

JOINT FRANCHISE AGREEMENT

This agreement, made and entered into this 10th day of February, 1997 by and between the City of Radcliff in the Commonwealth of Kentucky, (hereinafter referred to as "City") and Louisville, Gas & Electric (hereinafter referred to as "Franchisee").

WITNESSETH:

WHEREAS, the City has reviewed the legal, character, financial and technical qualifications of the Franchisee in full public proceedings which have provided due process; and

WHEREAS, the City adopted an Ordinance dated February 10, 1997 which awarded the Franchisee a non-exclusive franchise over the public rights of way and accepted the Franchisee's bid thereon as the highest and best bid; and

WHEREAS, the City has placed the Franchisee upon demand to execute this Franchise Agreement;

NOW, THEREFORE, in consideration of the faithful performance and strict observance by the Franchisee of all terms, provisions, conditions, obligations and reservations hereafter set forth or provided for herein, and also provided in any applicable ordinance or regulation, pursuant to which this Agreement is executed, and in further consideration of the grant to the Franchisee, by the City, of the non-exclusive franchise, it is hereby agreed between the parties hereto as follows:

1. Reaffirmation of Grant and Acceptance.

The City hereby reaffirms its grant to the Franchisee of the non-exclusive franchise and rights to construct, operate, maintain

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and lay gas pipes for the transmission and sale of gas in, along, and across the public ways, roads, streets, alleys and other public places in the City of Radcliff, Kentucky, and for constructing the necessary conduits and manholes for the installation of pipes and for selling of gas from said pipes such gas may be conveyed through the said City and to any other town or any other portion of the County or to any other County.

The Company acquiring this franchise shall have the privilege of laying and maintaining gas mains and pipes, in, along, under and across the said streets, and to transmit and sale gas through said pipes to both residential and commercial customers. The Company shall also have the right to use the streets with its service and maintenance vehicles and equipment in furtherance of this franchise. Before beginning the construction of any new line of pipes, or conduits under this franchise, the Company shall prepare a plat showing the location of the work to be done and a brief description showing the manner in which it is to be done, which plan and specification shall be presented to the City Council or their designated agent for their approval. After the work is completed, the City shall have the right to examine it and in case it finds that the work has not been done in accordance with plans and specifications approved by it, the company shall, at its own expense, make such changes as will cause the work to conform to the plans and specifications approved by the Council or their designated Agent. The work shall be done in a workman like manner and so as not to unnecessarily interfere with the public use of any of said streets. Wherever the surface of any street is



opened, it must be restored at the expense of the Company within a reasonable time to as good condition as it was prior to the opening thereof.

The Franchisee hereby reaffirms its acceptance of the franchise and warrants and represents that it has examined all the provisions of the applicable Radcliff Ordinances and regulations, the Franchisee's bid proposal, and all provisions of this Franchise Agreement, and accepts and agrees to strictly adhere to all provisions contained therein, except as same may be modified by this Agreement.

2. Definitions. Definitions of terms herein shall be provided for by the applicable Radcliff ordinances and regulations. Terms not defined therein but referred to herein, shall be construed to reflect a common usage and/or the common usage as would apply in the natural gas industry.

3. Term of Franchise.

The term of this franchise shall be 20 years from the effective date hereof.

4. Territorial Extent of the Franchise.

The Franchisee is authorized to operate throughout all the territory within the existing and future territorial corporate limits of the City, the City retaining the right to award other Franchisees the right to operate a natural gas system or similar operation in the City should it so elect.

5. Effective Date.

This Agreement shall become effective February 1, 1998.

6. Conditions of Occupants of Public Ways.



Use of all public ways shall be in accordance with the applicable Radcliff ordinances regulating the use of such public rights of way.

7. Rights Reserved by City.

(a) This franchise is subject to all applicable provisions of the City ordinances and any amendments thereof, whether made prior to or after the inception of this franchise.

(b) This franchise is expressly subject to the right of the City:

1) To repeal the same for misuse, nonuse, or the failure to comply with the provisions of any applicable local, state or federal laws or federal communication rules and regulations.

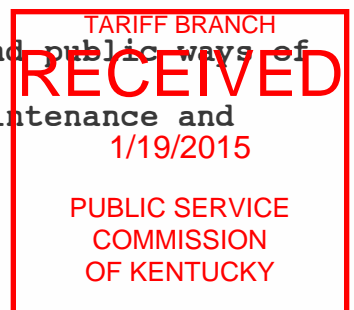
2) To impose such other regulations as may be determined by the City to be conducive to the safety, welfare, morals and accommodations of the public.

3) To control and regulate the use of its streets, roads, alleys, bridges, public places and space above and beneath them. The Franchisee shall pay such part of the cost of improvements or maintenance of the streets, roads, alleys, and shall protect and save the City harmless from all damages arising from said use.

(c) This franchise is not exclusive.

8. Franchise Fees.

(a) As compensation for the franchise granted herein and in consideration for the use of the streets and public ways of the authority for the construction, operation, maintenance and



reconstruction of a natural gas system within the City, a total annual franchise fee of three percent (3%) of the gross receipts per year from the sale of gas to customers inside the City of Radcliff. Said franchise fee shall be paid semi-annually (July 1 and January 1) as agreed to by and between the City and the Franchisee. This payment shall be in addition to any other tax or payment owed to the City by the Franchisee.

(b) The Franchisee shall be responsible for all cost involved in collecting the franchisee fee from its customers. The City will assist the Franchisee in determining what customers of the Franchisee are located in the City of Radcliff.

9. Insurance Bonds and Indemnifications.

The Franchisee shall maintain in force throughout the term of this franchise in accordance with all applicable and regulations workers' compensation insurance and both general liability insurance and motor vehicle insurance.

10. Liability and Indemnification.

The Company acquiring this franchise, and its successors and assigns, shall indemnify the City of Radcliff, Kentucky for any and all damage that may legally arise from the presence or operation of its pipes, or appliances so constructed or maintained on or along said streets, and defend all actions which may be brought against the said City by reason of or arising out of the construction or operation of said gas lines.

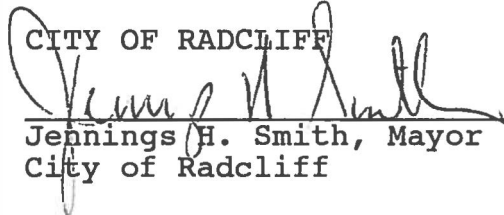
Section 3. The franchise created by this Ordinance shall be bid in accordance with the requirements of the Constitution of the Commonwealth of Kentucky, KRS Chapter 424 and applicable City

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Ordinances. The specifications for this bid shall be, among others, as set forth in the Franchise Agreement at Section 2. of this Ordinance.

Section 4. The Franchise created by this Ordinance shall be awarded to the highest and best bidder as shall be determined by and within the sole discretion of the City. In awarding the Franchise, the City shall consider the technical, managerial and financial qualifications of the bidder to perform its obligations under the Franchise Agreement.

Entered this 10th day of February, 1997.

CITY OF RADCLIFF

Jennings H. Smith, Mayor
City of Radcliff

ATTEST:

By: 
Chance Fox
City Clerk, Treasurer

LOUISVILLE GAS & ELECTRIC


Terence E. Furrer

ATTEST:



