FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT made and entered into this 16th day of November, 2026, by and between the **CITY OF WILLIAMSTOWN**, a municipal corporation and political subdivision of the Commonwealth of Kentucky (hereinafter "Williamstown"), **DUKE ENERGY KENTUCKY,** a corporation created and existing under and by virtue of the laws of the Commonwealth of Kentucky, (hereinafter "Duke Energy Kentucky").

WITNESSETH:

WHEREAS, by Ordinance No. 2026-09 adopted July 21, 2026, Williamstown 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 Williamstown, a system or works for the transmission, distribution of natural gas from points within and through the corporate limits of Williamstown; and

WHEREAS, Ordinance No. 2026-09 authorized the advertising for bids on said franchise, and Duke Energy Kentucky submitted a timely bid to acquire said franchise; and

WHEREAS, at the City Council Meeting held October 20, 2026, Williamstown City Council voted to accept the bid of Duke Energy Kentucky to acquire said franchise; and

WHEREAS, Williamstown and Duke Energy Kentucky have entered into this Franchise Agreement to memorialize the sale by Williamstown to Duke Energy Kentucky of said franchise subject to the terms and conditions reflected in Ordinance Nos. 2026-09 (the "Ordinance").

NOW THEREFORE, for and in consideration of the mutual covenants and agreements contained herein the receipt and sufficiency of which are hereby acknowledged, Williamstown and Duke Energy Kentucky hereby agree as follows:

1. Ordinance No. 2026-09, 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 Duke Energy Kentucky 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. Williamstown has granted unto Duke Energy Kentucky 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 Williamstown, a system or works for the sale, transmission and distribution of natural gas within or without the corporate boundaries of Williamstown subject to the provisions of the Ordinances.

4. In accordance with the terms and conditions of Section 9 of the Ordinance, for the privilege of utilizing said public streets and rights of way, Duke Energy Kentucky shall be required to pay Williamstown a franchise fee equal to three (3) percent of gross receipts from Duke Energy Kentucky's sake of natural gas to gas-consuming entities within Williamstown's corporate limits. Williamstown reserves the right to increase its franchise fee at any time upon prior ninety (90) days written notice to Duke Energy Kentucky.

5. The franchise memorialized in this Franchise Agreement shall commence January 1, 2027, and shall expire as provided in the terms and provisions of Ordinance No. 2026-09.

6. Duke Energy Kentucky 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.

7. 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, Williamstown and Duke Energy Kentucky 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 WILLIAMSTOWN

BY: _____
MAYOR DAVID A. HENSON

ATTEST:

_____
CRYSTAL FRYMAN CITY CLERK

DUKE ENGERY KENTUCKY

BY: _____
President
Duke Energy Kentucky, Inc.

Exhibit List

A	Ordinance No. 2026-09
B	Bid

ORDINANCE NO. 2026-09

AN ORDINANCE CREATING AND ESTABLISHING FOR BID A NON-EXCLUSIVE NATURAL GAS FRANCHISE FOR THE PLACEMENT OF FACILITIES FOR THE TRANSMISSION, DISTRIBUTION AND SALE OF NATURAL GAS WITHIN THE PUBLIC RIGHT-OF-WAY OF THE CITY OF WILLIAMSTOWN FOR A TEN (10) YEAR DURATION, IMPOSING A FRANCHISE FEE IN OF THE SUM OF THREE PERCENT (3%) OF FRANCHISEE'S GROSS RECEIPTS FROM THE FRANCHISEE'S SALE OF NATURAL GAS TO GAS-CONSUMING ENTITIES INSIDE THE CITY OF WILLIAMSTOWN' CORPORATE LIMITS; RESERVING THE RIGHT TO IMPOSE A FRANCHISE FEE IN OF THE SUM OF UP TO FIVE PERCENT (5%) OF FRANCHISEE'S GROSS RECEIPTS PER YEAR FROM THE FRANCHISEE'S SALE OF NATURAL GAS TO NATURAL GAS-CONSUMING ENTITIES INSIDE THE CITY OF WILLIAMSTOWN'S CORPORATE LIMITS; AND FURTHER PROVIDING FOR COMPLIANCE WITH RELEVANT LAWS, REGULATIONS AND STANDARDS; INDEMNIFICATION; INSURANCE; CANCELLATION OR TERMINATION; AND BID REQUIREMENTS; ALL EFFECTIVE ON DATE OF PASSAGE.

WHEREAS, the Constitution of the Commonwealth of Kentucky, Sections 163 and 164, and Chapter 96 of the Kentucky Revised Statutes, authorize municipal corporations to require public utilities, including providers of natural gas within their boundaries, to operate under franchise agreements and to grant utilities the right to use public right-of-way on such terms and conditions as are deemed reasonable and necessary; and further KRS 82.082 authorizes the City to exercise any and all powers within its boundaries that are not in conflict with the Kentucky Constitution or state statutes; and

WHEREAS, the City Council of the City of Williamstown, Kentucky, has found and determined that the construction, operation, maintenance and utilization of a natural gas franchise over, across or under public right-of-way in the City of Williamstown, benefits said utility and the customers it serves; the franchisee desires to be a good corporate citizen of Williamston; and the City Council has further found and determined that the Construction, installation, removal, maintenance and/or repair of utility-owned facilities and other

infrastructures does periodic and unavoidable disturbance that gradually results in the degradation of the City's streets and sidewalks, for which the City is entitled to reasonable compensation in order to offset and recover the costs of reconstructing, removing, repairing or resurfacing damaged public right-of-way; and,

WHEREAS, in order to protect the health, safety and welfare of the citizens of Williamstown, Kentucky, to protect and preserve the City's public right-of-way and infrastructure and to provide for the orderly administration of the franchise contemplated herein, it is necessary and appropriate to require the successful franchisee (the "Company") to conduct its business and operations in a lawful manner and in cooperation with the citizens of Williamstown in compliance with the terms and conditions set forth hereinbelow. The agreement reached between the City and the Company shall be referred to herein as the Franchise.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF WILLIAMSTOWN:

SECTION 1

(a) There is hereby created a non-exclusive franchise to enter upon, lay, acquire, construct, operate, maintain, install, use, and repair, in the Right-Of-Way of the City, a system or works for the transmission, and distribution of natural gas within and through the corporate boundaries of the City as it now exists or may hereafter be constructed or extended, subject to the provisions of this Ordinance. Such system may include pipes, manholes, ducts, structures, and any other apparatus, equipment and facilities above and below the ground (collectively, "Equipment"). This includes those activities necessary, essential, and/or used or useful to the transmission, distribution and sale of natural gas through the City or to any other town or any portion of the county or to any other jurisdiction (hereinafter the

"Services"). Additionally, the Company shall have the right to use the streets with its service and maintenance vehicles in furtherance of this Franchise. Prior to beginning the construction or installation of any new equipment under this Franchise, the Company shall obtain any necessary governmental permits for such construction or installation, copies of which shall be provided to the City. Work performed by the Company under this Franchise shall be performed at the Company's expense, in a workmanlike manner and in such a way as not to unnecessarily interfere with the public's use of City streets. Whenever the surface of any City street is opened, it must be restored at the expense of the Company within a reasonable time to a condition comparable to what it was prior to the opening thereof. By way of example, brick pavers must be restored with brick pavers and stamped concrete must be restored with stamped concrete. However, in the event a street is opened at the request of the City for a reason other than providing adequate, efficient and reasonable service, then the City shall bear the expense of opening and restoring the street.

SECTION 2

The following definitions apply to this Ordinance:

City Council means the legislative body of the City of Williamstown.

Company means the Party or Person that shall become the purchaser of said franchise, or any successor or assignee of such Party or Person.

Facility includes all property, means, and instrumentalities owned, operated, leased, licensed, used, furnished, or supplied for, by, or in connection with the business of the utility in the Right-Of-Way.

Government or *City* means the City of Williamstown.

Gross Receipts means those amounts of money which the Company receives from its customers within the City's geographical limits or boundaries for the retail sale of gas under rates, temporary or permanent, authorized by the Council and represents amounts billed under such rates as adjusted for refunds, the net write-off of uncollectible accounts, corrections or other regulatory adjustments. Revenues do not include miscellaneous service charges, including but not limited to turn-ons, meter sets, non sufficient funds, late fees and interest, which are related to but are not a part of the actual retail sale of gas.

Party or *Person* means any natural or corporate person, business association or other business entity including, but not limited to, a partnership, a sole proprietorship, a political subdivision, a public or private agency of any kind, a Utility, a successor or assign of any of the foregoing, or any other legal entity.

Public Utility or Utility means a Party or Person that is defined in KRS Chapter 278.010 as a utility and (i) is subject to the jurisdiction of the Kentucky Public Service Commission or the Federal Energy Regulatory Commission, or (ii) is required to obtain a franchise from the Government to use and occupy the Right-Of-Way pursuant to Sections 163 and 164 of the Kentucky Constitution.

Right-Of-Way means the surface of and the space above and below a public roadway, highway, street, freeway, lane, path, sidewalk, alley, court, boulevard, avenue, parkway, cartway, bicycle lane or path, public sidewalk, or easement held by the Government for the purpose of public travel and shall include Rights-Of-Way as shall be now held or hereafter held by the Government.

SECTION 3

The Franchise created herein shall be non-exclusive and shall continue for a period of ten (10) years from and after the effective date of this Ordinance, as set forth in Section 5. The Company may, at its option, terminate this Franchise upon one hundred eighty (180) days written notice if (a) the City breaches any of its obligations hereunder and such breach is not cured within ninety (90) days of the Company's notice to the City of such breach; (b) the Company is not permitted to pass through to affected customers all fees payable by it under Section 9 herein; or (c) the City creates or amends any ordinance or regulation which, in the Company's sole discretion, would have the effect of (i) substantially altering, amending or adding to the terms of this Ordinance, (ii) substantially impairing the Company's ability to perform its obligations under the Franchise in an efficient, unencumbered and profitable way; or (iii) preventing the Company from complying with applicable statutes or regulations, rules or orders issued by the Kentucky Public Service Commission. Without diminishing the Company's rights under this Section 3, the City agrees that to the extent it desires to pass or amend an ordinance or regulation which could have the effect of substantially (i) altering, amending, or adding to the terms of this Ordinance; (ii) impairing the Company's ability to perform its obligations under this Franchise in an efficient, unencumbered and profitable way; or (iii) preventing the Company from complying with applicable statutes or regulations, rules or orders issued by the Kentucky Public Service Commission, that it will first discuss such proposed ordinance or regulation with the Company and the parties shall negotiate in good faith regarding the same.

SECTION 4

The Company is authorized to operate throughout all the territory within the corporate limits of the City for which it is authorized under state or federal law.

SECTION 5

This Ordinance shall become effective on the date of its passage and publication as required by law. The Franchise created by this Ordinance shall take effect no earlier than thirty (30) days after the City Council accepts the bid(s).

SECTION 6

The Company shall not be excused from complying with any of the terms and conditions of this Ordinance by any failure of the Government, upon any one or more occasions, to insist upon the Company's performance or to seek the Company's compliance with anyone or more of such terms or conditions.

SECTION 7

Rights Reserved by City. Subject to the above provisions, the Franchise created by this Ordinance is expressly subject to the right of the City: (i) to repeal the same for misuse, nonuse, or the Company's failure to comply with applicable local, state or federal laws; (ii) to impose such other regulations as may be determined by the City to be conducive to the safety, welfare and morals of the public; and/or (iii) to control and regulate the use of its Right-Of-Way as permitted by law.

SECTION 8

As consideration for the granting of the Franchise created by this Ordinance, the Company agrees it shall defend, indemnify, and hold harmless the Government from and against claims, suits, causes of action, proceedings, judgments for damages or equitable relief, and costs and expenses asserted against the Government that the Company's use of the Right-Of-Way or the presence or operation of the Company's equipment on or along said Right-Of-Way has caused damage to tangible property or bodily injury, if and to the extent such damage or injury is not caused by the Government's negligence, gross negligence or willful conduct. The Government

shall notify the Company in writing within a reasonable time of receiving notice of any issue it determines may require indemnification

SECTION 9

Franchise Fees. For the privilege of utilizing said public streets and rights of ways, the Company, its successors and assigns, shall be required to pay to the Government monthly three (3) percent of gross receipts from the Company's sale of natural gas to gas-consuming entities (which includes but is not limited to businesses, industrial facilities and dwellings) inside the City's corporate limits. However, the City reserves the right to increase its franchise fee at any time upon prior ninety (90) days written notice to the Company. Should the City exercise said right to increase its franchise fee, the City shall receive a monthly payment of up to five (5) percent of gross receipts per month from the Company's sale of natural gas (which includes but is not limited to businesses, industrial facilities and dwellings) inside the City's corporate limits beginning with the first billing cycle 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 the City's notice; *provided, however,* the City shall notify the Company, at least thirty (30) days prior to the effective date, of any annexations or other changes in the City's boundaries and provide the Company a list, in electronic format, of all addresses within the territory annexed or added to or de-annexed or otherwise removed from the Government's limits that are to be served by the Company.

No acceptance of any franchise fee payment by the Government shall be construed as an accord and satisfaction that the amount paid is in fact the correct amount nor shall acceptance be deemed a release to any claim the Government may have for future or additional sums pursuant to this Franchise. Any additional amount due to the Government shall be paid

within ten (10) days following written notice to the Company by the Government.

As further consideration for the granting of this Franchise, the Company agrees to pay all publication costs and attorney's fees, up to a maximum of $5,000, the City incurs in the granting of this Franchise. The above-mentioned costs shall be invoiced by the City to the Company and the Company shall pay said costs within thirty (30) days of receipt of said invoice.

Any other fees assessed to the Company in connection with the Company's use of the City's public ways, including fees associated with permits and licenses of whatever nature, shall be payable by the Company only if and to the extent the Company is authorized by the Kentucky Public Service Commission (or its successor) to pass through such fees to the entities served by it inside the City's corporate limits.

The Company also agrees to provide upon request, information to the city that will enable the city to determine what citizens are in the service area encompassed in the Franchise. If a map is provided it shall be a high-level general map and will not contain critical infrastructure information. The Company agrees to provide gas services to all willing residents in the service area where a main line extension is not necessary. If the service line to any customer is longer than the footage contained in the Company's tariffs on file with the Kentucky Public Service Commission, the potential customer will pay the additional amount required to extend service to the customer, consistent with the Company's tariffs.

The utility shall operate in compliance with all applicable laws and regulations and shall conduct its business in a manner consistent with responsible corporate citizenship. This provision does not require the utility to provide financial contributions, sponsorships, donations or

participation in any community activities, all of which shall remain voluntary, and at the utility's discretion.

SECTION 10

The Company shall maintain in force through the term of the Franchise insurance coverage for general liability insurance, auto liability and workers compensation, in accordance with all applicable laws and regulations. The Company shall maintain a general liability and auto liability coverage minimum limit of $5,000,000 per occurrence. The Company may elect to self-insure all or part of this requirement.

SECTION 11

The Company agrees to charge such rate or rates as may from time to time be fixed by the Public Service Commission of Kentucky or any successor regulatory body.

SECTION 12

(a) In addition to all other rights and powers pertaining to the Government by virtue of the Franchise created by this Ordinance or otherwise, the Government reserves the right to terminate and cancel this Franchise and all rights and privileges of the Company hereunder in the event that the Company:

(1) Willfully violates any material provision of this Franchise or any material rule, order, or determination of the Government made pursuant to this Franchise, except where such violation is without fault or through excusable neglect;

(2) Willfully attempts to evade any material provision of this Franchise or practices any fraud or deceit upon the Government;

(3) Knowingly makes a material misrepresentation of any fact in the application, proposal for renewal, or negotiation of this Franchise; or

(4) Is no longer able to provide regular and customary uninterrupted service to its customers in the franchise area.

(b) Prior to attempting to terminate or cancel this Franchise pursuant to this section, the City's Mayor or his or her designee, or the City Council shall make a written demand that the Company do or comply with any such provision, rule, order or determination. If the Company's Section 12(a) violation continues for a period of thirty (30) days following such written demand by the City for corrective action, the Government may place its request for termination of this Franchise on the agenda of the next City Council meeting. The Government shall cause to be served upon Company, at least ten (10) days prior to the date of such City Council meeting, a written notice of intent to request such termination and the time and place of the meeting, legal notice of which shall be published in accordance with any applicable laws.

(c) Any violation by the Company or its successor of the material provisions of this Franchise, or the failure to promptly perform any of the provisions thereof, shall be cause for the forfeiture of this Franchise and all rights hereunder if, after written notice to the Company and a reasonable opportunity to cure, such violations, failure or default continue as set forth in Section 12(a).

SECTION 13

Right to Cancel. The City Council shall have the right to cancel the Franchise created by this Ordinance thirty (30) days after the appointment of a receiver or trustee to take over and conduct the business of the Company, whether in receivership, reorganization, bankruptcy or other

action or proceeding, unless such receivership or trusteeship shall have been vacated prior to the expiration of said thirty (30) days, unless:

(1) Within thirty (30) days after his election of appointment, such receiver or trustee shall have fully complied with all the provisions of this Ordinance and remedied all defaults thereunder; and,

(2) Such receiver or trustee, within said thirty (30) days shall have executed an agreement, duly approved by the court having jurisdiction in the premises, whereby such receiver or trustee assumes and agrees to be bound by each and every provision of this Ordinance and the Franchise granted to the Company.

SECTION 14

In the event of a change of Kentucky law whereby retail rates of natural gas customers are no longer regulated by the Public Service Commission, the Government shall have the option of terminating this Franchise with the Company. If this Franchise is terminated by the Government pursuant to this provision, the Government and the Company shall have a duty to negotiate in good faith with respect to offering a mutually acceptable franchise to the Company.

SECTION 15

The Company shall have the authority to trim trees that are located within or overhang the Right-Of-Way to maintain and operate natural gas pipelines and other Facilities of the Company. Any trimming, removal or other disturbance of trees shall conform to Chapter 98 of the Williamstown, Kentucky Code of Ordnances, as it may be from time to time amended, and all lawful ordinances, requirements and directives of the Government, and the Company shall make available upon reasonable request of the Government, information regarding its tree-trimming practices. In the event that the Company fails to timely and sufficiently respond to a legitimate and

reasonable complaint regarding its failure to trim such trees, and such complaint is made known to the Government, the Government shall contact the Company with respect to such matter and attempt to reach a satisfactory result. Notwithstanding the foregoing, this provision in no way limits any existing or future lawful rights that the Government may have with respect to such trees.

SECTION 16

This Ordinance and any Franchise awarded pursuant to it shall be governed by the laws of the Commonwealth of Kentucky, both as to interpretation and performance. The venue for any litigation related to this Ordinance and any Franchise awarded pursuant to it shall be in a court of competent jurisdiction in Grant County, Kentucky.

SECTION 17

This Ordinance and any Franchise awarded pursuant to it does not create a contractual relationship with or right of action in favor of a third party against either the Government or the Company.

SECTION 18

If any section, sentence, clause or phrase of this Ordinance is held unconstitutional or otherwise invalid, such infirmity shall not affect the validity of the remaining Ordinance.

SECTION 19

It shall be the duty of the City's Mayor, or his/her designee, to offer for sale at public auction the Franchise and privileges created hereunder. Said Franchise and privileges shall be sold to the highest and best bidder or bidders at a time and place fixed by the City's Mayor after he or she has given due notice thereof by publication or advertisement as required by law. In awarding the franchise, the City shall consider the technical, managerial, and financial qualifications of the bidder to perform its obligations under the franchise.

SECTION 20

Bids and proposals for the purchase and acquisition of the franchise and privileges hereby created shall be in writing and shall be delivered to the City's Mayor, or his or her designee, upon the date(s) and at the times(s) fixed by him or her in said publication(s) or advertisement(s) for receiving same. Thereafter, the City's Mayor shall report and submit to the City Council, at the time of its next regular meeting or as soon as practicable thereafter, said bids and proposals for its approval. The City Council reserves the right, for and on behalf of the Government, to reject any and all bids for said franchise and privileges; and, in case the bids reported by the City's Mayor shall be rejected by the Council, it may direct, by resolution or ordinance, said franchise and privileges to be again offered for sale, from time to time, until a satisfactory bid therefore shall be received and approved.

In addition, any bid submitted by a corporation or person not already owning within the territorial limits of the City a plant, equipment, and/or Facilities sufficient to render the service required by this Ordinance must be accompanied by cash or a certified check drawn on a bank of the Commonwealth of Kentucky, or a national bank, equal to five percent (5%) of the fair estimated cost of the system required to render the service, which check or cash shall be forfeited to the Government in case the bid should be accepted and the bidder should fail, for thirty (30) days after the confirmation of the sale, to pay the price and to give a good and sufficient bond in a sum equal to one-fourth (1/4) of the fair estimated cost of the system to be erected, conditioned that it shall be enforceable in case the purchaser should fail, within sixty (60) days, to establish and begin rendering the service in the manner set forth in this Ordinance. Such deposit need not be made by a corporation or person already owning within the territorial limits of the City a plant, equipment, and/or Facilities sufficient to render the service required by this Ordinance.

SECTION 21

The Franchise shall not be assignable without the written consent of the City; however, Franchisee may assign the Franchise to any affiliate, parent, or subsidiary entity which may, during the Term of the Franchise, assume the obligation to provide natural gas throughout and for consumption within or outside the City without being required to seek the City's consent to such assignment. If the Company experiences a foreclosure or other judicial sale of all or a substantial part of the Company's Facilities located with the City of Williamstown, the Company shall provide the Government at least thirty (30) days advance written notice such foreclosure or sale.

SECTION 22

This Ordinance shall be in full force and effect from and after its reading, adoption and publication.

APPROVED:

David Henson, Mayor
City of Williamstown, Kentucky

ATTEST:

Crystal Fryman, City Clerk/Treasurer

2026-09

1st Reading: July 6, 2026

Adoption: July 21, 2026

Publication: August 6, 2026

CERTIFICATION

The undersigned, Crystal Fryman, City Clerk of the City of Williamstown, in Grant County, Kentucky, hereby certifies as follows:

1. The foregoing Ordinance No. 2026-09 was introduced in writing and read to the City Council of the City of Williamstown at regular or special meetings thereof on the 6th day of July, 2026, and the 21st day of July, 2026, at which quorums were present; and said Ordinance was enacted by the City Council of the City of Williamstown upon the affirmative vote of at least a majority of a quorum thereof, at the meeting thereof on the 21st day of July 2026, with the vote of each member of the City Council entered upon the official record of such meeting; and

2. After passage and adoption of the foregoing Ordinance by the City Council of the City of Williamstown, it was submitted to the Mayor of the City of Williamstown who approved said Ordinance by affixing his signature thereto within ten (10) days after the submission thereof to him; and

3. The foregoing Ordinance was published on the 6th day of August 2026, in the Grant County News, a newspaper qualified thereof, pursuant to the provisions of K.R.S. Chapter 424.

Crystal Fryman

Crystal Fryman, City Clerk/Treasurer

DUKE ENERGY.

Amy B. Spiller
President
Duke Energy Kentucky

139 E. 4th Street
Room 1409-M
Cincinnati, OH 45202

513.287.4359
amy.spiller@duke-energy.com

September 18, 2026

VIA HAND DELIVERY
City of Williamstown
Attn: David Henson, Mayor
400 N. Main Street
Williamstown, Kentucky 41097

BID FOR NATURAL GAS FRANCHISE

In response to your offer contained in Ordinance No. 2026-09, authorized by you on or about July 21, 2026, (the "Ordinances") titled:

> **AN ORDINANCE CREATING AND ESTABLISHING FOR BID A NON EXCLUSIVE NATURAL GAS FRANCHISE FOR THE PLACEMENT OF FACILITIES FOR THE TRANSMISSION, DISTRIBUTION AND SALE OF NATURAL GAS WITHIN THE PUBLIC RIGHT-OF-WAY OF THE CITY OF WILLIAMSTOWN FOR A TEN (10) YEAR DURATION, IMPOSING A FRANCHISE FEE IN OF THE SUM OF THREE PERCENT (3%) OF FRANCHISEE'S GROSS RECEIPTS FROM THE FRANCHISEE'S SALE OF NATURAL GAS TO GAS-CONSUMING ENTITIES INSIDE THE CITY OF WILLIAMSTOWN' CORPORATE LIMITS; RESERVING THE RIGHT TO IMPOSE A FRANCHISE FEE IN OF THE SUM OF UP TO FIVE PERCENT (5%) OF FRANCHISEE'S GROSS RECEIPTS PER YEAR FROM THE FRANCHISEE'S SALE OF NATURAL GAS TO NATURAL GAS-CONSUMING ENTITIES INSIDE THE CITY OF WILLIAMSTOWN'S CORPORATE LIMITS; AND FURTHER PROVIDING FOR COMPLIANCE WITH RELEVANT LAWS, REGULATIONS AND STANDARDS; INDEMNIFICATION; INSURANCE; CANCELLATION OR TERMINATION; AND BID REQUIREMENTS; ALL EFFECTIVE ON DATE OF PASSAGE.**

THE UNDERSIGNED, Duke Energy Kentucky, Inc., for itself, its successors and assigns, hereinafter "Duke Energy Kentucky" or "Company," subject to the conditions and exceptions set forth below, hereby submits its bid and requests that such natural gas franchise be awarded to it in consideration of which the Company shall render service and perform all the terms and conditions set forth in such Ordinance, which shall be set forth in a Franchise Agreement between the City and the Company.

Duke Energy Kentucky is a Kentucky corporation with its principal office and principal place of business at 139 East Fourth Street, Cincinnati, Ohio 45202. The Company's local office in Kentucky is the Erlanger Ops Center, 1262 Cox Road, Erlanger, Kentucky 41018. Duke Energy Kentucky is a utility engaged in the natural gas and electric business. Duke Energy Kentucky purchases, sells, stores, and transports natural gas in Boone, Bracken, Campbell, Gallatin, Grant, Kenton, and Pendleton Counties. Duke Energy Kentucky also generates electricity, which it distributes and sells in Boone, Campbell, Grant, Kenton, and Pendleton Counties.

Duke Energy Kentucky currently owns natural gas equipment and facilities in the City that are sufficient to render service as required under the franchise established by the City. As such, pursuant to KRS 96.020(2), this bid is tendered with the understanding that no bond is required with the submission of this bid. In addition, Duke Energy Kentucky is self-insured and any liability insurance requirement that may be considered by the city must be waived. Moreover, the Company's bid is conditioned upon the Franchise Agreement acknowledging that the Company's service is regulated by the Kentucky Public Service Commission (Commission) and that compliance with Commission orders, rules, and regulations shall satisfy the Company's obligation to provide quality service within the City.

In compliance with the Ordinance, the attached tariffs, which are made a part hereof, shall upon acceptance hereof and due filing, be applicable to service rendered within the City, until lawfully changed.

If this bid is acceptable to the City, Duke Energy Kentucky does respectfully request that its terms be set forth in a Natural Gas Franchise Agreement to be made and entered into between the City and the Company.

Respectfully submitted,

DUKE ENERGY KENTUCKY, INC.

Amy B. Spiller, President

Enclosures

Mayor