

AMENDMENT TO FRANCHISE AGREEMENT

This Amendment ("Amendment") to the Franchise Agreement ("Agreement") between the City of Smithfield in the Commonwealth of Kentucky ("City") and Kentucky Utilities Company ("Company") (Jointly the "Parties") is hereby made and entered into this 30 day of October, 2011.

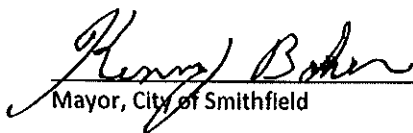
WITNESSTH:

WHEREAS, the City adopted an Ordinance (# 201104) on 10/3/11, pursuant to which the City has amended its exclusive electric franchise ("Franchise") granted to and acquired by Kentucky Utilities Company on February 14, 1995 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 October 31, 2011, to discontinue the imposition of the annual fee of three (3) percent of gross receipts per year from the Company's sale of electricity to electric-consuming entities inside the City's corporate limits for the duration of the existing Agreement which expires February 21, 2015.

Agreed to this 30 day of October, 2011.



Mayor, City of Smithfield



Vice President, Kentucky Utilities Company

