

698 Morgantown Rd
Franklin KY 42134
Phone: (270) 586-3443
Emergency: 1-888-281-9133
Fax: (270) 393-2615

April 28, 2009

Mr. Jim Brown, Mayor
City of Franklin, Kentucky
P. O. Box 2805
Franklin, Kentucky 42135-2805

Dear Mr. Brown:

Millennium Energy, Incorporated ("MEI"), a division of Warren Rural Electric Cooperative Corporation ("WRECC"), hereby submits the following bid to acquire the franchise and rights created by Ordinance No. F-2 (91) of the City of Franklin, Kentucky (the "City"):

1. In consideration for the granting by the City of the franchise and rights created by Ordinance No. F-2 (91) to MEI, MEI will pay to the City, within thirty (30) days after the end of each calendar quarter during the term of the franchise, commencing with the first full calendar quarter after the effective date of the Franchise and after MEI has deducted the amount described in Subparagraph (c) below from all of its customers within the City, a franchise fee equal to one percent (1%) of MEI's gross revenues derived from the sale and transportation by MEI of natural gas within the municipal boundaries of the City during the preceding calendar quarter, subject, however, to the following conditions:

(a) MEI may add a line-item surcharge to the monthly bills of each of its customers located within the City, which surcharge may be designated as a city franchise fee, in an amount that is sufficient to recover the portion of the franchise fee paid by MEI to the City that is attributable to the gross revenue derived by MEI from such customer.

(b) MEI may retain two percent (2%) of the total franchise fee that becomes due and payable hereunder in order to recover MEI's costs and expenses for the ongoing administration of the payment of the franchise fee.

(c) MEI may also retain an amount equal to \$2.00 per each customer served by MEI as of the date that this bid is accepted by the City in order to recover MEI's costs and expenses for preparing such customers' accounts to be handled in the manner required to calculate and surcharge each customer's portion of the total franchise fee that becomes due pursuant to this bid. Such \$2.00 per customer charge may be deducted from the first quarterly franchise fee payment and each subsequent quarterly payment thereof until the total amount that may be retained by MEI has



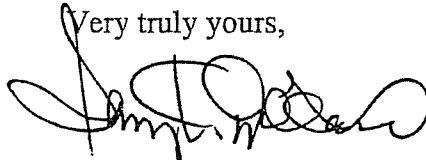
been collected.

2. The franchise fee payable pursuant to this bid shall be in lieu of any and all costs, levies, assessments, fees, or other amounts, of any kind whatsoever, that the City, currently or in the future, may charge MEI or assess against MEI's property, except for charges for water, sewage, garbage, and any other utility services provided by the City to MEI, and city occupational license fees, any and all sales taxes collected by MEI, and any and all ad valorem taxes assessed by the City against MEI's property.

3. MEI agrees to and accepts all of the terms and conditions of Ordinance No. F-2 (91) subject to the City's acceptance of this bid and the awarding of the franchise to MEI, specifically including, but not limited to the term of the franchise. Said franchise term shall expire on midnight of November 15, 2011.

If the foregoing is acceptable to the City, please execute the enclosed duplicate original of this bid letter in the space provided below and return it, together with a copy of the minutes of the City Commission meeting relating to the adoption of this bid, to Mr. Gary K. Dillard, President, Millennium Energy, Incorporated, P. O. Box 1118, Bowling Green, Kentucky 42102-1118. MEI hopes the City will find this bid acceptable and looks forward to working with the City in providing natural gas service to its citizens.

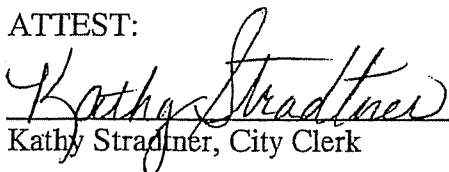
Very truly yours,




Gary K. Dillard, President
Millennium Energy, Incorporated

This bid is hereby accepted and the franchise created by Ordinance No. F-2 (91) is hereby awarded to Millennium Energy, Incorporated by the City Commission of the City of Franklin, Kentucky at a meeting of the City Commission, with a quorum duly assembled and voting, held on April 13, 2009. A copy of the minutes of the City Commission meeting relating to the acceptance of this bid and the awarding of the franchise is attached hereto.

ATTEST:


Kathy Stradner, City Clerk

CITY OF FRANKLIN, KENTUCKY


Jim Brown, Mayor

