

Adjustment Clause

**FF
Franchise Fee**

APPLICABLE

In all territory served.

AVAILABILITY

Available as an option for collection of revenues within governmental jurisdictions which impose on Company franchise fees, permitting fees, local taxes or other charges by ordinance, franchise, or other governmental directive and not otherwise collected in the charges of Company's rate schedules.

BILLING

1. The franchise charge will be applied exclusively to the base rate and all riders of bills of Customers receiving service within the franchising governmental jurisdiction, before taxes.
2. The franchise charge will appear as a separate line item on Customer's bill and show the unit of government requiring the franchise.
3. Payment of the collected franchise charges will be made to the governmental franchising body as agreed to in the franchise agreement.
4. At its option, a governmental body imposing a franchise fee shall not be billed for that portion of a franchise fee, applied to services designated by the governmental body that would ultimately be repaid to the governmental body.

TERM OF CONTRACT

As agreed to in the franchise agreement. Company will not calculate or collect any such fees, taxes, or charges pursuant to expired, lapsed, or otherwise invalid, ineffective or inapplicable ordinances, franchise agreements, or other governmental enactment.



DATE OF ISSUE: July 20, 2021
DATE EFFECTIVE: With Service Rendered
On and After May 1, 2019
ISSUED BY: /s/ Robert M. Conroy, Vice President
State Regulation and Rates
Lexington, Kentucky

**Issued by Authority of an Order of the
Public Service Commission in Case No.
2018-00294 dated April 30, 2019**



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**SECTIONS APPLICABLE ONLY TO FRANCHISE FEE AGREEMENTS DATED BEFORE
September 21, 2011**

DEFINITIONS

Base Year - the twelve month period ending November 30.

Collection Year - the full calendar year following the Base Year.

Base Year Amount -

- 1) a percentage of revenues, as determined in the franchise agreement, for the Base Year; and
- 2) license fees, permit fees, or other costs specifically borne by Company for the purpose of maintaining the franchise as incurred in the Base Year and applicable specifically to Company by ordinance or franchise for operation and maintenance of its facilities in the franchise area, including but not limited to costs incurred by Company as a result of governmental regulation or directives requiring construction or installation of facilities beyond that normally provided by Company in accordance with applicable Rules and Regulations approved by and under the direction of the Kentucky Public Service Commission; and
- 3) any adjustment for over or under collection of revenues associated with the amounts in 1) or 2).

RATE

The franchise percentage will be calculated by dividing the Base Year amount by the total revenues in the Base Year for the franchise area. The franchise percentage will be monitored during the Collection Year and adjusted to recover the Base Year Amount in the Collection Year as closely as possible.



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