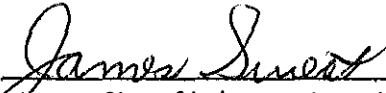
WHEREAS, the above referenced Ordinance requires that the City and the Company execute this Amendment;

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 and to help reduce electricity costs to the City's residents, it is hereby agreed between the parties, effective September 1, 2014 to discontinue the calculation of the annual franchise fee of three (3) percent of gross receipts based upon the Company's sale of electricity to all electric-consuming entities inside the City's corporate limits and instead calculate the annual franchise fee of two (2) percent based upon gross receipts from the Company's sale of electricity to all electric-consuming entities inside the City's corporate limits. Lebanon Junction reserves the right to change the assessment percentage to an amount not to exceed five (5) percent of the gross receipts at each five (5) year anniversary of the Franchise Agreement. No later than ten (10) working days after any notification of any change in the amount of fees to be collected, the Company shall make any necessary filings with the Kentucky Public Service Commission to provide for prompt and satisfactory cost recovery of the amounts payable under



this Ordinance. Any change in the assessment percentage shall be effective 30 days after notice is given. All other provisions in the original Agreement entered into on December 2, 2013, shall remain in effect. This Amendment remains effective for the duration of the existing Agreement which expires March 2, 2034.

Agreed to this 4 day of August, 2014.



Mayor, City of Lebanon Junction



Vice President, Kentucky Utilities Company

