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VIA HAND DELIVERY

May 23, 2017

City of Dry Ridge
31 Broadway
Dry Ridge, Kentucky 41035

BID FOR NATURAL GAS FRANCHISE

In response to your offer contained in Ordinance No. 829-2017, passed by you on May 1, 2017, (the "Ordinance") 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 DRY RIDGE FOR A FIFTEEN (15) YEAR DURATION, IMPOSING A FRANCHISE FEE IN OF THE SUM OF UP TO FIVE PERCENT (5%) OF FRANCHISE'S GROSS RECEIPTS PER YEAR FROM THE FRANCHISEE'S GROSS RECEIPTS PER YEAR FROM THE FRANCHISEE'S SALE OF NATURAL GAS TO GAS-CONSUMING ENTITIES INSIDE THE CITY OF DRY RIDGE'S CORPORATE LIMITS AND FURTHER PROVIDING FOR COMPLIANCE WITH RELEVANT LAWS, REGULATIONS AND STANDARDS; INDEMNIFICATION; INSURANCE; CANCELATION 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," submits its bid and requests that such natural gas franchise be awarded to it in consideration of which the Company shall: (1) pay to the City of Dry Ridge, hereinafter called "City," the franchise fee of 5% of gross receipts from the sale of natural gas for consumption, per month; and, (2) all publication costs and attorney's fees, up to a maximum amount of \$3,000.00, the City incurs in the granting of this Natural Gas Franchise Agreement within thirty (30) days of receipt of the invoice.

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 Duke Energy Envision Center, 4580 Olympic Boulevard, 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, Kentucky. 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 plant and equipment in the City that is sufficient to render service as required under the franchise established by the City. As such, pursuant to KRS 96.020(2) and Section 21 of the Ordinance, this bid is tendered with the understanding that no bond is required with the submission of this bid. Moreover, the Company's gives notice that it is a self-insured entity as contemplated in Section 10 of the Ordinance. Duke Energy Kentucky respectfully requests that these items be included in any subsequent ordinance or resolution accepting this bid and made a part of the Natural Gas Franchise Agreement.

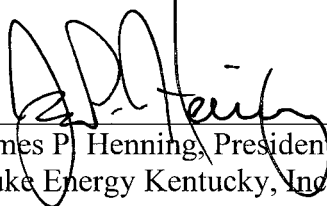
Duke Energy Kentucky agrees to comply with all of the terms contained in the Natural Gas Franchise Ordinance.

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


James P. Henning, President
Duke Energy Kentucky, Inc.

Enclosures