

**FRANCHISE AGREEMENT**

**THIS AGREEMENT** made and entered into this 10<sup>th</sup> day of July, 2012, by and between the **LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT**, an urban county government of the Commonwealth of Kentucky pursuant to Chapter 67A of the Kentucky Revised Statutes (hereinafter "Lexington"), and **CLARK ENERGY COOPERATIVE, INC.**, a corporation created and existing under and by virtue of the laws of the Commonwealth of Kentucky, with its principal office at 2640 Iron Works Road, Winchester, Kentucky 40392 (hereinafter "Clark Energy").

**WITNESSETH:**

**WHEREAS**, by Ordinance No. 78-2012 (the "Ordinance"), enacted June 21, 2012, Lexington created a short-term non-exclusive franchise for the privilege of constructing, erecting, operating and maintaining an electric generation, transmission and distribution system in Fayette County, Kentucky; and

**WHEREAS**, pursuant to the Ordinance Lexington authorized the advertising for bids on said franchise and Clark Energy submitted a timely bid to acquire said franchise; and

**WHEREAS**, by Resolution No. 414-2012, enacted July 10, 2012, Lexington accepted the bid of Clark Energy as substantially responsive to the Ordinance and in the best interest of the citizens of Lexington-Fayette Urban County; and

**WHEREAS**, Lexington and Clark Energy have agreed to accept the following as the terms of this Agreement and as those of the franchise.



**NOW THEREFORE**, for and in consideration of the mutual covenants and agreements contained herein the receipt and sufficiency of all of which are hereby acknowledged, the Government and Clark Energy agree as follows:

1. Ordinance No. 78-2012, which is attached hereto as Exhibit "A" (the "Ordinance"), is incorporated herein by reference in its entirety and shall apply as if fully set forth herein.

2. The bid of Clark Energy for this 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. Lexington hereby grants unto Clark Energy a non-exclusive franchise for the privilege of constructing, erecting, operating and maintaining an electrical energy distribution system upon, through, along, under and over the public streets, alleys, avenues, public roads, highways, sidewalks, and other public ways of the Lexington-Fayette Urban County Government in accordance with the terms of the Ordinance.

4. This Agreement shall commence on July 11, 2012, and shall expire on October 11, 2012 unless otherwise extended pursuant to the provisions of the Ordinance.

5. In consideration of the granting of this franchise, Clark Energy agrees to pay to the Government a sum equal to three percent (3%) of the gross annual revenues received by Clark Energy from electric service within Fayette County as provided in the Ordinance.

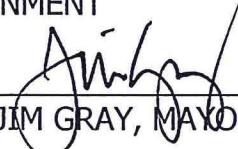


6. Clark Energy, its successors and assigns, in consideration of the grant, sale and conveyance of the above franchise, does hereby bind itself, its successors and assigns, to faithfully and fully perform each and every condition of said franchise as contained in this Agreement, and further to faithfully perform all acts required of it as the purchaser of said franchise.

7. This Agreement contains and embodies the entire agreement between the parties and shall be binding upon and inure to the benefit of the respective successors in interest to the parties hereto. No changes, modifications or other deletions in this Agreement shall be effective unless and until the same are reduced to writing and approved, adopted, and executed in the same fashion as this Agreement.

**IN TESTIMONY WHEREOF**, the Lexington-Fayette Urban County Government has caused its name to be affixed hereto by the Mayor and Clark Energy Cooperative, Inc., has caused its name to be affixed hereto by Paul G. Embs, President and CEO, its properly authorized officer.


LEXINGTON-FAYETTE URBAN COUNTY  
GOVERNMENT

BY:   
JIM GRAY, MAYOR

ATTEST:

  
SUSAN LAMB, COUNCIL CLERK

CLARK ENERGY COOPERATIVE, INC.

BY:   
PAUL G. EMBS, PRESIDENT AND CEO

TARIFF BRANCH  
**RECEIVED**  
10/30/2012  
PUBLIC SERVICE  
COMMISSION  
OF KENTUCKY

STATE OF KENTUCKY     )  
  )  
COUNTY OF Clark     )

The foregoing Agreement was subscribed, sworn to and acknowledged before me by Paul G. Embs, as President and CEO of Clark Energy Cooperative, Inc., on this the 5<sup>th</sup> day of July, 2012.

MY COMMISSION EXPIRES SEPTEMBER 8, 2012

My commission expires: \_\_\_\_\_

*Allyssa Kuitzy*  
NOTARY PUBLIC  
KENTUCKY, STATE-AT-LARGE

X:\Cases\MAYOR\11CC-00111\CONT\00352534.DOC

TARIFF BRANCH  
**RECEIVED**  
10/30/2012  
PUBLIC SERVICE  
COMMISSION  
OF KENTUCKY