



January 15, 2016

HAND-DELIVERED

Joel Noaveill, Director
Louisville/Jefferson County Metro Government
Division of Purchasing
Office of Management and Budget
611 West Jefferson Street
Louisville, Kentucky 40202

Dear Mr. Noaveill:

On behalf of Louisville Gas & Electric Company (LG&E), this letter is LG&E's bid for a natural gas franchise with the City of Louisville/Jefferson County Metro Government (Louisville Metro). This bid is in response to Louisville Metro's request as contained in the Legal Notice section of the January 8, 2016 issue of the Courier-Journal. As authorized by Ordinance No. 205, Series 2015, adopted by the Louisville Metro Council on December 29, 2015, the natural gas franchise will be effective for a period of sixty (60) months and include a franchise fee of 2.0% of gross receipts. On January 13, 2016, the Kentucky Public Service Commission granted LG&E a Certificate of Public Convenience and Necessity authorizing LG&E to bid on the Louisville Metro natural gas franchise.

LG&E agrees to the terms and conditions of the franchise created by Ordinance No. 205, Series 2015 and as set forth in the attached franchise agreement, and agrees to reimburse advertising expenses incurred by Louisville Metro. LG&E's bid is expressly contingent upon: (1) LG&E's ability to recover the franchise fee as a line item on bills for only those natural gas customers who are located in the Louisville Metro Franchise Area; and (2) Louisville Metro's approval and execution of the attached franchise agreement.

We appreciate the opportunity to present this bid, and welcome any questions regarding the same.

Respectfully,

A handwritten signature in blue ink, appearing to be "John P. Malloy", is written over the typed name and title.

John P. Malloy
Vice President, Customer Services

Encl.