



*seq.*) The Utility Financing and Securitization Act allows utilities to use securitized bonds to pay for extraordinary costs at more favorable terms than traditional financing.

3. On March 24, 2022, the Commission approved a settlement agreement in the 21-ATMG-333-GIG Docket, permitting Atmos Energy Corporation (Atmos) to recover \$102,517,847 of Qualified Extraordinary Costs incurred during Winter Storm Uri.<sup>5</sup> Under the terms of the approved settlement, Atmos agreed to apply for a Financing Order to enable it to issue Securitized Utility Tariff Bonds (Securitized Bonds) to obtain the most favorable financing to reduce costs to ratepayers.<sup>6</sup>

4. On May 25, 2022, pursuant to K.S.A. 66-1,240 *et seq.*, Atmos filed an Application for Financing Order to recover Securitized Utility Tariff Costs and Financing Costs incurred due to Winter Storm Uri. On May 26, 2022, Atmos filed its Proposed Financing Order to securitize its \$111,809,422 of Qualified Extraordinary Costs.<sup>7</sup> Atmos believes securitizing the Winter Event's Qualified Extraordinary Costs will minimize the financial impact on its retail ratepayers.<sup>8</sup> Atmos' Application was supported by testimony from Kathleen R. Ocanas, Vice President of Rates and Regulatory Affairs for its Colorado-Kansas Division; and Jason L. Schneider, its Assistant Treasurer.

5. On July 25, 2022, Ocanas and Schneider filed revised direct testimony. Ocanas revised her testimony to update extraordinary costs of \$120,346,745 through March 31, 2022, and carrying costs of \$3,142,758 through March 31, 2023.<sup>9</sup> Assuming Atmos issues its securitized bonds in March 2023, Schneider estimates approximately \$92.7 million will be securitized as the

---

<sup>5</sup> Order Approving Unanimous Settlement Agreement on Atmos Energy Corporation's Financial Plan, Docket No. 21-ATMG-333-GIG, May 25, 2022, ¶¶ 4, 16.

<sup>6</sup> Settlement Agreement, Feb. 9, 2022, ¶ 9.

<sup>7</sup> Financing Order, May 26, 2022, p. 1.

<sup>8</sup> Application for Financing Order, May 25, 2022, ¶ 61.

<sup>9</sup> Revised Direct Testimony of Kathleen R. Ocanas, July 25, 2022, pp. 3-4.

final regulatory asset.<sup>10</sup> This estimates includes legal, consulting fees, and issuance costs, but not the interest cost and ongoing annual administrative costs which will vary depending on the term of the bond.<sup>11</sup> Customers would pay a total of \$120.4 million over the life of a ten-year bond, or \$132.6 million over the life of a fifteen-year bond.<sup>12</sup>

6. On August 26, 2022, Josh Frantz of the Citizens' Utility Ratepayer Board (CURB)<sup>13</sup> and Justin Grady of Commission Staff (Staff) filed testimony. Frantz believes approving Atmos' request to issue securitized bonds for recovery of QEC incurred due to Winter Storm Uri would likely be beneficial to Kansas residential and small commercial ratepayers, and therefore, recommends approval, but suggests:<sup>14</sup> (1) Atmos should use its best judgment whether to ultimately issue securitized bonds;<sup>15</sup> (2) a 10-year bond, for generational rate equity, with an allowance for a longer term if required by ratings agencies;<sup>16</sup> (3) despite its preference for QECs to be recovered using a volumetric charge instead of a fixed charge, CURB does not oppose Atmos's proposal to implement the WESCR charge as a fixed value;<sup>17</sup> (4) Atmos should continue to work with CURB to determine whether low-income rate relief is feasible;<sup>18</sup> and (5) Atmos should collaborate with stakeholders to develop its strategy to inform and educate customers ahead of the WESCR charge to ensure customers are forewarned of new charges to enable them to budget accordingly.<sup>19</sup>

---

<sup>10</sup> Revised Direct Testimony of Jason L. Schneider, July 25, 2022, p. 2.

<sup>11</sup> *Id.*

<sup>12</sup> Revised Direct Testimony of Kathleen R. Ocanas, p. 5.

<sup>13</sup> CURB was granted intervention on June 28, 2022.

<sup>14</sup> Direct Testimony of Josh Frantz, Aug. 26, 2022, p. 3.

<sup>15</sup> *Id.*

<sup>16</sup> *Id.*

<sup>17</sup> *Id.*, pp. 3-4.

<sup>18</sup> *Id.*, p. 4.

<sup>19</sup> *Id.*

7. Grady testified that the Commission should authorize Atmos to recover an estimated \$118,514,030 in Qualified Extraordinary Costs associated with Winter Storm Uri, through the issuance of securitized ratepayer backed bonds.<sup>20</sup> He estimates the issuance of securitized bonds will provide net quantifiable rate benefits to customers, ranging from \$8.5 to \$11.5 million; a significant benefit to Atmos customers from issuing securitized bonds instead of traditional ratemaking.<sup>21</sup> Staff recommends requiring a pre-issuance review process with the Commission’s Designated Representative, including their legal and investment banking advisors, able to oversee all facets of the securitization process.<sup>22</sup> Staff envisions a comprehensive collaborative process.<sup>23</sup> Staff recommends approval of the Winter Event Securitized Charge Rider (WESCR) tariff recommended by Ocanas, with one minor clarification -- adding “+ Replenishments to the Capital Subaccounts if Needed” to the definition of the Revenue Requirement in the WESCR tariff.<sup>24</sup> Grady testified that the fixed per customer charge is reasonable and also recommends approving Atmos’ proposed: (1) allocation of Winter Storm Uri costs between the customer classes, and (2) the semi-annual (if not needed more frequently) true-up adjustment mechanism.<sup>25</sup> Staff recommends allowing Atmos to issue securitized bonds with a scheduled final maturity of 10 to 12 years, but would strongly prefer financing these costs with 10 years to avoid intergenerational inequities and decrease the likelihood of customers facing multiple securitizations.<sup>26</sup>

8. On September 9, 2022, Ocanas filed her Rebuttal and Responsive Testimony. Ocanas agrees with Grady’s recommendation that investment earnings on the capital subaccount

---

<sup>20</sup> Direct Testimony of Justin T. Grady, Aug. 26, 2022, p. 4.

<sup>21</sup> *Id.*, pp. 4-5.

<sup>22</sup> *Id.*, p. 18.

<sup>23</sup> *Id.*

<sup>24</sup> *Id.*, p. 29.

<sup>25</sup> *Id.*, pp. 36-37.

<sup>26</sup> *Id.*, p. 15.

be periodically credited to customers and that proposed Financing Order should be modified to be consistent with the treatment recommended by Mr. Grady,<sup>27</sup> as well as all of Grady's proposed changes to the draft financing order, including substantive revisions regarding the role of the Designated Representative of Staff; limiting the duration of the bonds to 10-12 years; and including a lengthy Glossary of terms.<sup>28</sup> Regarding CURB's recommendations, she notes the Financial Plan Settlement in Docket No. 21-ATMG-333-GIG obligates Atmos to meet with Staff and CURB to discuss programs it has implemented in other states to assist low-income customers to determine if those programs could be used to assist low-income customers in Kansas.<sup>29</sup> Lastly, Ocanas updates QECs as of August 17, 2022 to be \$118,514,030, as well as the tariffs.<sup>30</sup> Her update explains that with securitization, residential rate payers would face a \$5.78 fixed charge versus \$10.55/ month over 5 years under traditional ratemaking.<sup>31</sup>

9. On September 15, 2022, Atmos, Commission Staff, and the Citizens' Utility Ratepayer Board (CURB), the only parties in this Docket, filed a Joint Motion for Approval of Settlement Agreement. Some of the key terms of the Settlement Agreement include:

- Authorizing Atmos to recover \$118,514,030 in Qualified Extraordinary Costs (QEC) through securitized bonds;<sup>32</sup>
- The Commission's Designated Representative, including its legal and investment advisors, observes, reviews, confers, and consults with Atmos and its underwriters on all facets of the securitization process;<sup>33</sup>

---

<sup>27</sup> Rebuttal and Responsive Testimony of Kathleen R. Ocanas, Sept. 9, 2022, pp. 3-4.

<sup>28</sup> *Id.*, p. 4.

<sup>29</sup> *Id.*, p. 5.

<sup>30</sup> *Id.*, pp. 5-6.

<sup>31</sup> *Id.*, pp. 6-7.

<sup>32</sup> Settlement Agreement, Sept. 15, 2022, ¶ 10.

<sup>33</sup> *Id.*, ¶ 12.

- Atmos may issue securitized bonds in one or more tranches with a scheduled final maturity of between seven to ten years, with some flexibility on the maximum term if the ratings agencies require a change to rate the securitized bonds as AAA;<sup>34</sup>
- Requests Commission approval and issuance of the proposed Financing Order, and associated transaction documents;<sup>35</sup>
- Approves Atmos' Winter Event Securitized Cost Recovery Rider Tariff, with the semi-annual (if not needed more frequently) true-up adjustment mechanism described in the WESCR tariff;<sup>36</sup>
- Charges a settlement fee to any sales customer that wants to switch to transportation service during the term of the WESCR tariff;<sup>37</sup>
- A reconciliation process, comparing the final amount of QECs to the final amount of securitized bond issuance, and the difference is credited/charged to customers through the Purchased Gas Adjustment (PGA) process;<sup>38</sup>
- Atmos may earn a return on its equity contribution to the Capital Sub Account equal to Atmos' approved weighted average cost of capital (8.396%);<sup>39</sup>
- An agreement on the customer communication plan presented by Atmos to inform and educate its customers about the purpose and benefits of the issuance of securitized bonds;<sup>40</sup> and

---

<sup>34</sup> *Id.*, ¶ 13.

<sup>35</sup> *Id.*, ¶¶ 14-15.

<sup>36</sup> *Id.*, ¶ 16.

<sup>37</sup> *Id.*, ¶ 17.

<sup>38</sup> *Id.*, ¶ 18.

<sup>39</sup> *Id.*, ¶ 19.

<sup>40</sup> *Id.*, ¶ 20.

- Atmos will work with Staff and CURB to determine the feasibility of a generic investigation into the energy burden in Kansas, including low-income rate relief.<sup>41</sup>

10. On September 19, 2022, Ocanas filed testimony in support of the settlement agreement on behalf of Atmos, Grady filed testimony in support of the settlement agreement on behalf of Staff, and Frantz filed testimony in support of the settlement agreement on behalf of CURB. All three witnesses testify the settlement: (1) is supported by substantial competent evidence in the record as a whole, (2) will establish just and reasonable rates, and (3) is in the public interest.<sup>42</sup>

11. Ocanas testified there is substantial competent and uncontroverted evidence showing that the issuance of securitized bonds is expected to provide net present value (NPV) benefit of \$8.5 million to Atmos customers associated with a 10-year securitization versus traditional ratemaking.<sup>43</sup>

12. Grady explains that Staff has independently validated the net quantifiable rate benefits to customers as a result of using securitized ratepayer backed bonds (\$8.5 million in net present value benefits) assuming a ten-year securitization.<sup>44</sup> He opines that residential customers will pay an estimated additional \$5.78 a month for ten years compared to \$10.55 a month under traditional ratemaking.<sup>45</sup> Grady believes the Settlement Agreement allows Atmos to be properly compensated for the extraordinary costs it incurred during Winter Storm Uri for continuing to provide life-saving utility services during an extended cold snap.<sup>46</sup> In Staff's opinion, the

---

<sup>41</sup> *Id.*, ¶ 23.

<sup>42</sup> Testimony of Kathleen R. Ocanas in Support of Unanimous Settlement Agreement (Ocanas Settlement Testimony), Sept. 19, 2022, p. 19; Testimony in Support of Unanimous Settlement Agreement by Justin T. Grady (Grady Settlement Testimony), Sept. 19, 2022, pp. 15-19; Testimony in Support of Settlement Agreement by Josh Frantz (Frantz Settlement Testimony), Sept. 19, 2022, p. 2.

<sup>43</sup> Ocanas Settlement Testimony, pp. 19-20.

<sup>44</sup> Grady Settlement Testimony, p. 16.

<sup>45</sup> *Id.*, pp. 16-17.

<sup>46</sup> *Id.*, p. 17.

anticipated financing terms of ten to twelve years strikes the proper balance between customer affordability and preventing the extreme intergenerational inequities that could occur with longer recovery time frames authorized in other states affected by Winter Storm Uri.<sup>47</sup>

13. Frantz believes there will be significant benefits for customers by securitizing Atmos's QECs rather than pursuing traditional ratemaking.<sup>48</sup> He states the Agreement will result in a just and reasonable WESCR charge, and that the methodology used to allocate the QECs between customer cases reasonably estimates the costs incurred to serve those classes.<sup>49</sup> Because a 10-year bond will result in a reasonable monthly bill impact over a reasonable recovery period,<sup>50</sup> and with securitization a residential customer will see a monthly fixed WESCR charge of \$5.78 versus \$10.55 under traditional ratemaking,<sup>51</sup> CURB believes the overall benefits provided to customers by the securitization process will produce just and reasonable charges.<sup>52</sup>

14. On September 27, 2022, the Commission held a hearing on the Settlement Agreement. Atmos, Staff, and CURB all appeared by counsel. The Commission heard live testimony from three witnesses: Kathleen Ocanas of Atmos, Josh Frantz of CURB, and Justin Grady of Staff.<sup>53</sup> The Commissioners were given an opportunity to cross-examine the witnesses, and the sponsoring parties had the opportunity to redirect their own witnesses.

15. The Settlement Agreement is a unanimous settlement agreement as defined by K.A.R. 82-1-230a. Therefore, there is no need to fully apply the Commission's five-factor test for

---

<sup>47</sup> *Id.*, pp. 17-18.

<sup>48</sup> Frantz Settlement Testimony, p. 7.

<sup>49</sup> *Id.*, p. 8.

<sup>50</sup> *Id.*, p. 9.

<sup>51</sup> *Id.*, p. 10.

<sup>52</sup> *Id.*

<sup>53</sup> Transcript of Hearing (Tr.), Sept. 27, 2022, p. 3.



evaluation of settlements.<sup>54</sup> Instead, the Commission applies a three-factor test. When approving a unanimous settlement, the Commission must make an independent finding as to whether the settlement: (1) is supported by substantial competent evidence in the record as a whole, (2) will establish just and reasonable rates, and (3) is in the public interest.

16. Substantial competent evidence possesses something of substance and relevant consequence, which furnishes a substantial basis of fact to reasonably resolve the issues.<sup>55</sup> Whether another trier of fact could have reached a different conclusion given the same facts is irrelevant; a Commission decision lacks substantial competent evidence when the Commission's determination "is so wide of the mark as to be outside the realm of fair debate."<sup>56</sup>

17. The Settlement is supported by substantial competent evidence. In addition to the testimony in support of the settlement filed by Ocanas, Grady, and Frantz, Atmos supported its Application by two witnesses who filed extensive Direct and Rebuttal Testimony.<sup>57</sup> Staff and CURB performed independent reviews of the settlement and its associated documents to ensure they conform to securitization statutes.<sup>58</sup> Following their independent reviews, Staff and CURB each filed Direct Testimony. There is substantial and uncontroverted evidence showing that the issuance of securitized bonds to recover the QECs is expected to provide net quantifiable rate benefits to customers, estimated at \$8.5 million.<sup>59</sup> Even with the recent increase in interest rates, there are still net quantifiable rate benefits.<sup>60</sup>

---

<sup>54</sup> See *Order on KCP&L's Application for Rate Change*, Docket No. 15-KCPE-116-RTS, Sept. 10, 2015. The five factor test was developed for non-unanimous settlements. Because this settlement is unanimous, the Commission will only apply the three factor test.

<sup>55</sup> *Farmland Indus., Inc. v. Kansas Corp. Comm'n.*, 25 Kan.App.2d 849, 852 (1999).

<sup>56</sup> *Id.* at 851, 856.

<sup>57</sup> Grady Settlement Testimony, p. 15.

<sup>58</sup> Frantz Settlement Testimony, p. 8.

<sup>59</sup> Frantz Settlement Testimony, p. 8; Tr., pp. 24, 39.

<sup>60</sup> *Id.*, p. 37.

18. Ocanas, Frantz, and Grady all testified that the Settlement will establish just and reasonable rates.<sup>61</sup> Grady explained the Settlement does not change rates right now, but sets forth a plan for Atmos to file for Securitized Bonds to recover its extraordinary costs over an extended period, thus keeping customer rates affordable, and financing rates low.<sup>62</sup> As Grady articulates, Staff has independently validated the net quantifiable rate benefits to customers from using securitized ratepayer backed bonds as opposed to traditional methods of rate recovery.<sup>63</sup> Even with rising U.S. Treasury rates, Grady believes the issuance of securitized bonds will result in \$8 million in net present value benefits to customers.<sup>64</sup> Frantz states the Settlement Agreement produced a just and reasonable WESCR charge, which tracks with how costs were incurred to provide service to each customer class.<sup>65</sup> Frantz, Ocanas, and Grady all testified that if the Commission approves securitization, a residential customer's monthly bill impact is projected to be \$5.78 for a 10-year recovery versus an average residential monthly fixed charge of \$10.55 per month over five years under traditional-ratemaking.<sup>66</sup> Even with rising interest rates, CURB believes financing the QEC through securitized bonds will produce substantial savings for customers.<sup>67</sup> Ocanas adds the fixed monthly securitization utility tariff charge and the periodic adjustment, or true-up changes to that charge, will assist in establishing the highest possible bond rating for the securitized bonds, producing the lowest overall cost to Atmos' customers.<sup>68</sup> For all of these reasons, the Commission agrees that the Settlement will result in just and reasonable rates.

---

<sup>61</sup> Ocanas Settlement Testimony, p. 20; Frantz Settlement Testimony, p. 8; Grady Settlement Testimony, pp. 16-18.

<sup>62</sup> Grady Settlement Testimony, p. 16.

<sup>63</sup> *Id.*

<sup>64</sup> Tr., p. 39.

<sup>65</sup> Frantz Settlement Testimony, p. 8.

<sup>66</sup> *Id.*, p. 10; Rebuttal and Responsive Testimony of Kathleen R. Ocanas, Sept. 9, 2022, pp. 6-7; Grady Settlement Testimony, pp. 16-17.

<sup>67</sup> Tr., p. 29.

<sup>68</sup> Ocanas Settlement Testimony, p. 20.

19. Generally, the public interest is served when ratepayers are protected from unnecessarily high prices, discriminatory prices and/or unreliable service.<sup>69</sup> Ocanas, Frantz, and Grady all testified that the Settlement is in the public interest.<sup>70</sup> Ocanas explains the Settlement will result in net quantifiable benefits to customers of approximately \$8.5 million and reduce the rate impact of Winter Storm Uri to customers.<sup>71</sup> Frantz agrees that the Settlement will allow Atmos to recover prudently incurred costs, while minimizing customer bill impacts.<sup>72</sup> In addition to sharing Atmos' and CURB's opinion that the securitization process will result in savings to customers compared to traditional ratemaking methods, producing estimated quantifiable rate benefits and lower monthly bills,<sup>73</sup> Grady notes the Settlement has the added benefit of avoiding costly and time-consuming litigation.<sup>74</sup> If interest rates were to climb enough to eliminate any quantifiable rate benefits to customers, Atmos would simply not issue any securitization bonds.<sup>75</sup>

20. Consistent with the parties' positions, the Commission finds that approval of the Settlement Agreement is in the public interest. The terms of the Settlement Agreement represent an equitable balancing of the interests of all parties, and the public interest is upheld by minimizing the cost of litigation that would be passed on to ratepayers.<sup>76</sup>

21. The Commission finds the attached Settlement Agreement is supported by substantial competent evidence in the record as a whole, results in just and reasonable rates, and is in the public interest. Thus, the Commission approves the Settlement Agreement in its entirety.

---

<sup>69</sup> Grady Settlement Testimony, p. 18.

<sup>70</sup> Ocanas Settlement Testimony, pp. 20-21; Frantz Settlement Testimony, pp. 10-11; Grady Settlement Testimony, pp. 18-19.

<sup>71</sup> Tr., p. 24; Ocanas Settlement Testimony, pp. 20-21.

<sup>72</sup> Frantz Settlement Testimony, p. 10.

<sup>73</sup> Tr., p. 37.

<sup>74</sup> Grady Settlement Testimony, p. 19.

<sup>75</sup> Tr., p. 40.

<sup>76</sup> See Grady Settlement Testimony, p. 19.

**THEREFORE, THE COMMISSION ORDERS:**

A. The Joint Motion to Approve the Settlement Agreement is granted. The Settlement Agreement, attached as Attachment A, is approved in its entirety and incorporated by reference.


B. The proposed Financing Order, including its appendices, is approved and will be issued in a separate Financing Order.

C. Any party may file for reconsideration pursuant to the requirements and time limits established by K.S.A. 77-529(a)(1).<sup>77</sup>

**BY THE COMMISSION IT IS SO ORDERED.**

Keen, Chair; Duffy, Commissioner; French, Commissioner

Dated: 10/13/2022



\_\_\_\_\_  
Lynn M. Retz  
Executive Director

BGF

<sup>77</sup> K.S.A. 77-503(c); K.S.A. 77-531(b).

BEFORE THE STATE CORPORATION COMMISSION  
OF THE STATE OF KANSAS

In the Matter of the Application of Atmos            )  
Energy Corporation for the Recovery of            )  
Qualified Extraordinary Costs and Issuance of    )  
a Financing Order.                                        )    Docket No. 22-ATMG-538-TAR

**SETTLEMENT AGREEMENT**

This Settlement Agreement ("Agreement") is entered into between and among Atmos Energy Corporation ("Atmos Energy" or "Company"), the Staff of the State Corporation Commission of the State of Kansas ("Staff" and "Commission," respectively), and the Citizens Utility Ratepayer Board ("CURB") (collectively "Joint Movants"). This Agreement is being submitted to the Commission for approval pursuant to K.A.R. 82-1-230a<sup>1</sup> and the Commission's Order Setting Procedural Schedule issued on June 23, 2022.<sup>2</sup>

**I. INTRODUCTION**

1. On May 25, 2022, in accordance with the financial plan approved by the Commission in Docket No. 21-ATMG-333-GIG ("21-333 Docket") by Order dated March 24, 2022 ("Financial Plan Settlement Order"), Atmos Energy filed an application for a Financing Order per the provisions set forth in the 2021 Utility Financing and Securitization Act (the "Act")<sup>3</sup> seeking authorization to issue Securitized Utility Tariff Bonds to finance the Qualified Extraordinary Costs ("QECs")

---

<sup>1</sup>K.A.R. 82-1-230a.

<sup>2</sup>Order Setting Procedural Schedule issued June 23, 2022, Docket No. 22-ATMG-538-TAR ("22-538 Docket"), page 1, paragraph 1.

<sup>3</sup>K.S.A. 66-1,240, *et seq.*

incurred as a result of the February 2021 Winter Storm Uri Event ("Winter Event").<sup>4</sup>

2. In accordance with the Act, Atmos Energy submitted the direct testimony and exhibits of Kathleen R. Ocanas and Jason L. Schneider, to support its application.<sup>5</sup> The Company's application covered each of the filing requirements under the Act.<sup>6</sup> It also provided a description of the proposed securitization process, and drafts of the proposed securitization financing transaction documents and a proposed Financing Order. Atmos Energy also provided revised and updated testimony and exhibits in support of its application.<sup>7</sup>

3. On May 31, 2022, CURB filed a petition to intervene, which was granted by the Commission by Order dated June 28, 2022.<sup>8</sup>

4. On June 10, 2022, Atmos Energy filed a motion to establish a procedural schedule in this docket. On June 23, 2022, the Commission issued an Order Setting Procedural Schedule ("Procedural Order").<sup>9</sup>

5. Per the Procedural Order, the Joint Movants participated in several technical conferences to discuss the proposed Financing Order, the securitization process, the draft

---

<sup>4</sup>Application for Financing Order filed May 25, 2022, 22-538 Docket ("Application").

<sup>5</sup>*Id.* (attachments to Application); Application, pages 7-8, paragraphs 15-17.

<sup>6</sup>Application, pages 8-18, paragraphs 18-48.

<sup>7</sup>Cover Letter with Late-Filed Exhibits to Application, filed June 24, 2022 in 22-538 Docket; Revised Direct Testimony of Jason L. Schneider filed June 25, 2022; Exhibit JLS-1 Qualified Extraordinary Cost, Technical Conference Edits filed June 25, 2022; Revised Direct Testimony of Kathleen R. Ocanas filed June 25, 2022; Exhibit JLS-3 Net Present Value Benefit Technical Conference Edits filed June 25, 2022, in 22-538 Docket.

<sup>8</sup>CURB's Petition to Intervene, 22-538 Docket filed May 31, 2022; Order Granting CURB's Petition to Intervene, 22-538 Docket issued June 28, 2022.

<sup>9</sup>Atmos Energy's Motion to Establish Procedural Schedule, 22-538 Docket filed June 10, 2022; Order Setting Procedural Order, 22-538 Docket issued June 23, 2022.

transactional documents and other issues relating to the Company's Application.<sup>10</sup>

6. On August 26, 2022, Staff and CURB filed their testimony and exhibits. Staff proposed several modifications to the proposed Financing Order, securitization process and draft transactional documents. CURB raised a number of issues relating to the Company's Application.<sup>11</sup>

7. On September 9, 2022, Atmos Energy filed its rebuttal and responsive testimony, which addressed each of the matters raised by Staff and CURB.<sup>12</sup>

8. Per the Procedural Order, the Joint Movants conducted a settlement conference on September 13, 2022.<sup>13</sup> As a result of those discussions, the Joint Movants reached this Agreement. The Joint Movants plan to file testimony in support of this Agreement per the Procedural Order.

9. The Joint Movants state that the Agreement represents a reasonable and fair resolution of all issues relating to Atmos Energy's request for a Financing Order and that the terms contained herein are in the public interest. CURB is a signatory to this Agreement. However, as set forth below, while CURB has decided not to oppose the Securitized Utility Tariff Charge (Winter Event Securitized Cost Recovery Rider or "WESCR") being recovered from customers based upon a fixed monthly charge and would have preferred that said charge be recovered using a volumetric charge for the reasons set forth in its testimony, CURB supports the overall benefits to customers provided by the securitization process and agrees this Agreement is in the public interest and should be approved by the Commission.

---

<sup>10</sup>*Id.*

<sup>11</sup>Direct Testimony of Justin Grady, 22-538 Docket filed August 26, 2022; Testimony of Josh Frantz on behalf of CURB, 22-538 Docket filed August 26, 2022.

<sup>12</sup>Rebuttal and Responsive Testimony of Kathleen R. Ocanas, 22-538 Docket, filed September 9, 2022.

<sup>13</sup>*See* Footnote 2.

## II. SETTLEMENT PROVISIONS

10. Recovery of Qualified Extraordinary Costs ("QECs"). Atmos Energy is authorized to recover an estimated \$118,514,030 in QECs, through the issuance of securitized customer backed bonds, as authorized by the Act. Of the \$118,514,030 in QECs, \$92,684,223 represents the expected principal/issuance amount. The final amount shall be provided in the final Issuance Advice Letter.

11. Net Quantified Rate Benefits to Customers. Based upon Justin Grady's direct testimony at page 14, lines 17-18, Joint Movants agree that the net present value ("NPV") benefit to Atmos Energy's customers associated with a 10-year securitization is \$8.5 million as compared to recovering the QECs using traditional ratemaking methods.<sup>14</sup> Despite significant increases in United States ("US") Treasury rates since the Company filed its application, there is still a significant benefit to Atmos Energy's customers from issuing securitized bonds to finance the Winter Event's costs over ten to twelve years instead of using traditional ratemaking methods to collect these costs. The final net quantifiable benefit for customers shall be provided in the final Issuance Advice Letter.

12. Pre-Issuance Review Process; Role of the Commission's Designated Representative. Pre-Issuance Review Process; Role of the Commission's Designated Representative. In order to ensure that the securitization process results in the "lowest securitized utility tariff charges, consistent with market conditions ...", Joint Movants agree on a comprehensive collaborative process where the Commission's Designated Representative, including its legal and investment advisors, shall have all authority to review, confer, and consult with Atmos Energy and its

---

<sup>14</sup>As indicated in Mr. Grady's testimony, the final NPV benefit to Atmos Energy's customers will change depending on the actual interest rate and the term length of the securitization bonds, which will be known at the time the bonds are issued. The final NPV benefit shall be provided to the Commission in the final Issuance Advice Letter. See, Justin Grady's Direct Testimony, 22-538 Docket, filed August 26, 2022, page 13, line 4 through page 14, line 21.



underwriters on all facets of the securitization process, including but not limited to input into the material terms relating to the structuring, marketing, pricing and issuance of the securitized bonds, review of upfront and ongoing costs, and participation in the selection process for the lead underwriter, co-lead underwriter, and all other underwriters. Atmos Energy, as the sponsor of the issuer of the securitized bonds, and the structuring underwriter, shall lead the securitization transaction rating agency and potential investor discussions, as well as the final structuring, marketing and pricing process, provided that such is consistent with: (1) the terms of the Financing Order approved by the Commission; (2) the collaborative process with the Commission's Designated Representative; and (3) the primary focus being in pursuit of the lowest cost statutory objective. The Designated Representative, including its legal and investment banking advisors, shall be allowed to listen in on meetings with investors or ratings agencies, but shall not be allowed to speak or otherwise take an active role in such meetings.

13. Term Length of Bonds. Joint Movants agree that Securitized Utility Tariff Bonds will be issued in one or more tranches. The legal final maturity date of any tranche of the Securitized Utility Tariff Bonds will not exceed 32 years from the date of issuance, as required by the Act. It is not expected that the scheduled final maturity of the Securitized Bonds will exceed ten years, provided, however, that if a longer term is required to achieve the best possible credit rating and lowest resulting Securitized Utility Tariff Charges, such term may be modified to a maximum of twelve years, in consultation with and subject to review rights of the Designated Representative. The legal final maturity date of each tranche and amounts in each tranche is anticipated to be two years outside of the final scheduled maturity date. The legal final maturity will be finally determined by Atmos Energy, and subject to the Designated Representative's review, consistent with market conditions and indications of the rating agencies, at the time the Securitized

Utility Tariff Bonds are priced, but subject to ultimate Commission review through the Issuance Advice Letter process.

14. Approval of Proposed Financing Order. Joint Movants request that the Commission approve and issue the proposed Financing Order, and appendices thereto, that is attached to this Agreement as Appendix A. The proposed Financing Order has been agreed to by the Joint Movants. In addition to approving the securitization process and covering all of the requirements contained in the Act, the proposed Financing Order is consistent with the terms that have been agreed to by the Joint Movants in this Agreement.

15. Proposed Transaction Documents. Joint Movants request that the Commission approve the following proposed transaction documents, as to form, that are attached to the proposed Financing Order, and which have been agreed upon by Joint Movants, subject to any changes that may be made or required during the securitization process, (including review by the Commission's Designated Representative (and its legal and investment banking advisors) as provided in the proposed Financing Order), and provided that such changes are not materially contrary to the provisions of this Agreement or the proposed Financing Order:

- (A) Securitized Utility Tariff Property Servicing Agreement (Appendix D to the Proposed Financing Order);
- (B) Administration Agreement (Appendix G to the Proposed Financing Order);
- (C) The SPE Amended and Restated Limited Liability Company Agreement (Appendix I to the Proposed Financing Order);
- (D) Securitized Utility Tariff Property Purchase and Sale Agreement (Appendix E to the Proposed Financing Order); and
- (E) Indenture (Appendix H to the Proposed Financing Order).

Final versions of the transaction documents will be filed with the Commission in the subsequent compliance docket that will be opened by the Commission to receive the filings required under the Winter Event Securitized Cost Recovery Rider ("WESCR") tariff.

16. Winter Event Securitized Cost Recovery Rider Tariff. The WESCR tariff submitted by Atmos Energy shall be approved with the following clarification added to the tariff so that it matches the Proposed Financing Order: the phrase: "+Replenishments to Capital Subaccounts if Needed" added to the definition of the Revenue Requirement in the WESCR tariff. The parties acknowledge that in CURB's pre-filed testimony, CURB stated its preference that the costs associated with the Winter Event be collected using a volumetric charge instead of a fixed charge for the reasons set forth in that testimony. Indeed, CURB consistently has sought to minimize fixed charges in utility rate cases. However, in this particular case, CURB does not oppose a fixed monthly WESCR charge in the tariff. The Company and Staff agree that the tariff is reasonable in that it will assist in the establishment of the highest possible bond ratings for the securitized bonds and will allow customers to budget with certainty what their costs will be associated with the Winter Event. Therefore, CURB is a signatory to this Agreement, but is not acquiescing its position with respect to its argument for low fixed charges in all other cases, including future rate cases. The Joint Movants agree to the allocation of the Winter Event costs between the customer classes as reflected in the WESCR tariff submitted by Atmos Energy. The allocation methodology used by Atmos Energy fairly and reasonably estimates how the Winter Event costs were incurred by the Company to provide gas service to each customer class.

The Joint Movants also agree to the semi-annual (if not needed more frequently) true-up adjustment mechanism as set forth in the WESCR tariff submitted by Atmos Energy. This mechanism will assist in the establishment of the highest possible bond ratings for the securitized

bonds, and therefore, it is worth whatever administrative burden will result as compared to an annual true-up.

17. Settlement Fee to be Charged to any Sales Customer That Switches to Transportation Service During the Term of the WESCR Tariff. Joint Movants agree that the settlement fee recommended by Atmos Energy to be charged to any sales customer that wants to switch to transportation service during the term of the WESCR tariff is reasonable and should be approved by the Commission. As proposed by Staff, the settlement fee shall be calculated as the net present value of the remaining customer obligations to pay for the WESCR, using a discount rate equal to the weighted average interest rate of the securitized bonds.

18. Reconciliation Process. Joint Movants agree to the reconciliation process described by the Company in Ms. Ocanas' testimony, whereby the final amount of QECs is compared to the final amount of securitized bond issuance, and the difference is credited/charged to customers through the Purchased Gas Adjustment ("PGA") process. If the incremental cost to Atmos Energy to perform its servicing and administrative services under the Servicing Agreement and the Administration Agreement, respectively, is less than what the Company is paid for those services, then that difference in cost (the associated profit margin earned by the Company as servicer and administrator) shall be tracked by Atmos Energy and included in a regulatory liability account to be addressed in Atmos Energy's next general rate case following its current rate case filed in Docket No. 23-ATMG-359-RTS.

19. Treatment of Investment Earnings on the Capital Sub Account. Joint Movants agree that pursuant to K.S.A. 66-1,241(e)(14), Atmos Energy shall be allowed to earn a return on its equity contribution to the Capital Sub Account equal to "the cost of capital authorized from time to time by the Commission in the public utility's rate proceedings," which is the Company's approved

weighted average cost of capital ("WACC"), and which will be distributed upon receipt. Atmos Energy's current WACC is 8.396%. In accordance with the applicable provisions of the Indenture, investment earnings on the Capital Subaccount will be transferred to the Excess Funds Subaccount. On each payment date, the funds in such Subaccount will be taken into account in the Adjustment Mechanism within the WESCR tariff and will benefit Atmos Energy's customers.

20. Customer Education Program. Joint Movants agree that the customer communication plan presented by the Company to inform and educate Atmos Energy's customers about the purpose for, and the benefits of, the issuance of securitized bonds is a good start. Joint Movants agree to work together to finalize the specifics relating to the customer education program.

21. Waiver of Rules and Regulations. Joint Movants agree that the Commission should approve the Company's request to waive any of its Rules and Regulations in order to allow the payment of securitized bonds to take priority over the rest of the customer bill in the event of partial customer payment. This waiver is supportive of the highest bond ratings possible for the securitized bonds, and therefore a benefit to customers.

22. Controlling Document. To the extent that any of the terms contained in this Agreement conflict with the terms contained in the proposed Financing Order attached to this Agreement, the terms in the Financing Order shall control.

23. Study of Residential Class. Joint Movants agree that provided that Kansas legislation has been enacted authorizing the Commission to approve a low-income relief (or similar) tariff, the Joint Movants will work with each other to determine whether, and to what extent, a generic investigation into the energy burden in Kansas could be conducted to benefit the Commission in its regulation of rates, including determining whether low-income rate relief is feasible and ways in which the same could be structured.

24. Miscellaneous Provisions.

(a) Nothing in this Agreement is intended to impinge or restrict, in any manner, the exercise by the Commission of any statutory right, including the right of access to information, and any statutory obligation, including the obligation to ensure that Atmos Energy is providing efficient and sufficient service at just and reasonable rates.

(b) The Joint Movants shall have the right to present prefiled testimony in support of this Agreement. Such testimony shall be filed formally in the docket and presented by witnesses at a hearing on this Agreement. Such testimony shall be filed as required by the procedural schedule, or any modification to the procedural schedule filed in this docket.

(c) This Agreement represents a negotiated settlement that fully resolves all of the issues in this docket among the Joint Movants. The Joint Movants represent that the terms of this Agreement constitute a fair and reasonable resolution of the issues addressed herein. Except as specified herein, the Joint Movants shall not be prejudiced, bound by, or in any way affected by the terms of this Agreement (a) in any future proceeding; (b) in any proceeding currently pending under a separate docket; and (c) in this proceeding should the Commission decide not to approve this Agreement in the instant proceeding. If the Commission accepts this Agreement in its entirety and incorporates the same into a final order without material modification, the Joint Movants shall be bound by its terms and the Commission's order incorporating its terms as to all issues addressed herein, and will not appeal the Commission's order on these issues provided that Commission approval of this Agreement shall not constitute approval of, or precedent regarding, any principle or issue in this proceeding.

(d) The provisions of this Agreement have resulted from negotiations among the

Joint Movants and are interdependent. In the event that the Commission does not approve and adopt the terms of this Agreement in total, the Agreement shall be voidable and no party hereto shall be bound, prejudiced, or in any way affected by any of the agreements or provisions hereof. Further, in such event, this Agreement shall be considered privileged and not admissible in evidence or made a part of the record in any proceeding.

(e) To the extent this Agreement provides for information, documents or other data to be furnished to the Commission or Staff, such information, documents or data shall be filed with the Commission and a copy served upon the Commission's Director of Utilities. Such information, documents, or data shall be marked and identified with the docket number of this proceeding.

IN WITNESS WHEREOF, the Joint Movants have executed and approved this Stipulated Settlement Agreement, effective as of the 15<sup>th</sup> day of September, 2022, by subscribing their signatures below.

*/s/ James G. Flaherty*

James G. Flaherty, #11177  
**ANDERSON & BYRD, LLP**  
216 S. Hickory ~ P.O. Box 17  
Ottawa, Kansas 66067  
(785) 242-1234, telephone  
(785) 242-1279, facsimile  
[jflaherty@andersonbyrd.com](mailto:jflaherty@andersonbyrd.com)

Kevin C. Frank, Sr. Attorney  
Atmos Energy Corporation  
5430 LBJ Freeway  
1800 Three Lincoln Center  
Dallas, Texas, 75240  
(214) 906-9827, telephone  
[Kevin.Frank@atmosenergy.com](mailto:Kevin.Frank@atmosenergy.com)  
Attorneys for Atmos Energy Corporation

/s/ Jared R. Jevons

Michael R. Neeley, #25027  
Jared R. Jevons, #28913  
Kansas Corporation Commission  
1500 S.W. Arrowhead Road  
Topeka, Kansas 66604-4027  
(785) 271-3173  
[m.neeley@kcc.ks.gov](mailto:m.neeley@kcc.ks.gov)  
[j.jevons@kcc.ks.gov](mailto:j.jevons@kcc.ks.gov)  
Attorney for Staff

/s/ Todd E. Love

David W. Nickel, Consumer Counsel #11170  
Todd E. Love, Attorney #13445  
Joseph R. Astrab, Attorney #26414  
Citizens' Utility Ratepayer Board  
1500 SW Arrowhead Road  
Topeka, KS 66604  
(785) 271-3200  
[d.nickel@curb.kansas.gov](mailto:d.nickel@curb.kansas.gov)  
[t.love@curb.kansas.gov](mailto:t.love@curb.kansas.gov)  
[j.astrab@curb.kansas.gov](mailto:j.astrab@curb.kansas.gov)  
Attorneys for CURB





D. USE OF PROCEEDS..... 59

E. METHOD OF TRACING FUNDS..... 59

F. RECONCILIATION PLAN ..... 60

G. CUSTOMER COMMUNICATIONS PLAN ..... 60

H. STATE PLEDGE..... 61

**IV. Conclusions of Law ..... 62**

**V. Ordering Paragraphs ..... 72**

A. APPROVAL ..... 72

B. SECURITIZED UTILITY TARIFF CHARGES..... 75

C. SECURITIZED UTILITY TARIFF BONDS..... 79

D. SERVICING AND ADMINISTRATION..... 83

E. STRUCTURE OF THE SECURITIZATION ..... 85

F. USE OF PROCEEDS ..... 86

G. MISCELLANEOUS PROVISIONS ..... 87

Appendix A Form of Issuance Advice Letter

Appendix B Form of Tariff (Winter Event Securitized Cost Recovery Rider)

Appendix C Form of True-Up Letter

Appendix D Form of Securitized Utility Tariff Property Servicing Agreement

Appendix E Form of Securitized Utility Tariff Property Purchase and Sale Agreement

Appendix F Customer Communications Plan

Appendix G Form of Administration Agreement

Appendix H Form of Indenture

Appendix I Form of Amended and Restated Limited Liability Company Agreement of the SPE

Appendix J Glossary of Terms

**BEFORE THE STATE CORPORATION COMMISSION  
OF THE STATE OF KANSAS**

Before Commissioners:     Dwight D. Keen, Chair  
                                  Susan K. Duffy  
                                  Andrew J. French

**In The Matter of The Application of                     )**  
**Atmos Energy Corporation for the                     )**  
**Recovery of Qualified Extraordinary                 )**     **DOCKET NO. 22-ATMG-538-TAR**  
**Costs and Issuance of a Financing                 )**  
**Order.   )**

**FINANCING ORDER**

This Financing Order addresses the Application for Financing Order (the “Application”) of Atmos Energy Corporation (“Atmos Energy” or the “Company”), under the Utility Financing and Securitization Act<sup>1</sup> (the “Act”): (1) to securitize the Company’s Qualified Extraordinary Costs,<sup>2</sup> currently estimated to be \$118,514,030,<sup>3</sup> which will be finalized and set forth in the Issuance Advice Letter; (2) to approve the proposed securitization financing structure; and (3) to approve the creation of Securitized Utility Tariff Property<sup>4</sup> consisting of the right to impose and collect Securitized Utility Tariff Charges<sup>5</sup> sufficient to repay, finance or refinance Securitized Utility Tariff Bonds, including Upfront Financing Costs and Ongoing Financing Costs.<sup>6</sup>

---

<sup>1</sup> K.S.A. §§ 66-1,240 - 66-1,253

<sup>2</sup> K.S.A. § 66-1,240(b)(21) defines Securitized Utility Tariff Costs as either Energy Transition Costs or Qualified Extraordinary Costs.

<sup>3</sup> See Revised Direct Testimony of Kathleen R. Ocanas, Docket No. 22-ATMG-538-TAR, p. 4 (July 22, 2022), as further amended by Direct Testimony of Justin T. Grady, filed on August 26, 2022.

<sup>4</sup> K.S.A. § 66-1,240(b)(22).

<sup>5</sup> K.S.A. § 66-1,240(b)(20).

<sup>6</sup> K.S.A. § 66-1,240(b)(19)(B).

The Commission approves Atmos Energy's Application, as modified by this Financing Order. The Commission also finds that the securitization approved in this Financing Order meets all applicable requirements of the Act. Accordingly, the Commission: (1) authorizes, subject to the terms of this Financing Order, the issuance of Securitized Utility Tariff Bonds in an aggregate amount not to exceed the Qualified Extraordinary Costs and Financing Costs; (2) approves the creation of Securitized Utility Tariff Property consisting of the right to impose and collect Securitized Utility Tariff Charges in an amount to be calculated as provided in this Financing Order; (3) approves the form of tariff, as provided in this Financing Order, to implement those Securitized Utility Tariff Charges, (4) approves the securitization of Qualified Extraordinary Costs, including Upfront Financing Costs and Ongoing Financing Cost estimates (subject to review of the Designated Representative); and (5) approves the review of the structure of the proposed securitization financing through a pre-issuance review and ultimate Issuance Advice Letter process.

In order to approve the securitization, the Commission must make certain findings, among them, that: (1) the Securitized Utility Tariff Charges will be just and reasonable; (2) the issuance of Securitized Utility Tariff Bonds and the imposition and collection of a Securitized Utility Tariff Charge are expected to provide net quantifiable rate benefits to customers as compared to the traditional methods of financing and recovering Securitized Utility Tariff Costs from customers or would avoid or mitigate rate impacts to customers; and (3) the structuring, pricing and Financing Costs of the Securitized Utility Tariff Bonds are expected to result in the lowest Securitized Utility Tariff Charges, consistent with market conditions at the time the Securitized Utility Tariff Bonds

are priced and the terms of the Financing Order.<sup>7</sup> Based on the evidence submitted by Atmos Energy, the Commission Staff and CURB, the Commission finds that the proposed securitization warrants such findings.

Considering the magnitude of the benefits provided, the Commission declines to determine a particular number for each benefit conferred by the securitization. Accordingly, in quantifying the benefit to Retail Customers as a result of this securitization, the Commission refers to the ranges of benefits calculated under Atmos Energy's proposed securitization structure presented in Atmos Energy Witness Jason L. Schneider's Revised Direct Testimony, and confirmed by Staff witness Justin Grady Direct Testimony.

Based on the evidence submitted by Atmos Energy and Commission Staff, the Commission finds that as a result of the securitization approved by this Financing Order, Customers in Atmos Energy's service area will realize benefits currently estimated to be approximately \$8.5 million on a present value basis assuming a 10-year securitization.<sup>8</sup> The Commission concludes that the benefits for Customers set forth in Atmos Energy's and Commission Staff's evidence are indicative of the benefits that Customers will realize from the securitization approved in this Financing Order; however, the pre-issuance review and Issuance Advice Letter will require Atmos Energy to update the benefit analysis (subject to review of the Designated Representative) to verify that the final structure of the securitization satisfies the statutory financial tests.

---

<sup>7</sup> See K.S.A. §§ 66-1,241(d) and (e)(5). For purposes of this Order, the Commission has concluded the term "customer" as reflected in this particular statutory provision has the same meaning as Retail Customer, as hereinafter defined in the Glossary.

<sup>8</sup> See K.S.A. §§ 66-1,240 - 66-1,253; Jason L Schneider Revised Direct, July 22, 2022; Justin T. Grady Direct, August 26, 2022. As indicated in Mr. Grady's testimony, the final NPV benefit to Atmos Energy's customers will change depending on the actual interest rate and the term length of the securitization bonds, which will be known at the time the bonds are issued. The final NPV benefit shall be provided to the Commission in the final Issuance Advice Letter. See, Justin Grady's Direct Testimony, 22-538 Docket, filed August 26, 2022, page 13, line 4 through page 14, line 21."

Atmos Energy provided a description of the proposed transaction structure in its Application, as supported by the testimony and accompanying exhibits. The proposed transaction structure does not contain every relevant detail and, in certain places, uses only approximations of certain costs and requirements. The final transaction structure will depend, in part, upon the considerations of the nationally recognized credit rating agencies that rate the Securitized Utility Tariff Bonds and, in part, upon the market conditions that exist at the time the Securitized Utility Tariff Bonds are taken to the market.

While the Commission recognizes the need for some degree of flexibility with regard to the final details of the securitization transaction approved in this Financing Order, its primary focus is on the statutory requirements that must be met prior to issuing a Financing Order. By statute, the Commission must adopt the following findings of fact, in accordance with K.S.A. § 66-1,240(e):

- a) The amount of Securitized Utility Tariff Costs to be financed using Securitized Utility Tariff Bonds;<sup>9</sup>
- b) An approved customer billing mechanism for Securitized Utility Tariff Charges, including a specific methodology for allocating the necessary Securitized Utility Tariff Charges among the different customer classes;<sup>10</sup>
- c) A finding that the proposed issuance of Securitized Utility Tariff Bonds and the imposition and collection of a Securitized Utility Tariff Charge are expected to provide net quantifiable rate benefits to customers as compared to the traditional methods of financing and recovering Securitized Utility Tariff Costs from customers or would avoid or mitigate rate impacts to customers;<sup>11</sup>

---

<sup>9</sup> K.S.A. § 66-1,241(e)(1).

<sup>10</sup> K.S.A. § 66-1,241(e)(2)(A).

<sup>11</sup> K.S.A. § 66-1,241(e)(3).

- d) An approved plan for the public utility, by means other than on the monthly bill, to provide information regarding the benefits of securitization obtained for customers through the Financing Order;<sup>12</sup>
- e) A finding that the structuring, pricing and financing costs of the Securitized Utility Tariff Bonds are expected to result in the lowest Securitized Utility Tariff Charges, consistent with market conditions at the time the Securitized Utility Tariff Bonds are priced and the terms of the Financing Order;<sup>13</sup>
- f) A requirement that, for so long as the Securitized Utility Tariff Bonds are outstanding and until all financing costs have been paid in full, the imposition and collection of Securitized Utility Tariff Charges authorized under a Financing Order shall be nonbypassable;<sup>14</sup>
- g) An Adjustment Mechanism;<sup>15</sup>
- h) A description of the Securitized Utility Tariff Property that is, or shall be, created in favor of a public utility, or its successors and assignees, and that shall be used to pay and secure the payment of Securitized Utility Tariff Bonds and all financing costs authorized in the Financing Order;<sup>16</sup>
- i) A statement specifying the degree of flexibility to be afforded to the public utility in establishing the terms and conditions of the Securitized Utility Tariff Bonds, including, but not limited to, repayment schedules, expected interest rates and other financing costs;<sup>17</sup>
- j) Authorization for the applicant public utility to finance Securitized Utility Tariff Costs through the issuance of one or more series of Securitized Utility Tariff Bonds;<sup>18</sup>
- k) A requirement that, after the final terms of an issuance of Securitized Utility Tariff Bonds have been established and before the issuance of Securitized Utility Tariff Bonds, the public utility determines the resulting initial Securitized Utility Tariff Charge is in accordance with the Financing Order and that such initial Securitized Utility Tariff Charge be final and effective upon the issuance of such Securitized Utility Tariff Bonds without further

---

<sup>12</sup> K.S.A. § 66-1,241(e)(4).

<sup>13</sup> K.S.A. § 66-1,241(e)(5).

<sup>14</sup> K.S.A. § 66-1,241(e)(6).

<sup>15</sup> K.S.A. § 66-1,241(e)(7).

<sup>16</sup> K.S.A. § 66-1,241(e)(8).

<sup>17</sup> K.S.A. § 66-1,241(e)(9).

<sup>18</sup> K.S.A. § 66-1,241(e)(10).

Commission action so long as the Securitized Utility Tariff Charge is consistent with the Financing Order;<sup>19</sup>

- l) A method of tracing funds collected as Securitized Utility Tariff Charges, or other proceeds of securitized utility tariff property, demonstrating that such method shall be deemed the method of tracing such funds and determining the identifiable cash proceeds of any securitized utility tariff property subject to a Financing Order under applicable law;<sup>20</sup>
- m) A statement specifying a future rate-making process to reconcile any differences between the actual Securitized Utility Tariff Costs financed by Securitized Utility Tariff Bonds and the final Securitized Utility Tariff Costs incurred by the utility or assignee provided that any such reconciliation shall not affect the amount of Securitized Utility Tariff Bonds or the associated security tariff charges paid by customers;<sup>21</sup>
- n) A procedure that allows the public utility to earn a return, at the cost of capital authorized from time to time by the Commission in the public utility's rate proceedings, on any moneys advanced by the public utility to fund reserves, if any, or capital accounts established under the terms of any Indenture, Ancillary Agreement or other financing documents pertaining to the Securitized Utility Tariff Bonds;<sup>22</sup>
- o) A date, not earlier than one year after the date that the Financing Order is no longer subject to appeal, when the authority to issue Securitized Utility Tariff Bonds granted in such Financing Order shall expire;<sup>23</sup> and
- p) Any other conditions that the Commission deems appropriate and that are consistent with this section.<sup>24</sup>

The Commission finds that Atmos Energy's Application, testimony, and accompanying exhibits, which the Commission has reviewed and evaluated, provides support for findings on each of these requirements. The findings themselves and the basis for each are set out in this Financing Order.

---

<sup>19</sup> K.S.A. § 66-1,241(e)(11).

<sup>20</sup> K.S.A. § 66-1,241(e)(12).

<sup>21</sup> K.S.A. 66-1,241(e)(13).

<sup>22</sup> K.S.A. 66-1,241(e)(14).

<sup>23</sup> K.S.A. 66-1,241(e)(17).

<sup>24</sup> K.S.A. 66-1,241(e)(18).



Finally, the Commission has established certain criteria in this Financing Order that must be met for the approvals and authorizations granted in this Financing Order to become effective. The authority and approval granted in this Financing Order is effective only upon Atmos Energy filing with the Commission an Issuance Advice Letter, in the form as set forth in Appendix A hereto, demonstrating compliance with the provisions of this Financing Order. If market conditions make it desirable to issue the Securitized Utility Tariff Bonds in more than one series, then the authority and approval granted in this Financing Order is effective as to each issuance upon, but only upon, Atmos Energy filing with the Commission a separate Issuance Advice Letter for that issuance demonstrating compliance of that issuance with the provisions of the Financing Order.

### **I. Discussion and Statutory Overview**

In mid-February 2021, Kansas experienced sub-zero temperatures brought by Winter Storm Uri (the “Winter Event”), which led to a significant increase in demand for electricity and natural gas. On February 14, 2021, Governor Laura Kelly declared a State of Disaster Emergency due to expected prolonged low temperatures and the strain on natural gas and utility providers; at the time, wholesale natural gas prices were reflecting increases from 10 to 100 times their normal rates.

On February 15, 2021, pursuant to K.S.A. § 77-536(a), the State Corporation Commission of the State of Kansas (“Commission”) issued an Emergency Order in Docket No. 21-GIMX-303-MIS (Docket 21-303), directing jurisdictional natural gas utilities to take all reasonably feasible, lawful, and appropriate actions to ensure adequate transportation of natural gas to interconnected,

non-jurisdictional Kansas utilities.<sup>25</sup> Jurisdictional natural gas utilities were ordered to do everything necessary to ensure that natural gas service continued to be provided to their customers in Kansas.<sup>26</sup> The Commission authorized every jurisdictional natural gas distribution utility to defer extraordinary costs incurred during the Winter Event to a regulatory asset account.<sup>27</sup> By September 14, 2021, Atmos Energy had incurred and deferred approximately \$87,880,622 of extraordinary gas costs, exclusive of carrying costs, related to the Winter Event.<sup>28</sup> This amount was later estimated as \$89,799,233, including estimated carrying costs of 2%, through March 31, 2023.<sup>29</sup>

The Act was enacted, in part, in response to the extraordinary costs experienced by Atmos Energy and other gas utilities due to the Winter Event. The Act refers to these costs as “Qualified Extraordinary Costs,” and defines them to include,

costs the public utility has incurred before, on or after the effective date of this act of an extraordinary nature that would cause extreme customer rate impacts if recovered through customary rate-making, including, but not limited to, purchases of gas supplies, transportation costs, fuel and power costs, including carrying charges incurred during anomalous weather events.<sup>30</sup>

The Commission further identified possible costs to be deferred including, but,

not limited to the cost of procuring and transporting natural gas supplies for jurisdictional utility customers, costs associated with jurisdictional utilities coordinating and assisting non-jurisdictional utilities with the transportation of gas supplies, and any other reasonable costs necessary to ensure stability and reliability

---

<sup>25</sup> Emergency Order, 21-GIMX-303-MIS (21-303 Docket), p. 2, ¶3 (Feb. 15, 2021) (Emergency Order).

<sup>26</sup> *Id.*

<sup>27</sup> *Id.* at ¶4.

<sup>28</sup> *See* Direct Testimony of Kathleen R. Ocanas, Docket No. 21-ATMG-333-GIG, p. 5 (Feb. 24, 2022).

<sup>29</sup> *See* Revised Direct Testimony of Kathleen R. Ocanas, Docket No. 22-ATMG-538-TAR (July 22, 2022).

<sup>30</sup> K.S.A. § 66-1,240(b)(18).

of natural gas and electric service. These deferred costs may also include carrying costs at the utility's weighted average cost of capital.<sup>31</sup>

As shown in the testimony and exhibits filed in support of its Application, Atmos Energy incurred costs as a result of the Winter Event that meet the definition of Qualified Extraordinary Costs and should be included in the costs to be recovered by Atmos Energy.

To securitize a utility's Qualified Extraordinary Costs, the Commission may authorize the issuance of securities known as Securitized Utility Tariff Bonds. Securitized Utility Tariff Bonds are evidence of indebtedness or ownership that are issued under a Financing Order, are limited to a term of no longer than 32 years, and are secured by or payable from Securitized Utility Tariff Property.<sup>32</sup> The net proceeds from the sale of the Securitized Utility Tariff Bonds must be used to directly or indirectly recover, finance or refinance Commission-approved Qualified Extraordinary Costs.<sup>33</sup> If Securitized Utility Tariff Bonds are approved and issued, Retail Customers (including bills to special contract customers) must pay the principal, interest, and related charges of the Securitized Utility Tariff Bonds through Securitized Utility Tariff Charges.<sup>34</sup> Securitized Utility Tariff Charges are Nonbypassable charges that will be paid by all existing or future Retail Customers receiving natural gas service from the public utility or its successors or assignees under Commission-approved rate schedules or under special contracts, even if a Retail Customer elects to purchase natural gas from an alternative natural gas supplier following a fundamental change in regulation of public utilities in Kansas.<sup>35</sup> Securitized Utility Tariff Charges are to be billed,

---

<sup>31</sup> Emergency Order, Page 2, paragraph 4.

<sup>32</sup> K.S.A. § 66-1,240(b)(19)(A).

<sup>33</sup> *Id.*

<sup>34</sup> K.S.A. § 66-1,240(b)(20).

<sup>35</sup> *Id.*

collected and remitted by Atmos Energy as Servicer, or a successor Servicer, in full, separate and apart from Atmos Energy's base rates.<sup>36</sup>

The rights to impose, collect, and receive Securitized Utility Tariff Charges (including all other rights of a utility under the Financing Order) are only contract rights until such rights (which may relate to all or, if more than one series of Securitized Utility Tariff Bonds are issued due to market conditions, a portion of the Qualified Extraordinary Costs) are first transferred to an assignee or pledged in connection with the issuance of Securitized Utility Tariff Bonds.<sup>37</sup> Upon the transfer or pledge of those rights, they become Securitized Utility Tariff Property and, as such, are afforded certain statutory protections to ensure that the charges are available for the payment of principal and interest on the bonds and other related costs.<sup>38</sup>

This Financing Order includes a mandatory semi-annual formula-based rate Adjustment Mechanism requiring that Securitized Utility Tariff Charges be reviewed by the Servicer and adjusted at least semi-annually, to correct any overcollections or under-collections during the preceding six months and to ensure the expected recovery of amounts sufficient to timely provide all payments of debt service and other required amounts and charges in connection with the Securitized Utility Tariff Bonds.<sup>39</sup> In addition to required semi-annual reviews, the Servicer may implement more frequent reviews at any time to ensure that the amount of the Securitized Utility Tariff Charges matches the funding requirements approved in this Financing Order. Atmos Energy, as Servicer, or a Substitute Servicer, may modify the Adjustment Mechanism in the event it finds that the Adjustment Mechanism will not provide Securitized Utility Tariff Charges

---

<sup>36</sup> *Id.*

<sup>37</sup> K.S.A. § 66-1,246(c).

<sup>38</sup> *See* K.S.A. § 66-1,246.

<sup>39</sup> K.S.A. § 66-1,240(b)(2).

sufficient to meet the funding requirements for its next two scheduled principal and interest payments and related Ongoing Financing Costs. These provisions will help to ensure that the amount of Securitized Utility Tariff Charges paid by Retail Customers is equal to, but does not exceed, the amount necessary to cover the costs of this securitization. The Financing Order also reflects other statutory benefits and assurances that are necessary for securitization.

The Commission may adopt a Financing Order only if it finds that the proposed issuance of Securitized Utility Tariff Bonds and the imposition and collection of Securitized Utility Tariff Charges are expected to provide net quantifiable rate benefits to customers when compared to the costs that would result from the application of the traditional method of financing and recovering the Securitized Utility Tariff Costs with respect to Qualified Extraordinary Costs or avoid or mitigate rate impacts to customers.<sup>40</sup> To make that determination, the Commission must review a comparison between the net present value of the costs to customers that are estimated to result from the issuance of Securitized Utility Tariff Bonds and the costs that would result from the application of traditional methods of financing and recovery of such Qualified Extraordinary Costs, which Atmos Energy has included in its Application.<sup>41</sup>

Economic benefits depend upon a favorable financial market—one in which Securitized Utility Tariff Bonds may be sold at an interest rate lower than the carrying costs of the assets being securitized. The precise interest rate at which Securitized Utility Tariff Bonds can be sold in a future market, however, is not yet known. Nevertheless, benefits can be calculated based upon certain known facts (*e.g.*, the amount of assets to be securitized and the cost of the alternative to securitization) and assumptions (*e.g.*, the interest rate of the Securitized Utility Tariff Bonds, the

---

<sup>40</sup> K.S.A. § 66-1,241(d)(2).

<sup>41</sup> *See* K.S.A. § 66-1,241(c)(9)(B).

term of the Securitized Utility Tariff Bonds). By analyzing the proposed securitization based upon those facts and assumptions, a determination can be made as to whether net quantifiable benefits result. To ensure that benefits are realized, an Issuance Advice Letter must be presented to the Commission after pricing of the Securitized Utility Tariff Bonds demonstrating that the actual structure and costs of the Securitized Utility Tariff Bonds will provide net quantifiable benefits to customers.

Atmos Energy's financial analysis, as confirmed by Commission Staff, shows that securitizing the Qualified Extraordinary Costs will produce an economic benefit to Retail Customers currently estimated to be approximately \$8.5 million on a present value basis assuming a 10-year securitization.<sup>42</sup> Before the Securitized Utility Tariff Bonds may be issued, Atmos Energy must submit to the Commission an Issuance Advice Letter that indicates the final structure of the Securitized Utility Tariff Bonds and provides the best available estimate of total Ongoing Financing Costs.<sup>43</sup> An example Form of Issuance Advice Letter is attached to this Financing Order as Appendix A.

The State of Kansas and its agencies, including the Commission, have pledged and agreed that the state and its agencies shall not:

- Alter the statute that authorizes the Commission to create an irrevocable contract right or chose in action by the issuance of a Financing Order, to create Securitized Utility Tariff Property and to make the Securitized Utility Tariff Charges imposed by a Financing Order irrevocable, binding or nonbypassable charges for all existing and future retail customers within the service area of the public utility;

---

<sup>42</sup> See K.S.A. §§ 66-1,240 - 66-1,253; Application Exhibit JLS-3. As indicated in Mr. Grady's testimony, the final NPV benefit to Atmos Energy's customers will change depending on the actual interest rate and the term length of the securitization bonds, which will be known at the time the bonds are issued. The final NPV benefit shall be provided to the Commission in the final Issuance Advice Letter. See, Justin Grady's Direct Testimony, 22-538 Docket, filed August 26, 2022, page 13, line 4 through page 14, line 21."

<sup>43</sup> K.S.A. § 66-1,241(h)(4).

- Take any action that would impair the value of Securitized Utility Tariff Property or the security for the Securitized Utility Tariff Bonds, or revises the Securitized Utility Tariff Costs for which recovery is authorized;
- Impair the rights and remedies of the bondholders, assignees and other financing parties in any way; or
- Except for changes made pursuant to the Adjustment Mechanism expressly allowed by law, reduce, alter, or impair the Securitized Utility Tariff Charges to be imposed, billed, charged, collected, and remitted for the benefit of the bondholders, any assignee, and any other financing parties, until any and all principal, interest, premium, financing costs and other fees, expenses or charges incurred and any contracts to be performed in connection with the related Securitized Utility Tariff Bonds have been paid and performed in full.<sup>44</sup>

Notwithstanding that the imposition and collection of Securitized Utility Tariff Charges depends on Atmos Energy performing its servicing functions relating to the collection of Securitized Utility Tariff Charges and on the number of future natural gas customers, Securitized Utility Tariff Property (whether associated with a single bond series covering the entire Qualified Extraordinary Costs or with one of multiple bond series covering only a portion of the Qualified Extraordinary Costs) constitutes a present property right for purposes of contracts concerning the sale or pledge of property and the property will continue to exist until Securitized Utility Tariff Bonds issued pursuant to the Financing Order have been paid in full and all Financing Costs and other costs of such Securitized Utility Tariff Bonds have been recovered in full.<sup>45</sup> In addition, the interests of an assignee or pledgee in Securitized Utility Tariff Property (as well as the revenues and collections arising from the property) are not subject to setoff, counterclaim, surcharge, or defense by the utility or any other person or in connection with the bankruptcy of the utility or any other entity.<sup>46</sup>

---

<sup>44</sup> K.S.A. § 66-1,252(a).

<sup>45</sup> K.S.A. §§ 66-1,244(a)-(b).

<sup>46</sup> K.S.A. § 66-1,244(e).

The Commission may, at the request of a utility, adopt a Financing Order providing for the refinancing, retiring or refunding of Securitized Utility Tariff Bonds issued pursuant to this Financing Order if the Commission finds that the subsequent Financing Order satisfies all of the criteria for a Financing Order under the Act.<sup>47</sup> This Financing Order does not preclude Atmos Energy from filing a request for a Financing Order to refinance, retire or refund Securitized Utility Tariff Bonds approved in this Financing Order upon a showing that the statutory criteria are met.<sup>48</sup>

To facilitate compliance and consistency with applicable statutory provisions, this Financing Order adopts the definitions in K.S.A. § 66-1,240. In addition, capitalized terms not defined in the Act are defined in the Glossary of Terms (the “Glossary”), attached to this Financing Order as Appendix J.

## **II. Description of Proposed Transaction**

A description of the transaction proposed by Atmos Energy is contained in its Application and the filing package submitted as part of the Application. A brief summary of the proposed transaction is provided in this section. A more detailed description is included in the Findings of Fact, Section C, titled “Structure of the Proposed Securitization,” attached appendices, and in the Application itself. In general, the proposal consists of the following framework:

- a) The Qualified Extraordinary Costs will be updated, trued-up, verified, and allocated among Atmos Energy’s Retail Customers;

---

<sup>47</sup> K.S.A. § 66-1,241(i).

<sup>48</sup> *Id.*



- b) Atmos Energy will form a wholly owned, subsidiary, a Delaware Special Purpose Entity, referred to in the Act as an Assignee;<sup>49</sup>
- c) The SPE will be designed to be a bankruptcy-remote limited purpose entity;<sup>50</sup>
- d) This Financing Order will establish the mechanism for the creation of Securitized Utility Tariff Property;<sup>51</sup>
- e) Atmos Energy will transfer, via a true sale, its rights in Securitized Utility Tariff Property to the SPE, rendering this Financing Order irrevocable;
- f) The SPE will issue Securitized Utility Tariff Bonds to investors;
- g) The proceeds from the Securitized Utility Tariff Bonds will be used, directly or indirectly to recover, finance or refinance Atmos Energy's Qualified Extraordinary Costs and Financing Costs;
- h) The Securitized Utility Tariff Bonds and Financing Costs will be secured by or payable from the Securitized Utility Tariff Property transferred to the SPE;
- i) Atmos Energy will act as a collection agent or servicer for the SPE and the SPE's right to collect and receive Securitized Utility Tariff Charges;
- j) Atmos Energy will, on at least a semi-annual basis, apply an Adjustment Mechanism to the Securitized Utility Tariff Charges to ensure the timely and complete payment of the Securitized Utility Tariff Bonds and all other Financing Costs.

---

<sup>49</sup> "Assignee" means a corporation, limited liability company, general partnership, limited partnership, public authority, trust, financing entity or other entity to which a public utility assigns, sells or transfers, other than as security, all, or a portion of its interest in, or right to, securitized utility tariff property. K.S.A. §66-1,240(b)(4).

<sup>50</sup> See Direct Testimony of Jason L. Schneider, Docket No. 22-ATMG-538-TAR, p. 8 (May 25, 2022).

<sup>51</sup> "Securitized Utility Tariff Property" includes:

(A) All rights and interests of a public utility, its successor or assignee under a financing order, including the right to impose, bill, charge, collect and receive securitized utility tariff charges authorized under the financing order and to obtain periodic adjustments to such charges authorized under this section and as provided in the financing order; and

(B) all revenues, collections, claims, rights to payments, payments, money or proceeds arising from the rights and interests specified in the financing order, regardless of whether such revenues, collections, claims, rights to payment, payments, money or proceeds are imposed, billed, received, collected or maintained together with or commingled with other revenues, collections, rights to payment, payments, money or proceeds. K.S.A. 66-1,240(b)(22).

To facilitate the proposed securitization, Atmos Energy will form a Delaware Special Purpose Entity, the SPE, to which Atmos Energy will transfer the rights to impose, collect, and receive Securitized Utility Tariff Charges along with the other rights arising pursuant to this Financing Order. Upon transfer (in connection with the issuance of the Securitized Utility Tariff Bonds), the rights to impose, collect, and receive Securitized Utility Tariff Charges along with the other rights arising pursuant to this Financing Order will become Securitized Utility Tariff Property as provided by K.S.A. § 66-1,244. The SPE will issue the Securitized Utility Tariff Bonds and will transfer the net proceeds from the sale of the Securitized Utility Tariff Bonds to Atmos Energy in consideration for the transfer of the Securitized Utility Tariff Property. The SPE will be organized and managed in a manner designed to maintain the SPE as a bankruptcy-remote special purpose entity that will not be affected by any bankruptcy or insolvency of Atmos Energy, any other division, their affiliates, or respective successors. In addition, the SPE will have at least one independent manager whose approval will be required for certain actions or changes by the SPE. A form of the Amended and Restated Limited Liability Company Agreement of the SPE (“SPE LLC Agreement”) is attached to this Financing Order as Appendix I.

The Securitized Utility Tariff Bonds will be issued pursuant to an Indenture and a series supplement, which will be administered by an indenture trustee (the “Indenture Trustee”). The Securitized Utility Tariff Bonds will be secured by and payable solely out of the corresponding Securitized Utility Tariff Property created pursuant to this Financing Order and any collateral described in Atmos Energy’s Application. Such collateral will be pledged to the Indenture Trustee for the benefit of the holders of the Securitized Utility Tariff Bonds and to secure payment of the principal, interest, and related charges for the Securitized Utility Tariff Bonds. A form of the

Indenture (including a form of series supplement as an exhibit thereto) (the “Indenture”) is attached to this Financing Order as Appendix H.

The Servicer of the Securitized Utility Tariff Bonds will bill and collect the Securitized Utility Tariff Charges and remit those amounts to the Indenture Trustee on behalf of the SPE. The Servicer will be responsible for filing any required or permitted true ups of the Securitized Utility Tariff Charges. The Servicer will perform these functions for the SPE pursuant to the Securitized Utility Tariff Property Servicing Agreement (the “Servicing Agreement”) by and between Atmos Energy, as the initial servicer, and the SPE. If the Servicer defaults on its obligations under the Servicing Agreement, the Indenture Trustee may appoint a successor Servicer. Atmos Energy will act as the initial Servicer for the Securitized Utility Tariff Bonds and will collect fees as described in the Servicing Agreement. A form of the Servicing Agreement is attached to this Financing Order as Appendix D.

The Servicing Agreement will prohibit the initial Servicer’s ability to resign as Servicer unless (i) it is unlawful for the initial Servicer to continue in such a capacity, or (ii) the Commission consents and the credit rating agencies confirm that the resignation would not impact the ratings on the Securitized Utility Tariff Bonds. Resignation of the initial Servicer cannot become effective until the successor Servicer has fully assumed all obligations to continue servicing the Securitized Utility Tariff Bonds without interruption. The Servicer may be terminated from its responsibilities in certain cases upon a majority vote of bondholders.

Atmos Energy requested approval of Securitized Utility Tariff Charges sufficient to recover the principal and interest on the Securitized Utility Tariff Bonds as described in this Financing Order and Attachment 2, Schedule B of Appendix A, Form of Issuance Advice Letter, attached hereto. Securitized Utility Tariff Charges will be calculated to ensure the collection of

an amount sufficient to service the principal, interest, and related charges for the Securitized Utility Tariff Bonds and in a manner that allocates this amount to the various classes of Retail Customers as provided in this Financing Order or as otherwise ordered by the Commission.

The Securitized Utility Tariff Charges will be calculated on a fixed monthly charge per Retail Customer, pursuant to the method described in the Winter Event Securitized Cost Recovery Rider (“WESCR”), a pro forma copy of which is contained in Appendix B, Form of Tariff. The fixed monthly per-Retail Customer Securitized Utility Tariff Charge will be adjusted semi-annually pursuant to the Adjustment Mechanism described in this Financing Order. The per-Retail Customer charge initially will be calculated using the customer count reported in the most recent Atmos Energy Annual Report and will be updated semi-annually. Additionally, if the customer count for a particular class declines by more than ten percent (10%) from that identified in the 2021 Annual Report, then the allocation factors will be recalculated using the most recent 12-month weather normalized volume for each customer class.

The Securitized Utility Tariff Charges shall be collected over the expected life of the Securitized Utility Tariff Bonds. However, Securitized Utility Tariff Charges shall be collected only until all of the Securitized Utility Tariff Bonds and related Ongoing Financing Costs are paid in full. The scheduled final maturity date of the bonds shall be determined by Atmos Energy subject to review of the Designated Representative. The Issuance Advice Letter shall specify both the scheduled final maturity of the Securitized Utility Tariff Bond tranches and the legal maturity for the Securitized Utility Tariff Bond tranches. The legal maturity is expected to be longer than the scheduled final maturity, based upon rating agency and market considerations, but in no event shall the final legal maturity exceed 32 years from the issuance date of the Securitized Utility Tariff Bonds, as described in K.S.A. § 66-1,240(b)(19)(A). Amounts remaining unpaid after final legal

maturity of the last Securitized Utility Tariff Bond tranche may be recovered but only to the extent that the charges are attributable to services rendered prior to the final legal maturity of the last Securitized Utility Tariff Bond tranche.

The Securitized Utility Tariff Charge will become effective on the day after the Securitized Utility Tariff Bonds are issued. As required by the Act, this charge will be a separate line item on the Retail Customers' bill. Billing will begin with the first billing cycle of the month following bond issuance.

An Adjustment Mechanism, as described in K.S.A. § 66-1,240(b)(2) and as authorized by the Commission in this Financing Order, shall be used to make necessary corrections to: (a) adjust for the overcollection or under-collection of Securitized Utility Tariff Charges, or (b) to ensure the timely and complete payment of the Securitized Utility Tariff Bonds, other Financing Costs, and other amounts due in connection with the Securitized Utility Tariff Bonds. In addition to the semi-annual true-up required by K.S.A. § 66-1,241(g), periodic true-ups may be performed as necessary to ensure that the amount collected from Securitized Utility Tariff Charges is sufficient to service the Securitized Utility Tariff Bonds. The methodology for making true-up adjustments under the Adjustment Mechanism and the circumstances under which any such adjustment shall be made are described in the pro-forma WESCR, attached to this Financing Order as Appendix B.

The Financial Plan Settlement approved by the Commission in Docket No. 21-ATMG-333-GIG ("Docket 21-333") includes several elements which Atmos Energy was required to incorporate into its Application. At the time of the Financial Plan Settlement, Atmos Energy had prudently incurred Qualified Extraordinary Costs totaling \$102,517,847.<sup>52</sup> Atmos Energy has

---

<sup>52</sup> See Exhibit A to Financial Plan Settlement Order, p. 5, ¶8.

updated and verified the Qualified Extraordinary Costs as part of this proceeding. The updated Qualified Extraordinary Costs are:<sup>53</sup>

| <b>QUALIFIED EXTRAORDINARY COST DESCRIPTION</b>              | <b>AMOUNT</b>        |
|--|----------------------|
| Gas Costs  | \$76,652,625         |
| Carrying Costs – at 2% through March 31, 2023                | \$3,142,758          |
| Docket Cost, Including Customer Education                    | \$779,000            |
| Atmos Energy Penalties from Docket 21-333                    | \$9,559,372          |
| Credit for Passthrough Penalties to 3 <sup>rd</sup> Parties  | (\$334,521)          |
| Legal/Consulting Fees (excluding financing fees)             | \$2,885,000          |
| <b>Total Amount to be Securitized</b>                        | <b>\$92,684,233</b>  |
| Illustrative Interest Expense Relating to Securitization     | \$22,157,796         |
| Operation & Admin/ Net Reserve Funding Costs (Ongoing Costs) | \$3,672,001          |
| <b>Total Qualified Extraordinary Costs</b>                   | <b>\$118,514,030</b> |

Atmos Energy was permitted to recover carrying charges on the Qualified Extraordinary Costs, at a rate of 2.0%, between the time the Qualified Extraordinary Costs were incurred until the Securitized Utility Tariff Bonds are issued and Atmos Energy begins to charge customers a Securitized Utility Tariff Charge.<sup>54</sup> The principal amount being securitized is \$92,684,233. The remaining portion of the \$118,514,030 identified as the total qualified extraordinary cost in the table above (\$25,829,797) includes the estimated interest cost for the bonds themselves and Ongoing Financing Cost.

The Financial Plan Settlement deferred certain determinations to this proceeding. Notwithstanding the Act's requirements, this proceeding determined the term of the Securitized Utility Tariff Bonds, and how Securitized Utility Tariff Charges will be recovered from Atmos

---

<sup>53</sup> See Rebuttal and Responsive Testimony of Kathleen R. Ocanas, Docket No. 22-ATMG-538-TAR, (September 9, 2022).

<sup>54</sup> See Exhibit A to Financial Plan Settlement Order, pp. 5 – 6, ¶10.

Energy's Retail Customers.<sup>55</sup> Unless otherwise prohibited by law, Securitized Utility Tariff Charges will not be charged to Transportation Customers, as defined in the Glossary. Furthermore and pursuant to the Financial Plan Settlement, unless otherwise prohibited by law, Retail Customers who become Transportation Customers during the period Securitized Utility Tariff Charges are being recovered shall be required to pay a settlement fee prior to becoming a Transportation Customer. The settlement fee owed by the customer shall be based on the present value of the expected charges the customer would have paid as a Retail Customer over the remaining period in which the Securitized Utility Tariff Charge is being recovered.<sup>56</sup> The charges shall use a discount rate equal to the weighted average remaining rate of the Securitized Utility Tariff Bonds at the time of such settlement. This settlement fee will be credited to Atmos Energy's other Retail Customers once a year through its Purchased Gas Adjustment ("PGA") tariff and associated Annual Cost Adjustment ("ACA") (collectively, "PGA/ACA").<sup>57</sup>

Atmos Energy's Application contains a method of tracing funds collected as Securitized Utility Tariff Charges. The Securitized Utility Tariff Charges collected from customers will be placed on a separate line on customers' bills, allowing the Company to assign the Securitized Utility Tariff Charges a specific code, by customer class, in its billing system. This code will allow the Company to trace proceeds from the Securitized Utility Tariff Charges.

Atmos Energy's Application also contains a reconciliation proposal. As contemplated by the Financial Plan Settlement, this proposal considers both the deferred tax liability associated with Qualified Extraordinary Cost recoveries, as well as the corresponding and offsetting deferred

---

*See* Exhibit A to Financial Plan Settlement Order, p. 6, ¶11.

<sup>56</sup> *Id.*

<sup>57</sup> *Id.*

tax asset associated with the net operating loss carry-forward created by the Qualified Extraordinary Costs.<sup>58</sup>

### **III. Findings of Fact**

#### **A. Identification and Procedure**

##### **1. Identification of Applicant and Application**

1. Atmos Energy is a natural gas public utility which owns and operates for compensation an extensive natural gas distribution network to provide service in this state.
2. On February 15, 2021, in Docket No. 21-GIMX-303-MIS, the Commission issued an Emergency Order.<sup>59</sup> Sub-zero temperatures and increased demand for electricity and natural gas caused by the Winter Event placed significant stress on utilities. Wholesale natural gas prices increased 10 to 100 times higher than normal.
3. The Commission ordered jurisdictional utilities to do everything necessary to ensure natural gas and electricity continued to be provided to customers in Kansas.<sup>60</sup> The Commission authorized every jurisdictional electric and natural gas

---

<sup>58</sup> See Direct Testimony of Kathleen R. Ocanas, Docket No. 22-ATMG-538-TAR, p. 36-37 (May 25, 2022) Settlement., Exhibit A, p. 8, ¶15.

<sup>59</sup> Emergency Order, Docket No. 21-GIMX-303-MIS, p. 1, ¶1 (Feb. 15, 2021) (Emergency Order).

<sup>60</sup> See *id.* at p. 2, ¶3.



utility to defer extraordinary costs related to the Winter Event to a regulatory asset account.<sup>61</sup> Concurrent with this decision, the Commission directed Atmos Energy to develop a plan to minimize the Winter Event's financial impact on Atmos Energy's customers.<sup>62</sup> By September 14, 2021, Atmos Energy had incurred and deferred approximately \$87,880,622 million of extraordinary costs, exclusive of carrying costs, related to the Weather Event.<sup>63</sup> This amount was later estimated as \$89,799,233, including estimated carrying costs of 2%, through March 31, 2023.<sup>64</sup>

4. On September 14, 2021, Atmos Energy submitted its plan to minimize the financial impact of the Winter Event on customers.<sup>65</sup> Supported by testimony from five witnesses,<sup>66</sup> Atmos Energy proposed to apply for a Financing Order in a separate docket. Atmos Energy would seek authorization to issue Securitized Utility Tariff Bonds to finance the Winter Event's Qualified Extraordinary Costs.<sup>67</sup> After including additional carrying costs, legal and consulting fees, and other expenses, the estimated cost to be securitized totaled \$118,514,030 million for a ten-year period.<sup>68</sup>

---

<sup>61</sup> *See id.* at p. 2, ¶4.

<sup>62</sup> Emergency Order, Docket No. 21-GIMX-303-MIS, p. 3, ¶5 (Feb. 15, 2021).

<sup>63</sup> *See* Direct Testimony of Kathleen R. Ocanas, Docket 21-333, p. 5 (Feb. 24, 2022).

<sup>64</sup> *See* Revised Direct Testimony of Kathleen R. Ocanas, Docket No. 22-ATMG-538-TAR (July 22, 2022).

<sup>65</sup> Plan to Minimize the Financial Effects of the 2021 Winter Weather Event, Docket 21-333 (Sep. 14, 2021).

<sup>66</sup> Barton W. Armstrong, Rob R. Leivo, Kenneth M. Malter, Kathleen R. Ocanas and Jason L. Schneider.

<sup>67</sup> Plan To Minimize the Financial Effects of the 2021 Winter Weather Event, Docket 21-333, p.1 (Sep. 14, 2021).

<sup>68</sup> *See* Revised Direct Testimony of Kathleen R. Ocanas, Docket No. 22-ATMG-538-TAR, (July 22, 2022); and Direct Testimony of Justin T. Grady, (August 26, 2022).

5. On February 9, 2022, Atmos Energy, Commission Staff (“Staff”), and the Citizens’ Utility Ratepayer Board (“CURB”) submitted a Joint Motion to Approve Settlement Agreement (“Financial Plan Settlement”).<sup>69</sup>
6. On March 24, 2022, in Docket 21-333, the Commission issued an order<sup>70</sup> approving the Financial Plan Settlement in its entirety.<sup>71</sup> The Commission emphasized: (1) it was in the public interest for Atmos Energy to incur extraordinary costs during the Winter Event,<sup>72</sup> (2) it is in the public interest to recover these costs,<sup>73</sup> and (3) the plan implemented by this Application will result in just and reasonable rates.<sup>74</sup>

## 2. Procedural History

7. On May 25, 2022, in Docket No. 22-ATMG-538-TAR, Atmos Energy filed an Application for Financing Order for the recovery of Securitized Utility Tariff Costs (i.e., Qualified Extraordinary Costs)<sup>75</sup> and Financing Costs incurred because of the Winter Event. Atmos Energy provided a general description of the proposed

---

<sup>69</sup>Joint Motion to Approve Settlement Agreement, Docket 21-333 (Feb. 9, 2022) (Settlement).

<sup>70</sup> Order Approving Unanimous Settlement Agreement on Atmos Energy Corporation’s Financial Plan, Docket 21-333(Mar. 24, 2022). (“Financial Plan Settlement Order”)

<sup>71</sup> *See id.* at p. 9, Ordering Clause (A).

<sup>72</sup>*See id.* at p. 8 ¶13.

<sup>73</sup>*See id.* at p. 9 ¶14.

<sup>74</sup>*See id.* at p. 9 ¶16.

<sup>75</sup> Pursuant to the Act, and relevant for this Application, “Securitized Utility Tariff Costs” means “Qualified Extraordinary Costs.” K.S.A. 66-1,240(b)(21). As such, Atmos Energy’s Application refers to these terms collectively as “Qualified Extraordinary Costs.”

transaction structure in its Application and in the testimony and exhibits submitted in support of its Application.

8. The following parties intervened in this proceeding and were granted party status:

- CURB

9. Atmos Energy's Application in this proceeding is consistent with the Financial Plan Settlement approved by the Commission in Docket 21-333.<sup>76</sup>

10. No party opposes Atmos Energy's Application in this docket for a Financing Order.

## **B. Qualified Extraordinary Costs and Amount to be Securitized**

### **1. Identification and Amounts**

11. Qualified Extraordinary Costs are defined in the Act to include costs the public utility has incurred before, on or after the effective date of the Act of an extraordinary nature that would cause extreme customer rate impacts if recovered through customary rate-making, including, but not limited to, purchases of gas supplies, transportation costs, fuel and power costs, including carrying charges incurred during anomalous weather events.<sup>77</sup> The Commission has further identified deferred costs including, but, not limited to the cost of procuring and transporting natural gas supplies for jurisdictional utility customers, costs

---

<sup>76</sup> Order Approving Unanimous Settlement Agreement on Atmos Energy's Financial Plan, Docket 21-333, (Mar. 24, 2022).

<sup>77</sup> K.S.A. § 66-1,240(b)(18).

associated with jurisdictional utilities coordinating and assisting non-jurisdictional utilities with the transportation of gas supplies, and any other reasonable costs necessary to ensure stability and reliability of natural gas and electric service.<sup>78</sup>

## 2. Balance to be Securitized

12. Atmos Energy should be authorized to cause Securitized Utility Tariff Bonds to be issued in an aggregate principal amount not to exceed the Qualified Extraordinary Costs plus any incurred and Upfront Financing Costs. Pursuant to this Financing Order, Atmos Energy will be responsible for costs of issuance, which may be paid out of proceeds of the Securitized Utility Tariff Bonds. It is appropriate to recover operations and maintenance, financing fees, legal and consulting fees, and additional Financing Costs identified in this proceeding directly through Securitized Utility Tariff Charges. As indicated above, the principal amount of the issuance is \$92,684,223. The difference between the total qualified extraordinary cost (\$118,514,030) and the principal amount of the issuance (\$92,684,233) is \$25,829,797, which constitutes the estimated interest costs for the bonds themselves and Ongoing Financing Cost.
13. The proposed recovery of costs described in Finding of Fact 12 through issuance of Securitized Utility Tariff Bonds as provided in this Financing Order should be approved because Retail Customers will receive net quantifiable rate benefits under this securitization when compared to the costs that would result from the Application of the traditional method of financing and recovering the Securitized

---

<sup>78</sup> Emergency Order, Page 2, paragraph 4.

Utility Tariff Costs with respect to Qualified Extraordinary Costs or that would avoid or mitigate rate impacts to Retail Customers.

### **3. Pre-Issuance Review Process**

14. As the actual structure and pricing of the Securitized Utility Tariff Bonds will not be known at the time this Financing Order is issued, the Act provides for the Commission to provide additional provisions related to the Issuance Advice Letter process as the Commission considers appropriate. The Commission finds a pre-issuance review process is necessary to approve the Financing Order and to meet the requirement that the financing can be expected to result in the lowest securitized utility tariff charges, consistent with market conditions at the time the securitized utilities bonds are priced. As such, following the approval of the Financing Order, Atmos Energy shall be subject to the review of the Designated Representative of the Commission Staff, including its legal and investment banking advisors, who shall have all authority to review and observe all facets of the process undertaken by Atmos Energy to place the Securitized Utility Tariff Bonds to market so the Commission's Designated Representative can be prepared, if requested, to provide the Commission with an opinion on the reasonableness of the pricing, terms, and conditions of the Securitized Utility Tariff Bonds on an expedited basis. The Designated Representative shall have the authority to review, confer, and consult with Atmos Energy regarding the proposals of Atmos Energy, including but not limited to, the structuring, marketing, and pricing of the Securitized Utility Tariff Bonds to achieve the Act's statutory requirements. Any costs incurred by Designated Representative in connection with its review would

be treated as a financing cost of the securitized utility tariff bonds and shall be included in the securitized utility tariff charge or as otherwise required by the Act.

15. The Designated Representative will have all authority to review, confer, and consult with Atmos Energy and its underwriters on all facets of the securitization process, including but not limited to all material terms of the Securitized Bonds and other items it determines appropriate to perform its role, which may include, without limitation, (1) the underwriter and syndication group sizes, selection process for the lead underwriter, co-lead underwriter, and all other underwriters (the foregoing constitutes the “Underwriter Selection Process”) involved in the securitization process review and criteria, participants, allocations, and economics; (2) the structure of the Securitized Bonds and compliance with the requirements; (3) the marketing process, including the Securitized Bonds’ credit rating agency application, the underwriters’ preparation, marketing, and syndication of the Securitized Bonds; (4) the pricing of the Securitized Bonds and certifications provided by the issuer and underwriter(s); (5) all associated Securitized Bond costs (including Bond Issuance Costs and other Financing Costs), servicing and administrative fees; (6) maturities; (7) reporting templates; (8) the amount of equity contribution to the related SPE; (9) overcollateralization and other credit enhancements; and (10) the initial calculation of the related Fixed Recovery Charges. Whenever this Finance Order provides the Designated Representative will review and observe any matter, that means that the Designated Representative’s review includes, and it has all of the authority to, review, confer, consult with Atmos Energy and its underwriters regarding the matter or proposal

being reviewed, including the provision of substantive input and advice as needed without further explanation or expansion at each reference. Atmos Energy shall endeavor in good faith to provide as much notice as possible to the Commission's Designated Representative, including its legal and investment banking advisors, when meeting with investors or ratings agencies on the Securitized Utility Tariff Bonds. Atmos Energy shall provide this notice to the Commission's Designated Representative through email, unless the Designated Representative requests otherwise. The Commission recognizes meetings with investors or ratings agencies may occur with very little or no notice. Provided Atmos Energy operates in good faith to inform the Designated Representative of such meetings, Atmos Energy shall not be required to wait for the Designated Representative prior to meeting with investors or ratings agencies. The Designated Representative, including its legal and investment banking advisors, shall be allowed to listen in on meetings with investors or ratings agencies, but shall not be allowed to speak or otherwise take an active role in such meetings.

16. Atmos Energy shall file with the Commission no later than the end of the first business day after the pricing date for that series of Securitized Utility Tariff Bonds, an Issuance Advice Letter. The Issuance Advice Letter for the Securitized Utility Tariff Bonds will report the actual dollar amount of the initial Securitized Utility Tariff Charges and other information specific to the Securitized Utility Tariff Bonds. All amounts that require computation will be computed using the mathematical formulas contained in the form of the Issuance Advice Letter in Appendix A to this Financing Order and the WESCR. The initial Securitized

Utility Tariff Charges and the final terms of the Securitized Utility Tariff Bonds set forth in the Issuance Advice Letter shall become effective on the date of issuance of the Securitized Utility Tariff Bonds unless prior to noon on the fourth business day after pricing the Commission issues a Disapproval Letter pursuant to K.S.A. § 66-1,241(h)(4), finding that the proposed issuance does not comply with the requirements of the Act and this Financing Order.

17. Atmos Energy will submit a draft Issuance Advice Letter to Commission Staff and the Designated Representative for review as explained in the review process outlined above not later than two weeks prior to the expected date of commencement of the marketing of the Securitized Utility Tariff Bonds. Commission Staff will provide Atmos Energy comments and recommendations regarding the adequacy of the information provided in a timely manner.
18. The Issuance Advice Letter for the Securitized Utility Tariff Bonds shall be filed with the Commission not later than the end of the first day after the pricing of the Securitized Utility Tariff Bonds. Commission Staff may request such revisions of the Issuance Advice Letter as may be necessary to assure the accuracy of the calculations and that the requirements of the Act and of this Financing Order have been met. Atmos Energy may proceed with the issuance of the Securitized Utility Tariff Bonds unless, prior to noon on the fourth business day after the Commission receives the Issuance Advice Letter, the Commission issues a disapproval letter directing that the Securitized Utility Tariff Bonds as proposed shall not be issued and the basis for that disapproval.



19. The completion and filing of the pre-issuance review and Issuance Advice Letter in the form of the Issuance Advice Letter attached as Appendix A to this Financing Order is necessary to ensure that any securitization actually undertaken by Atmos Energy complies with the terms of this Financing Order and the requirements of the Act.

#### **4. Benefits to Customers**

20. K.S.A. § 66-1,241 directs the Commission to ensure that securitization provides net quantifiable rate benefits to customers when compared to the costs that would result from the application of the traditional method of financing and recovering the Securitized Utility Tariff Costs with respect to Qualified Extraordinary Costs or avoid or mitigate rate impacts to customers. As Transportation Customers will not be subject to the Securitized Utility Tariff Costs, this Financing Order address only net quantifiable rate benefits to Retail Customers. An analysis that compares the net present value of the costs to Retail Customers that are estimated to result from the issuance of Securitized Utility Tariff Bonds and the costs that would result from the application of traditional methods of financing and recovery of such Qualified Extraordinary Costs, which Atmos Energy has included in its Application, is an appropriate economic analysis to demonstrate whether securitization provides economic benefits to Retail Customers. Likewise, a net present value analysis demonstrates whether securitizing Atmos Energy's Qualified Extraordinary Costs provides net quantifiable rate benefits or avoids or mitigates rate impacts to Atmos Energy's customers.

21. The financial analysis presented by Atmos Energy as confirmed by Staff witness Grady, indicates that securitization of the Qualified Extraordinary Costs plus Financing Costs as requested by Atmos Energy is expected to result in approximately \$8.5 million of net quantifiable rate benefits to Retail Customers if the Securitized Utility Tariff Bonds are issued at a weighted average interest rate of 4.269% allowed by this Financing Order and with a ten-year expected life. This estimate assumes that actual Ongoing Financing Costs will be as shown on Appendix C to this Financing Order. The benefits for Customers set forth in Atmos Energy's evidence are fully indicative of the benefits Customers will realize from the securitization approved in this Financing Order; however, the actual benefit to Retail Customers will depend upon market conditions on the date of pricing of the Securitized Utility Tariff Bonds and the actual scheduled maturity of the Securitized Utility Tariff Bonds.
22. K.S.A. § 66-1,241(e)(13) requires that the Financing Order contain a statement to ensure that a future rate-making process to reconcile any differences between the actual Securitized Utility Tariff Costs financed by Securitized Utility Tariff Bonds and the final Securitized Utility Tariff Costs incurred by Atmos Energy or its assignee shall not affect the amount of Securitized Utility Tariff Bonds or the associated Securitized Utility Tariff Charges paid by customers. The Commission finds that this requirement, as reflected in Ordering Paragraph 160, provides customers with additional assurance that rate impacts to Retail Customers will be mitigated or avoided.

### C. Structure of the Proposed Securitization

#### 1. Special Purpose Entity

23. For purposes of this securitization, Atmos Energy will form a Delaware limited liability company special purpose subsidiary, the SPE, with Atmos Energy as its sole member. The SPE will be formed for the limited purpose of acquiring Securitized Utility Tariff Property, issuing Securitized Utility Tariff Bonds in one or more tranches or classes, and performing other activities relating thereto or otherwise authorized by this Financing Order. The SPE will not be permitted to engage in any other activities and will have no assets other than Securitized Utility Tariff Property and related assets to support its obligations under the Securitized Utility Tariff Bonds. Obligations relating to the Securitized Utility Tariff Bonds will be the SPE's only significant liabilities. These restrictions on the activities of the SPE and restrictions on the ability of Atmos Energy to take action on the SPE's behalf are imposed to achieve the objective that the SPE will be bankruptcy remote and not affected by a bankruptcy of Atmos Energy.
24. The SPE will be managed by a board of managers with rights and duties set forth in its organizational documents. As long as the Securitized Utility Tariff Bonds remain outstanding, the SPE will have at least one independent manager with no organizational affiliation with Atmos Energy other than possibly acting as an independent manager for one or more other bankruptcy-remote subsidiaries of Atmos Energy, or their affiliates.

25. The SPE will not be permitted to amend the provisions of its limited liability agreement or other organizational documents that relate to bankruptcy-remoteness of the SPE without the consent of the independent manager. Similarly, the SPE will not be permitted to institute bankruptcy or insolvency proceedings or to consent to the institution of bankruptcy or insolvency proceedings against it, or to dissolve, liquidate, consolidate, convert, or merge without the consent of the independent manager. Other restrictions to facilitate bankruptcy-remoteness may also be included in the organizational documents of the SPE as required by the credit rating agencies. The Commission agrees that these restrictions to ensure that the SPE is bankruptcy-remote are reasonable and required.
26. Per credit rating agency and Internal Revenue Service (“IRS”) requirements, Atmos Energy will transfer to the SPE an amount required to capitalize the SPE adequately (the “SPE Capitalization Level”) for deposit into the capital sub-account. The SPE Capitalization Level is expected to be 0.5% of the initial principal amount of the Securitized Utility Tariff Bonds to be issued by the SPE or such greater amount as might be needed to meet credit rating agency and IRS requirements. The actual SPE Capitalization Level will depend on credit rating agency and IRS requirements. Moreover, the Commission confirms that the SPE will be an “Assignee” as defined in K.S.A. § 66-1,240(b)(4), when ownership of the Securitized Utility Tariff Property is transferred to such SPE and such SPE may issue Securitized Utility Tariff Bonds in accordance with this Financing Order.

27. When Atmos Energy transfers its rights to the SPE under an agreement that expressly states that the transfer is a sale or other absolute transfer in accordance with the true-sale provisions of K.S.A. § 66-1,246, then that transfer will be a “true sale” of an interest in Securitized Utility Tariff Property and not a secured transaction or other financing arrangement and title, legal and equitable, to the Securitized Utility Tariff Property will pass to the SPE. The transfer of an interest in Securitized Utility Tariff Property to an assignee will be perfected against all parties having claims of any kind in tort, contract or otherwise against the person granting the security interest and regardless of whether the parties have notice of the security interest, and a security interest in the Securitized Utility Tariff Property shall be perfected against all claims of lien creditors and shall have priority over all competing security interests and other claims other than any security interest previously perfected in accordance with the Act. The priority of a lien and security interest perfected should not be impaired by any later change in the Securitized Utility Tariff Charges pursuant to the Adjustment Mechanism or by the commingling of funds arising from Securitized Utility Tariff Charges with other funds, and any other security interest that may apply to those funds will be terminated when they are transferred to a segregated account for an assignee or a Financing Party.
28. The SPE will issue the Securitized Utility Tariff Bonds in one or more tranches, in an aggregate amount not to exceed the principal amount approved by this Financing Order and will pledge to the Indenture Trustee, as collateral for payment of the Securitized Utility Tariff Bonds, the Securitized Utility Tariff Property,

including the SPE's right to receive the Securitized Utility Tariff Charges when collected, as described in Atmos Energy's Application.

29. The scheduled final maturity of the last tranche of Securitized Utility Tariff Bonds will not exceed ten years, provided, however, that if a longer term is required to achieve the best possible credit rating and lowest resulting Securitized Utility Tariff Charges, such term may extend to a maximum of 12 years in consultation with and subject to the review rights of the Designated Representative. The legal final maturity is anticipated to be two years outside of the final scheduled maturity date.
30. Concurrent with the issuance of any of the Securitized Utility Tariff Bonds, Atmos Energy will transfer to the SPE the Securitized Utility Tariff Property approved in this Financing Order. This transfer will be structured so that it will qualify as a true sale within the meaning of K.S.A. § 66-1,256(a). By virtue of the transfer, the SPE will acquire all of the right, title, and interest of Atmos Energy in the Securitized Utility Tariff Property arising under this Financing Order.
31. The use and proposed structure of the SPE and the limitations related to its organization and management are necessary to minimize risks related to the proposed securitization transactions and to minimize the Securitized Utility Tariff Charges. Therefore, the use and proposed structure of the SPE should be approved.

**2. Credit Enhancement and Arrangements to Reduce Interest Rate Risk or Enhance Marketability**

32. The primary forms of credit enhancements are the true-up process established with the Adjustment Mechanism and the capital sub-account. Atmos Energy requested approval to use additional forms of credit enhancement (*e.g.*, letters of credit, additional amounts of overcollateralization or reserve accounts) and other mechanisms designed to promote the credit quality and marketability of the Securitized Utility Tariff Bonds. In connection with implementing any such other credit enhancement, the Company may enter into one or more Ancillary Agreements.
33. Atmos Energy also asked that the costs of any credit enhancements as well as the costs of arrangements to enhance marketability be included in the amount of Qualified Extraordinary Costs to be securitized. Atmos Energy should be permitted to recover the ongoing costs of credit enhancements and arrangements to enhance marketability, provided that the Commission's Designated Representative and Atmos Energy agree in advance that such enhancements and arrangements provide benefits greater than their tangible and intangible costs. This finding does not apply to the collection account or its sub-accounts approved in this Financing Order.
34. Atmos Energy's proposed use of credit enhancements and arrangements to enhance marketability is reasonable and should be approved, provided that Atmos Energy certifies that the enhancements or arrangements provide benefits greater

than their cost and that such certifications are agreed with by the Commission's Designated Representative.

### **3. Securitized Utility Tariff Property**

35. Under K.S.A. § 66-1,246(c), the rights to impose, collect, and receive Securitized Utility Tariff Charges (including all other rights of a utility under the Financing Order) are only contract rights until such rights are first transferred to an assignee or pledged in connection with the issuance of Securitized Utility Tariff Bonds, at which time they will become Securitized Utility Tariff Property. That transfer will be a true sale of an interest in Securitized Utility Tariff Property and not a secured transaction or other financing arrangement and title, legal and equitable, to the Securitized Utility Tariff Property will pass to the SPE.
  
36. The rights to impose, collect, and receive the Securitized Utility Tariff Charges approved in this Financing Order along with the other rights arising pursuant to this Financing Order will become Securitized Utility Tariff Property upon the transfer of such rights by Atmos Energy to the SPE pursuant to K.S.A. § 66-1,246(c). The rights to impose, collect and receive Securitized Utility Tariff Charges along with the other rights arising pursuant to this Financing Order as they relate to any portion of the Qualified Extraordinary Costs that remains unsecuritized shall remain with Atmos Energy and shall not become Securitized Utility Tariff Property until transferred to the SPE in connection with a subsequent issuance of Securitized Utility Tariff Bonds.



37. Securitized Utility Tariff Property and all other collateral will be held and administered by the Indenture Trustee pursuant to the Indenture, as described in Atmos Energy's Application and the testimony of Mr. Jason Schneider. This proposal will help ensure the lowest bond charges.
38. Under K.S.A. §§ 66-1,244(a)-(b), Securitized Utility Tariff Property constitutes a present property right for purposes of contracts concerning the sale or pledge of property and the property will continue to exist until Securitized Utility Tariff Bonds issued pursuant to the Financing Order have been paid in full and all Financing Costs and other costs of such Securitized Utility Tariff Bonds have been recovered in full.

#### **4. Servicer and the Servicing Agreement**

39. Atmos Energy will execute a Servicing Agreement with the SPE. The entity responsible for carrying out the servicing obligations under any Servicing Agreement is the Servicer. Atmos Energy will be the initial Servicer but may be succeeded as Servicer by another entity under certain circumstances detailed in the Servicing Agreement, a form of which is attached hereto as Appendix D, and as hereby incorporated into this Financing Order, approved, and authorized by the Commission.
40. Pursuant to the Servicing Agreement, the Servicer will be required, among other things, to bill and collect the applicable Securitized Utility Tariff Charges for the benefit and account of the SPE, to make the periodic true-up adjustments of Securitized Utility Tariff Charges as required or allowed by this Financing Order,

and to account for and remit the applicable Securitized Utility Tariff Charges to, or for the account of the SPE, in accordance with the remittance procedures contained in the Servicing Agreement without any charge, deduction or surcharge of any kind (other than the servicing fee specified in the Servicing Agreement).

41. Under the terms of the Servicing Agreement, if the Servicer fails to perform its servicing obligations in any material respect it shall be considered a default under the Servicing Agreement and the Indenture Trustee, acting under the Indenture to be entered into in connection with the issuance of the Securitized Utility Tariff Bonds, or the Indenture Trustee's designee, may, or, upon the instruction of the requisite percentage of holders of the outstanding amount of Securitized Utility Tariff Bonds shall, appoint an alternate party to replace the defaulting Servicer (the "Replacement Servicer"), in which case the Replacement Servicer will perform the obligations of the Servicer under the Servicing Agreement. The obligations of the Servicer under the Servicing Agreement and the circumstances under which an alternate Servicer may be appointed will be more fully described in the Servicing Agreement. The rights of the SPE under the Servicing Agreement will be included in the collateral pledged to the Indenture Trustee under the Indenture for the benefit of holders of the Securitized Utility Tariff Bonds.
42. The Servicing Agreement shall include a provision that Atmos Energy shall indemnify the Commission (for the benefit of Customers) in connection with any increase in servicing fees that become payable as a result of a default resulting from Atmos Energy's willful misconduct, bad faith, or negligence in performance of its duties or observance of its covenants under the Servicing Agreement. The

indemnity will be enforced by the Commission but will not be enforceable by any Customers.

43. The proposed Servicing Agreement and servicing obligations of the Servicer are reasonable, will reduce risk associated with the proposed securitization and will, therefore, result in lower bond charges and greater benefits to customers and should be approved. Atmos Energy has represented that in order to obtain the necessary true sale and bankruptcy opinions, the SPE must pay a servicing fee to Atmos Energy that is set at a level that constitutes fair and adequate consideration sufficient to obtain the true sale and bankruptcy opinions required for the Securitization. Atmos Energy proposes to charge an annual servicing fee of 0.05 percent of the presumed initial principal Securitized Utility Tariff Bonds, plus out-of-pocket expenses (e.g., legal, accounting fees), to cover Atmos Energy's incremental costs and expenses in servicing the Bonds and should be approved. The servicing and administration fees proposed by Atmos Energy shall be reviewed by the Designated Representative as part of the pre-issuance review process. If the incremental cost to Atmos Energy to perform its servicing and administrative services under the Servicing Agreement and the Administration Agreement, a form of which is attached as Appendix D and Appendix G to this Financing Order, respectively, is less than what the Company is paid for those services, then that difference in cost (the associated profit margin earned by the Company as servicer and administrator) shall be tracked by Atmos Energy and included in a regulatory liability account to be addressed in Atmos Energy's next general rate case.

## 5. Securitized Utility Tariff Bonds

44. Securitized Utility Tariff Bonds will be issued in one or more tranches. The legal final maturity date of any tranche of the Securitized Utility Tariff Bonds will not exceed 32 years from the date of issuance, as required by the Act. It is not expected that the scheduled final maturity of the Securitized Bonds will exceed ten years, provided, however, that if a longer term is required to achieve the best possible credit rating and lowest resulting Securitized Utility Tariff Charges, such term may be modified to a maximum of twelve years, in consultation with and subject to review rights of the Designated Representative. The legal final maturity date of each tranche and amounts in each tranche is anticipated to be two years outside of the final scheduled maturity date. The legal final maturity will be finally determined by Atmos Energy, and subject to the Designated Representative's review, consistent with market conditions and indications of the rating agencies, at the time the Securitized Utility Tariff Bonds are priced, but subject to ultimate Commission review through the Issuance Advice Letter process. Atmos Energy will retain sole discretion regarding whether or when to assign, sell, or otherwise transfer any rights concerning Securitized Utility Tariff Property arising under this Financing Order, or to cause the issuance of any Securitized Utility Tariff Bonds authorized in this Financing Order, subject to the right of the Commission to find that the proposed issuance does not comply with the requirements of the Act and this Financing Order. The SPE will issue the Securitized Utility Tariff Bonds on or after the fifth business day after pricing of the Securitized Utility Tariff Bonds unless, prior to noon on the fourth business day following pricing of the

Securitized Utility Tariff Bonds, the Commission issues a Disapproval Letter finding that the proposed issuance does not comply with the requirements of the Act or this Financing Order.

45. The Commission finds that the proposed structure is in the public interest and should be used. The proposed structure as subject to the pre-issuance review process is reasonable and should be approved, provided that the structure may be modified based upon rating agency and market considerations, as long as the final Issuance Advice Letter demonstrates that all of the statutory financial requirements are met. This restriction is necessary to ensure that the stated economic benefits to customers materialize.

## **6. Security for Securitized Utility Tariff Bonds**

46. The payment of the Securitized Utility Tariff Bonds and related charges authorized by this Financing Order is to be secured by the Securitized Utility Tariff Property created by this Financing Order. The Securitized Utility Tariff Bonds will be issued pursuant to an Indenture and series supplement administered by the Indenture Trustee. The Indenture will include provisions for a collection account and sub-accounts for the collection and administration of the Securitized Utility Tariff Charges and payment or funding of the principal and interest on the Securitized Utility Tariff Bonds and other costs, including fees and expenses, in connection with the Securitized Utility Tariff Bonds, as described in Atmos Energy's Application. Pursuant to the Indenture, the SPE will establish a collection account as a trust account to be held by the Indenture Trustee as

collateral for the payment of the scheduled principal, interest, and other costs approved in this Financing Order related to the Securitized Utility Tariff Bonds in full and on a timely basis. The collection account will include the general sub-account, the capital sub-account, and the excess funds sub-account, and may include other sub-accounts.

## **7. The General Sub-account**

47. The Indenture Trustee will deposit the Securitized Utility Tariff Charge remittances that the Servicer remits to the Indenture Trustee for the account of the SPE into the general sub-account. The Indenture Trustee will on a periodic basis allocate or use all amounts in this sub-account to pay expenses of the SPE, to pay principal and interest on the Securitized Utility Tariff Bonds, and to meet the funding requirements of the other sub-accounts. The funds in the general sub-account will be invested by the Indenture Trustee in short-term high-quality investments, and such funds (including, to the extent necessary, investment earnings) will be applied by the Indenture Trustee to pay principal and interest on the Securitized Utility Tariff Bonds and all other components of the Periodic Payment Requirement (as defined in Finding of Fact 69), and otherwise in accordance with the terms of the Indenture.

## **8. The Capital Sub-account**

48. When the Securitized Utility Tariff Bonds are issued, Atmos Energy will make a capital contribution to the SPE for that series, which the SPE will deposit into the capital sub-account. The amount of the capital contribution is expected to be not

less than 0.5% of the original principal amount of the Securitized Utility Tariff Bonds, although the actual amount will depend on tax and rating agency requirements. The capital sub-account will serve as collateral to ensure timely payment of principal and interest on the Securitized Utility Tariff Bonds and all other components of the Periodic Payment Requirement (as defined in Finding of Fact 68). Any funds drawn from the capital sub-account to pay these amounts due to a shortfall in the Securitized Utility Tariff Charge remittances will be replenished through future Securitized Utility Tariff Charge remittances.

49. The funds in the capital sub-account will be invested by the Indenture Trustee in short-term high-quality investments, and such funds (including investment earnings) will be available to be used by the Indenture Trustee to pay principal and interest on the Securitized Utility Tariff Bonds and all other components of the Periodic Payment Requirement (as defined in Finding of Fact 69). Atmos Energy will be authorized to receive an annual return on the capital contribution at Atmos Energy's cost of capital, which is currently 8.396%. The required revenue, if any, to provide an annual return on any such additional capital at Atmos Energy's weighted average cost of capital (WACC) is an Ongoing Financing Cost. Upon payment of the principal amount of all Securitized Utility Tariff Bonds and the discharge of all obligations that may be paid by use of Securitized Utility Tariff Charges, all principal amounts in the capital sub-account, will be released to the SPE for payment to Atmos Energy. Retail Customers shall receive the benefit of the investment earnings on this Capital Sub-account as earnings will be transferred to the Excess Funds Subaccount in accordance with the provisions of the

Indenture, with the funds in this Subaccount being taken into account in the semi-annual true-up Adjustment Mechanism process.

50. The capital sub-account, funded by a capital contribution by Atmos Energy of an amount equal to 0.5% of the initial principal balance of the Securitized Utility Tariff Bonds, will serve as a credit enhancement of the transaction. To ensure that Retail Customers receive the appropriate benefit from the securitization approved in this Financing Order, the proceeds from the sale of the Securitized Utility Tariff Bonds should not be applied towards this capital contribution. Because Atmos Energy funds the capital sub-account, Atmos Energy should receive its authorized WACC as a return on the capital sub-account. If Atmos Energy is required to make a capital contribution in excess of 0.5% of the original Securitized Utility Tariff Bonds, Atmos Energy should receive the WACC return on any such additional capital contribution, from time to time, and should receive a return of all capital contributions after all Securitized Utility Tariff Bonds have been paid. So long as no event of default under the Indenture has occurred and is continuing, and the Periodic Payment Requirement is satisfied, such return on amounts in the capital sub-account shall be released to Atmos Energy.

#### **9. The Excess Funds Sub-account**

51. The excess funds sub-account will hold any Securitized Utility Tariff Charge remittances and investment earnings on the collection account (other than earnings attributable to the capital sub-account and released under the terms of the Indenture) in excess of the amounts needed to pay current principal and interest



on the Securitized Utility Tariff Bonds and to pay Ongoing Financing Costs related to the Securitized Utility Tariff Bonds (including, but not limited to, replenishing the capital sub-account). Any balance in or allocated to the excess funds sub-account on a true-up adjustment date will be subtracted from the Periodic Payment Requirement for purposes of the true-up adjustment. The funds in this sub-account will be invested by the Indenture Trustee in short-term high-quality investments, and such funds (including investment earnings thereon) will be available to be used by the Indenture Trustee to pay principal and interest on the Securitized Utility Tariff Bonds and other Ongoing Financing Costs relating to the Securitized Utility Tariff Bonds.

#### **10. Other Sub-accounts**

52. Other credit enhancements in the form of sub-accounts may be used for the transaction provided that the Commission's Designated Representative and Atmos Energy agree in advance that such enhancements provide benefits greater than their tangible and intangible costs. If the Commission's Designated Representative and Atmos Energy subsequently agree that use of an over-collateralization sub-account or other sub-account is necessary to obtain such tax treatment or AAA ratings or will otherwise increase the tangible and quantifiable benefits of the securitization, Atmos Energy may implement such sub-accounts in order to reduce Securitized Utility Tariff Charges.

## 11. General Provisions

53. The collection account and the sub-accounts described above are intended to provide for full and timely payment of scheduled principal and interest on the Securitized Utility Tariff Bonds and all other components of the Periodic Payment Requirement (as defined in Finding of Fact 69). If the amount of Securitized Utility Tariff Charges remitted to the general sub-account is insufficient to make all scheduled payments of principal and interest on the Securitized Utility Tariff Bonds and to make payment on all of the other components of the Periodic Payment Requirement, the excess funds sub-account, and the capital sub-account will be drawn down, in that order, to make those payments. Any deficiency in the capital sub-account due to such withdrawals must be replenished on a periodic basis through the Adjustment Mechanism. In addition to the foregoing, there may be such additional accounts and sub-accounts as are necessary to segregate amounts received from various sources, or to be used for specified purposes. Such accounts will be administered and used as set forth in the Servicing Agreement and the Indenture. Upon the maturity of the Securitized Utility Tariff Bonds and the discharge of all obligations in respect thereof, remaining amounts in the collection account, other than amounts that were in the capital sub-account, will be released to the SPE and equivalent amounts will be credited by Atmos Energy to Retail Customers. The Indenture Trustee will distribute to Atmos Energy the final balance of the sub-accounts.

54. The use of a collection account and its sub-accounts in the manner proposed by Atmos Energy is reasonable, will lower risks associated with the securitization and thus lower the costs to Retail Customers, and should, therefore, be approved.

**12. Securitized Utility Tariff Charges—Imposition and Collection, Nonbypassability, Settlement Fee**

55. Atmos Energy seeks authorization to impose on and collect from Retail Customers Securitized Utility Tariff Charges in an amount sufficient to provide for the timely payment of principal and interest on the Securitized Utility Tariff Bonds and Financing Costs related to the Securitized Utility Tariff Bonds.
56. Securitized Utility Tariff Charges are Nonbypassable charges that will be paid by all existing and/or future Retail Customers receiving natural gas service from the public utility or its successors or assignees under Commission-approved rate schedules or under special contracts, even if a Retail Customer elects to purchase natural gas from an alternative natural gas supplier following a fundamental change in regulation of public utilities in Kansas. The Nonbypassable Securitized Utility Tariff Charges are applicable to existing and/or future Retail Customers located within Atmos Energy's service area, as such service area exists on the date of this Financing Order, and, as this Financing Order so provides, at the discretion of Atmos Energy, as such service area may be expanded or acquired.
57. Securitized Utility Tariff Charges will be calculated on a fixed monthly charge per Retail Customer, pursuant to the method described in the WESCR, a pro forma copy of which is contained in Appendix B. The fixed monthly per-Retail

Customer Securitized Utility Tariff Charge will be adjusted semi-annually pursuant to the Adjustment Mechanism described below. The per-Retail Customer charge initially will be calculated using the Retail Customer count reported in the most recent Atmos Energy Annual Report and will be updated semi-annually. Additionally, if the customer count for a particular class declines by more than ten percent (10%) from that identified in the 2021 Annual Report, then the allocation factors will be recalculated using the most recent 12-month weather normalized volume for each customer class.

58. Securitized Utility Tariff Charges will be identified as a separate line item on bills presented to customers. Billing will begin with the first billing cycle of the month following bond issuance.
59. The Securitized Utility Tariff Bonds will have a scheduled maturity of no longer than ten years, provided, however, that if a longer term is required to achieve the best possible credit rating and lowest resulting Securitized Utility Tariff Charges, such term may extend to a maximum of twelve years subject to review rights of the Designated Representative. The Securitized Utility Tariff Bonds may be issued in one or more tranches of varying duration and maturity, subject to the review of the Designated Representative. The legal final maturity of any tranche of the Securitized Utility Tariff Bonds may be longer than the scheduled final maturity of such tranche, based upon rating agency and market considerations, but in no event shall the final legal maturity of any tranche exceed 32 years, as required by the Act.

60. Atmos Energy, acting as Servicer, and any subsequent Servicer, will collect Securitized Utility Tariff Charges from all existing and future Retail Customers located within Atmos Energy's service area, as such service area exists on the date of this Financing Order. Atmos Energy should be granted the opportunity, but not the obligation, to collect Securitized Utility Tariff Charges from all existing and future Retail Customers located in any such service area as may be expanded or acquired in the future. Unless otherwise prohibited by law, Securitized Utility Tariff Charges will not be charged to Transportation Customers. In accordance with the Settlement in Docket No. 21-ATMG-333-GIG, Retail Customers who become Transportation Customers during the period Securitized Utility Tariff Charges are being recovered shall be required to pay a settlement fee prior to becoming a Transportation Customer. The settlement fee owed by the Retail Customer shall be based on the estimated present value of the expected charges the customer would have paid as a Retail Customer over the remaining period in which the Securitized Utility Tariff Charge is being recovered. The charges shall use a discount rate described in this Order. This settlement fee will be credited to Atmos Energy's other Retail Customer once a year through its PGA/ACA.
61. Atmos Energy's proposal related to imposition and collection of Securitized Utility Tariff Charges, the Nonbypassability of such charges, and the imposition of a settlement fee on Retail Customers that become Transportation Customers is reasonable and is necessary to ensure collection of Securitized Utility Tariff Charges sufficient to support recovery of the Qualified Extraordinary Costs plus Financing Costs should be approved. It is reasonable to approve Atmos Energy's

Form of Tariff, attached hereto as Exhibit B (WESCR) in this Financing Order and require that these tariff provisions be filed before any Securitized Utility Tariff Bonds are issued pursuant to this Financing Order.

### 13. Allocation of Qualified Extraordinary Costs and Ongoing Financing Costs among Retail Customer Classes

62. Atmos Energy proposed that a single allocation percentage be developed for each Securitized Utility Tariff Charge class and that such percentages be set forth in the WESCR.
63. Atmos Energy proposes to allocate Securitized Utility Tariff Charges to its Retail Customer classes based on each customer classes' percentage of the total estimated February 2021 sales volumes. The proposed allocation method is as follows:

| <b>Customer Class</b>       | <b>Estimate of<br/>February<br/>2021 Usage<br/>(Mcf)</b> | <b>Allocation %</b> |
|-----------------------------|--|---------------------|
| Residential Sales Service   | 23,505,675   | 75.015%             |
| Commercial/Public Authority | 7,572,483  | 24.167%             |
| School Sales Service        | 82,668   | 0.264%              |
| Industrial Sales Service    | 50,073   | 0.160%              |
| Small Generator             | 31   | 0.000%              |
| Irrigation Engine           | 123,509  | 0.394%              |
|                             | <u>31,334,439</u>  | <u>100.000%</u>     |

64. The Servicer is responsible for assessing and collecting Securitized Utility Tariff Charges. The procedures for assessing, collecting, and remitting Securitized Utility Tariff Charges are detailed in the Servicing Agreement, attached to this Financing Order as Appendix D. Securitized Utility Tariff Charges received by

the Servicer shall be remitted to the Indenture Trustee each business day based on estimated amounts collected, with cash held no more than two business days prior to remittance. The Indenture Trustee shall hold Securitized Utility Tariff Charge amounts received from the Servicer until the next payment date. In the event that an entity not the Servicer (e.g., a third-party energy provider or collection agent) assesses or collects Securitized Utility Tariff Charges, such entity is bound to the requirements of this Financing Order for any such assessment, collection, or remittance of Securitized Utility Tariff Charges.

65. The methodology for allocating Securitized Utility Tariff Charges and developing the initial percentages as described above is reasonable and appropriate and should be approved.
66. Except for Retail Customers outside of Atmos Energy's service area as it exists on the date of this Financing Order which are subsequently acquired by Atmos Energy, customers will be assigned to the Securitized Utility Tariff Charge classes listed in the WESCR based on the definitions and procedures described in the WESCR. Customers outside of Atmos Energy's service area as it exists on the date of this Financing Order may become subject to Securitized Utility Tariff Charges at the time Atmos Energy files an application to expand its service area. As long as the Securitized Utility Tariff Charges are being collected, any application to expand or acquire service area by Atmos Energy will detail whether customers located within the expanded or acquired service area will be assessed Securitized Utility Tariff Charges.

67. The initial percentages will remain in effect throughout the life of the Securitized Utility Tariff Bonds. Notwithstanding the above, the customer classes are cross-collateralized in the Adjustment Mechanism, meaning that projected revenue shortfalls in one customer class are remedied by adjustments to the Securitized Utility Tariff Charges for each customer class, not only the customer class with the projected revenue shortfalls.
68. The method of calculating percentages as set forth in Atmos Energy's Application and the WESCR complies with the requirements of the Act and should be approved.

#### **14. True-Up of Securitized Utility Tariff Charges**

69. Pursuant to K.S.A. § 66-1,240(b)(2), the Servicer of the Securitized Utility Tariff Bonds will make semi-annual adjustments to the Securitized Utility Tariff Charges to:
- (a) correct any under-collection or over-collection of Securitized Utility Tariff Charges during the preceding 6 months; and
  - (b) ensure the expected recovery of amounts sufficient to timely provide all payments of debt service and other required amounts and charges in connection with the Securitized Utility Tariff Bonds.

Such amounts are referred to as the "Periodic Payment Requirement" and the amounts necessary to be billed to collect such Periodic Payment Requirement are referred to as the



“Periodic Billing Requirement.” The Servicer will make true-up adjustment filings with the Commission utilizing the Adjustment Mechanism at least semi-annually.

70. True-up filings will be based on the cumulative differences, regardless of the reason, between scheduled principal and interest payments and Ongoing Financing Costs on the Securitized Utility Tariff Bonds and the amount of Securitized Utility Tariff Charge remittances to the Indenture Trustee. The Adjustment Mechanism is cross-collateralized across customer classes, meaning that any projected under-collection in one customer class requires an adjustment of charges for that customer class as well as of the other customer classes. True-up procedures are necessary to ensure full recovery of amounts sufficient to meet the Periodic Payment Requirements over the expected life of the Securitized Utility Tariff Bonds.
71. The Servicer will make true-up adjustments utilizing the Adjustment Mechanism described in the Servicing Agreement, attached hereto as Appendix D.

## **15. Interim True-Up**

72. In addition to semi-annual true-up adjustments, true-up adjustments may be made by the Servicer more frequently at any time during the term of the Securitized Utility Tariff Bonds to correct any under-collection or over-collection, as provided for in this Financing Order, in order to assure timely payment of Securitized Utility Tariff Bonds as scheduled.
73. In the event an interim true-up is necessary, the interim true-up adjustment should be filed by the fifteenth day of the current month for implementation in the first

billing cycle of the following month. In no event would such interim true-up adjustments occur more frequently than every three months if quarterly Securitized Utility Tariff Bond payments are required or every six months if semi-annual bond payments are required; provided, however, that quarterly true-up adjustments shall be required for any Securitized Utility Tariff Bonds remaining outstanding during the year immediately preceding scheduled final maturity of the last tranche of Securitized Utility Tariff Bonds.

#### **16. Additional True-Up Provisions**

74. The Adjustment Mechanism filing will set forth the Servicer's calculation of the Adjustment Mechanism to the Securitized Utility Tariff Charges. The Commission will have 30 days after the date of an Adjustment Mechanism filing in which to confirm the mathematical accuracy of the Servicer's adjustment and to confirm that there are no clerical errors. Any Adjustment Mechanism filed with the Commission should be effective on its proposed effective date, which shall be not less than 30 days after filing. Any necessary corrections to the Adjustment Mechanism, due to mathematical or clerical errors in the calculation of such adjustment or otherwise, will be made in future Adjustment Mechanism filings.
75. The true-up procedures contained in the WESCR are reasonable and will reduce risks related to the Securitized Utility Tariff Bonds, resulting in lower bond charges and greater benefits to Retail Customers and should be approved.

76. The broad-based nature of the Adjustment Mechanism and the pledge of the State of Kansas, along with the bankruptcy remoteness of the SPE and the collection account, will serve to minimize credit risk and support the highest ratings.

### **17. Lowest Bond Charges**

77. Atmos Energy has proposed a transaction structure that is expected to include (but is not limited to):
- (a) the use of the SPE as issuer of the Securitized Utility Tariff Bonds, limiting the risks to bondholders of any adverse impact resulting from a bankruptcy proceeding of its parent or any affiliate;
  - (b) the right to impose and collect Securitized Utility Tariff Charges that are Nonbypassable, and which must be trued-up at least semi-annually, but may be trued-up more frequently under certain circumstances, in order to assure the timely payment of the debt service and other ongoing transaction costs;
  - (c) additional collateral in the form of a collection account which includes a capital sub-account funded in cash in an amount not less than 0.5% of the original principal amount of the Securitized Utility Tariff Bonds and other sub-accounts resulting in greater certainty of timely payment of interest and principal to investors and that are consistent with the IRS requirements that must be met to receive the desired federal income tax treatment for the Securitized Utility Tariff Bond transaction;

- (d) protection of bondholders against potential defaults by a Servicer that is responsible for billing and collecting the Securitized Utility Tariff Charges from existing or future Retail Customers located within Atmos Energy's service area as it exists on the date of this Financing Order, and, at Atmos Energy's discretion, from existing or future Retail Customers located within service areas Atmos Energy expands into or acquires after the date of this Financing Order;
- (e) the Securitized Utility Tariff Bonds will be marketed using proven underwriting and marketing processes including Designated Representative and advisor review through which market conditions and investors' preferences, with regard to the timing of the issuance, the terms and conditions, scheduled and legal final maturities, and other aspects of the structuring and pricing will be determined, evaluated, and factored into the structuring and pricing of the Securitized Utility Tariff Bonds; and
- (f) furnishing timely information to the Commission's Designated Representative and its advisors, to allow the Commission, through the pre-issuance review and Issuance Advice Letter process, to ensure that the structuring, marketing and pricing of the Securitized Utility Tariff Bonds result in the lowest bond charges consistent with market conditions at the time the Securitized Utility Tariff Bonds are priced and the terms of this Financing Order.

78. Atmos Energy's proposed transaction structure, coupled with the review of the Designated Representative and its advisors, is necessary to enable the Securitized Utility Tariff Bonds to obtain the highest possible bond credit rating, ensures that the structuring and pricing of the Securitized Utility Tariff Bonds will result in the lowest bond charges consistent with market conditions and the terms of this Financing Order, ensures the greatest benefit to customers consistent with market conditions and the terms of this Financing Order, and protects the competitiveness of the gas market.

#### **D. Use of Proceeds**

79. Upon the issuance of Securitized Utility Tariff Bonds, the SPE will use the net proceeds from the sale of the Securitized Utility Tariff Bonds (after payment of transaction costs) to pay to Atmos Energy the purchase price of the Securitized Utility Tariff Property.
80. The net proceeds from the sale of the Securitized Utility Tariff Property (after payment of transaction costs) will be applied to recover Atmos Energy's Qualified Extraordinary Costs incurred because of the Winter Event.

#### **E. Method of Tracing Funds**

81. Atmos Energy's Application also contains a method of tracing funds collected as Securitized Utility Tariff Charges. The Securitized Utility Tariff Charges collected from customers will be placed on a separate line on customers' bills,

allowing the Company to assign the Securitized Utility Tariff Charges a specific code, by customer class, in its billing system. This code will allow the Company to trace proceeds from the Securitized Utility Tariff Charges.

#### **F. Reconciliation Plan**

82. Atmos Energy's Application contains a reconciliation proposal. As contemplated by the Financial Plan Settlement, this proposal considers both the deferred tax liability associated with Qualified Extraordinary Cost recoveries, as well as the corresponding and offsetting deferred tax asset associated with the net operating loss carry-forward created by the Qualified Extraordinary Costs. If the incremental cost to Atmos Energy to perform its servicing and administrative services under the Servicing Agreement and the Administration Agreement, respectively, is less than what the Company is paid for those services, then that difference in cost (the associated profit margin earned by the Company as servicer and administrator) shall be tracked by Atmos Energy and included in a regulatory liability account to be addressed in Atmos Energy's next general rate case.

#### **G. Customer Communications Plan**

83. Atmos Energy shall provide information regarding the benefits of securitization to customers as set forth in the Customer Communications Plan, attached hereto as Appendix F.

## H. State Pledge

84. Pursuant to K.S.A. § 66-1,252(a), the State of Kansas and its agencies, including the Commission, have pledged and agreed with bondholders, the owners of the Securitized Utility Tariff Property and other financing parties that the state and its agencies shall not:

- (a) Alter the statute that authorizes the Commission to create an irrevocable contract right or chose in action by the issuance of a Financing Order, to create securitized utility tariff property and to make the Securitized Utility Tariff Charges imposed by a Financing Order irrevocable, binding or Nonbypassable charges for all existing and future Retail Customers within the service area of the public utility;
- (b) Take any action that would impair the value of Securitized Utility Tariff Property or the security for the Securitized Utility Tariff Bonds, or revises the Securitized Utility Tariff Costs for which recovery is authorized; impair the rights and remedies of the bondholders, assignees and other financing parties in any way; or,
- (c) Except for changes made pursuant to the Adjustment Mechanism expressly allowed by law, reduce, alter, or impair the Securitized Utility Tariff Charges to be imposed, billed, charged, collected, and remitted for the benefit of the bondholders, any assignee, and any other financing parties, until any and all principal, interest, premium, Financing Costs and other fees, expenses or charges incurred and any contracts to be performed in

connection with the related Securitized Utility Tariff Bonds have been paid and performed in full.

#### **IV. Conclusions of Law**

85. Atmos Energy is a natural gas public utility, as defined in K.S.A. § 66-1.200.
86. Atmos Energy is entitled to file an Application for a Financing Order under K.S.A. § 66-1,241(b).
87. The Commission has jurisdiction and authority over Atmos Energy's Application pursuant to K.S.A. § 66-1,241(b).
88. The Commission has authority to issue this Financing Order under K.S.A. § 66-1,241(d).
89. Atmos Energy's Application is in the public interest and complies with Commission rules.
90. K.S.A. § 66-1,241 allows a public utility to securitize its Qualified Extraordinary Costs.
91. The SPE will be an assignee as defined in K.S.A. § 66-1,240(b)(4) when an interest in Securitized Utility Tariff Property is transferred, other than as security, to the SPE.
92. The holders of the Securitized Utility Tariff Bonds and the Indenture Trustee will each be a Financing Party as defined in K.S.A. § 66-1,240(b)(12).



93. The securitization approved in this Financing Order satisfies the requirement of K.S.A. § 66-1,241(d)(2) mandating that the proposed issuance of Securitized Utility Tariff Bonds and the imposition and collection of Securitized Utility Tariff Charges are expected to provide net quantifiable rate benefits to Retail Customers as compared to the traditional methods of financing and recovering Securitized Utility Tariff Costs from Retail Customers or would avoid or mitigate rate impacts to customers. An analysis that compares the net present value of the costs to Retail Customers that are estimated to result from the issuance of Securitized Utility Tariff Bonds and the costs that would result from the Application of traditional methods of financing and recovery of such Qualified Extraordinary Costs, which Atmos Energy has included in its Application, is an appropriate economic analysis to demonstrate whether securitization provides the requisite benefits to customers.
94. The SPE's issuance of the Securitized Utility Tariff Bonds approved in this Financing Order in compliance with the criteria established by this Financing Order satisfies the requirement of K.S.A. § 66-1,241(e)(5) that the structuring, pricing and Financing Costs of the Securitized Utility Tariff Bonds are expected to result in the lowest Securitized Utility Tariff Charges, consistent with market conditions at the time the Securitized Utility Tariff Bonds are priced and the terms of the Financing Order.
95. This Financing Order adequately details the amount to be recovered and the period over which Atmos Energy will be permitted to recover Nonbypassable Securitized Utility Tariff Charges in accordance with the requirements of K.S.A. §§ 66-1,241(e)(1), (6).

96. The payment of a Securitized Utility Tariff Charge may not be avoided by any existing or future Retail Customer, including special contract customers, located within Atmos Energy's service area, as such service area existed on the date of this Financing Order, or, if the Financing Order so provides, as such service area may be expanded, even if the customer elects to purchase natural gas from a supplier other than Atmos Energy, or its successors or assignees, or receives natural gas service from another natural gas service utility operating in the same service area. Atmos Energy shall have the option, but not the obligation, to impose Securitized Utility Tariff Charges on existing or future Retail Customers in service areas expanded or acquired following the issuance of this Financing Order.
97. The method approved in this Financing Order for collecting and allocating the Securitized Utility Tariff Charges satisfies the requirements of K.S.A. § 66-1,241(e)(2)(A).
98. The Customer Communications Plan approved in this Financing Order for providing information regarding the benefits of securitization obtained for customers through this Financing Order satisfies the requirements of K.S.A. § 66-1,241(e)(4).
99. As provided in K.S.A. § 66-1,241(h)(1), this Financing Order, together with the Securitized Utility Tariff Charges authorized by this Financing Order, is irrevocable and not subject to reduction, impairment, or adjustment by further act of the Commission, except for true-up adjustments made in accordance with the Adjustment Mechanism approved in this Financing Order; provided, however, that

such irrevocability shall not preclude the Commission from extending the deadline for issuance of Securitized Utility Tariff Bonds if requested to do so by Atmos Energy.

100. As provided in K.S.A. § 66-1,246(c), the rights and interests of Atmos Energy or its successor under this Financing Order, including the right to impose, collect and receive the Securitized Utility Tariff Charges authorized in this Financing Order, are assignable and shall become Securitized Utility Tariff Property when they are first transferred to the SPE.
101. The rights, interests and property conveyed to the SPE in a Securitized Utility Tariff Property Purchase and Sale Agreement (the “Sale Agreement”), a form of which is attached hereto as Appendix E, and the related Bill of Sale, including the irrevocable right to impose, collect and receive Securitized Utility Tariff Charges and the revenues and collections from Securitized Utility Tariff Charges are “Securitized Utility Tariff Property” within the meaning of K.S.A. § 66-1,240(22), and all revenues and collections resulting from the Securitized Utility Tariff Charges will constitute proceeds only of the Securitized Utility Tariff Property arising from this Financing Order.
102. Upon the transfer by Atmos Energy of the Securitized Utility Tariff Property to the SPE, the SPE will have all of the rights, title and interest of Atmos Energy in the portion of the Securitized Utility Tariff Property arising under this Financing Order that is related to the amount of Securitized Utility Tariff Bonds the SPE

issues, including the right to impose, collect and receive the Securitized Utility Tariff Charges authorized by the Financing Order.

103. The Securitized Utility Tariff Bonds issued pursuant to this Financing Order will be “Securitized Utility Tariff Bonds” within the meaning of K.S.A. § 66-1,240(19)(A), and the Securitized Utility Tariff Bonds and holders thereof are entitled to all of the protections provided under the Act.
104. The Securitized Utility Tariff Charges paid by the Retail Customers to the Servicer as Securitized Utility Tariff Charges pursuant to this Financing Order are “Securitized Utility Tariff Charges” as defined in K.S.A. § 66-1,240(b)(20)
105. The terms “customer” and “sales customers” in the Kansas Utility Securitization Act means Retail Customers, as defined in the Glossary. Transportation Customers is defined in the Glossary are excluded from the Securitized Utility Tariff Charges.
106. As provided in K.S.A. § 66-1,244(e), the interests of an assignee, the holders of Securitized Utility Tariff Bonds, and the Indenture Trustee in Securitized Utility Tariff Property and in the revenues and collections arising from that property are not subject to setoff, counterclaim, surcharge, or defense by Atmos Energy or any other person or in connection with the reorganization, bankruptcy or other insolvency of Atmos Energy or any other entity.
107. The Adjustment Mechanism approved in this Financing Order to true-up the Securitized Utility Tariff Charges satisfies the requirements of the Act.

108. If and when Atmos Energy transfers to the SPE the right to impose, collect, and receive Securitized Utility Tariff Charges and to issue Securitized Utility Tariff Bonds, the Servicer will be able to recover the Securitized Utility Tariff Charges associated with such Securitized Utility Tariff Property only for the benefit of the SPE and the holders of the Securitized Utility Tariff Bonds in accordance with the Servicing Agreement.
109. As provided in K.S.A. § 66-1,241(e)(12), this Financing Order contains a method of tracing funds collected as Securitized Utility Tariff Charges, or other proceeds of Securitized Utility Tariff Property, demonstrating that such method shall be deemed the method of tracing such funds and determining the identifiable cash proceeds of any Securitized Utility Tariff Property subject to a Financing Order under applicable law.
110. As provided in K.S.A. § 66-1,241(e)(13), this Financing Order contains a statement specifying a future rate-making process to reconcile any differences between the actual Securitized Utility Tariff Costs financed by Securitized Utility Tariff Bonds and the final Securitized Utility Tariff Costs incurred by Atmos Energy or assignee provided that any such reconciliation shall not affect the amount of Securitized Utility Tariff Bonds or the associated Securitized Utility Tariff Charges paid by Retail Customers.
111. If and when Atmos Energy transfers its rights under this Financing Order to the SPE under an agreement that expressly states that the transfer is a sale or other absolute transfer in accordance with the true-sale provisions of K.S.A. § 66-1,246,

then, pursuant to that statutory provision, that transfer will be a true sale of an interest in Securitized Utility Tariff Property and not a secured transaction or other financing arrangement and title, legal and equitable, to the Securitized Utility Tariff Property will pass to the SPE. As provided by K.S.A. § 66-1,246(b), this true sale shall apply regardless of whether the purchaser has any recourse against the seller, or any other term of the parties' agreement, including Atmos Energy's retention of an equity interest in the SPE, Atmos Energy's role as the Servicer, or the treatment of the transfer as a financing for tax, financial reporting, or other purposes.

112. As provided in K.S.A. §§ 66-1,245(d) and (e) the transfer of an interest in Securitized Utility Tariff Property to an assignee will be perfected against all parties having claims of any kind in tort, contract or otherwise against the person granting the security interest and regardless of whether the parties have notice of the security interest. Without limitation, upon such filing, a security interest in the Securitized Utility Tariff Property shall be perfected against all claims of lien creditors and shall have priority over all competing security interests and other claims other than any security interest previously perfected in accordance with the Act.
113. As provided in K.S.A. §§ 66-1,245(e) and (f), the priority of a lien and security interest perfected in accordance with K.S.A. § 66-1,245(d) will not be impaired by any later change in the Securitized Utility Tariff Charges pursuant to the Adjustment Mechanism or by the commingling of funds arising from Securitized Utility Tariff Charges with other funds, and any other security interest that may

apply to those funds will be terminated when they are transferred to a segregated account for an assignee or a Financing Party.

114. As provided in K.S.A. § 66-1,245(e), if Securitized Utility Tariff Property is transferred to an assignee, any proceeds of the Securitized Utility Tariff Property will be treated as held in trust for the assignee.
115. As provided in K.S.A. § 66-1,245(g), if a default occurs under Securitized Utility Tariff Bonds that are secured by a security interest in Securitized Utility Tariff Property, the financing parties or their representatives may exercise the rights and remedies available to a secured party under the code, including the rights and remedies available under K.S.A. Chapter 84, Part 6, Article 9, and amendments thereto, as if they were secured parties with a perfected and prior lien under the code. The Commission may also order amounts arising from Securitized Utility Tariff Charges be transferred to a separate account for the financing parties' benefit, to which their lien and security interest shall apply. On Application by or on behalf of the financing parties, the district court of the county where the public utility's headquarters is located shall order the sequestration and payment to such financing parties of revenues arising from the Securitized Utility Tariff Charges.
116. As provided by K.S.A. § 66-1,250, the Securitized Utility Tariff Bonds authorized by this Financing Order are not a debt or obligation of the State of Kansas and are not a charge on its full faith and credit or taxing power.
117. Pursuant to K.S.A. § 66-1,252(a), the State of Kansas and its agencies, including the Commission, have pledged and agreed with bondholders, the owners of the

Securitized Utility Tariff Property and other financing parties that the state and its agencies shall not:

118. Alter the statute that authorizes the Commission to create an irrevocable contract right or chose in action by the issuance of a Financing Order, to create securitized utility tariff property and to make the Securitized Utility Tariff Charges imposed by a Financing Order irrevocable, binding or Nonbypassable charges for all existing and future Retail Customers within the service area of the public utility;
119. Take any action that would impair the value of Securitized Utility Tariff Property or the security for the Securitized Utility Tariff Bonds, or revises the Securitized Utility Tariff Costs for which recovery is authorized; impair the rights and remedies of the bondholders, assignees and other financing parties in any way; or,
120. Except for changes made pursuant to the Adjustment Mechanism expressly allowed by law, reduce, alter, or impair the Securitized Utility Tariff Charges to be imposed, billed, charged, collected, and remitted for the benefit of the bondholders, any assignee, and any other financing parties, until any and all principal, interest, premium, Financing Costs and other fees, expenses or charges incurred and any contracts to be performed in connection with the related Securitized Utility Tariff Bonds have been paid and performed in full.
121. This Financing Order will remain in full force and effect and unabated notwithstanding the bankruptcy or insolvency of Atmos Energy, or their successors or assignees.



122. Atmos Energy retains sole discretion regarding whether or when to assign, sell, or otherwise transfer the rights and interests created by this Financing Order or any interest therein, or to cause the issuance of any Securitized Utility Tariff Bonds authorized by this Financing Order, subject to the Commission's authority through the Issuance Advice Letter process to find that the proposed issuance does not comply with the requirements of the Act and this Financing Order. The pre-issuance review process, with the review, consultation and collaboration of the Designated Representative and its advisors is necessary to comply with the lowest cost standard provided by the Act.
123. The Commission shall not, in exercising its powers and carrying out its duties regarding any matter within its authority, consider the (1) Securitized Utility Tariff Bonds issued pursuant to this Financing Order to be the debt of Atmos Energy other than for federal and state income tax purposes; (2) Securitized Utility Tariff Charges paid under this Financing Order to be the revenue of Atmos Energy for any purpose; or (3) Qualified Extraordinary Costs or Financing Costs specified in this Financing Order to be the costs of Atmos Energy.
124. The Commission shall not, directly or indirectly, utilize or consider the debt reflected by the Securitized Utility Tariff Bonds in establishing Atmos Energy's capital structure used to determine any regulatory matter, including, but not limited to, Atmos Energy's revenue requirement used to set its rates.
125. The Commission shall not, directly or indirectly, consider the existence of the Securitized Utility Tariff Bonds or the potential use of Securitized Utility Tariff

Bond financing in determining Atmos Energy's authorized rate of return used to determine Atmos Energy's revenue requirement used to set its rates.

126. This Financing Order meets the requirements for a Financing Order under the Act.

## **V. Ordering Paragraphs**

Based upon the record, the Findings of Fact and Conclusions of Law set forth herein, and for the reasons stated above, this Commission orders:

### **A. Approval**

127. **Approval of Application.** The Application of Atmos Energy for the issuance of a Financing Order under the Act, is approved, as provided in this Financing Order. Atmos Energy's Application and accompanying testimony and schedules are incorporated into the record pursuant to this Financing Order. The form of the Servicing Agreement, Sales Agreement, Administration Agreement, Indenture, and SPE LLC Agreement discussed herein and attached hereto are approved, subject to the review of the Designated Representative of the Commission, including its legal and investment banking advisors during the Pre-Issuance Review process discussed in paragraphs 14 and 15.
128. **Authority to Securitize.** Atmos Energy is authorized in accordance with this Financing Order to securitize and to cause the issuance of Securitized Utility Tariff Bonds in one or more tranches with an aggregate principal amount estimated at

\$92,684,233 (the Qualified Extraordinary Costs and Financing Costs), with said estimated amount being finalized in the Issuance Advice Letter.<sup>79</sup>

129. **Imposition of Securitized Utility Tariff Charges.** Atmos Energy shall impose on, and the Servicer shall collect from, all Retail Customers and other entities which, under the terms of this Financing Order or the WESCR are required to pay Securitized Utility Tariff Charges as provided in this Financing Order, Securitized Utility Tariff Charges in an amount sufficient to provide for the timely payment of scheduled principal and interest on the Securitized Utility Tariff Bonds and Ongoing Financing Costs related to the Securitized Utility Tariff Bonds.
130. **Provision of Information.** Atmos Energy shall take all necessary steps to ensure that the Commission or its Designated Representative is provided sufficient and timely information to allow the Commission or its Designated Representative to fully participate in and exercise its decision-making authority concerning the proposed securitization as provided in this Financing Order. Atmos Energy shall collaborate, confer, and consult with the Designated Representative of the Commission, including its legal and investment banking advisors, to review and observe all facets of the structuring, marketing, and pricing of the securitization bonds following approval of the Financing Order. The Designated Representative's review shall be conducted with a goal of achieving the lowest cost standard as provided in the Act, and shall reflect the input and collaboration

---

<sup>79</sup> This represents \$89,799,233 in extraordinary gas costs and anticipated carrying costs through March 31, 2022, as well as anticipated Upfront Financing Costs of \$2,885,000. *See* Revised Direct Testimony of Kathleen R. Ocanas, Docket No. 22-ATMG-538-TAR, p 4 (July 22, 2022).

of the Designated Representative of steps necessary to ensure the statutory objective is achieved and minimize risk the Issuance Advice Letter is rejected.

131. **Issuance Advice Letter.** Atmos Energy shall submit a draft Issuance Advice Letter to Commission Staff for review not later than three weeks prior to the expected date of commencement of marketing of the Securitized Utility Tariff Bonds. Not later than the end of the first day after pricing of the Securitized Utility Tariff Bonds and prior to issuance of the Securitized Utility Tariff Bonds, Atmos Energy, in consultation with the Commission acting through its Designated Representative, shall file with the Commission an Issuance Advice Letter in substantially the form of the Issuance Advice Letter attached as Appendix A to this Financing Order. The Issuance Advice Letter shall be completed, shall evidence the actual dollar amount of the initial Securitized Utility Tariff Charges and other information specific to the Securitized Utility Tariff Bonds to be issued, and shall certify to the Commission that the structure and pricing of the Securitized Utility Tariff Bonds results in the lowest bond charges consistent with market conditions at the time that the Securitized Utility Tariff Bonds are priced utilizing the lowest cost standard, and the terms set out in this Financing Order. All amounts that require computation shall be computed using the mathematical formulas contained in the Form Issuance Advice Letter in Appendix A to this Financing Order and the Form of Tariff (WESCR) attached as Appendix B to this Financing Order. Electronic spreadsheets with the formulas supporting the schedules contained in the Issuance Advice Letter shall be included with such letter. The Commission's review of the Issuance Advice Letter shall be limited to

the arithmetic accuracy of the calculations and to compliance with the Act, this Financing Order, and the requirements contained in the Issuance Advice Letter. The initial Securitized Utility Tariff Charges and the final terms of the Securitized Utility Tariff Bonds set forth in the Issuance Advice Letter shall become effective on the date of issuance of the Securitized Utility Tariff Bonds (which shall not occur prior to the fifth business day after pricing) unless prior to noon on the fourth business day after pricing the Commission issues a Disapproval Letter finding that the proposed Issuance Advice Letter does not comply with the Act and this Financing Order.

132. **Approval of Tariff.** The Form of Tariff (WESCR) attached as Appendix B to this Financing Order is approved. Prior to the issuance of any Securitized Utility Tariff Bonds under this Financing Order, Atmos Energy shall file a tariff that conforms to the Form of Tariff (WESCR) attached to this Financing Order.
133. **Customer Communications Plan.** The Customer Communications Plan attached as Appendix F to this Financing Order is approved. Atmos Energy shall provide information regarding the benefits of securitization obtained for customers through this Financing Order as set forth in the Customer Communications Plan attached as Appendix F to this Financing Order.

### **B. Securitized Utility Tariff Charges**

134. **Imposition and Collection.** Atmos Energy is authorized to impose on, and the Servicer shall collect from, all Retail Customers and other entities which, under

the terms of this Financing Order or the WESCR are required to pay Securitized Utility Tariff Charges as provided in this Financing Order, Securitized Utility Tariff Charges in an amount sufficient to provide for the payment of principal and interest on the Securitized Utility Tariff Bonds and Ongoing Financing Costs related to the Securitized Utility Tariff Bonds as approved in this Financing Order. Securitized Utility Tariff Charges will be a separate line item on customers' bills.

135. **SPE's Rights and Remedies.** Upon the transfer by Atmos Energy of the Securitized Utility Tariff Property to the SPE, the SPE shall have all of the rights, title, and interest of Atmos Energy with respect to such Securitized Utility Tariff Property, including, without limitation, the right to exercise any and all rights and remedies with respect thereto.
136. **Collection Period.** The Securitized Utility Tariff Charges shall be designed to be collected over the scheduled life of the Securitized Utility Tariff Bonds. However, to the extent that any amounts are not recovered at the end of this period, Atmos Energy may continue to recover Securitized Utility Tariff Charges over a period ending not more than 32 years from the date of issuance of the Securitized Utility Tariff Bonds. Amounts remaining unpaid after this 32-year period may be recovered but only to the extent that the charges are attributable to services rendered during the 32-year period.
137. **Allocation.** Atmos Energy shall allocate the Securitized Utility Tariff Charges among Retail Customer classes in the manner described in this Financing Order and the WESCR. The Securitized Utility Tariff Charges will be calculated on a

fixed monthly charge per Retail Customer, pursuant to the method described in the WESCR. The fixed monthly per-customer Securitized Utility Tariff Charge will be adjusted semi-annually pursuant to the Adjustment Mechanism described in this Financing Order. The per-customer charge initially will be calculated using the Retail Customer count reported in the most recent Atmos Energy Annual Report and will be updated semi-annually. Additionally, if the customer count for a particular class declines by more than ten percent (10%) from that identified in the 2021 Annual Report, then the allocation factors will be recalculated using the most recent 12-month weather normalized volume for each customer class.

138. **Nonbypassability.** The payment of a Securitized Utility Tariff Charge may not be avoided by any existing or future Retail Customer, including special contract customers, located within Atmos Energy's service area, as such service area existed on the date of this Financing Order, or as such service area may be expanded, even if the customer elects to purchase natural gas from a supplier other than Atmos Energy, or its successors or assignees, or receives natural gas service from another natural gas service utility operating in the same service area. Atmos Energy shall have the option, but not the obligation, to impose Securitized Utility Tariff Charges discussed in this Financing Order on existing or future Retail Customers in service areas expanded or acquired following the issuance of this Financing Order. Retail Customers who become Transportation Customers during the period Securitized Utility Tariff Charges are being recovered shall be required to pay a settlement fee prior to becoming a Transportation Customer. The settlement fee owed by the customer shall be based on the present value of the

expected Securitized Utility Tariff Charges the customer would have paid as a Retail Customer over the remaining period in which the Securitized Utility Tariff Charge is being recovered. The settlement fee shall use a discount rate equal to the weighted average cost of securitization. This settlement fee will be credited to Atmos Energy's other Retail Customers once a year through its PGA/ACA.

139. **True-Ups.** True-ups of the Securitized Utility Tariff Charges shall be undertaken and conducted in accordance with the Adjustment Mechanism as described in the Form of True-Up Letter attached to this Financing Order as Appendix C. The Servicer shall file true-ups in a compliance docket, to be determined by the Commission, and shall give notice of the filing to all parties in this docket.
140. **Semi-Annual True-Ups.** The Servicer of the Securitized Utility Tariff Bonds shall make semi-annual adjustments to the Securitized Utility Tariff Charges to correct any under-collection or over-collection of Securitized Utility Tariff Charges during the preceding six (6) months, and ensure the expected recovery of amounts sufficient to timely provide all payments of scheduled debt service and other required amounts and charges in connection with the Securitized Utility Tariff Bonds.
141. **Interim True-Ups.** The Servicer of the Securitized Utility Tariff Bonds may make interim adjustments to the Securitized Utility Tariff Charges at any time to correct any projected under-collection of Securitized Utility Tariff Charges to assure timely payment of Securitized Utility Tariff Bonds as scheduled, or as



otherwise provided for in this Financing Order, as described in this Financing Order or in the WESCR.

### **C. Securitized Utility Tariff Bonds**

142. **Issuance.** Atmos Energy is authorized, through the SPE, to issue the Securitized Utility Tariff Bonds as specified in this Financing Order. The Qualified Extraordinary Costs and Ongoing Financing Costs described in the Form Issuance Advice Letter attached to this Financing Order as Appendix A may be recovered directly through the Securitized Utility Tariff Charges. The Securitized Utility Tariff Bonds shall be denominated in U.S. Dollars.
143. **Ongoing Financing Costs.** Atmos Energy may recover its incurred and Ongoing Financing Costs through its Securitized Utility Tariff Charges. The amount of Ongoing Financing Costs is subject to updating in the Issuance Advice Letter to reflect a change in the size of the bond issuance and any decision to issue the Securitized Utility Tariff Bonds in more than one series and other information available at the time of submission of the Issuance Advice Letter. As provided in Ordering Paragraph 154, a Servicer other than Atmos Energy may collect a higher servicing fee than that set forth in Appendix A to this Financing Order if such higher fee is approved by the Commission and the Indenture Trustee. Ongoing Financing Costs (along with Upfront Financing Costs) shall be reviewed by the Designated Representative and its advisors as part of the pre-issuance review process.

144. **Refinancing.** Atmos Energy or any assignee may apply for one or more new Financing Orders to retire or refund Securitized Utility Tariff Bonds approved in this Financing Order upon a showing that the statutory criteria are met.
145. **Collateral.** All Securitized Utility Tariff Property and other collateral shall be held and administered by the Indenture Trustee pursuant to the Indenture as described in Atmos Energy's Application. The Indenture Trustee shall establish a collection account under the Indenture as described in Findings of Fact 46.
146. **Distribution Following Repayment.** Following repayment of the Securitized Utility Tariff Bonds and all other related amounts authorized in this Financing Order, by the Indenture Trustee shall distribute funds remaining in the general sub-account and the excess funds sub-account to Atmos Energy, and equivalent amounts will be credited to Retail Customers in the form of a credit to their natural gas bills. Monies remaining in the Atmos Energy-funded capital sub-account along with the authorized return, will be returned to the Company through the SPE without any equivalent credit to customers' bills, because the capital sub-account was funded at issuance with the Company's own funds.
147. **Funding of Capital Sub-account.** The capital contribution by Atmos Energy to the SPE to be deposited into the capital sub-account shall, be funded by Atmos Energy and not from the proceeds of the sale of the Securitized Utility Tariff Bonds. Upon payment of all of the principal amount of all Securitized Utility Tariff Bonds and the discharge of all obligations in respect thereof, all amounts in the capital sub-account and any amounts required to replenish the capital sub-

account to the level of Atmos Energy's capital contribution and any unpaid authorized return on all capital contributions, shall be released to the SPE for payment to Atmos Energy. Customers shall receive the benefit of the investment earnings on this Capital Sub-account as earnings will be transferred to the Excess Funds Subaccount in accordance with the provisions of the Indenture, with the funds in this Subaccount being taken into account in the semi-annual true-up Adjustment Mechanism process. Investment earnings in this sub-account and authorized return on capital contributions in excess of 0.5% of the original principal amount of the Securitized Utility Tariff Bonds, if any, may be released earlier in accordance with the terms of this Financing Order and the Indenture.

148. **Credit Enhancement.** Atmos Energy may provide for various forms of credit enhancement including letters of credit, reserve accounts, overcollateralization account, surety bonds, and other mechanisms designed to promote the credit quality or marketability of the Securitized Utility Tariff Bonds to the extent not prohibited by this Financing Order. The decision to use such arrangements to enhance credit or promote marketability shall be made in conjunction with the Commission acting through its Designated Representative. Atmos Energy may not enter into an interest-rate swap, currency hedge, or other hedging arrangement. Atmos Energy shall not be required to enter any arrangements to promote credit quality or marketability unless all related costs and liabilities can be included in its Ongoing Financing Costs. Atmos Energy and the Commission's Designated Representative shall evaluate the relative benefits of the arrangements in the same way that benefits are quantified under the quantifiable benefits test. This ordering

paragraph does not apply to the collection account or its sub-accounts approved in this Financing Order.

149. **Life of Bonds.** The scheduled maturity of the bonds is not anticipated to exceed 10 years unless required to meet the lowest cost standard as discussed in this Financing Order. The legal final maturity of any tranche of the Securitized Utility Tariff Bonds authorized by this Financing Order shall not exceed 32 years, as provided in the Act.
  
150. **Commission Participation in Bond Issuance.** Atmos Energy shall collaborate and consult with a Designated Representative of the Commission Staff, including its legal and investment banking advisors, on all facets the structuring, marketing and pricing of the securitization bonds following approval of the Financing Order. The pre-issuance review shall be conducted with a goal of achieving the lowest cost standard as provided in the Act, and shall reflect the review of the Designated Representative regarding the steps necessary to ensure the statutory objective is achieved and minimize risk the Issuance Advice Letter is rejected. For the avoidance of doubt, such process should begin prior to the commencement of the Underwriter Selection Process and conclude following the Commission's review of the final issuance advice letter, allowing the Designated Representative the opportunity to review and observe all facets of the pre-issuance review process.
  
151. **Use of SPE.** Atmos Energy shall use the SPE, as proposed in its Application and described in this Financing Order, in conjunction with the issuance of any Securitized Utility Tariff Bonds authorized under this Financing Order. The SPE

shall be funded with an amount of capital that is sufficient for the SPE to carry out its intended functions and to avoid the possibility that Atmos Energy would have to extend funds to the SPE in a manner that could jeopardize the bankruptcy remoteness of the SPE.

#### **D. Servicing and Administration**

152. **Servicing Agreement.** The Commission authorizes Atmos Energy to enter into a Servicing Agreement with the SPE and to perform the services described in the Servicing Agreement as approved in this Financing Order as the “Servicer.” Without limiting the foregoing, in its capacity as initial Servicer of the Securitized Utility Tariff Property, Atmos Energy is authorized to calculate, bill and collect for the account of the SPE, the Securitized Utility Tariff Charges initially authorized in this Financing Order, as adjusted from time to time to meet the Periodic Payment Requirements as provided in this Financing Order; and to make such filings and take such other actions as are required or permitted by this Financing Order in connection with the periodic true-ups described in this Financing Order. The Servicer shall be entitled to collect servicing fees in accordance with the provisions of the Servicing Agreement, provided that the annual servicing fee payable to Atmos Energy while it is serving as Servicer (or to any other Servicer affiliated with Atmos Energy) shall not at any time exceed 0.05% of the original principal amount of the Securitized Utility Tariff Bonds. The Servicing Agreement shall include a provision that Atmos Energy shall indemnify the Commission (for the benefit of Retail Customers) in connection

with any increase in servicing fees that become payable as a result of a default resulting from Atmos Energy's willful misconduct, bad faith, or negligence in performance of its duties or observance of its covenants under the Servicing Agreement. The indemnity will be enforced by the Commission but will not be enforceable by any Retail Customer. If the incremental cost to Atmos Energy to perform its servicing and administrative services under the Servicing Agreement and the Administration Agreement respectively, is less than what the Company is paid for those services, then that difference in cost (the associated profit margin earned by the Company as servicer and administrator) shall be tracked by Atmos Energy and included in a regulatory liability account to be addressed in Atmos Energy's next general rate case.

153. **Administration Agreement.** The Commission authorizes Atmos Energy to enter into the Administration Agreement with the SPE to perform the administrative services set forth in the form of Administration Agreement attached hereto as Appendix G. The fee charged by Atmos Energy as administrator under the Administration Agreement shall not exceed \$100,000 per annum plus reimbursable third-party costs.
154. **Replacement of Atmos Energy as Servicer.** Upon the occurrence of an event of default under the Servicing Agreement relating to Atmos Energy's performance of its servicing functions with respect to the Securitized Utility Tariff Charges, a successor Servicer subject to the Designated Representative's review, acting on behalf of the bond holders, and approved by the Commission, will replace Atmos Energy. The Financing Parties may also replace Atmos Energy as the Servicer in

accordance with the terms of the Servicing Agreement. No entity may replace Atmos Energy as the Servicer in any of its servicing or administrative functions with respect to the Securitized Utility Tariff Charges and the Securitized Utility Tariff Property authorized by this Financing Order, if the replacement would cause any of the then current credit ratings of the Securitized Utility Tariff Bonds to be suspended, withdrawn or downgraded.

155. **Amendment of Agreements.** The parties to the Servicing Agreement, the Administration Agreement, the Indenture, and the Sale Agreement may amend the terms of such agreements; provided, however, that no amendment to any such agreement shall increase the Ongoing Financing Costs or result in less favorable terms for Retail Customers without the approval of the Commission. Any amendment that does not increase the Ongoing Financing Costs or result in less favorable terms for Retail Customers shall be effective without prior Commission approval. Any amendment to any such agreement that may have the effect of increasing Ongoing Financing Costs shall be provided by Atmos Energy to the Commission along with a statement as to the possible effect of the amendment on the Ongoing Financing Costs. The amendment shall become effective on the later of the date proposed by the parties to the amendment or 31 days after such submission to the Commission unless the Commission issues an order disapproving the amendment within a 30-day period.

156. **Collection Terms.** The Servicer shall remit collections of the Securitized Utility Tariff Charges to the SPE or the Indenture Trustee for the SPE's account in accordance with the terms of the Servicing Agreement.

### E. Structure of the Securitization

157. **Structure.** Atmos Energy shall endeavor to structure the securitization consistent with the findings of fact made in this Financing Order and in a manner that achieves the lowest cost for the Securitized Bonds consistent with market conditions at the time of the issuance. The Commission provides Atmos Energy with the flexibility to modify the proposed structure based upon rating agency and market considerations, and the final structure shall satisfy the customer benefit requirements as reviewed and collaborated on with the Designated Representative throughout the pre-issuance review process and ultimately demonstrated by the final Issuance Advice Letter.

### F. Use of Proceeds

158. **Use of Proceeds.** Upon the issuance of Securitized Utility Tariff Bonds, the SPE will use the net proceeds from the sale of the Securitized Utility Tariff Bonds (after payment of transaction costs) to pay to Atmos Energy the purchase price of the Securitized Utility Tariff Property. The net proceeds from the sale of the Securitized Utility Tariff Property (after payment of transaction costs) will be applied to recover Atmos Energy's Qualified Extraordinary Costs and Financing Costs as approved by this Financing Order and specified in the final Issuance Advice Letter.



### G. Miscellaneous Provisions

159. **Method of Tracing Funds.** The Securitized Utility Tariff Charges collected from Retail Customers will be placed on a separate line on customers' bills, allowing Atmos Energy to assign the Securitized Utility Tariff Charges a specific code, by customer class, in its billing system. This code will allow Atmos Energy to trace proceeds from the Securitized Utility Tariff Charges.
160. **Reconciliation of Securitized Utility Tariff Costs.** Because not all Securitized Utility Tariff Costs or offsets to the costs to be securitized are known at this time or at the time the Securitized Utility Tariff Bonds are issued, a future rate-making process using the existing PGA/ACA mechanism will reconcile any differences between the actual Securitized Utility Tariff Costs financed by Securitized Utility Tariff Bonds and the final Securitized Utility Tariff Costs incurred by Atmos Energy or its assignee. The reconciliation process will also consider both the deferred tax liability associated with recovery of Qualified Extraordinary Costs, as well as the corresponding and offsetting deferred tax asset associated with the net operating loss carryforward created by the Qualified Extraordinary Costs. The reconciliation shall not affect the amount of Securitized Utility Tariff Bonds or the associated Securitized Utility Tariff Charges paid by customers.
161. **Irrevocability.** Upon issuance of Securitized Utility Tariff Bonds or transfer of the Securitized Utility Tariff Property to the SPE, whichever occurs first, this Financing Order and the Securitized Utility Tariff Charges authorized by the Financing Order become irrevocable and not subject to reduction, impairment, or

adjustment by further act of the Commission, except for any true-up adjustments made in accordance with the Adjustment Mechanism as approved in this Financing Order; provided, however, that such irrevocability shall not preclude the Commission from extending the deadline for the issuance of Securitized Utility Tariff Bonds if requested to do so by Atmos Energy.

162. **Pledge of the Commission.** The Commission affirms the pledge of state set forth in K.S.A. § 66-1,252 and shall not take or permit any of the following actions that would impair the value of the Securitized Utility Tariff Property authorized by this Financing Order, unless otherwise permitted by the statute:

- (a) Alter the statute that authorizes the Commission to create an irrevocable contract right or chose in action by the issuance of a Financing Order, to create securitized utility tariff property and to make the Securitized Utility Tariff Charges imposed by a Financing Order irrevocable, binding or Nonbypassable charges for all existing and future Retail Customers within the service area of the public utility;
- (b) Take any action that would impair the value of Securitized Utility Tariff Property or the security for the Securitized Utility Tariff Bonds, or revises the Securitized Utility Tariff Costs for which recovery is authorized; impair the rights and remedies of the bondholders, assignees and other financing parties in any way; or,
- (c) Except for changes made pursuant to the Adjustment Mechanism expressly allowed by law, reduce, alter, or impair the Securitized Utility Tariff Charges to be imposed, billed, charged, collected, and remitted for the benefit of the bondholders, any assignee, and any other financing parties, until any and all principal, interest,

premium, Financing Costs and other fees, expenses or charges incurred and any contracts to be performed in connection with the related Securitized Utility Tariff Bonds have been paid and performed in full.

163. **Continuing Issuance Right.** Atmos Energy has the continuing irrevocable right to cause the issuance of Securitized Utility Tariff Bonds in accordance with this Financing Order for a period commencing with the date of this Financing Order and extending 24 months following the later of (i) the date on which this Financing Order becomes final and no longer subject to any appeal; or (ii) the date on which any other regulatory approvals necessary to issue the Securitized Utility Tariff Bonds are obtained and no longer subject to any appeal. If at any time during the effective period of this Financing Order there is a severe disruption in the financial markets of the United States, the effective period shall automatically be extended to a date which is not less than 90 days after the date such disruption ends.
164. **Internal Revenue Service Private Letter or Other Rulings.** Atmos Energy is not required by this Financing Order to obtain a ruling from the IRS; however, if it elects to do so, then upon receipt, Atmos Energy shall promptly deliver to the Commission a copy of each private letter or other ruling issued by the IRS with respect to the proposed transaction, the Securitized Utility Tariff Bonds, or any other matter related thereto. Atmos Energy shall also include a copy of every such ruling by the IRS it has received as an attachment to each Issuance Advice Letter required to be filed by this Financing Order. Atmos Energy may cause Securitized Utility Tariff Bonds to be issued without a private letter ruling if it obtains an

opinion of tax counsel sufficient to support the issuance of the Securitized Utility Tariff Bonds.

165. **Binding on Successors.** This Financing Order, together with the Securitized Utility Tariff Charges authorized in it, shall be binding on Atmos Energy and any successor to Atmos Energy. This Financing Order is also binding on any other entity responsible for billing and collecting Securitized Utility Tariff Charges on behalf of the SPE, and any successor to the Commission. In this paragraph, a “successor” means any entity that succeeds by any means whatsoever to any interest or obligation of its predecessor, including by way of bankruptcy, reorganization or other insolvency proceeding, merger, consolidation, conversion, assignment, pledge or other security, by operation of law or otherwise.
166. **Flexibility.** Subject to compliance with the requirements of this Financing Order (including Designated Representative review), Atmos Energy and the SPE shall be afforded flexibility in establishing the terms and conditions of the Securitized Utility Tariff Bonds, including the final structure of the SPE, repayment schedules, term, payment dates, collateral, credit enhancement, required debt service, reserves, interest rates, use of original issue discount, other Financing Costs, and the ability of Atmos Energy, at its option, to cause one or more series of Securitized Utility Tariff Bonds to be issued or to create more than one SPE for purposes of issuing such Securitized Utility Tariff Bonds. The final terms and conditions of the Securitized Utility Tariff Bonds will be provided to the Commission through the Issuance Advice Letter process, as described in Ordering Paragraph 131.

167. **Effectiveness of Order.** This Financing Order is effective upon issuance. Notwithstanding the foregoing, no Securitized Utility Tariff Property shall be created hereunder, and Atmos Energy shall not be authorized to impose, collect, and receive Securitized Utility Tariff Charges, until Atmos Energy's rights and interests under this Financing Order with respect to such Securitized Utility Tariff Property have been transferred to the SPE or another assignee or pledged in connection with the issuance of the Securitized Utility Tariff Bonds.
168. **Regulatory Approvals.** All regulatory approvals within the jurisdiction of the Commission that are necessary for the securitization of the Securitized Utility Tariff Charges associated with the Qualified Extraordinary Costs and Financing Costs, including Upfront Financing Costs and Ongoing Financing Costs, and all related transactions contemplated in the Application, are granted.
169. **Payment of Commission's Costs for Professional Services.** In accordance with K.S.A. § 66-1,241(h)(5), all expenses incurred by the Commission for financial advisors, counsel, or other professional services acquired for the purpose of evaluating Atmos Energy's application and proposed transaction, the Financing Order, and the closing of the transaction shall be included as part of the Upfront Financing Costs and/or Ongoing Financing Costs as applicable of the Securitized Utility Tariff Bonds and shall be included in the Securitized Utility Tariff Charge.
170. **Effect.** This Financing Order constitutes a legal Financing Order for Atmos Energy under the Act. The Commission finds this Financing Order complies with the provisions of the Act. A Financing Order gives rise to rights, interests,

obligations, and duties as expressed in the Act. It is the Commission's express intent to give rise to those rights, interests, obligations, and duties by issuing this Financing Order. Atmos Energy, as the initial Servicer, and any Replacement Servicer are directed to take all actions as are required to effectuate the transactions approved in this Financing Order, subject to compliance with the criteria established in this Financing Order.

171. **Further Commission Action.** The Commission guarantees that it will act pursuant to this Financing Order as expressly authorized by the Act to ensure that expected Securitized Utility Tariff Charge revenues are sufficient to pay on a timely basis scheduled principal and interest on the Securitized Utility Tariff Bonds issued pursuant to this Financing Order and other costs, including fees and expenses, in connection with the Securitized Utility Tariff Bonds.
172. **All Other Motions Denied.** All motions, requests for entry of specific findings of fact and conclusions of law, and any other requests for general or specific relief not expressly granted herein, are denied for want of merit.

## Appendix J

### GLOSSARY OF TERMS

|                                  |  |
|----------------------------------|--|
| <b>Adjustment Mechanism</b>      | Has the meaning set forth in the Act. <sup>80</sup>  |
| <b>Ancillary Agreement</b>       | Has the meaning set forth in the Act. <sup>81</sup>  |
| <b>Assignee</b>                  | Has the meaning set forth in the Act. <sup>82</sup>  |
| <b>Cost of Capital</b>           | Atmos Energy’s weighed average cost of capital authorized from time to time by the Commission in Atmos Energy’s rate proceedings.  |
| <b>Customer</b>                  | As set out in Schedule 1 of the General Terms and Conditions for Service of the Commission-approved Tariff of Atmos Energy Corporation, Section 1.B, “Any person, partnership, association, firm, public or private corporation, or governmental agency applying for or using natural gas service supplied by [Atmos],” and who receives Natural Gas Service as set out in Section 1.D of the same Schedule, which is “the sale, delivery, and providing natural gas by [Atmos] to the Customer in accordance with and established by, (a) [Atmos] applicable rate schedules, (b) [Atmos] Rules and Regulations in effect and on file with the Commission and, (c) the Commission applicable orders.” Except as provided in this Financing Order, Customer includes any current or future Customer, receiving natural gas service from Atmos, but excludes Transportation Customers. |
| <b>Designated Representative</b> | A representative from Commission Staff, who may be advised by financial and legal advisors contracted with the Commission to review and observe all facets of the process undertaken by the public utility to place the Securitized Utility Tariff Bonds to market so the Commission’s representative can be prepared, if requested, to provide the Commission with an opinion on the  |

---

<sup>80</sup> K.S.A. § 66-1,240(b)(2).

<sup>81</sup> K.S.A. § 66-1240(b)(3).

<sup>82</sup> K.S.A § 66-1,240(b)(4).

reasonableness of the pricing, terms and conditions of Securitized Utility Tariff Bonds on an expedited basis.<sup>83</sup>

|   |   |
|---|---|
| <b>Financing Costs</b>                  | Has the meaning set forth in the Act. <sup>84</sup>   |
| <b>Financing Order</b>                  | Has the meaning set forth in the Act. <sup>85</sup>   |
| <b>Financing Party</b>                  | Has the meaning set forth in the Act. <sup>86</sup>   |
| <b>Issuance Advice Letter</b>           | Document setting out the terms for the issuance of the Securitized Utility Tariff Bonds submitted to the Commission to demonstrate Atmos Energy's compliance with this Financing Order as described in the Act. |
| <b>Nonbypassable</b>                    | Has the meaning set forth in the Act. <sup>87</sup>   |
| <b>Ongoing Financing Costs</b>          | Any Financing Costs, as defined in the Act, incurred after the issuance of the Securitized Utility Tariff Bonds.  |
| <b>Periodic Payment Requirement</b>     | Semi-annual adjustments made to the Securitized Utility Tariff Bonds by the Servicer of the Securitized Utility Tariff Bonds pursuant to the Adjustment Mechanism described in the Act.                         |
| <b>Qualified Extraordinary Costs</b>    | Has the meaning set forth in the Act. <sup>88</sup>   |
| <b>Retail Customer</b>                  | An end-use customer who purchases natural gas or electricity for consumption.   |
| <b>Securitized Utility Tariff Bonds</b> | Has the meaning set forth in the Act. <sup>89</sup>   |

---

<sup>83</sup> K.S.A. § 66-1,241(h)(4).

<sup>84</sup> K.S.A. § 66-1,240(b)(10).

<sup>85</sup> K.S.A. § 66-1,240(b)(11).

<sup>86</sup> K.S.A § 66-1,240(b)(12).

<sup>87</sup> K.S.A § 66-1,240(b)(15).

<sup>88</sup> K.S.A. § 66-1,240(b)(18).

<sup>89</sup> K.S.A. § 66-1,240(b)(19)(A).



|  |  |
|--|--|
| <b>Securitized Utility Tariff Charges</b>  | Has the meaning set forth in the Act. <sup>90</sup>  |
| <b>Securitized Utility Tariff Costs</b>    | Has the meaning set forth in the Act. <sup>91</sup>  |
| <b>Securitized Utility Tariff Property</b> | Has the meaning set forth in the Act. <sup>92</sup>  |
| <b>Servicer</b>                            | The entity responsible for performing the servicing obligations under any Servicing Agreement.   |
| <b>Servicing Agreement</b>                 | Document detailing the servicing obligations. <i>See</i> Appendix D.   |
| <b>Special Purpose Entity (SPE)</b>        | A wholly owned, subsidiary, which is a Delaware LLC that is bankruptcy-remote, with Atmos Energy as its sole member, formed for the limited purpose of acquiring Securitized Utility Tariff Property and issuing Securitized Utility Tariff Bonds in one or more tranches or classes, and performing other activities relating thereto or otherwise authorized by the Financing Order. The Special Purpose Entity will not be permitted to engage in any other activities and will have no assets other than Securitized Utility Tariff Property and related assets to support its obligations under the Securitized Utility Tariff Bonds. Obligations relating to the Securitized Utility Tariff Bonds will be the Special Purpose Entity's only significant liabilities. The Special Purpose Entity will act as an Assignee as defined in the Act. |
| <b>Substitute Servicer</b>                 | Any subsequent Servicer, taking the place of the original Servicer.  |
| <b>Transportation Customers</b>            | Customers who elect to receive Transportation Service or Transportation, as set out in Schedule 1 of the General Terms and Conditions of the Commission-approved tariff of Atmos Energy Corporation, Section 1.D, and maintain a contractual right to have natural gas transported by Atmos on demand, and who are not pursuant to the terms of the Financing Order, responsible for paying Securitized Utility Tariff Charges.  |

---

<sup>90</sup> K.S.A. § 66-1,240(b)(20).

<sup>91</sup> K.S.A. § 66-1,240(b)(21).

<sup>92</sup> K.S.A. § 66-1,240(b)(22)(A)-(B).

**Upfront  
Financing Costs** Financing Costs, as defined in the Act, incurred by Atmos Energy, the Commission, and third parties in applying for a Financing Order and obtaining the issuance of the Securitized Utility Tariff Bonds.

**APPENDIX A**  
**FORM OF ISSUANCE ADVICE LETTER**

[SUBMITTED FOR INFORMATION ONLY PURPOSES]

\_\_\_\_\_ DAY, \_\_\_\_\_, 202\_

**THE STATE CORPORATION COMMISSION OF THE STATE OF KANSAS**

[insert address]

**SUBJECT: ISSUANCE ADVICE LETTER FOR SECURITIZED UTILITY TARIFF BONDS**

Pursuant to the Financing Order adopted on the \_\_\_\_\_ day of \_\_\_\_\_, 202\_ in *In The Matter of The Application of Atmos Energy Corporation For the Recovery of Qualified Extraordinary Costs and Issuance of a Financing Order* (the “Financing Order”), ATMOS ENERGY CORPORATION (the “Utility” or the “Applicant”) submits, no later than the end of the first business day after the pricing date for that series of Securitized Utility Tariff Bonds, this Issuance Advice Letter to report certain terms and information related to the Securitized Utility Tariff Bonds Series \_\_\_\_\_, Tranches \_\_\_\_\_. Any capitalized terms not defined in this letter shall have the meanings ascribed to them in the Financing Order or the Utility Financing and Securitization Act, K.S.A. §§ 66-1,240 - 66-1,253 (the “Act”).

**PURPOSE**

This filing includes the following information:

- (1) The total principal amount and calculation of Securitized Utility Tariff Bonds issued (“Authorized Amount”);
- (2) The final terms and structure of the Securitized Utility Tariff Bonds, including a description of any credit enhancement, the final estimated Securitized Utility Tariff Bond issuance costs and the final estimates of ongoing Financing Costs for the first year following issuance;
- (3) A calculation of projected customer savings relative to conventional methods of financing resulting from the issuance of the Securitized Utility Tariff Bonds; and
- (4) The amount of initial Securitized Utility Tariff Bond Charges.

APPENDIX A – FORM OF ISSUANCE ADVICE LETTER

**1. PRINCIPAL AMOUNT OF SECURITIZED UTILITY TARIFF BONDS ISSUED (“AUTHORIZED AMOUNT”)**

The total amount of Qualified Extraordinary Costs, other costs approved by the State Corporation Commission of the State of Kansas (the “Commission”), issuance costs being financed (the “Authorized Amount”) is presented in Attachment 1.

**2. DESCRIPTION OF FINAL TERMS OF BONDS**

Set forth below is a summary of the final terms of the Securitized Utility Tariff Bond Issuance.

Securitized Utility Tariff Bond Title and Series: \_\_\_\_\_

Trustee: \_\_\_\_\_

Closing Date: \_\_\_\_\_, 202\_\_

Bond Ratings: [S&P \_\_\_; Moody’s \_\_\_; Fitch \_\_\_]

Amount Issued (Authorized Amount): \$\_\_\_\_\_

Securitized Utility Tariff Bond Issuance Costs: See Attachment 1, Schedule B.

Securitized Utility Tariff Bond Ongoing Financing Costs: See Attachment 2, Schedule B.

| Tranche | Coupon Rate | Scheduled Final Maturity | Legal Final Maturity |
|---------|-------------|--------------------------|----------------------|
|         | _____%      | ___/___/____             | ___/___/____         |
|         | _____%      | ___/___/____             | ___/___/____         |
|         | _____%      | ___/___/____             | ___/___/____         |
|         |             |                          |                      |

|  |                                     |
|--|-------------------------------------|
| Effective Annual Weighted Average Interest Rate of the Securitized Utility Tariff Bonds: | _____%                              |
| Weighted Average Life of Series:   | __ years                            |
| Call provisions (including premium, if any):   |                                     |
| Expected Sinking Fund Schedule:  | Attachment 2, Schedule A            |
| Payments to Bondholders:   | Semiannually Beginning _____, _____ |

**3. CALCULATION OF PROJECTED SAVINGS**

The weighted average interest rate of the Securitized Utility Tariff Bonds (excluding costs of issuance and ongoing financing costs) is less than [\_\_\_\_]%, accordingly, the proposed structuring, expected pricing, and financing costs of the Securitized Utility Tariff Bonds are reasonably expected to result in substantial revenue requirement savings as compared to conventional methods of financing. The net present value of the savings, which will avoid or mitigate rate impacts as compared to conventional methods of financing the qualified costs, is estimated to be \$\_\_\_\_\_ (see Attachment 2, Schedule C), based on an effective annual weighted average interest rate of \_\_\_% for the Ratepayer-Backed Bonds.

**4. INITIAL SECURITIZED UTILITY TARIFF BOND CHARGE**

Applicant will recover the Qualified Extraordinary Costs through a fixed monthly Securitized Utility Tariff Charge per customer. The table below provides the monthly fixed charge for each customer class. The fixed monthly charge is calculated assuming securitization of the Qualified Extraordinary Costs over the life of the Securitized Utility Tariff Bonds using the carrying charges through March 31, 2023 (approximately \$118.5 million) and the customer count from the Utility’s 2021 Annual Report.

| <b>Securitized Utility Tariff Charge</b> |                           |                     | <b>XX Year Recovery</b>             |                             |
|--|---------------------------|---------------------|-------------------------------------|-----------------------------|
| <b>Class</b>                             | <b>2021 Annual Report</b> |                     | <b>Annual \$ Allocated to Class</b> | <b>Monthly Fixed Charge</b> |
|  | <b>Customer Count</b>     | <b>Allocation %</b> |                                     |                             |
| Residential Sales Service                | 1,536,888                 | 75.015%             |                                     | \$ _____                    |
| Commercial/Public Authority              | 118,980                   | 24.167%             |                                     | \$ _____                    |
| School Sales Service                     | 744                       | 0.264%              |                                     | \$ _____                    |
| Industrial Sales Service                 | 168                       | 0.160%              |                                     | \$ _____                    |
| Small Generator                          | 864                       | 0.0001%             |                                     | \$ _____                    |
| Irrigation Engine                        | 2,928                     | 0.394%              |                                     | \$ _____                    |

Based on the foregoing, the initial Securitized Utility Tariff Charges calculated for each Securitized Utility Tariff Customer Class are detailed in Attachment 3.

**EFFECTIVE DATE**

[In accordance with the Financing Order, the first billing of the Securitized Utility Tariff Charge would begin with the first billing cycle of the month following issuance of the Securitized Utility Tariff Bonds.]

APPENDIX A – FORM OF ISSUANCE ADVICE LETTER

**AUTHORIZED OFFICER**

The undersigned are officers of Applicant and authorized to deliver this Issuance Advice Letter on behalf of Applicant.

Respectfully submitted,

ATMOS ENERGY CORPORATION

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

APPENDIX A – FORM OF ISSUANCE ADVICE LETTER

**ATTACHMENT 1**  
**SCHEDULE A**  
**CALCULATION OF AUTHORIZED AMOUNT**

|                                |   |  |
|--------------------------------|---|--|
| A.                             | Qualified Extraordinary Costs and other costs authorized in Docket No. 22-ATMG-538-TAR (including any adjustment to carrying costs) |  |
| B.                             | Estimated issuance costs for the Securitized Utility Tariff Bonds (Attachment 1, Schedule B)  |  |
| <b>TOTAL AUTHORIZED AMOUNT</b> |   |  |

APPENDIX A – FORM OF ISSUANCE ADVICE LETTER

**ATTACHMENT 1**  
**SCHEDULE B**  
**ESTIMATED ISSUANCE COSTS**

|   | <b>Issuance Costs</b> |
|---|-----------------------|
| Legal   | \$640,000             |
| Underwriting Fee                                | \$500,000             |
| Issuer/Underwriter/Trustee Legal Fees           | \$55,000              |
| Rating Agency Fees                              | \$440,000             |
| Servicer Set-Up Fees                            | \$400,000             |
| Accountants/Auditors Fees                       | \$250,000             |
| Printing/Filing/SEC Registration                | \$100,000             |
| SPV Set-Up Fee                                  | \$100,000             |
| Commission’s Financial Advisor Fee              | \$400,000             |
| <b>Total Estimated Issuance Costs</b>           | <b>\$2,885,000</b>    |
| <b>Issuance Costs as a % of Issuance Amount</b> | <b>3.21%</b>          |

**Note:** Any difference between the estimated issuance costs financed for, and the actual issuance costs incurred by the Utility will be resolved, if estimates are more or less than actual, pursuant to the Financing Order issued in this proceeding.





**ATTACHMENT 2**  
**SCHEDULE B**  
**ESTIMATED ONGOING FINANCING COSTS**

|  | <b>Itemized Annual<br/>Ongoing Financing<br/>Costs</b> |
|--|--|
| Servicing Fees   | \$50,000   |
| Administration Fees                                    | \$100,000  |
| Accounting Fees  | \$100,000  |
| Legal Fees   | \$30,000   |
| Rating Agency Surveillance                             | \$67,000   |
| Trustee Fees   | \$15,000   |
| Independent Director Fees                              | \$5,000  |
| <b>Total Ongoing Financing Costs</b>                   | <b>\$367,000</b>                                       |
| <b>Ongoing Financing Costs as % of Issuance Amount</b> | <b>0.41%</b>   |

**Note:** The amounts shown for each category of ongoing Financing Costs in this attachment are the expected costs for the first year of the Securitized Utility Tariff Bonds. Securitized Utility Tariff Charges will be adjusted at least semi-annually to reflect the actual ongoing Financing Costs through the true-up process described in the Financing Order, except that the servicing fee is fixed as long as the Utility (or any affiliate) is servicer.

**ATTACHMENT 2**  
**SCHEDULE C**  
**BENEFITS VERSUS CONVENTIONAL FINANCING**

|               | Conventional<br>Financing | Securitized Utility<br>Tariff Bond<br>Financing | Savings/(Cost) of<br>Securitized Utility<br>Tariff Bond<br>Financing |
|---------------|---------------------------|---|--|
| Present Value | \$                        | \$  | \$   |

The present value discount factor shall be the rate needed to discount future debt service payments on the Securitized Utility Tariff Bonds to the net proceeds of Securitized Utility Tariff Bonds, including accrued interest, DSRS and any contingency retained by the trustee.

APPENDIX A – FORM OF ISSUANCE ADVICE LETTER

**ATTACHMENT 3**  
**SCHEDULE A**  
**INITIAL ALLOCATION OF COSTS TO CUSTOMER CLASSES**

| <b>Customer Class</b>       | <b>Estimate of<br/>February Usage<br/>(Mcf)</b> | <b>Allocation %</b> |
|-----------------------------|---|---------------------|
| Residential Sales Service   | 23,505,675                                      | 75.015%             |
| Commercial/Public Authority | 7,572,483                                       | 24.167%             |
| School Sales Service        | 82,668  | 0.264%              |
| Industrial Sales Service    | 50,073  | 0.160%              |
| Small Generator             | 31  | 0.000%              |
| Irrigation Engine           | 123,509   | 0.394%              |
| Total                       | 31,334,439                                      | 100.000%            |

**ATTACHMENT 3**  
**SCHEDULE B**  
**DESCRIPTION OF COST RECOVERY MECHANISM**

The Qualified Extraordinary Costs will be recovered through a fixed monthly (per customer) Securitized Utility Tariff Charge on gas sales service customer bills. The Winter Event Securitized Cost Recovery Rider (“WESCR”) shall govern the calculation of the Securitized Utility Tariff Charge. The Securitized Utility Tariff Charge will appear as a separate line item on gas sales service customers’ bill as “Winter Event Securitized Cost.” The Qualified Extraordinary Costs will be allocated to customer classes as shown in Attachment 3, Schedule A. The fixed, per-customer charge will then be calculated using the customer count reported in the most recent Atmos Energy Annual Report which is provided to the Commission annually. This customer count will be updated semi-annually for use in the mandatory Adjustment Mechanism. The Securitized Utility Tariff Charge will be adjusted semi-annually through the Adjustment Mechanism. If the customer count for a particular class declines by more than ten percent (10%) from that identified in the 2021 Annual Report, then the allocation factors will be recalculated using the most recent 12-month weather normalized volume for each customer class.

APPENDIX B - FORM OF TARIFF  
(WINTER EVENT SECURITIZED COST RECOVERY RIDER)

**APPENDIX B**

**FORM OF TARIFF**  
**(WINTER EVENT SECURITIZED COST RECOVERY RIDER)**

**THE STATE CORPORATION COMMISSION OF KANSAS**

ATMOS ENERGY CORPORATION

SCHEDULE V- Purchased Gas  
Adjustment (PGA)

(Name of Issuing Utility)

ENTIRE SERVICE AREA

(Territory to which Schedule is applicable)

No Supplement or separate understanding  
shall modify the tariff as shown hereon.

Sheet 9 of 11 Sheets

SECTION 4 – WINTER EVENT SECURITIZED CHARGE RIDER (WESCR)**Applicability**

This rider is applicable to all service provided under sales rate schedules 910, 915, 920, 930, 940 and 965 beginning with the first billing cycle following the issuance of securitized bonds pursuant to a Financing Order issued in Docket No. 22-ATMG-538-TAR. Service is subject to the Definitions and Conditions section below.

**Net Monthly Charge**

1. The Winter Event Securitized Cost Recovery Rider (WESCR) shall be applied as a fixed monthly charge calculated as described below for recovery of extraordinary costs incurred related to Winter Storm Uri (Winter Event).
2. All WESCR fixed monthly charges shall be calculated to the nearest \$0.01 per customer. All charges set forth in the rate schedule under which the customer takes service shall also apply.
3. Initial Charge: The initial WESCR shall be determined as follows:
  - a. The initial 12 months of principal, interest and servicing costs (adjusted for forecasted write-offs and late payments) for the Securitized Utility Tariff Bonds shall be allocated to the sales rate schedules as follows:

| Rate Schedule                   | Estimate of<br>February 2021<br>Usage (Ccf) | Allocation %    |
|---------------------------------|---|-----------------|
| Residential Sales Service       | 23,505,675                                  | 75.015%         |
| Commercial Sales Service        | 7,000,393                                   | 22.341%         |
| Public Authority Sales Service  | 572,090                                     | 1.826%          |
| School Sales Service            | 82,668                                      | 0.264%          |
| Industrial Sales Service        | 50,073                                      | 0.160%          |
| Small Generator Sales Service   | 31  | 0.0001%         |
| Irrigation Engine Sales Service | 123,509                                     | 0.394%          |
| <b>Total</b>                    | <b>31,334,439</b>                           | <b>100.000%</b> |

- b. The allocated principal, interest, servicing costs shall then be divided by the forecasted annual customer count for each rate schedule to calculate a monthly charge per customer.

|            |   |       |         |
|------------|---|-------|---------|
| Issued:    | _____   | _____ | _____   |
|            | (Month)                                       | (Day) | (Year)  |
| Effective: | _____   | _____ | _____   |
|            | (Month)                                       | (Day) | (Year)  |
| By:        | s/ Kathleen R. Ocanas, VP Rates & Reg Affairs |       |         |
|            | (Signature of Officer)                        |       | (Title) |

**THE STATE CORPORATION COMMISSION OF KANSAS**

ATMOS ENERGY CORPORATION

SCHEDULE V- Purchased Gas Adjustment (PGA)

(Name of Issuing Utility)

ENTIRE SERVICE AREA

(Territory to which Schedule is applicable)

No Supplement or separate understanding shall modify the tariff as shown hereon.

4. WESCR Adjustment Mechanism: No less often than every six months, the Company shall adjust the WESCR charge for the over- or under-collections and to ensure the timely and complete payment of Securitized Utility Tariff Bonds and other financing costs. The WESCR shall be calculated for each rate class in the following manner:

$$\text{WESCR} = (\text{WESCR Adjustment Mechanism Revenue Requirement} * \text{Allocation \% by Class}) / \text{Forecasted Customer Count by Class}$$

Where:

$$\begin{aligned} \text{WESCR Adjustment Mechanism Revenue Requirement} = \\ \text{Cumulative (Over)/Under Collections for Prior Remittance Period} \\ + \text{Estimated Current Remittance Period (Over)/Under Collections} \\ + \text{Projected Remittance Period Revenue Requirement} \end{aligned}$$

Where:

$$\begin{aligned} \text{Cumulative (Over)/Under Collections for Prior Remittance Period} = \text{Prior Remittance} \\ \text{Period Revenue Requirement} + \text{Prior Remittance Period Actual Cash Receipt Transfers} \\ \text{and Interest Income} + \text{Cash in Excess Funds} \end{aligned}$$

$$\begin{aligned} \text{Estimated Current Remittance Period (Over)/Under Collections} = \text{Current Remittance} \\ \text{Period Revenue Requirement} + \text{Current Remittance Period Cash Receipts} + \text{Current} \\ \text{Remittance Period Interest Income} + \text{Forecasted Current Remittance Period Cash} \\ \text{Receipts} + \text{Forecasted Current Remittance Period Interest Income} \end{aligned}$$

$$\begin{aligned} \text{Projected Remittance Period Revenue Requirement} = \text{Forecasted Revenue Requirement} \\ \text{for the remittance period} \end{aligned}$$

Where:

$$\begin{aligned} \text{Revenue Requirement} = \text{Securitized Utility Tariff Bond Principal} + \text{Interest} + \text{Servicing Costs} + \\ \text{Other Ongoing Costs} + \text{Replenishments to Capital Subaccounts if Needed} \end{aligned}$$

$$\begin{aligned} \text{Forecasted Current Remittance Period Cash Receipts} = \sum(\text{Current Period WESCR by} \\ \text{Class} * \text{Forecasted Customer Count by Class}) + \text{Forecasted} \\ \text{Write-offs and Late payments} \end{aligned}$$

- a. For the Prior Remittance Period, the actual Revenue Requirement and Remittances are used to determine the over- or under- recovery for that period.
- b. For the Current Remittance Period, the actual Revenue Requirement and Remittances for three months are compared to determine the over- or under-recovery for first three months of the period. For the remaining three months of the period, forecasted information for the Revenue Requirement and Remittances are used to determine the remaining over- or under-recovery. The actual and the forecasted over- or under-recovery are added together.

|            |   |         |        |
|------------|---|---------|--------|
| Issued:    | _____   | _____   | _____  |
|            | (Month)                                       | (Day)   | (Year) |
| Effective: | _____   | _____   | _____  |
|            | (Month)                                       | (Day)   | (Year) |
| By:        | s/ Kathleen R. Ocanas, VP Rates & Reg Affairs |         |        |
|            | (Signature of Officer)                        | (Title) |        |



**THE STATE CORPORATION COMMISSION OF KANSAS**

ATMOS ENERGY CORPORATION

SCHEDULE V- Purchased Gas Adjustment (PGA)

(Name of Issuing Utility)

ENTIRE SERVICE AREA

(Territory to which Schedule is applicable)

No Supplement or separate understanding shall modify the tariff as shown hereon.

- c. For the Projected Remittance Period the forecasted Revenue Requirement is provided.
  - d. The WESCR Adjustment Mechanism Revenue Requirement is allocated to rate schedules according to the allocation factors listed in Section 3(a) of this rate schedule.
5. Separation Fee: A customer served under a sales rate schedule who switches to service under transportation rate schedule during the period in which the WESCR charge is being recovered will be required to pay a Separation Fee. The Separation Fee shall be based on the present value of the expected charges the customer would have paid under its sales rate schedule over the remaining period the WESCR charge is being recovered. This is required pursuant to the Commission's March 24, 2022, Order in Docket No. 21-ATMG-333-GIG. Any Separation Fees collected will be included in the WESCR Adjustment Mechanism as a cash remittance.

**Definitions and Conditions**

1. The WESCR is designed to recover Qualified Extraordinary Costs as set out in K.S.A. 66-1,240 *et seq.*
2. The WESCR shall be a separate line item on the customer's bill.
3. The WESCR shall be subject to taxes and franchise fees as set out in the General Terms and Conditions for Gas Service Section 4.B.1.i and Section 4.L.1 and 2.
4. Notwithstanding the requirements of The General Terms and Conditions for Gas Service Section 4.B.2, payments will first be applied to the WESCR.
5. At least 30 days prior to when the proposed updated charges begin billing, the Company shall file a report with the Commission, at least semi-annually, detailing the calculations of the adjustment mechanism for deriving the charges authorized by this rider to be applied during the subsequent Remittance Period. The Commission's review is limited to determining if any mathematical or clerical errors are present in the application of the adjustment mechanism.
6. The WESCR shall remain in effect until the Securitized Utility Tariff Bonds approved in the Financing Order issued in Docket No. 22-ATMG-538-TAR have been paid in full. After the bonds have been paid in full, any over-recovery will be credited to customers in a form of a credit to their natural gas bills.

|  |  |
|--|--|
| <p>Issued: _____<br/>                 (Month) (Day) (Year)</p> <p>Effective: _____<br/>                 (Month) (Day) (Year)</p> <p>By: <u>s/ Kathleen R. Ocanas, VP Rates &amp; Reg Affairs</u><br/>                 (Signature of Officer) (Title)</p> |  |
|--|--|

**APPENDIX C**

**FORM OF TRUE-UP LETTER**

[Atmos Energy Letterhead]

Date: \_\_\_\_\_, 202\_

[[Address]]

Re: In The Matter of The Application of Atmos Energy Corporation For the Recovery of Qualified Extraordinary Costs and Issuance of a Financing Order, Docket No. 22-ATMG-538-TAR

Dear \_\_\_\_\_:

Pursuant to the Financing Order adopted on the \_\_\_\_\_ day of \_\_\_\_\_, 202\_ in *In The Matter of The Application of Atmos Energy Corporation For the Recovery of Qualified Extraordinary Costs and Issuance of a Financing Order*, Docket No. 22-ATMG-538-TAR (Financing Application) (the “Financing Order”), Atmos Energy Corporation (the “Utility”), as Servicer of the Securitized Utility Tariff Bonds, or any successor Servicer on behalf of bond trustee as assignee of the Utility shall apply semi-annually for a mandatory periodic adjustment to the Securitized Utility Tariff Charges. Any capitalized terms not defined herein shall have the meanings ascribed thereto in the Financing Order or the Utility Financing and Securitization Act, K.S.A. §§ 66-1,240 - 66-1,253 (the “Act”).

Each semi-annual true-up adjustment shall be filed with the Commission not less than 30 days prior to the first billing cycle of the month in which the revised Securitized Utility Tariff Charges, calculated under the Winter Event Securitized Cost Recovery Rider (“WESCR”), will be in effect. The Commission staff will have 30 days after the date of the true-up adjustment filing in which to confirm the mathematical and clerical accuracy of the servicer’s adjustment. However, any mathematical or clerical correction not made prior to the effective date of the Securitized Utility Tariff Charges (WESCR Charges) will be made in future true-up adjustment filings and will not delay the effectiveness of the Securitized Utility Tariff Charges (WESCR Charges).

Using the formula approved by the Commission in the Financing Order, this filing modifies the variables used in the WESCR calculation and provides the resulting modified Securitized Utility Tariff Charges (or WESCR Charges). Exhibits 1, 2 and 3 show the resulting values of the Securitized Utility Tariff Charges for each Securitized Utility Tariff Charges Customer Class, as calculated in accordance with the Financing Order. The assumptions underlying the current Securitized Utility Tariff Charges were filed by the Utility in an [Issuance Advice]/True-up Letter dated \_\_\_\_\_.

APPENDIX C – FORM OF TRUE-UP LETTER

Respectfully submitted,

[Utility]

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Exhibits

**EXHIBIT 1**  
**CALCULATION OF SECURITIZED UTILITY TARIFF CHARGES**

| Estimated Ongoing Financing Costs                      |   |
|--|---|
|  | Itemized Annual<br>Ongoing Financing<br>Costs |
| Servicing Fees   | \$50,000                                      |
| Administration Fees                                    | \$100,000                                     |
| Accounting Fees  | \$100,000                                     |
| Legal Fees   | \$30,000                                      |
| Rating Agency Surveillance                             | \$67,000                                      |
| Trustee Fees   | \$15,000                                      |
| Independent Director Fees                              | \$5,000                                       |
| <b>Total Ongoing Financing Costs</b>                   | <b>\$367,000</b>                              |
| <b>Ongoing Financing Costs as % of Issuance Amount</b> | <b>0.41%</b>                                  |

The Utility will recover the Qualified Extraordinary Costs through a fixed monthly Securitized Utility Tariff Charge per customer. The table below provides the monthly fixed charge for each customer class. The fixed monthly charge is calculated assuming securitization of the Qualified Extraordinary Costs over the life of the Bonds using the carrying charges through March 31, 2023 (approximately \$118.5 million) and the customer count from the 2021 Atmos Annual Report.

| Securitized Utility Tariff Charge |                       |              | XX Year Recovery                |                            |
|-----------------------------------|-----------------------|--------------|---------------------------------|----------------------------|
| Class                             | 2021 Annual<br>Report |              | Annual \$<br>Allocated to Class | Monthly<br>Fixed<br>Charge |
|                                   | Customer Count        | Allocation % |                                 |                            |
| Residential Sales Service         | 1,536,888             | 75.015%      |                                 | \$ _____                   |
| Commercial/Public Authority       | 118,980               | 24.167%      |                                 | \$ _____                   |
| School Sales Service              | 744                   | 0.264%       |                                 | \$ _____                   |
| Industrial Sales Service          | 168                   | 0.160%       |                                 | \$ _____                   |
| Small Generator                   | 864                   | 0.0001%      |                                 | \$ _____                   |
| Irrigation Engine                 | 2,928                 | 0.394%       |                                 | \$ _____                   |

**EXHIBIT 2**  
**WESCR CALCULATIONS**

**Atmos Energy Corporation**  
**Winter Event Securitized Charge Rider (WESCR) True-up Mechanism**  
**for the Period \_\_\_\_\_ through \_\_\_\_\_**

| <b>Line #</b> | <b>Description</b>   | <b>Calculation of True-up<br/>(a)</b> | <b>Projected Revenue Requirement to be Billed and Collected<br/>(b)</b> | <b>Revenue Requirement for WESCR Charge<br/>(c) =(a)+(b)</b> |
|---------------|--|---------------------------------------|---|--|
|               | <b>True-up for Prior Remittance Period Beginning _____ and Ending _____:</b>     |                                       |   |  |
| 1             | <b>Prior Remittance Period Revenue Requirement</b>                               |                                       |   |  |
| 2             | Principal  |                                       |   |  |
| 3             | Interest   |                                       |   |  |
| 4             | Servicing Costs  |                                       |   |  |
| 5             | Other Ongoing Costs  |                                       |   |  |
| 6             | <b>Total Prior Remittance Period Revenue</b>                                     | \$                                    |   |  |
| 7             | <b>Requirement (Line 3+4+5+6)</b>  | -                                     |   |  |
| 8             | <b>Prior Remittance Period Actual Cash Receipt Transfers and Interest Income</b> |                                       |   |  |
| 9             | Cash Receipts Transferred to the SPE   |                                       |   |  |
| 10            | Interest Income on Subaccounts at the SPE  |                                       |   |  |

APPENDIX C – FORM OF TRUE-UP LETTER

|    |   |    |    |    |
|----|---|----|----|----|
| 11 | Total Cash Receipt Transfers and Interest Income            | \$ |    |    |
|    | (Line 9+10)   | -  |    |    |
| 12 | (Over)/Under Collections of Prior Remittance Period         | \$ |    |    |
|    | Requirements (Line 7+11)                                    | -  |    |    |
| 13 | Cash in Excess Funds Subaccount at SPE                      |    |    |    |
| 14 | Cumulative (Over)/Under Collections for Prior Remittance    | \$ |    | \$ |
|    | Period (Line 12+13)   | -  |    | -  |
| 15 |   |    |    |    |
| 16 |   |    |    |    |
| 17 | <b>Current Remittance Period Beginning _____ and</b>        |    |    |    |
|    | <b>Ending _____:</b>  |    |    |    |
| 18 | <i>Current Remittance Period Revenue Requirement</i>        |    |    |    |
| 19 | Principal   |    |    |    |
| 20 | Interest  |    |    |    |
| 21 | Servicing Costs   |    |    |    |
| 22 | Other Ongoing Costs   |    |    |    |
|    | Total Current Remittance Period Revenue                     | \$ |    |    |
| 23 | Requirement (Line 19+20+21+22)                              | -  |    |    |
| 24 |   |    |    |    |
| 25 | <i>Current Remittance Period Cash Receipt Transfers and</i> |    |    |    |
|    | <i>Interest income</i>                                      |    |    |    |
| 26 | Cash Receipts Transferred to the SPE                        |    |    |    |
| 27 | Interest Income on Subaccounts at the SPE                   |    |    |    |
|    | Total Cash Receipt Transfers and Interest Income            | \$ | \$ |    |
| 28 | (Line 26+27)  | -  | -  |    |
|    | Estimated Current Remittance Period (Over)/Under            | \$ | \$ | \$ |
| 29 | Collection (Line 23+28)                                     | -  | -  | -  |
| 30 |   |    |    |    |
| 31 |   |    |    |    |
| 32 | <b>Projected Remittance Period Beginning _____ and</b>      |    |    |    |
|    | <b>Ending _____:</b>  |    |    |    |
| 33 | <i>Projected Remittance Period Revenue Requirement</i>      |    |    |    |
| 34 | Principal   |    |    |    |
| 35 | Interest  |    |    |    |

APPENDIX C – FORM OF TRUE-UP LETTER

|    |   |    |    |
|----|---|----|----|
| 36 | Servicing Costs                           |    |    |
| 37 | Other Ongoing Costs                       |    |    |
|    | Total Projected Remittance Period Revenue | \$ | \$ |
| 38 | Requirement (Line 34+35+36+37)            | -  | -  |
| 39 | Total WESCR Adjustment Mechanism Revenue  |    | \$ |
| 40 | Requirements (Line 14+29+38)              |    | -  |
| 41 |   |    |    |
| 42 |   |    |    |
| 43 |   |    |    |

|    |                             | <b>Forecasted 6-<br/>Month<br/>Customer<br/>Count</b> | <b>Allocation<br/>Factor</b> | <b>Projected<br/>Revenue<br/>Requirement<br/>Allocated<br/>to Customer<br/>Class</b> | <b>WES<br/>CR<br/>Charge</b> |
|----|-----------------------------|---|------------------------------|--|------------------------------|
| 44 | <b>Customer Class</b>       |   |                              | \$   |                              |
| 45 | Residential Sales Service   |   | 75.015%                      | -  | \$                           |
| 46 | Commercial/Public Authority |   | 24.167%                      | -  | \$                           |
| 47 | School Sales Service        |   | 0.264%                       | -  | \$                           |
| 48 | Industrial Sales Service    |   | 0.160%                       | -  | \$                           |
| 49 | Small Generator             |   | 0.000%                       | -  | \$                           |
| 50 | Irrigation Engine           |   | 0.394%                       | -  | \$                           |

**EXHIBIT 3**  
**WESCR FOR PAYMENT PERIOD**

| Customer Class              | Charge |
|-----------------------------|--------|
| Residential Sales Service   |        |
| Commercial/Public Authority |        |
| School Sales Service        |        |
| Industrial Sales Service    |        |
| Small Generator             |        |
| Irrigation Engine           |        |



APPENDIX D – FORM OF SECURITIZED UTILITY TARIFF PROPERTY  
SERVICING AGREEMENT

**APPENDIX D**

**FORM OF**  
**SECURITIZED UTILITY TARIFF PROPERTY**  
**SERVICING AGREEMENT**

**SUBJECT TO COMPLETION AND TO COMMENT**

**SECURITIZED UTILITY TARIFF PROPERTY SERVICING AGREEMENT**

**by and between**

**[NAME OF ATMOS SPE]**

**Issuer**

**and**

**ATMOS ENERGY CORPORATION**

**Servicer**

**Acknowledged and Accepted by**

**[U.S. BANK NATIONAL ASSOCIATION]**

**Dated as of [\_\_\_\_\_]**

TABLE OF CONTENTS

|   |           |
|---|-----------|
| <b>ARTICLE I. DEFINITIONS AND RULES OF CONSTRUCTION .....</b>                           | <b>4</b>  |
| SECTION 1.01. Definitions and Rules of Construction.....                                | 4         |
| <br>  |           |
| <b>ARTICLE II. APPOINTMENT AND AUTHORIZATION.....</b>                                   | <b>5</b>  |
| SECTION 2.01. Appointment of Servicer; Acceptance of Appointment .....                  | 5         |
| SECTION 2.02. Authorization.....  | 5         |
| SECTION 2.03. Dominion and Control Over the Securitized Utility Tariff Property .....   | 5         |
| <br>  |           |
| <b>ARTICLE III. ROLE OF SERVICER .....</b>  | <b>6</b>  |
| SECTION 3.01 Duties of Servicer .....   | 6         |
| SECTION 3.02. Annual Reports on Compliance with Regulation AB.....                      | 9         |
| SECTION 3.03. Annual Report by Independent Registered Public Accountants.....           | 10        |
| <br>  |           |
| <b>ARTICLE IV. SERVICES RELATED TO TRUE-UP ADJUSTMENTS .....</b>                        | <b>11</b> |
| SECTION 4.01 True-Up Adjustments .....  | 11        |
| SECTION 4.02 Limitation of Liability.....   | 14        |
| <br>  |           |
| <b>ARTICLE V. THE SECURITIZED UTILITY TARIFF PROPERTY.....</b>                          | <b>15</b> |
| SECTION 5.01. Custody of Securitized Utility Tariff Property Records .....              | 15        |
| SECTION 5.02. Duties of Servicer as Custodian .....                                     | 15        |
| SECTION 5.03. Custodian’s Indemnification .....   | 17        |
| SECTION 5.04. Effective Period and Termination.....                                     | 17        |
| <br>  |           |
| <b>ARTICLE VI. THE SERVICER.....</b>  | <b>17</b> |
| SECTION 6.01 Representations and Warranties of Servicer .....                           | 17        |
| SECTION 6.02. Indemnities of Servicer; Release of Claims .....                          | 19        |
| SECTION 6.03. Binding Effect of Servicing Obligations .....                             | 21        |
| SECTION 6.04. Limitation on Liability of Servicer and Others .....                      | 23        |
| SECTION 6.05. Atmos Energy Not to Resign as Servicer.....                               | 23        |
| SECTION 6.06. Servicing Compensation .....  | 24        |
| SECTION 6.07. Compliance with Applicable Law .....                                      | 25        |
| SECTION 6.08. Access to Information Regarding Securitized Utility Tariff Property ..... | 26        |
| SECTION 6.09. Appointments.....   | 26        |
| SECTION 6.10. No Servicer Advances .....  | 26        |
| SECTION 6.11. Remittances.....  | 26        |
| SECTION 6.12. Maintenance of Operations .....   | 27        |
| SECTION 6.13. Protection of Title.....  | 28        |
| <br>  |           |
| <b>ARTICLE VII. DEFAULT .....</b>   | <b>28</b> |
| SECTION 7.01. Servicer Default .....  | 28        |
| SECTION 7.02 Appointment of Successor .....   | 29        |
| SECTION 7.03 Waiver of Past Defaults .....  | 30        |
| SECTION 7.04 Notice of Servicer Default.....  | 30        |
| SECTION 7.05 Cooperation with Successor .....   | 31        |
| <br>  |           |
| <b>ARTICLE VIII. MISCELLANEOUS PROVISIONS.....</b>                                      | <b>31</b> |
| SECTION 8.01 Amendment.....   | 31        |
| SECTION 8.02 Notices .....  | 32        |

|                     |   |           |
|---------------------|---|-----------|
| <b>SECTION 8.03</b> | <b>Assignment .....</b>                         | <b>33</b> |
| <b>SECTION 8.04</b> | <b>Limitations on Rights of Others .....</b>    | <b>33</b> |
| <b>SECTION 8.05</b> | <b>Severability .....</b>                       | <b>33</b> |
| <b>SECTION 8.06</b> | <b>Separate Counterparts and Headings .....</b> | <b>33</b> |
| <b>SECTION 8.07</b> | <b>Governing Law .....</b>                      | <b>33</b> |
| <b>SECTION 8.08</b> | <b>Assignment to Indenture Trustee .....</b>    | <b>34</b> |
| <b>SECTION 8.09</b> | <b>Nonpetition Covenants.....</b>               | <b>34</b> |
| <b>SECTION 8.10</b> | <b>Limitations on Rights of Others.....</b>     | <b>34</b> |
| <b>SECTION 8.11</b> | <b>Limitation of Liability.....</b>             | <b>34</b> |
| <b>SECTION 8.12</b> | <b>Rule 17g-5 Compliance .....</b>              | <b>35</b> |
| <b>SECTION 8.13</b> | <b>Indenture Trustee Actions .....</b>          | <b>35</b> |
| <br>                |   |           |
| <b>ANNEX I.....</b> |   | <b>1</b>  |

## EXHIBITS, SCHEDULES AND ANNEXES

|                  |   |
|------------------|---|
| Exhibit A        | Form of Monthly Servicer's Certificate – TO COME      |
| Exhibit B        | Form of Semi-Annual Servicer's Certificate – TO COME  |
| Exhibit C-1      | Form of Regulation AB Servicer's Certificate– TO COME |
| Exhibit C-2      | Form of Certificate of Compliance – TO COME           |
| Exhibit D        | Form of Reconciliation Certificate – TO COME          |
| <br>             |   |
| Schedule 4.01(a) | Expected Amortization Schedule – TO COME              |
| <br>             |   |
| Annex I          | Servicing Procedures                                  |

This **SECURITIZED UTILITY TARIFF PROPERTY SERVICING AGREEMENT** (this “Servicing Agreement”), dated as of [\_\_\_\_], 2022, is between [Atmos SPE], as Issuer, and ATMOS ENERGY CORPORATION, a Virginia and Texas corporation (“Atmos Energy”), as servicer (together with each successor to Atmos Energy in such capacity pursuant to Sections 6.03 or 7.02 hereof, the “Servicer”), and acknowledged and accepted by [U.S. BANK NATIONAL ASSOCIATION], as Indenture Trustee.

## RECITALS

WHEREAS, pursuant to the Securitization Law and the Financing Order, Atmos Energy, in its capacity as seller (the “Seller”), and the Issuer are concurrently entering into the Sale Agreement pursuant to which the Seller is selling and the Issuer is purchasing certain Securitized Utility Tariff Property created pursuant to the Securitization Law and the Financing Order described therein;

WHEREAS, in connection with its ownership of the Securitized Utility Tariff Property and in order to collect the associated Securitized Utility Tariff Charges, the Issuer desires to engage the Servicer to carry out the functions described herein and the Servicer desires to be so engaged;

WHEREAS, the Issuer desires to engage the Servicer to act on its behalf in obtaining True-Up Adjustments from the Commission and the Servicer desires to be so engaged; and

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, the parties hereto agree as follows:

## ARTICLE I. DEFINITIONS AND RULES OF CONSTRUCTION

### SECTION 1.01. Definitions and Rules of Construction.

Capitalized terms used but not otherwise defined in this Servicing Agreement shall have the respective meanings given to such terms in that certain Indenture (including Appendix A thereto), dated as of [●], between the Issuer and [U.S. Bank National Association, a national banking association], in its capacity as the indenture trustee (the “Indenture Trustee”) and in its separate capacity as a securities intermediary (the “Securities Intermediary”), as the same may be amended, restated, supplemented or otherwise modified from time to time. The rules of construction set forth in Appendix A to the Indenture shall apply to this Servicing Agreement and are hereby incorporated by reference into this Servicing Agreement as if set forth fully in this Servicing Agreement, however for purposes of this Servicing Agreement, unless otherwise indicated herein, the terms Securitized Utility Tariff Charges, Closing Date, Securitized Utility Tariff Collateral and Securitized Utility Tariff Property mean the Securitized Utility Tariff Charges, Closing Date, Securitized Utility Tariff Collateral and Securitized Utility Tariff Property for the Securitized Utility Tariff Bonds.

**ARTICLE II.**  
**APPOINTMENT AND AUTHORIZATION**

SECTION 2.01. Appointment of Servicer; Acceptance of Appointment.

The Issuer hereby appoints the Servicer, as an independent contractor, and the Servicer hereby accepts such appointment, to perform the Servicer's obligations pursuant to this Servicing Agreement on behalf of and for the benefit of the Issuer or any assignee thereof in accordance with the terms of this Servicing Agreement and applicable law as it applies to the Servicer in its capacity as servicer hereunder. This appointment and the Servicer's acceptance thereof may not be revoked except in accordance with the express terms of this Servicing Agreement.

SECTION 2.02. Authorization.

With respect to all or any portion of the Securitized Utility Tariff Property, the Servicer shall be, and hereby is, authorized and empowered by the Issuer to (a) execute and deliver, on behalf of itself and/or the Issuer, as the case may be, any and all instruments, documents or notices, and (b) on behalf of itself and/or the Issuer, as the case may be, make any filing and participate in proceedings of any kind with any Governmental Authority, including with the Commission. The Issuer shall execute and deliver to the Servicer such documents as have been prepared by the Servicer for execution by the Issuer and shall furnish the Servicer with such other documents as may be in the Issuer's possession, in each case as the Servicer may determine to be necessary or appropriate to enable it to carry out its servicing, administrative and other duties hereunder. Upon the Servicer's written request, the Issuer shall furnish the Servicer with any powers of attorney or other documents necessary or appropriate to enable the Servicer to carry out its duties hereunder.

SECTION 2.03. Dominion and Control Over the Securitized Utility Tariff Property.

Notwithstanding any other provision herein, the Issuer solely shall have dominion and control over the Securitized Utility Tariff Property, and the Servicer, in accordance with the terms hereof, is acting solely as the servicing agent and custodian for the Issuer with respect to the Securitized Utility Tariff Property and the Securitized Utility Tariff Property Records. The Servicer shall not take any action that is not authorized by this Servicing Agreement, that would contravene the Kansas Constitution and statutes (including the Securitization Law), the Commission Regulations or the Financing Order, that is not consistent with its customary procedures and practices, in a manner that is detrimental to the Issuer or Holders, or that shall impair the rights of the Issuer or the Indenture Trustee in the Securitized Utility Tariff Property, in each case unless such action is required by applicable law or court or regulatory order.

**ARTICLE III.  
ROLE OF SERVICER**

SECTION 3.01          Duties of Servicer.

The Servicer, as agent for the Issuer, shall have the following duties:

(a) Duties of Servicer Generally. The Servicer’s duties in general shall include: management, servicing and administration of the Securitized Utility Tariff Property; calculating consumption, billing the Securitized Utility Tariff Charges, collecting the Securitized Utility Tariff Charges from Customers and posting all collections in respect of the Securitized Utility Tariff Property; responding to inquiries by Customers, the Commission, or any other Governmental Authority with respect to the Securitized Utility Tariff Property or Securitized Utility Tariff Charges; investigating and handling delinquencies (and furnishing reports with respect to such delinquencies to the Issuer), processing and depositing collections and making periodic remittances; furnishing periodic reports to the Issuer, the Commission, the Indenture Trustee and the Rating Agencies; making all filings with the Commission and taking such other action as may be necessary to perfect the Issuer’s ownership interests in and the Indenture Trustee’s first priority Lien on the Securitized Utility Tariff Property; making all filings and taking such other action as may be necessary to perfect and maintain the perfection and priority of the Indenture Trustee’s Lien on all Securitized Utility Tariff Bond Collateral; selling, as the agent for the Issuer, as its interests may appear, defaulted or written off accounts in accordance with the Servicer’s usual and customary practices; taking all necessary action in connection with the True-Up Adjustments as set forth herein; and performing such other duties as may be specified under the Financing Order to be performed by it. Anything to the contrary notwithstanding, the duties of the Servicer set forth in this Servicing Agreement shall be qualified in their entirety by any Commission Regulations, the Financing Order and the federal securities laws and the rules and regulations promulgated thereunder, including without limitation, Regulation AB and Rule 17g-5, as in effect at the time such duties are to be performed. Without limiting the generality of this Section 3.01(a), in furtherance of the foregoing, the Servicer hereby agrees that it shall also have, and shall comply with, the duties and responsibilities relating to data acquisition, consumption and bill calculation, billing, customer service functions, collections, posting, payment processing and remittance set forth in Annex I.

(b) Reporting Functions.

(i) Monthly Servicer’s Certificate. On or before the 25th calendar day of each month (or if such day is not a Servicer Business Day, on the immediately succeeding Servicer Business Day), the Servicer shall prepare and deliver to the Issuer, the Indenture Trustee, the Commission and the Rating Agencies a written report substantially in the form of Exhibit A (a “Monthly Servicer’s Certificate”) setting forth certain information relating to Securitized Utility Tariff Charge Payments in connection with the Securitized Utility Tariff Charges received by the Servicer during the immediately preceding calendar month; provided, however, that, for any month in which the Servicer is required to deliver a Semi-Annual Servicer’s Certificate pursuant to Section 4.01(c)(ii), the Servicer shall prepare and



deliver the Monthly Servicer's Certificate no later than the date of delivery of such Semi-Annual Servicer's Certificate.

(ii) Notification of Laws and Regulations. The Servicer shall, promptly upon a Responsible Officer of the Servicer obtaining actual knowledge thereof, notify the Issuer, the Indenture Trustee, and the Rating Agencies in writing of any Requirement of Law or Commission Regulations hereafter promulgated that have a material adverse effect on the Servicer's ability to perform its duties under this Servicing Agreement.

(iii) Other Information. Upon the reasonable request of the Issuer, the Indenture Trustee, the Commission or any Rating Agency, the Servicer shall provide to the Issuer, the Indenture Trustee, the Commission or such Rating Agency, as the case may be, any public financial information in respect of the Servicer, or any material information regarding the Securitized Utility Tariff Property to the extent it is reasonably available to the Servicer without undue cost or burden, as may be reasonably necessary and permitted by law to enable the Issuer, the Indenture Trustee, the Commission or the Rating Agencies to monitor the performance by the Servicer hereunder; provided however, that any such request by the Indenture Trustee shall not create any obligation for the Indenture Trustee to monitor the performance of the Servicer. In addition, so long as any of the Securitized Utility Tariff Bonds are outstanding, the Servicer shall provide the Issuer, the Commission and the Indenture Trustee, within a reasonable time after written request therefor, any information available to the Servicer or reasonably obtainable by it without undue cost or burden that is necessary to calculate the Securitized Utility Tariff Charges applicable to each Customer Class.

(iv) Preparation of Reports. The Servicer shall prepare and deliver such additional reports as required under this Servicing Agreement, including a copy of each Semi-Annual Servicer's Certificate described in Section 4.01(c)(ii), the annual Certificate of Compliance described in Section 3.02 and the Annual Accountant's Report described in Section 3.03. In addition, the Servicer shall prepare, procure, deliver and/or file, or cause to be prepared, procured, delivered or filed, any reports, attestations, exhibits, certificates or other documents required to be delivered or filed with the SEC (and/or any other Governmental Authority) by the Issuer or the Depositor under the U.S. federal securities or other applicable laws or in accordance with the Basic Documents, including but without limiting the generality of foregoing, filing with the SEC, if applicable and required by applicable law, a copy or copies of (A) the Monthly Servicer's Certificates described in Section 3.01(b)(i) (under Form 10-D or any other applicable form), (B) the Semi-Annual Servicer's Certificates described in Section 4.01(c)(ii) (under Form 10-D or any other applicable form), (C) the annual statements of compliance, attestation reports and other certificates described in Section 3.02 and (D) the Annual Accountant's Report (and any attestation required under Regulation AB) described in Section 3.03. In addition, the appropriate officer or officers of the Servicer shall (in its separate capacity as Servicer) sign the Depositor's annual report on Form 10-K (and any other applicable SEC or other reports, attestations, certifications and other

documents), to the extent that the Servicer's signature is required by, and consistent with, the U.S. federal securities laws and/or any other applicable law.

(c) Opinions of Counsel. The Servicer shall obtain on behalf of the Issuer and deliver to the Issuer and the Indenture Trustee:

(i) promptly after the execution and delivery of this Servicing Agreement and of each amendment hereto, an Opinion of Counsel from external counsel of the Issuer either (A) to the effect that, in the opinion of such counsel, all filings, including filings with the Secretary of State of the State of Kansas, the Secretary of State of the State of Delaware and all filings pursuant to the UCC, that are necessary under the UCC and the Securitization Law to perfect or maintain, as applicable, the Liens of the Indenture Trustee in the Securitized Utility Tariff Property have been authorized, executed and filed, and reciting the details of such filings or referring to prior Opinions of Counsel in which such details are given, or (B) to the effect that, in the opinion of such counsel, no such action shall be necessary to preserve and protect such Liens; and

(ii) within ninety (90) days after the beginning of each calendar year beginning with the first calendar year beginning more than three (3) months after the date hereof, an Opinion of Counsel, which counsel may be an (x) employee of, or counsel to, the Issuer or the Servicer, and which counsel shall be reasonably satisfactory to the Indenture Trustee, or (y) external counsel of the Issuer, in each case dated as of a date during such 90-day period, either:

(A) to the effect that, in the opinion of such counsel, all filings, including filings with the Secretary of State of the State of Kansas, the Secretary of State of the State of Delaware and all filings pursuant to the UCC, have been authorized, executed and filed that are necessary under the UCC and the Securitization Law to maintain the Liens of the Indenture Trustee in the Securitized Utility Tariff Bond Collateral, including the Securitized Utility Tariff Property, and reciting the details of such filings or referring to prior Opinions of Counsel in which such details are given, or

(B) to the effect that, in the opinion of such counsel, no such action shall be necessary to preserve, protect and perfect such Liens.

Each Opinion of Counsel referred to in Section 3.01(c)(i) or Section 3.01(c)(ii) above shall specify any action necessary (as of the date of such opinion) to be taken in the following year to perfect or maintain, as applicable, such interest or Lien.

(d) Servicing and Maintenance Standards. The Servicer will monitor payments and impose collection policies on Customers, as permitted under the Financing Order and the rules of the Commission. On behalf of the Issuer, the Servicer shall (i) manage, service, administer, bill, charge, collect, receive and post collections in respect of the Securitized Utility Tariff Property with reasonable care and in material compliance with applicable Requirements of Law, including all applicable Commission Regulations and guidelines, using the same degree

of care and diligence that the Servicer exercises with respect to similar assets for its own account and, if applicable, for others; (ii) follow standards, policies and procedures in performing its duties as Servicer that are customary in the natural gas distribution industry; (iii) calculate Securitized Utility Tariff Charges in compliance in all material respects with the Securitization Law, Financing Order, and any applicable tariffs; (d) use all reasonable efforts, consistent with its customary servicing procedures, to enforce, and maintain rights in respect of, the Securitized Utility Tariff Property and to impose, bill, charge, collect, receive and post the Securitized Utility Tariff Charges; (e) comply in all material respects with all Requirements of Law, including all applicable Commission Regulations and guidelines, applicable to and binding on it relating to the Securitized Utility Tariff Property; (e) file all reports with the Commission required by the Financing Order; (f) file and maintain the effectiveness of UCC financing statements in Kansas with respect to the Securitized Utility Tariff Property transferred under the Sale Agreement; and (g) take such other action on behalf of the Issuer to ensure that the Lien of the Indenture Trustee on the Securitized Utility Tariff Bond Collateral remains perfected and of first priority. The Servicer shall follow such customary and usual practices and procedures as it shall deem necessary or advisable in its servicing of all or any portion of the Securitized Utility Tariff Property, which, in the Servicer's judgment, may include the taking of legal action, at the Issuer's expense but subject to the priority of payments set forth in Section 8.02(e) of the Indenture.

SECTION 3.02. Annual Reports on Compliance with Regulation AB.

(a) The Servicer shall deliver to the Issuer, the Indenture Trustee, the Rating Agencies and, if requested by the Commission, the Commission, on or before the earlier of (i) [December 31]<sup>1</sup> of each year or (ii) with respect to each calendar year during which the Depositor's annual report on Form 10-K is required to be filed in accordance with the Exchange Act and the rules and regulations thereunder, the date on which such annual report on Form 10-K is required to be filed in accordance with the Exchange Act and the rules and regulations thereunder, in each case, certificates from a Responsible Officer of the Servicer (A) containing, and certifying as to, the statements of compliance required by Item 1123 (or any successor or similar items or rule) of Regulation AB, as then in effect, and (B) containing, and certifying as to, the statements and assessment of compliance required by Item 1122(a) (or any successor or similar items or rule) of Regulation AB, as then in effect. These certificates may be in the form of, or shall include the forms attached as, Exhibit C-1 and Exhibit C-2, with, in the case of Exhibit C-1, such changes as may be required to conform to the applicable securities law.

(b) The Servicer shall use commercially reasonable efforts to obtain, from each other party participating in the servicing function, any additional certifications as to the statements and assessment required under Item 1122 (or any successor or similar items or rule) or Item 1123 of Regulation AB to the extent required in connection with the filing of the annual report on Form 10-K; provided, however, that a failure to obtain such certifications shall not be a breach of the Servicer's duties hereunder. The parties acknowledge that the Indenture Trustee's certifications shall be limited to the Item 1122 certifications described in Exhibit C-1 of the Indenture.

---

<sup>1</sup> **Note to Draft:** To be determined if Issuer's fiscal year will end on September 30, as does Atmos Energy's fiscal year, or if Issuer will have a December 31 fiscal year end. Deadlines are based on a September 30 fiscal year end.

(c) The initial Servicer, in its capacity as Depositor, shall post on its website and file with or furnish to the SEC, in periodic reports and other reports as are required from time to time under Section 13 or Section 15(d) of the Exchange Act, the information described in Section 3.07(g) of the Indenture to the extent such information is reasonably available to the Depositor.

(d) Except to the extent permitted by applicable law, the initial Servicer, in its capacity as Depositor, shall not voluntarily suspend or terminate its filing obligations as Depositor with the SEC as described in Section 3.02(c).

SECTION 3.03. Annual Report by Independent Registered Public Accountants.

(a) The Servicer, at its own expense in partial consideration of the Servicing Fee paid to it, shall cause a firm of Independent registered public accountants (which may provide other services to the Servicer or the Seller) to prepare annually, and the Servicer shall deliver annually to the Issuer, the Indenture Trustee, the Commission and the Rating Agencies on or before the earlier of (i) [December 31] of each year, beginning [December 31], 2023, or (ii) with respect to each calendar year during which the Depositor's annual report on Form 10-K is required to be filed in accordance with the Exchange Act and the rules and regulations thereunder, the date on which such annual report on Form 10-K is required to be filed in accordance with the Exchange Act and the rules and regulations thereunder, a report (the "Annual Accountant's Report") regarding the Servicer's assessment of compliance with the servicing criteria set forth in Item 1122(d) of Regulation AB during the immediately preceding twelve (12) months ended [September 30] (or, in the case of the first Annual Accountant's Report to be delivered on or before [December 31], 2023, the period of time from the date of this Servicing Agreement until [September 30,] 2023), in accordance with paragraph (b) of Rule 13a-18 and Rule 15d-18 of the Exchange Act and Item 1122 of Regulation AB. Such report shall be signed by an authorized officer of the Servicer and shall at a minimum address each of the servicing criteria specified in Exhibit C-1. In the event that the accounting firm providing such report requires the Indenture Trustee to agree or consent to the procedures performed by such firm, the Issuer shall direct the Indenture Trustee in writing to so agree; it being understood and agreed that the Indenture Trustee will deliver such letter of agreement or consent in conclusive reliance upon the direction of the Issuer, and the Indenture Trustee will not make any independent inquiry or investigation as to, and shall have no obligation or liability in respect of the sufficiency, validity or correctness of such procedures.

(b) The Annual Accountant's Report delivered pursuant to Section 3.03(a) shall also indicate that the accounting firm providing such report is independent of the Servicer in accordance with the rules of the Public Company Accounting Oversight Board and shall include any attestation report required under Item 1122(b) of Regulation AB, as then in effect. The costs of the Annual Accountant's Report shall be reimbursable as an Operating Expense under the Indenture.

**ARTICLE IV.**  
**SERVICES RELATED TO TRUE-UP ADJUSTMENTS**

SECTION 4.01 True-Up Adjustments.

From time to time, until the Collection in Full of the Charges for the Securitized Utility Tariff Bonds, the Servicer shall identify the need for True-Up Adjustments and shall take all reasonable action to obtain and implement such True-Up Adjustments, all in accordance with the following:

(a) Expected Amortization Schedule. The Expected Amortization Schedule for the Securitized Utility Tariff Bonds is attached hereto as Schedule 4.01(a).

(b) True-Up Adjustments.

(i) Semi-Annual True-Up Adjustments and Filings. Every six months, no later than thirty (30) days prior to each Semi-Annual True-Up Adjustment Date, the Servicer shall: (A) update the data and assumptions underlying the calculation of the Securitized Utility Tariff Charges, including interest and estimated expenses and fees of the Issuer to be paid during such period and write-offs; (B) determine the Periodic Payment Requirements and Periodic Billing Requirement for the next Remittance Period based on such updated data and assumptions; (C) determine the Securitized Utility Tariff Charges to be allocated to each Customer Class during the next Remittance Period based on such Periodic Billing Requirement and the terms of the Financing Order and the Tariffs filed pursuant thereto; (D) make all required notice and other filings with the Commission to reflect the revised Securitized Utility Tariff Charges, including the filing of a True-Up Letter and any Amendatory Tariffs, with copies to the Issuer and the Indenture Trustee, and (E) take all reasonable actions and make all reasonable efforts to effect such Semi-Annual True-Up Adjustment and to enforce the provisions of the Securitization Law and the Financing Order.

(ii) Interim True-Up Adjustments and Filings.

(A) Within the 30-day period that follows the last Scheduled Final Payment Date for the Securitized Utility Tariff Bonds and quarterly thereafter, the Servicer shall compare the anticipated Unrecovered Balance, as of the next Payment Date and after giving effect to payments to be made on such Payment Date, to the Projected Unpaid Balance as of such Payment Date. The Servicer shall, no later than fifteen (15) days prior to the end of such 30-day period, make a mandatory Interim True-Up Adjustment if the Servicer forecasts that Securitized Utility Tariff Charges will be insufficient (x) to make all scheduled payments of interest, principal and other amounts in respect of any Securitized Utility Tariff Bonds during the current and next succeeding semi-annual period or quarterly period, as applicable and (y) to maintain the Capital Subaccount at the Required Capital Level.

(B) In addition, the Servicer at any time may make an Interim True-Up Adjustment if the Servicer forecasts that Securitized Utility Tariff Charge Collections will be insufficient (x) to make all scheduled payments of interest, principal and other amounts in respect of any Securitized Utility Tariff Bonds during the current semi-annual period or quarterly period, as applicable, and (y) to maintain the Capital Subaccount at the Required Capital Level, and it further determines that the semi-annual or quarterly true up adjustments described above in clause (i) or this clause (ii) need to be supplemented to enhance the likelihood that the Securitized Utility Tariff Bonds are paid on a timely basis.

(C) If the Servicer determines that an Interim True-Up Adjustment is required under clause (ii)(A) or (ii)(B) above, then the Servicer shall: (1) update the data and assumptions underlying the calculation of the Securitized Utility Tariff Charges, including interest and estimated expenses and fees of the Issuer and the Servicer to be paid during such period, the rate of delinquencies and write-offs; (2) determine the Securitized Utility Tariff Charges to be imposed upon each Customer Class based on the terms of the Financing Order and the Tariffs filed pursuant thereto, and in doing so the Servicer shall use the method of allocating Securitized Utility Tariff Charges then in effect, (3) make all required notice and other filings with the Commission to reflect the revised Securitized Utility Tariff Charges, including the filing of a True-Up Letter and any Amendatory Tariffs, with copies to the Issuer and the Indenture Trustee; and (4) take all reasonable actions and make all reasonable efforts to effect such Interim True-Up Adjustment and to enforce the provisions of the Securitization Law and the Financing Order which relate thereto. The Servicer shall implement the revised Securitized Utility Tariff Charges, if any, resulting from such Interim True-Up Adjustment on the Interim True-Up Adjustment Date.

(iii) True-Up Letter Filings. Each true-up letter filed in connection with a Semi-Annual True-Up Adjustment or Interim True-Up Adjustment (each, a “True-Up Letter”) shall be filed, substantially in the form attached to the Financing Order as Appendix C. Each True-Up Letter shall be filed no later than thirty (30) days prior to the first billing cycle of the month in which the Securitized Utility Tariff Charges will go into effect.

(iv) True-Up Calculations. The Servicer shall calculate all True-Up Adjustments in accordance with the “WESCR Adjustment Mechanism” methodology set forth in Appendix B to the Financing Order.

(c) Reports.

(i) Notification of Amendatory Schedule Filings and True-Up Adjustments. Whenever the Servicer files a True-Up Letter with the Commission, the Servicer shall send a copy of such filing or notice (together with a copy of all notices and documents which, in the Servicer's reasonable judgment, are material to the adjustments effected by such Amendatory Schedule or notice) to the Issuer, the Indenture Trustee and the Rating Agencies concurrently therewith. If, for any reason any revised Securitized Utility Tariff Charges are not implemented and effective on the applicable date set forth in the True-Up Letter, the Servicer shall notify the Issuer, the Indenture Trustee and each Rating Agency by the end of the second Servicer Business Day after such applicable date.

(ii) Semi-Annual Servicer's Certificate. Not later than five (5) Servicer Business Days prior to each Payment Date or Special Payment Date, the Servicer shall deliver a written report (the "Semi-Annual Servicer's Certificate") to the Issuer, the Commission, the Indenture Trustee and the Rating Agencies which shall include the information (to the extent applicable) in Exhibit B with respect to such Payment Date or Special Payment Date or the period since the previous Payment Date, as applicable.

(iii) Servicer Certificate. In the event the Servicer, on behalf of the Issuer, shall request that the Indenture Trustee make a distribution from the Collection Account for the purposes set forth in Section 8.2(e)(i), (e)(ii) or (e)(iii) of the Indenture on a date that is not a Payment Date or Special Payment Date, the Servicer shall deliver a written report to the Issuer, the Commission and the Indenture Trustee substantially in the form of the Semi-Annual Servicer Certificate (the "Servicer Certificate"), provided that only the information pertinent to the requested distribution shall require to be included in such written report.

(iv) Reports to Customers.

(A) After each revised Securitized Utility Tariff Charge has gone into effect pursuant to a True-Up Adjustment, the Servicer shall, to the extent and in the manner and time frame required by applicable Commission Regulations or Commission requirements, if any, cause to be prepared and delivered to Customers any required notices announcing such revised Securitized Utility Tariff Charges.

(B) The Servicer shall comply with the requirements of the Financing Order with respect to the filing of the Winter Event Securitized Cost Recovery Rider to ensure that the Securitized Utility Tariff Charges are separate and apart from the Servicer's other charges and appear as a separate line item on the Bills sent to Customers.

(C) The Servicer shall comply with the requirements of the Financing Order and Tariff with respect to the identification of

Securitized Utility Tariff Charges on Bills. In addition, at least once each year, the Servicer shall (to the extent that it does not separately identify the Securitized Utility Tariff Charges as being owned by the Issuer in the Bills regularly sent to Customers) cause to be prepared and delivered to such Customers a notice stating, in effect, that the Securitized Utility Tariff Property and the Securitized Utility Tariff Charges are owned solely by the Issuer and that the Servicer is merely the collection agent for the Issuer (or its pledgee). Such notice shall be included either as an insert to or in the text of the Bills delivered to such Customers or shall be delivered to Customers by electronic means or such other means as the Servicer may from time to time use to communicate with its respective Customers.

(D) The Servicer shall pay all costs of preparation and delivery incurred in connection with clauses (A) and (B) above, including printing and postage costs as the same may increase or decrease from time to time.

(v) Certificate of Compliance. The Servicer shall deliver to the Issuer, the Commission, the Indenture Trustee and the Rating Agencies, on or before [December 31] of each year, a certificate from a Responsible Officer of the Servicer substantially in the form of Exhibit C-2 hereto. The Servicer shall also post such certificate on the 17g-5 Website in accordance with Rule 17g-5.

#### SECTION 4.02 Limitation of Liability.

The Issuer and the Servicer expressly agree and acknowledge that:

(a) In connection with any True-Up Adjustment, the Servicer is acting solely in its capacity as the servicing agent hereunder.

(b) None of the Servicer, the Issuer or the Indenture Trustee is responsible in any manner for, and shall have no liability whatsoever as a result of, any action, decision, ruling or other determination made or not made, or any delay (other than any delay resulting from the Servicer's failure to make any filings required by Section 4.01 in a timely and correct manner or any breach by the Servicer of its duties under this Servicing Agreement that adversely affects the Securitized Utility Tariff Property or the True-Up Adjustments), by the Commission in any way related to the Securitized Utility Tariff Property or in connection with any True-Up Adjustment, the subject of any filings under Section 4.01, any proposed True-Up Adjustment, or the approval of any revised Securitized Utility Tariff Charges and the scheduled adjustments thereto.

(c) Except to the extent that the Servicer is liable under Section 6.02, the Servicer shall have no liability whatsoever relating to the calculation of any revised Securitized Utility Tariff Charges and the scheduled adjustments thereto, including as a result of any inaccuracy of any of the assumptions made in such calculation regarding expected customer



count and the Weighted Average Days Outstanding, write-offs and estimated expenses and fees of the Issuer so long as the Servicer has acted in good faith and has not acted in a grossly negligent manner in connection therewith, nor shall the Servicer have any liability whatsoever as a result of any Person, including the Holders, not receiving any payment, amount or return anticipated or expected or in respect of any Securitized Utility Tariff Bonds generally.

Notwithstanding the foregoing, this Section 4.02 shall not relieve the Servicer of liability for any misrepresentation by the Servicer under Section 6.01 or for any breach by the Servicer of its other obligations under this Servicing Agreement.

## **ARTICLE V. THE SECURITIZED UTILITY TARIFF PROPERTY**

SECTION 5.01. Custody of Securitized Utility Tariff Property Records. To assure uniform quality in servicing the Securitized Utility Tariff Property and to reduce administrative costs, the Issuer hereby revocably appoints the Servicer, and the Servicer hereby accepts such appointment, to act as the agent of the Issuer as custodian of any and all documents and records that the Servicer shall keep on file, in accordance with its customary procedures, relating to the Securitized Utility Tariff Property, including copies of the Financing Order, the Issuance Advice Letter, Tariffs and Amendatory Schedules relating thereto and all documents filed with the Commission in connection with any True-Up Adjustment and computational records relating thereto (collectively, the “Securitized Utility Tariff Property Records”), which are hereby constructively delivered to the Indenture Trustee, as pledgee of the Issuer with respect to all Securitized Utility Tariff Property.

### SECTION 5.02. Duties of Servicer as Custodian.

(a) Safekeeping. The Servicer shall hold the Securitized Utility Tariff Property Records on behalf of the Issuer and maintain such accurate and complete accounts, records and computer systems pertaining to the Securitized Utility Tariff Property Records as shall enable the Issuer, the Commission and the Indenture Trustee, as applicable, to comply with this Servicing Agreement, the Sale Agreement and the Indenture. In performing its duties as custodian, the Servicer shall act with reasonable care, using that degree of care and diligence that the Servicer exercises with respect to comparable assets that the Servicer services for itself or, if applicable, for others. The Servicer shall promptly report to the Issuer, the Indenture Trustee and the Rating Agencies any failure on its part to hold the Securitized Utility Tariff Property Records and maintain its accounts, records and computer systems as herein provided and promptly take appropriate action to remedy any such failure. Nothing herein shall be deemed to require an initial review or any periodic review by the Issuer or the Indenture Trustee of the Securitized Utility Tariff Property Records. The Servicer’s duties to hold the Securitized Utility Tariff Property Records set forth in this Section 5.02, to the extent such Securitized Utility Tariff Property Records have not been previously transferred to a successor Servicer pursuant to Article VII, shall terminate one (1) year and one (1) day after the earlier of the date on which (i) the Servicer is succeeded by a successor Servicer in accordance with Article VII and (ii) no Securitized Utility Tariff Bonds are Outstanding.

(b) Maintenance of and Access to Records. The Servicer shall maintain the Securitized Utility Tariff Property Records at its office identified in Section 8.04 or at such other office as shall be specified to the Issuer, the Commission, and the Indenture Trustee by written notice at least thirty (30) days prior to any change in location. The Servicer shall make available for inspection, audit and copying to the Issuer, the Commission, and the Indenture Trustee or their respective duly authorized representatives, attorneys or auditors the Securitized Utility Tariff Property Records at such times during normal business hours as the Issuer, the Commission or the Indenture Trustee shall reasonably request and that do not unreasonably interfere with the Servicer's normal operations. Nothing in this Section 5.02(b) shall affect the obligation of the Servicer to observe any applicable law (including any Commission Regulation) prohibiting disclosure of information regarding the Customers, and the failure of the Servicer to provide access to such information as a result of such obligation shall not constitute a breach of this Section 5.02(b).

(c) Release of Documents. Upon instruction from the Indenture Trustee in accordance with the Indenture, the Servicer shall release any Securitized Utility Tariff Property Records to the Indenture Trustee, the Indenture Trustee's agent or the Indenture Trustee's designee, as the case may be, at such place or places as the Indenture Trustee may designate, as soon as practicable. Nothing in this Section 5.02(c) shall affect the obligation of the Servicer to observe any applicable law (including any Commission Regulation) prohibiting disclosure of information regarding the Customers, and the failure of the Servicer to provide access to such information as a result of such obligation shall not constitute a breach of this Section 5.02(c).

(d) Defending Securitized Utility Tariff Property Against Claims. To the extent not undertaken by the Seller pursuant to Section 4.08 of the Sale Agreement, the Servicer shall negotiate for the retention of legal counsel and such other experts as may reasonably be needed to institute and maintain any action or proceeding, on behalf of and in the name of the Issuer, necessary to compel performance by the Commission or the State of Kansas of any of their respective material obligations or duties under the Securitization Law and the Financing Order, and the Servicer agrees to assist the Issuer and its legal counsel in taking such legal or administrative actions, including defending against or instituting and pursuing legal actions and appearing or testifying at hearings or similar proceedings, as may be reasonably necessary to attempt to block or overturn any attempts to cause a repeal of, modification of or supplement to the Securitization Law or the Financing Order, or the rights of holders of Securitized Utility Tariff Property by legislative enactment, constitutional amendment or other means that would be adverse to Holders or any series of additional Securitized Utility Tariff Bonds. In any proceedings related to the exercise of the power of eminent domain by any municipality to acquire a portion of Atmos Energy's distribution facilities, the Servicer will assert that the court ordering such condemnation must treat such municipality as a successor to Atmos Energy under the Securitization Law and the Financing Order. The costs of any action in this Section 5.02(d) shall be payable as an Operating Expense from Securitized Utility Tariff Charges as an Ongoing Financing Cost (and shall not be deemed to constitute a portion of the Servicing Fee) in accordance with the priorities set forth in Section 8.02(e) of the Indenture and any additional indenture. The Servicer's obligations pursuant to this Section 5.02(d) shall survive and continue notwithstanding the fact that the payment of Operating Expenses pursuant to Section 8.02 of the Indenture and any supplemental indenture may be delayed; provided, that, the Servicer is obligated to institute and maintain such action or proceedings only if it is being reimbursed on a

current basis for its costs and expenses in taking such actions in accordance with Section 8.02 of the Indenture and any additional indenture, and is not required to advance its own funds to satisfy these obligations.

SECTION 5.03. Custodian's Indemnification. The Servicer as custodian shall indemnify the Issuer, any Independent Manager and the Indenture Trustee (for itself and for the benefit of the Holders) and each of their respective officers, directors, employees and agents for, and defend and hold harmless each such Person from and against, any and all liabilities, obligations, losses, damages, payments and claims, and reasonable costs or expenses, of any kind whatsoever (collectively, "Indemnified Losses") that may be imposed on, incurred by or asserted against each such Person as the result of any grossly negligent act or omission in any way relating to the maintenance and custody by the Servicer, as custodian, of the Securitized Utility Tariff Property Records; provided, however, that the Servicer shall not be liable for any portion of any such amount resulting from the willful misconduct, bad faith or gross negligence of the Issuer, any Independent Manager or the Indenture Trustee, as the case may be.

Indemnification under this Section 5.03 shall survive resignation or removal of the Indenture Trustee or any Independent Manager and shall include reasonable out-of-pocket fees and expenses of investigation and litigation (including reasonable attorneys' fees and expenses).

SECTION 5.04. Effective Period and Termination. The Servicer's appointment as custodian shall become effective as of the Closing Date and shall continue in full force and effect until terminated pursuant to this Section 5.04. If the Servicer shall resign as Servicer in accordance with the provisions of this Servicing Agreement or if all of the rights and obligations of the Servicer shall have been terminated under Section 7.01, the appointment of the Servicer as custodian shall be terminated effective as of the date on which the termination or resignation of the Servicer is effective. Additionally, if not sooner terminated as provided above, the Servicer's obligations as custodian shall terminate one (1) year and one (1) day after the date on which no Securitized Utility Tariff Bonds are Outstanding. Atmos Energy shall not resign as Servicer if such resignation does not satisfy the Rating Agency Condition or without consent of the Commission.

## **ARTICLE VI. THE SERVICER**

SECTION 6.01 Representations and Warranties of Servicer. The Servicer makes the following representations and warranties, as of the Closing Date, and as of such other dates as expressly provided in this Section 6.01, on which the Issuer and the Indenture Trustee are deemed to have relied in entering into this Servicing Agreement relating to the servicing of the Securitized Utility Tariff Property, and on which the Commission relied in exercising its rights to review and provide input pursuant to the terms of the Financing Order. The representations and warranties shall survive the execution and delivery of this Servicing Agreement, the sale of the Securitized Utility Tariff Property and the pledge thereof to the Indenture Trustee pursuant to the Indenture.

(a) Organization and Good Standing. The Servicer is duly organized, validly existing and is in good standing under the laws of the states of its organization, with the requisite power and authority to (i) own its properties as such properties are owned on the Closing Date, (ii) conduct its business as such business is conducted on the Closing Date, (iii) service the Securitized Utility Tariff Property and hold the records related to the Securitized Utility Tariff Property, and (iv) execute, deliver and carry out the terms of this Servicing Agreement.

(b) Due Qualification. The Servicer is duly qualified to do business and is in good standing, and has obtained all necessary licenses and approvals, in all jurisdictions in which the ownership or lease of property or the conduct of its business (including the servicing of the Securitized Utility Tariff Property as required by this Servicing Agreement) requires such qualifications, licenses or approvals (except where a failure to qualify would not have a material adverse effect on the Servicer's business, operations, assets, revenues or properties or to its servicing of the Securitized Utility Tariff Property).

(c) Power and Authority. The execution, delivery and performance of the terms of this Servicing Agreement have been duly authorized by all necessary action on the part of the Servicer under its organizational or governing documents and laws.

(d) Binding Obligation. This Servicing Agreement constitutes a legal, valid and binding obligation of the Servicer enforceable against the Servicer in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer and other laws relating to or affecting creditors' rights generally from time to time in effect and to general principles of equity (including concepts of materiality, reasonableness, good faith and fair dealing), regardless of whether considered in a proceeding in equity or at law.

(e) No Violation. The consummation by the Servicer of the transactions contemplated by this Servicing Agreement do not conflict in any material respect with, result in any breach of, or constitute (with or without notice or lapse of time) a default under, in any material respect the Servicer's organizational documents or any indenture or other agreement or instrument to which the Servicer is a party or by which it or any of its property is bound, result in the creation or imposition of any Lien upon the Servicer's properties pursuant to the terms of any such indenture or agreement or other instrument (other than any Lien that may be granted in favor of the Indenture Trustee for the benefit of Holders under the Basic Documents) or violate in any material respect any existing law or any existing order, rule or regulation applicable to the Servicer of any Governmental Authority having jurisdiction over the Servicer or its properties.

(f) No Proceedings. To the Servicer's knowledge, there are no proceedings or investigations pending or, to the Servicer's knowledge, threatened against the Servicer before any court, federal or state regulatory body, administrative agency or other governmental instrumentality having jurisdiction over the Servicer or its properties: (i) seeking to prevent issuance of the Securitized Utility Tariff Bonds or the consummation of the transactions contemplated by this Servicing Agreement or any of the other Basic Documents, or, if applicable, any supplement to the Indenture or amendment to the Sale Agreement; (ii) seeking any determination or ruling that might materially and adversely affect the performance by the Servicer of its obligations under, or the validity or enforceability against the Servicer of, this Servicing Agreement or any of the other Basic Documents or, if applicable, any supplement to

the Indenture or amendment to the Sale Agreement; or (iii) relating to the Servicer and which might materially and adversely affect the treatment of the Securitized Utility Tariff Bonds for federal or state income, gross receipts or franchise tax purposes.

(g) Approvals. Except for filings to be made under the Securitization Law, no governmental approvals, authorizations, consents, orders or other actions or filings with any Governmental Authority are required for the Servicer to execute, deliver and perform its obligations under this Servicing Agreement except those that have previously been obtained or made, those that are required to be made by the Servicer in the future pursuant to Article IV and those that the Servicer may need to file in the future to continue the effectiveness of any financing statements filed under the UCC.

(h) Reports and Certificates. Each report and certificate delivered in connection with any filing made to the Commission by the Servicer on behalf of the Issuer with respect to the Securitized Utility Tariff Charges or True-Up Adjustments will constitute a representation and warranty by the Servicer that each such report or certificate, as the case may be, is true and correct in all material respects; provided, however, that, to the extent any such report or certificate is based in part upon or contains assumptions, forecasts or other predictions of future events, the representation and warranty of the Servicer with respect thereto will be limited to the representation and warranty that such assumptions, forecasts or other predictions of future events are reasonable based upon historical performance (and facts known to a Responsible Officer of the Servicer on the date such report or certificate is delivered).

The Servicer, the Indenture Trustee and the Issuer are not responsible as a result of any action, decision, ruling or other determination made or not made, or any delay (other than any delay resulting from the Servicer's failure to make any filings with the Commission required by this Servicing Agreement in a timely and correct manner or any breach by the Servicer of its duties under this Servicing Agreement that adversely affects the Securitized Utility Tariff Property or the True-Up Adjustments), by the Commission in any way related to the Securitized Utility Tariff Property or in connection with any True-Up Adjustment, the subject of any such filings, any proposed True-Up Adjustment or the approval of any revised Securitized Utility Tariff Charges and the scheduled adjustments thereto. Except to the extent that the Servicer otherwise is liable under the provisions of this Servicing Agreement, the Servicer shall have no liability whatsoever relating to the calculation of any revised Securitized Utility Tariff Charges and the scheduled adjustments thereto, including as a result of any inaccuracy of any of the assumptions made in such calculations, so long as the Servicer has acted in good faith and has not acted in a negligent manner in connection therewith, nor shall the Servicer have any liability whatsoever as a result of any person or entity, including the Holders, not receiving any payment, amount or return anticipated or expected or in respect of any Securitized Utility Tariff Bond generally.

#### SECTION 6.02. Indemnities of Servicer; Release of Claims.

(a) The Servicer shall be liable in accordance herewith only to the extent of the obligations specifically undertaken by the Servicer under this Servicing Agreement.

(b) The Servicer shall indemnify the Issuer, the Indenture Trustee (for itself and for the benefit of the Holders) and the Independent Manager and each of their respective trustees,

officers, directors, employees and agents (each, an “Indemnified Party”), for, and defend and hold harmless each such Person from and against, any and all Indemnified Losses imposed on, incurred by or asserted against any such Person as a result of (i) the Servicer’s willful misconduct, bad faith or gross negligence in the performance of, or reckless disregard of, its duties or observance of its covenants under this Servicing Agreement, (ii) the Servicer’s material breach of any of its representations or warranties that results in a Servicer Default under this Servicing Agreement; and (iii) litigation and related expenses relating to the Servicer’s status and obligations as Servicer (other than any proceeding the Servicer is required to institute under this Servicing Agreement), in each case, except to the extent of Indemnified Losses either resulting from the willful misconduct, bad faith or gross negligence of such Person seeking indemnification hereunder or resulting from a breach of a representation or warranty made by such Person seeking indemnification hereunder in any of the Basic Documents that gives rise to the Servicer’s breach.

(c) For purposes of Section 6.02(b), in the event of the termination of the rights and obligations of Atmos Energy (or any successor thereto pursuant to Section 6.03) as Servicer pursuant to Section 7.01, or a resignation by such Servicer pursuant to this Servicing Agreement, such Servicer shall be deemed to be the Servicer pending appointment of a successor Servicer pursuant to Section 7.02.

(d) Indemnification under this Section 6.02 shall survive any repeal of, modification of, or supplement to, or judicial invalidation of, the Securitization Law or the Financing Order and shall survive the resignation or removal of the Indenture Trustee or any Independent Manager or the termination of this Servicing Agreement and shall include reasonable out-of-pocket fees and expenses of investigation and litigation (including reasonable attorneys’ fees and expenses).

(e) Except to the extent expressly provided in this Servicing Agreement or the other Basic Documents (including the Servicer’s claims with respect to the Servicing Fee, reimbursement of any Excess Remittance, reimbursement for costs incurred pursuant to Section 5.02(d) or (e) and the payment of the purchase price of Securitized Utility Tariff Property), the Servicer hereby releases and discharges the Issuer, any Independent Manager and the Indenture Trustee and each of their respective officers, directors and agents (collectively, the “Released Parties”) from any and all actions, claims and demands whatsoever, whenever arising, which the Servicer, in its capacity as Servicer or otherwise, shall or may have against any such Person relating to the Securitized Utility Tariff Property or the Servicer’s activities with respect thereto other than any actions, claims and demands arising out of the willful misconduct, bad faith or gross negligence of the Released Parties.

(f) The Servicer will credit Customers to the extent there are higher Securitized Utility Tariff Charges, including higher servicing fees payable to a Successor Servicer, because of the Servicer’s negligence, bad faith or willful misconduct or termination of this Servicing Agreement resulting from the Servicer’s negligence, bad faith or willful misconduct; provided, however, that any credit to Customers shall not impact the Securitized Utility Tariff Charges or the Securitized Utility Tariff Property. The Servicer’s obligation to credit Customers will survive the termination of this Servicing Agreement.

(g) The Servicer shall not be required to indemnify an Indemnified Party for any amount paid or payable by such Indemnified Party in the settlement of any action, proceeding or investigation without the written consent of the Servicer, which consent shall not be unreasonably withheld. Promptly after receipt by an Indemnified Party of notice (or, in the case of the Indenture Trustee, receipt of notice by a Responsible Officer only) of the commencement of any action, proceeding or investigation for which indemnification by the Servicer under this Servicing Agreement shall apply, such Indemnified Party shall, if a claim in respect thereof is to be made against the Servicer under this Section 6.02, notify the Servicer in writing of the commencement thereof. Failure by an Indemnified Party to so notify the Servicer shall relieve the Servicer from the obligation to indemnify and hold harmless such Indemnified Party under this Section 6.02 only to the extent that the Servicer suffers actual prejudice as a result of such failure. With respect to any action, proceeding or investigation brought by a third party for which indemnification may be sought under this Section 6.02, the Servicer shall be entitled to conduct and control, at its expense and with counsel of its choosing that is reasonably satisfactory to such Indemnified Party, the defense of any such action, proceeding or investigation (in which case the Servicer shall not thereafter be responsible for the fees and expenses of any separate counsel retained by the Indemnified Party except as set forth below); provided, that the Indemnified Party shall have the right to participate in such action, proceeding or investigation through counsel chosen by it and at its own expense. Notwithstanding the Servicer's election to assume the defense of any action, proceeding or investigation, the Indemnified Party shall have the right to employ separate counsel (including local counsel), and the Servicer shall bear the reasonable fees, costs and expenses of such separate counsel, if (i) the defendants in any such action include both the Indemnified Party and the Servicer and the Indemnified Party shall have reasonably concluded that there may be legal defenses available to it that are different from or additional to those available to the Servicer, (ii) the Servicer shall not have employed counsel reasonably satisfactory to the Indemnified Party to represent the Indemnified Party within a reasonable time after notice of the institution of such action, (iii) the Servicer shall authorize the Indemnified Party to employ separate counsel at the expense of the Servicer or (iv) in the case of the Indenture Trustee, such action exposes the Indenture Trustee to a material risk of criminal liability or forfeiture or a Servicer Default has occurred and is continuing. Notwithstanding the foregoing, the Servicer shall not be obligated to pay for the fees, costs and expenses of more than one separate counsel for the Indemnified Parties other than one local counsel, if appropriate. The Servicer will not, without the prior written consent of the Indemnified Party, settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim, action, suit or proceeding in respect of which indemnification may be sought under this Section 6.02 (whether or not the Indemnified Party is an actual or potential party to such claim or action) unless such settlement, compromise or consent includes an unconditional release of the Indemnified Party from all liability arising out of such claim, action, suit or proceeding.

#### SECTION 6.03. Binding Effect of Servicing Obligations.

The obligations to continue to provide service and to collect and account for Securitized Utility Tariff Charges will be binding upon the Servicer, any Successor and any other entity that provides natural gas distribution services to a Person that is a Kansas retail gas sales customer of Atmos Energy or any Successor so long as the Securitized Utility Tariff Charges have not been fully collected and posted. Any Person (a) into which the Servicer may be merged,

converted or consolidated and that is a Permitted Successor, (b) that may result from any merger, conversion or consolidation to which the Servicer shall be a party and that is a Permitted Successor, (c) that may succeed to the properties and assets of the Servicer substantially as a whole and that is a Permitted Successor, (d) that results from the division of the Servicer into two or more Persons and which is a Permitted Successor, or (e) that otherwise is a Permitted Successor, which Person in any of the foregoing cases executes an agreement of assumption to perform all of the obligations of the Servicer hereunder, shall be the successor to the Servicer under this Servicing Agreement without further act on the part of any of the parties to this Servicing Agreement; provided, however, that:

(i) immediately after giving effect to such transaction, no representation or warranty made pursuant to Section 6.01 shall have been breached and no Servicer Default and no event that, after notice or lapse of time, or both, would become a Servicer Default shall have occurred and be continuing,

(ii) the Servicer shall have delivered to the Issuer, the Commission and the Indenture Trustee an Officer's Certificate and an Opinion of Counsel from external counsel stating that such consolidation, conversion, merger, division or succession and such agreement of assumption complies with this Section 6.03 and that all conditions precedent, if any, provided for in this Servicing Agreement relating to such transaction have been complied with, and

(iii) the Servicer shall have delivered to the Issuer, the Indenture Trustee, the Commission and the Rating Agencies an Opinion of Counsel from external counsel of the Servicer either:

(A) stating that, in the opinion of such counsel, all filings to be made by the Servicer, including filings with the Commission pursuant to the Securitization Law and the UCC, have been executed and filed and are in full force and effect that are necessary to fully preserve, perfect and maintain the priority of the interests of the Issuer and the Liens of the Indenture Trustee in the Securitized Utility Tariff Property and reciting the details of such filings or

(B) stating that, in the opinion of such counsel, no such action is necessary to preserve and protect such interests,

(iv) the Servicer shall have delivered to the Issuer, the Indenture Trustee, the Commission and the Rating Agencies an Opinion of Counsel from independent tax counsel stating that, for U.S. federal income tax purposes, such consolidation, conversion, merger, division or succession and such agreement of assumption will not result in a material adverse U.S. federal income tax consequence to the Issuer or the Holders of Securitized Utility Tariff Bonds,

(v) the Servicer shall have given the Rating Agencies prior written notice of such transaction, and if the Permitted Successor is not an Affiliate of the Servicer, the Rating Agency Condition shall have been satisfied.



When any Person (or more than one Person) acquires the properties and assets of the Servicer substantially as a whole or otherwise becomes the successor, by merger, conversion, consolidation, sale, transfer, lease or otherwise, to all or substantially all the assets of the Servicer in accordance with the terms of this Section 6.03, then, upon satisfaction of all of the other conditions of this Section 6.03, the preceding Servicer shall automatically and without further notice be released from all its obligations hereunder.

SECTION 6.04. Limitation on Liability of Servicer and Others.

(a) Except as otherwise provided under this Servicing Agreement, neither the Servicer nor any of the directors, officers, employees or agents of the Servicer shall be liable to the Issuer or any other Person for any action taken or for refraining from the taking of any action pursuant to this Servicing Agreement or for good faith errors in judgment; provided, however, that this provision shall not protect the Servicer or any such Person against any liability that would otherwise be imposed by reason of gross negligence, bad faith or willful misconduct in the performance of duties or by reason of reckless disregard of obligations and duties under this Servicing Agreement. The Servicer and any director, officer, employee or agent of the Servicer may rely in good faith on the advice of counsel or on any document of any kind, prima facie properly executed and submitted by any Person, respecting any matters arising under this Servicing Agreement.

(b) Except as provided in this Servicing Agreement, including Section 5.02(d), the Servicer shall not be under any obligation to appear in, prosecute or defend any legal action relating to the Securitized Utility Tariff Property that is not directly related to one of the Servicer's enumerated duties in this Servicing Agreement or related to its obligation to pay indemnification, and that in its reasonable opinion may cause it to incur any expense or liability; provided, however, that the Servicer may, in respect of any Proceeding, undertake any action that is not specifically identified in this Servicing Agreement as a duty of the Servicer but that the Servicer reasonably determines is necessary or desirable in order to protect the rights and duties of the Issuer or the Indenture Trustee under this Servicing Agreement and the interests of the Holders and Customers under this Servicing Agreement. The Servicer's costs and expenses incurred in connection with any such Proceeding shall be payable from Securitized Utility Tariff Charges as an Ongoing Financing Cost (and shall not be deemed to constitute a portion of the Servicing Fee) in accordance with the Indenture. The Servicer's obligations pursuant to this Section 6.04 shall survive and continue notwithstanding that payment of such Ongoing Financing Cost may be delayed pursuant to the terms of the Indenture (it being understood that the Servicer may be required initially to advance its own funds to satisfy its obligations hereunder).

SECTION 6.05. Atmos Energy Not to Resign as Servicer.

Subject to Section 6.03, Atmos Energy shall not resign from the obligations and duties imposed on it as Servicer under this Servicing Agreement except (a) upon a determination by Atmos Energy that Atmos Energy's performance of its duties under this Servicing Agreement shall no longer be permissible under applicable Requirements of Law or (b) if (i) the Rating Agency Condition has been satisfied and (ii) the Commission has approved such resignation. Notice of any such determination permitting the resignation of Atmos Energy shall be communicated to the Issuer, the Commission, the Indenture Trustee and each Rating Agency at

the earliest practicable time (and, if such communication is not in writing, shall be confirmed in writing at the earliest practicable time), and any such determination shall be evidenced by an Opinion of Counsel to such effect delivered to the Issuer, the Commission and each Indenture Trustee concurrently with or promptly after such notice. No such resignation shall become effective until a Successor Servicer has been approved by the Commission and has assumed the servicing obligations and duties hereunder of the Servicer in accordance with Section 7.02.

SECTION 6.06. Servicing Compensation.

(a) In consideration for its services hereunder, until the Collection in Full of the Charges, the Servicer shall receive an annual fee (the “Servicing Fee”) in an amount equal to (i) 0.05% of the aggregate initial principal amount of all Securitized Utility Tariff Bonds plus reimbursable expenses for so long as Atmos Energy or an Affiliate of Atmos Energy is the Servicer, or (ii) if Atmos Energy or any of its Affiliates is not the Servicer, an amount agreed upon by the Successor Servicer, the Issuer and the Indenture Trustee, provided, that the annual Servicing Fee shall not exceed 0.60% of the aggregate initial principal amount of all Securitized Utility Tariff Bonds, unless the Commission has approved the appointment of the Successor Servicer or the Commission does not act to either approve or disapprove such appointment on or before the date which is forty-five (45) days after notice of the proposed appointment of the Successor Servicer is provided to the Commission in the same manner substantially as provided in Section 8.01(c).

(b) The Servicing Fee owing shall be calculated based on the initial principal amount of the Securitized Utility Tariff Bonds and shall be paid semi-annually, with half of the Servicing Fee being paid on each Payment Date, except for the amount of the Servicing Fee to be paid on the first Payment Date in which the Servicing Fee then due will be calculated based on the number of days that this Servicing Agreement has been in effect. In addition, the Servicer shall be entitled to be reimbursed by the Issuer for filing fees and fees and expenses for attorneys, accountants, printing or other professional services retained by the Issuer and paid for by the Servicer (or procured by the Servicer on behalf of the Issuer and paid for by the Servicer) to meet the Issuer’s obligations under the Basic Documents (“Reimbursable Expenses”). Except for such Reimbursable Expenses, the Servicer shall be required to pay all other costs and expenses incurred by the Servicer in performing its activities hereunder (but, for the avoidance of doubt, excluding any such costs and expenses incurred by Atmos Energy in its capacity as Administrator).

(c) The Servicing Fee set forth in Section 6.06(a) shall be paid to the Servicer by the Indenture Trustee, semi-annually, with half of the Servicing Fee being paid on each Payment Date, in accordance with the priorities set forth in Section 8.02(e) of the Indenture, by wire transfer of immediately available funds from the Collection Account to an account designated by the Servicer. Any portion of the Servicing Fee not paid on any such date shall be added to the Servicing Fee payable on the subsequent Payment Date. In no event shall the Indenture Trustee be liable for the payment of any Servicing Fee or other amounts specified in this Section 6.06; provided, that this Section 6.06 does not relieve the Indenture Trustee of any duties it has to allocate funds for payment for such fees under Section 8.02 of the Indenture.

(d) The Servicer and the Issuer acknowledge and agree that the Servicer's actual collections of Securitized Utility Tariff Charges on some days might exceed the Servicer's deemed collections, and that the Servicer's actual collections of Securitized Utility Tariff Charges on other days might be less than the Servicer's deemed collections. The Servicer and the Issuer further acknowledge and agree that the amount of these variances is likely to be small and are not likely to be biased in favor of over-remittances or under-remittances. Consequently, so long as the Servicer faithfully makes all daily remittances based on weighted average days sales outstanding, as provided for herein, the Servicer and the Issuer agree that no actual or deemed investment earnings shall be payable in respect of such over-remittances or under-remittances. However, the Servicer shall remit at least annually to the Indenture Trustee, for the benefit of the Issuer, any late charges received from Customers in respect of Securitized Utility Tariff Charges.

(e) Except as expressly provided elsewhere in this Servicing Agreement, the Servicer shall be required to pay from its own account expenses incurred by the Servicer in connection with its activities hereunder (including any fees to and disbursements by accountants, counsel, or any other Person, any taxes imposed on the Servicer and any expenses incurred in connection with reports to Holders) out of the compensation retained by or paid to it pursuant to this Section 6.06, and shall not be entitled to any extra payment or reimbursement therefor.

(f) The foregoing Servicing Fee constitutes a fair and reasonable compensation for the obligations to be performed by the Servicer. Such Servicing Fee shall be determined without regard to the income of the Issuer, shall not be deemed to constitute distributions to the recipient of any profit, loss or capital of the Issuer and shall be considered a fixed Operating Expense of the Issuer subject to the limitations on such expenses set forth in the Financing Order.

(g) Any services required for or contemplated by the performance of the above-referenced services by the Servicer to be provided by unaffiliated third parties may, if provided for or otherwise contemplated by the Financing Order and if the Issuer deems it necessary or desirable, be arranged by the Issuer or by the Servicer at the direction (which may be general or specific) of the Issuer. Costs and expenses associated with the contracting for such third-party professional services may be paid directly by the Issuer or paid by the Servicer and reimbursed by the Issuer in accordance with Section 6.06(a), or otherwise as the Servicer and the Issuer may mutually arrange.

#### SECTION 6.07. Compliance with Applicable Law.

The Servicer covenants and agrees, in servicing the Securitized Utility Tariff Property, to comply in all material respects with all laws applicable to, and binding upon, the Servicer and relating to such Securitized Utility Tariff Property the noncompliance with which would have a material adverse effect on the value of the Securitized Utility Tariff Property; provided, however, that the foregoing is not intended to, and shall not, impose any liability on the Servicer for noncompliance with any Requirement of Law that the Servicer is contesting in good faith in accordance with its customary standards and procedures. It is expressly acknowledged that the payment of fees to the Rating Agencies shall be at the expense of the Issuer and that, if the Servicer advances such payments to the Rating Agencies, the Issuer shall reimburse the Servicer for any such advances.

SECTION 6.08. Access to Information Regarding Securitized Utility Tariff Property.

The Servicer shall provide to the Indenture Trustee access to the Securitized Utility Tariff Property Records for the Securitized Utility Tariff Bonds as is reasonably required for the Indenture Trustee to perform its duties and obligations under the Indenture and the other Basic Documents and shall provide access to such records to the Holders as required by applicable law. Access shall be afforded without charge, but only upon reasonable request and during normal business hours at the offices of the Servicer. Nothing in this Section 6.08 shall affect the obligation of the Servicer to observe any applicable law (including any Commission Regulation) prohibiting disclosure of information regarding the Customers, and the failure of the Servicer to provide access to such information as a result of such obligation shall not constitute a breach of this Section 6.08.

SECTION 6.09. Appointments.

The Servicer may at any time appoint any Person to perform all or any portion of its obligations as Servicer hereunder; but only if, unless such Person is an Affiliate of Atmos Energy, (a) the Issuer shall have approved such assignment and (b) the Rating Agency Condition shall have been satisfied in connection therewith; provided, however, that the Servicer shall remain obligated and be liable under this Servicing Agreement for the servicing and administering of the Securitized Utility Tariff Property in accordance with the provisions hereof without diminution of such obligation and liability by virtue of the appointment of such Person and to the same extent and under the same terms and conditions as if the Servicer alone were servicing and administering the Securitized Utility Tariff Property. The fees and expenses of any such Person shall be as agreed between the Servicer and such Person from time to time and none of the Issuer, the Indenture Trustee, the Holders or any other Person shall have any responsibility therefor or right or claim thereto. Any such appointment shall not constitute a Servicer resignation under Section 6.05.

SECTION 6.10. No Servicer Advances.

The Servicer shall not make any advances of interest on or principal of the Securitized Utility Tariff Bonds.

SECTION 6.11. Remittances.

(a) The Securitized Utility Tariff Charge Collections on any Servicer Business Day (the “Daily Remittance”) shall be calculated according to the procedures set forth in Annex A and, commencing [ $\bullet$ ]<sup>2</sup> days after the Closing Date, remitted by the Servicer as soon as reasonably practicable to the General Subaccount of the Collection Account but in no event later than two (2) Servicer Business Days after such payments are received. Prior to each remittance to the General Subaccount of the Collection Account pursuant to this Section 6.11, the Servicer shall provide written notice (which may be via electronic means, including electronic mail) to the Indenture Trustee and, upon request, to the Issuer of each such remittance (including the exact dollar amount to be remitted). The Servicer shall also, promptly upon receipt, remit to the Collection Account

---

<sup>2</sup> **Note to Draft:** To equal the Weighted Average Days Outstanding as of the Closing Date.

any other proceeds of the Securitized Utility Tariff Collateral that it may receive from time to time. Reconciliations of bank statements shall be as set forth in Exhibit A.

(b) The Servicer agrees and acknowledges that it holds all Securitized Utility Tariff Charges collected by it and any other proceeds for the Securitized Utility Tariff Collateral received by it for the benefit of the Indenture Trustee and the Holders and that all such amounts will be remitted by the Servicer in accordance with this Section without any surcharge, fee, offset, charge or other deduction except for and interest earnings permitted by Section 6.06. The Servicer further agrees not to make any claim to reduce its obligation to remit all Securitized Utility Tariff Charges collected by it in accordance with this Servicing Agreement except (i) as set forth in clause (c) below and (ii) as permitted by Section 6.06.

(c) Not less than semi-annually, the Servicer will compare Actual Securitized Utility Tariff Charges to the Estimated Securitized Utility Tariff Charges that have been remitted to the Indenture Trustee. Such reconciliation will be conducted within sixty (60) days of each Payment Date and reflected in a reconciliation certificate delivered to the Indenture Trustee in the form attached hereto as Exhibit D (each, a “Reconciliation Certificate”). The Servicer shall calculate the amount of any Remittance Shortfall or Excess Remittance for the immediately preceding Reconciliation Period, and (A) if a Remittance Shortfall exists, the Servicer shall make a supplemental remittance, in the amount of the Remittance Shortfall, to the General Subaccount of the Collection Account within ten (10) days, or (B) if an Excess Remittance exists, the Servicer will reduce the Daily Remittance to the Indenture Trustee to the extent necessary to recover the Excess Remittance. If there is a Remittance Shortfall, the amount which the Servicer remits to the General Subaccount of the Collection Account on the relevant date set forth above shall be increased by the amount of such Remittance Shortfall, such increase coming from the Servicer’s own funds. The Servicer acknowledges and agrees that the Issuer is the owner of and has the legal right to all Securitized Utility Tariff Charges received by the Servicer, and that the daily and reconciliation calculations and remittances permitted by this Servicing Agreement, which are based upon estimates of the Securitized Utility Tariff Charges received by the Servicer, is made for convenience and cost effectiveness given the current billing system of the Servicer. The Servicer agrees that in the event any Servicer Default hereunder or if otherwise required or permitted, as provided in Annex I of this Servicing Agreement, the Servicer, upon demand of the Indenture Trustee, will promptly, but not later than sixty (60) days following such request, provide to the Indenture Trustee a reconciliation of Actual Securitized Utility Tariff Charges received by the Servicer and the Securitized Utility Tariff Charges remitted by the Servicer.

(d) Unless otherwise directed to do so by the Issuer, the Servicer shall be responsible for selecting Eligible Investments in which the funds in the Collection Account shall be invested pursuant to Section 8.03 of the Indenture.

#### SECTION 6.12. Maintenance of Operations.

Subject to Section 6.03, Atmos Energy agrees to use commercially reasonable efforts to continue, unless prevented by circumstances beyond its control, to operate its gas service distribution system to provide service so long as it is acting as the Servicer under this Servicing Agreement.

SECTION 6.13. Protection of Title.

The Servicer shall cause to be executed and filed all filings, all in such manner and in such places as may be required by law fully to preserve, maintain and protect the Issuer's ownership interests in and the Indenture Trustee's first priority lien and security interest on the Securitized Utility Tariff Property. The Servicer shall deliver (or cause to be delivered) to the Issuer, and the Indenture Trustee file-stamped copies of, or filing receipts for, any document filed as provided above, as soon as available following such filing.

**ARTICLE VII.  
DEFAULT**

SECTION 7.01. Servicer Default.

If any one or more of the following events (a "Servicer Default") shall occur and be continuing:

(a) any failure by the Servicer to remit to the Collection Account on behalf of the Issuer any required remittance that shall continue unremedied for a period of five (5) Business Days after written notice of such failure is received by the Servicer from the Issuer or the Indenture Trustee or actual knowledge of such failure by a Responsible Officer of the Servicer; or

(b) any failure on the part of the Servicer or, so long as the Servicer is Atmos Energy or an Affiliate thereof, any failure on the part of Atmos Energy, as the case may be, duly to observe or to perform in any material respect any covenants or agreements of the Servicer or Atmos Energy, as the case may be, set forth in this Servicing Agreement (other than as provided in Section 7.01(a) or Section 7.01(c)) or any other Basic Document to which it is a party, which failure shall (i) materially and adversely affect the rights of the Holders and (ii) continue unremedied for a period of sixty (60) days after the date on which (A) written notice of such failure, requiring the same to be remedied, shall have been given to the Servicer or Atmos Energy, as the case may be, by the Issuer, the Commission (with a copy to the Indenture Trustee) or to the Servicer or Atmos Energy, as the case may be, by the Indenture Trustee or (B) such failure is discovered by a Responsible Officer of the Servicer; or

(c) any failure in any material respect by the Servicer duly to perform its obligations under Section 4.01(b) in the time and manner set forth therein, which failure continues unremedied for a period of five (5) Business Days; or

(d) any representation or warranty made by the Servicer in this Servicing Agreement or any other Basic Document shall prove to have been incorrect in a material respect when made, which has a material adverse effect on the Holders and which material adverse effect continues unremedied for a period of sixty (60) days after the date on which (i) written notice thereof, requiring the same to be remedied, shall have been delivered to the Servicer (with a copy to the Indenture Trustee) by the Issuer or the Indenture Trustee (with a copy of such notice being provided promptly upon receipt by the Servicer to the Commission), or (ii) such failure is actually known by a Responsible Officer of the Servicer; or

- (e) an Insolvency Event occurs with respect to the Servicer;

then, and in each and every case, so long as the Servicer Default shall not have been remedied, either the Indenture Trustee shall, upon the instruction of (i) Holders evidencing a majority of the Outstanding Amount of the Securitized Utility Tariff Bonds or by the Commission, (ii) notice then given in writing to the Servicer (and to the Indenture Trustee if given by the Holders) (a “Termination Notice”), terminate all the rights and obligations (other than the obligations set forth in Section 6.02 and the obligation under Section 7.02 to continue performing its functions as Servicer until a successor Servicer is appointed) of the Servicer under this Servicing Agreement; *provided, however* the Indenture Trustee shall not give a Termination Notice upon instruction of the Commission unless the Rating Agency Condition is satisfied. In addition, upon a Servicer Default described in Section 7.01(a), the Holders and the Indenture Trustee as financing parties under the Securitization Law (or any of their representatives) shall be entitled to apply to the Commission or a court of appropriate jurisdiction for an order for sequestration and payment of revenues arising with respect to the Securitized Utility Tariff Property. On or after the receipt by the Servicer of a Termination Notice, all authority and power of the Servicer under this Servicing Agreement, whether with respect to the Securitized Utility Tariff Bonds, the Securitized Utility Tariff Property, the Securitized Utility Tariff Charges or otherwise, shall, without further action, pass to and be vested in such successor Servicer as may be appointed under Section 7.02; and, without limitation, the Indenture Trustee is hereby authorized and empowered to execute and deliver, on behalf of the predecessor Servicer, as attorney-in-fact or otherwise, any and all documents and other instruments, and to do or accomplish all other acts or things necessary or appropriate to effect the purposes of such Termination Notice, whether to complete the transfer of the Securitized Utility Tariff Property Records and related documents, or otherwise. The predecessor Servicer shall cooperate with the successor Servicer, the Issuer and the Indenture Trustee in effecting the termination of the responsibilities and rights of the predecessor Servicer under this Servicing Agreement, including the transfer to the successor Servicer for administration by it of all Securitized Utility Tariff Property Records and all cash amounts that shall at the time be held by the predecessor Servicer for remittance, or shall thereafter be received by it with respect to the Securitized Utility Tariff Property or the Securitized Utility Tariff Charges. As soon as practicable after receipt by the Servicer of such Termination Notice, the Servicer shall deliver the Securitized Utility Tariff Property Records to the successor Servicer. In case a successor Servicer is appointed as a result of a Servicer Default, all reasonable costs and expenses (including reasonable attorneys’ fees and expenses) incurred in connection with transferring the Securitized Utility Tariff Property Records to the successor Servicer and amending this Servicing Agreement to reflect such succession as Servicer pursuant to this Section 7.01 shall be paid by the predecessor Servicer upon presentation of reasonable documentation of such costs and expenses. Termination of Atmos Energy as Servicer shall not terminate Atmos Energy’s rights or obligations under the Sale Agreement (except rights thereunder deriving from its rights as the Servicer hereunder).

SECTION 7.02 Appointment of Successor.

(a) Upon the Servicer’s receipt of a Termination Notice pursuant to Section 7.01 or the Servicer’s resignation or removal in accordance with the terms of this Servicing Agreement, the predecessor Servicer shall continue to perform its functions as Servicer under this Servicing Agreement, and shall be entitled to receive the requisite portion of the Servicing Fee, until a Successor Servicer shall have assumed in writing the obligations of the Servicer hereunder

as described below. In the event of the Servicer's removal or resignation hereunder, the Indenture Trustee may at the written direction, and with the consent of the Holders of at least a majority of the Outstanding Amount of the Securitized Utility Tariff Bonds or of the Commission shall appoint a Successor Servicer with the Issuer's prior written consent thereto (which consent shall not be unreasonably withheld), and the Successor Servicer shall accept its appointment by a written assumption in form reasonably acceptable to the Issuer and the Indenture Trustee and provide prompt written notice of such assumption to the Issuer, the Commission and the Rating Agencies. If within thirty (30) days after the delivery of the Termination Notice, a new Servicer shall not have been appointed, the Indenture Trustee may at the direction of the Holders of a majority of the Securitized Utility Tariff Bonds, petition the Commission or a court of competent jurisdiction to appoint a Successor Servicer under this Servicing Agreement. Except as permitted by Section 6.03, a Person shall qualify as a Successor Servicer only if (i) such Person is permitted under Commission Regulations to perform the duties of the Servicer, (ii) the Rating Agency Condition shall have been satisfied, and (iii) such Person enters into a servicing agreement with the Issuer having substantially the same provisions as this Servicing Agreement. In no event shall the Indenture Trustee be liable for its appointment of a Successor Servicer. The Indenture Trustee's expenses incurred under this Section 7.02(a) shall be at the sole expense of the Issuer and payable from the Collection Account as provided in Section 8.02 of the Indenture. Notwithstanding the foregoing, no Successor Servicer shall begin providing service until (i) the date the Commission approves the appointment of the Successor Servicer or (ii) if the Commission does not act to either approve or reject the appointment within thirty (30) days after notice of such appointment is given to the Commission.

(b) Upon appointment, the Successor Servicer shall be the successor in all respects to the predecessor Servicer and shall be subject to all the responsibilities, duties and liabilities arising thereafter relating thereto placed on the predecessor Servicer and shall be entitled to the Servicing Fee and all the rights granted to the predecessor Servicer by the terms and provisions of this Servicing Agreement.

#### SECTION 7.03 Waiver of Past Defaults.

The Indenture Trustee, with the written consent of the Holders evidencing a majority of the Outstanding Amount of the Securitized Utility Tariff Bonds, may waive in writing any default by the Servicer in the performance of its obligations hereunder and its consequences, except a default in making any required deposits to the Collection Account in accordance with this Servicing Agreement. Upon any such waiver of a past default, such default shall cease to exist, and any Servicer Default arising therefrom shall be deemed to have been remedied for every purpose of this Servicing Agreement. No such waiver shall extend to any subsequent or other default or impair any right consequent thereto. Promptly after the execution of any such waiver, the Servicer shall furnish copies of such waiver to each of the Rating Agencies and the Commission.

#### SECTION 7.04 Notice of Servicer Default.

The Servicer shall deliver to the Issuer, the Indenture Trustee, the Commission and the Rating Agencies, promptly after a Responsible Officer of the Servicer having obtained knowledge thereof, but in no event later than five (5) Business Days thereafter, written notice of



any event that, with the giving of notice or lapse of time, or both, would become a Servicer Default under Section 7.01.

SECTION 7.05 Cooperation with Successor.

The Servicer covenants and agrees with the Issuer that it will, for a period of two calendar years following the termination of the Servicer (or such longer period as may be agreed to by the Servicer in its sole discretion), cooperate with the Successor Servicer and provide whatever information is, and take whatever commercially reasonable actions are, reasonably necessary to assist the Successor Servicer in performing its obligations hereunder. All reasonable costs and expenses (including reasonable attorney's fees and expenses) incurred by the Servicer in connection with this Section 7.05 shall be paid by the Issuer or the Successor Servicer from Securitized Utility Tariff Charge Collections available under the Indenture, following presentation of reasonable documentation of such costs and expenses.

**ARTICLE VIII.  
MISCELLANEOUS PROVISIONS**

SECTION 8.01 Amendment.

(a) This Servicing Agreement may be amended in writing by the Servicer and the Issuer, provided that (i) the Rating Agency Condition has been satisfied in connection therewith, (ii) the Indenture Trustee has consented thereto and (iii) in the case of any amendment that increases Ongoing Financing Costs as defined in the Financing Order, the Commission has consented thereto or shall be conclusively deemed to have consented thereto. Promptly after the execution of any such amendment or consent, the Issuer shall furnish written notification of the substance of such amendment or consent to each of the Rating Agencies. With respect to the Commission's consent to any amendment to this Servicing Agreement,

(i) the Servicer may submit the amendment to the Commission by delivering to the Commission's Executive Director a written request for such consent, which request shall contain:

(ii) a reference to Docket No. 22-ATMG-538-TAR and a statement as to the possible effect of the amendment on Ongoing Financing Costs;

(iii) an Officer's Certificate stating that the proposed amendment has been approved by all relevant parties to this Servicing Agreement; and

(iv) a statement identifying the person to whom the Commission or its staff is to address its consent to the proposed amendment or request additional time;

(v) Any amendment requiring the consent of the Commission as provided in this Section 8.01(a) shall become effective on the later of:

(vi) the date proposed by the parties to the amendment, or

(vii) thirty one (31) days after such submission of the amendment to the Commission unless the Commission issues an order disapproving the amendment within a thirty (30) day period.

(b) Prior to the execution of any amendment to this Servicing Agreement, the Issuer and the Indenture Trustee shall be entitled to receive and rely upon an Opinion of Counsel stating that the execution of such amendment is authorized or permitted by this Servicing Agreement. The Issuer and the Indenture Trustee may, but shall not be obligated to, enter into any such amendment that affects their own rights, duties or immunities under this Servicing Agreement or otherwise. Following delivery of a notice to the Commission by the Servicer under Section 8.01(a) above, the Servicer and Issuer may at any time withdraw from the Commission further consideration of any notification of a proposed amendment.

(c) Notwithstanding Section 8.01(a) or anything to the contrary in this Servicing Agreement, the Servicer and the Issuer may amend the Annexes to this Servicing Agreement in writing with prior written notice given to the Indenture Trustee, the Commission and the Rating Agencies, but without the consent of the Indenture Trustee, the Commission, any Rating Agency or any Holder, solely to address changes to the Servicer's method of calculating Securitized Utility Tariff Charges as a result of changes to the Servicer's current computerized customer information system or to address the manner of presenting Securitized Utility Tariff Charges on the Bills of Customers; but no such amendment shall have a material adverse effect on the Holders of then Outstanding Securitized Utility Tariff Bonds.

#### SECTION 8.02 Notices.

Unless otherwise specifically provided herein, all demands, notices and communications upon or to the Servicer, the Issuer, the Indenture Trustee, the Commission or the Rating Agencies under this Servicing Agreement shall be sufficiently given for all purposes hereunder if in writing and delivered personally, sent by documented delivery service or, to the extent receipt is confirmed telephonically, sent by telecopy or other form of electronic transmission:

(a) in the case of the Servicer, to Atmos Energy, Atmos Energy Corporation, 1800 Three Lincoln Centre 5430 LBJ Freeway, Dallas Texas 75240, Attention: Treasurer,

(b) in the case of the Issuer, to [*Name and address of Atmos SPE*], Attention: [Managers],

(c) [in the case of Moody's, to Moody's Investors Service, Inc., ABS/RMBS Monitoring Department, 25th Floor, 7 World Trade Center, 250 Greenwich Street, New York, New York 10007, Email: ServicerReports@moodys.com (all such notices to be delivered to Moody's in writing by email),]

(d) [in the case of Fitch, to Fitch, Ratings, Inc., One State Street Plaza, New York, New York 10004, Attention: ABS Surveillance, Telephone: (212) 908-0500,]

(e) in the case the Indenture Trustee, at the address provided for notices or communications to the Indenture Trustee in the Indenture, and

(f) in the case of the Commission, to 1500 SW Arrowhead Road, Topeka, Kansas 66604-402, Attention: Executive Director;

or, as to each of the foregoing, at such other address as shall be designated by written notice to the other parties. Each party hereto may, by notice given in accordance herewith to the other party or parties hereto, designate any further or different address to which subsequent notices, reports and other communications shall be sent.

SECTION 8.03 Assignment.

Notwithstanding anything to the contrary contained herein, except as provided in Section 6.03 and as provided in the provisions of this Servicing Agreement concerning the resignation of the Servicer, this Servicing Agreement may not be assigned by the Servicer.

SECTION 8.04 Limitations on Rights of Others.

The provisions of this Servicing Agreement are solely for the benefit of the Servicer and the Issuer and, to the extent provided herein or in the other Basic Documents, the Indenture Trustee and the Holders, and the other Persons expressly referred to herein, and such Persons shall have the right to enforce the relevant provisions of this Servicing Agreement. Nothing in this Servicing Agreement, whether express or implied, shall be construed to give to any other Person any legal or equitable right, remedy or claim in the Securitized Utility Tariff Property or Securitized Utility Tariff Collateral or under or in respect of this Servicing Agreement or any covenants, conditions or provisions contained herein.

SECTION 8.05 Severability.

Any provision of this Servicing Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remainder of such provision (if any) or the remaining provisions hereof (unless such a construction shall be unreasonable), and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

SECTION 8.06 Separate Counterparts and Headings.

(a) Separate Counterparts. This Servicing Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

(b) Headings. The headings of the various Articles and Sections in this Servicing Agreement are for convenience of reference only and shall not define or limit any of the terms or provisions hereof.

SECTION 8.07 Governing Law.

THIS SERVICING AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF KANSAS, WITHOUT REFERENCE TO ITS CONFLICT OF LAW PROVISIONS, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

SECTION 8.08 Assignment to Indenture Trustee.

The Servicer hereby acknowledges and consents to the assignment and grant of security interest by the Issuer to the Indenture Trustee for the benefit of the Secured Parties pursuant to the Indenture of any or all of the Issuer's rights hereunder. In no event shall the Indenture Trustee have any liability for the representations, warranties, covenants, agreements or other obligations of the Issuer hereunder or in any of the certificates delivered pursuant hereto, as to all of which any recourse shall be had solely to the assets of the Issuer subject to the availability of funds therefor under Section 8.02 of the Indenture.

SECTION 8.09 Nonpetition Covenants.

Notwithstanding any prior termination of this Servicing Agreement or the Indenture, the Servicer shall not, prior to the date that is one year and one day after the satisfaction and discharge of the Indenture, acquiesce, petition or otherwise invoke or cause the Issuer to invoke or join with any Person in provoking the process of any Governmental Authority for the purpose of commencing or sustaining an involuntary case against the Issuer under any U.S. federal or state bankruptcy, insolvency or similar law or appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official of the Issuer for any substantial part of the property of the Issuer or ordering the dissolution, winding up or liquidation of the affairs of the Issuer.

SECTION 8.10 Limitations on Rights of Others.

The provisions of this Servicing Agreement are solely for the benefit of the Servicer and the Issuer and, to the extent provided herein or in the Basic Documents, the Commission, Customers, the Indenture Trustee and the Holders, and the other Persons expressly referred to herein, and such Persons shall have the right to enforce the relevant provisions of this Servicing Agreement. Nothing in this Servicing Agreement, whether express or implied, shall be construed to give to any other Person any legal or equitable right, remedy or claim in the Securitized Utility Tariff Property or Securitized Utility Tariff Collateral or under or in respect of this Servicing Agreement or any covenants, conditions or provisions contained herein. Notwithstanding anything to the contrary contained herein, for the avoidance of doubt, any right, remedy or claim to which any Customer may be entitled pursuant to the Financing Order and to this Servicing Agreement may be asserted or exercised only by the Commission (or by the Attorney General of the State of Kansas in the name of the Commission) for the benefit of such Customer.

SECTION 8.11 Limitation of Liability.

It is expressly understood and agreed by the parties hereto that this Servicing Agreement is executed and delivered by the Indenture Trustee, not individually or personally but solely as Indenture Trustee in the exercise of the powers and authority conferred and vested in it,

and that the Indenture Trustee, in acting hereunder, is entitled to all rights, benefits, protections, immunities and indemnities accorded to it under the Indenture.

SECTION 8.12 Rule 17g-5 Compliance.

The Servicer agrees that any notice, report, request for satisfaction of the Rating Agency Condition, document or other information provided by the Servicer to any Rating Agency under this Servicing Agreement or any other Basic Document to which it is a party for the purpose of determining the initial credit rating of the Securitized Utility Tariff Bonds or undertaking credit rating surveillance of the Securitized Utility Tariff Bonds with any Rating Agency, or satisfy the Rating Agency Condition, shall be substantially concurrently posted by the Servicer on the 17g-5 Website.

SECTION 8.13 Indenture Trustee Actions.

In acting hereunder, the Indenture Trustee shall have the rights, protections and immunities granted to it under the Indenture.

(SIGNATURE PAGE FOLLOWS)

IN WITNESS WHEREOF, the parties hereto have caused this Servicing Agreement to be duly executed by their respective officers as of the day and year first above written.

**[Atmos SPE],**  
as Issuer

By: \_\_\_\_\_  
Name:  
Title:

**ATMOS ENERGY CORPORATION,**  
as Servicer

By: \_\_\_\_\_  
Name:  
Title:

ACKNOWLEDGED AND ACCEPTED:

**[U.S. BANK NATIONAL  
ASSOCIATION],**  
as Indenture Trustee

By: \_\_\_\_\_  
Name:  
Title:

[[Forms of Certification To Come]]

## ANNEX I<sup>3</sup>

The Servicer agrees to comply with the following servicing procedures:

### **SECTION 1. DEFINITIONS.**

Capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to such terms in Appendix A to the Indenture.

### **SECTION 2. DATA ACQUISITION.**

(a) Installation and Maintenance of Meters. The Servicer shall cause to be installed, replaced and maintained meters in such places and in such condition as will enable the Servicer to obtain usage measurements for each Customer at least once every Billing Period.

(b) Customer Count. At least once each Billing Period, the Servicer shall seek to acquire the Customer count for such Billing Period.

(c) Cost of Metering. The Issuer shall not be obligated to pay any costs associated with the routine metering duties set forth in this Section 2, including the costs of installing, replacing and maintaining meters, nor shall the Issuer be entitled to any credit against the Servicing Fee for any cost savings realized by the Servicer as a result of new metering and/or billing technologies.

### **SECTION 3. USAGE AND BILL CALCULATION.**

The Servicer shall (a) obtain a calculation of each Customer's monthly fixed Securitized Utility Tariff Charges (in accordance with applicable Commission Regulations) at least once each Billing Period; and (b) determine therefrom each Customer's individual Securitized Utility Tariff Charges to be included on Bills issued to such Customer.

### **SECTION 4. BILLING.**

The Servicer shall bill the Securitized Utility Tariff Charges beginning as specified in the Financing Order and shall thereafter bill each Customer for the respective Customer's outstanding current and past due Securitized Utility Tariff Charges accruing until all Securitized Utility Tariff Bonds and Ongoing Financing Costs are paid in full, all in accordance with the following:

(a) Frequency of Bills; Billing Practices. In accordance with the Servicer's then-existing Servicer Policies and Practices for its own charges, as such Servicer Policies and Practices may be modified from time to time, the Servicer shall generate and issue a Bill to each Customer, for such Customers' Securitized Utility Tariff Charges once every applicable Billing Period, at the appropriate time, with the same frequency and on the same Bill as that containing the Servicer's own charges to such Customers. In the event that the Servicer makes any material modification to these practices, it shall notify the Issuer, the Indenture Trustee, and the Rating Agencies prior to

---

<sup>3</sup> **Note to Draft:** Remains subject to further adjustments (if needed) to align with servicing procedures in place at the time of closing the transaction.



the effectiveness of any such modification; and the Servicer may not make any modification that will materially adversely affect the Holders.

(b) Format.

(i) Each Bill issued by the Servicer shall contain the charge corresponding to the respective Securitized Utility Tariff Charges owed by such Customer for the applicable Billing Period. The Securitized Utility Tariff Charges shall be separately identified on each bill, or included in the line item on bills for Securitized Utility Tariff Charges previously or subsequently approved by the Commission, to the extent required by the related Tariffs.

(ii) The Servicer shall conform to such requirements in respect of the format, structure and text of Bills delivered to Customers in accordance with, if applicable, the Financing Order, Tariffs, other tariffs and any other Commission Regulations. To the extent that Bill format, structure and text are not prescribed by the Securitization Law, or by applicable other applicable law or Commission Regulations, the Servicer shall, subject to clause (i) above, determine the format, structure and text of all Bills in accordance with its reasonable business judgment, its Servicer Policies and Practices with respect to its own charges and prevailing industry standards.

(c) Delivery. The Servicer shall deliver all Bills issued by it (i) by United States mail in such class or classes as are consistent with the Servicer Policies and Practices followed by the Servicer with respect to its own charges to its customers or (ii) by any other means, whether electronic or otherwise, that the Servicer may from time to time use to present its own charges to its customers. The Servicer shall pay from its own funds all costs of issuance and delivery of all Bills, including but not limited to printing and postage costs as the same may increase or decrease from time to time.

**SECTION 5. CUSTOMER SERVICE FUNCTIONS.**

The Servicer shall handle all Customer inquiries and other Customer service matters according to the same procedures it uses to service Customers with respect to its own charges.

**SECTION 6. COLLECTIONS; PAYMENT PROCESSING; REMITTANCE.**

(a) Collection Efforts, Policies, Procedures.

(i) The Servicer shall use reasonable efforts to collect all Billed Securitized Utility Tariff Charges from Customers (to the extent permitted by law) as and when the same become due and shall follow such collection procedures as it follows with respect to comparable assets that it services for itself or others, including with respect to the following:

(A) The Servicer shall prepare and deliver overdue notices to Customers in accordance with applicable Commission Regulations and Servicer Policies and Practices.

(B) The Servicer shall apply late payment charges to outstanding Customer balances in accordance with applicable Commission Regulations and the Financing Order.

- (C) In circumstances where the Servicer is allowed to bill Customers directly, the Servicer shall deliver verbal and written final notices of delinquency and possible disconnection in accordance with applicable Commission Regulations and Servicer Policies and Practices.
- (D) The Servicer shall adhere to and carry out disconnection policies in accordance with the laws of the State of Kansas, the Financing Order, applicable Commission Regulations and the Servicer Policies and Practices.
- (E) The Servicer may employ the assistance of collection agents to collect any past-due Securitized Utility Tariff Charges in accordance with applicable Commission Regulations and Servicer Policies and Practices and the Tariffs.
- (F) The Servicer shall apply Customer deposits to the payment of delinquent accounts in accordance with applicable Commission Regulations and Servicer Policies and Practices and according to the priorities set forth in Section 6(b) of this Annex I.

(ii) The Servicer shall not waive any late payment charge or any other fee or charge relating to delinquent payments, if any, or waive, vary or modify any terms of payment of any amounts payable by a Customer, in each case unless such waiver or action: (A) would be in accordance with the Servicer's customary practices or those of any successor Servicer with respect to comparable assets that it services for itself and for others; (B) would not materially adversely affect the rights of the Holders; and (C) would comply with applicable law; and notwithstanding anything in this Servicing Agreement or this Annex I to the contrary, the Servicer is authorized to write off any Billed Securitized Utility Tariff Charges, in accordance with its Servicer Policies and Practices, that have remained outstanding for one hundred eighty (180) days or more.

(iii) The Servicer shall accept payment from Customers in respect of Billed Securitized Utility Tariff Charges in such forms and methods and at such times and places as it accepts for payment of its own charges.

(b) Allocation; Priority of Payments.

(i) If any Customer does not pay the full amount of any Bill to Atmos Energy, the amount allocated to the Customer's Securitized Utility Tariff Charges pursuant to the Winter Event Securitized Cost Recovery Rider shall be allocated as follows: (A) first to amounts owed to the Issuer and to the Servicer (excluding any late fees), regardless of age of delinquency, *pro rata* in proportion to the ratio of billed amounts for the Securitized Utility Tariff Charges to the total billed amount; and then (B) all late charges shall be allocated to the Servicer; provided that penalty payments owed on late payments of Securitized Utility Tariff Charges shall be allocated to the Issuer in accordance with the Tariff.

(ii) The Servicer shall hold all over-payments for the benefit of the Issuer and Atmos Energy and shall apply such funds to future Bill charges in accordance with clause (i) as such charges become due.

(c) Accounts; Records.

The Servicer shall maintain accounts and records as to the Securitized Utility Tariff Property accurately and in accordance with its standard accounting procedures and in sufficient detail (i) to permit reconciliation between payments or recoveries with respect to the Securitized Utility Tariff Property and the amounts from time to time remitted to the Collection Account in respect of the Securitized Utility Tariff Property and (ii) to permit the Securitized Utility Tariff Charge Collections held by the Servicer to be accounted for separately from the funds with which they may be commingled, so that the dollar amounts of Securitized Utility Tariff Charge Collections commingled with the Servicer's funds may be properly identified and traced.

(d) Investment of Securitized Utility Tariff Charges Received.

Prior to each Daily Remittance, the Servicer may invest Securitized Utility Tariff Charge Collections received as permitted by applicable Commission Regulations. So long as the Servicer complies with its obligations under Section 6(c) of this Annex I, neither such investments nor such funds shall be required to be segregated from the other investment and funds of the Servicer. The Servicer shall remit to the Indenture Trustee any earnings on such unremitted Securitized Utility Tariff Charge Collections as required by Section 6.11(c) of this Servicing Agreement. In addition, the Commission may at any time order the Servicer to account for any interest earnings, if any, on Securitized Utility Tariff Charge Collections.

(e) Calculation of Daily Remittance.

(i) For purposes of calculating the Daily Remittance, the Servicer shall, on each Servicer Business Day, estimate Securitized Utility Tariff Charge Collections based on the daily billed amounts and the Average Days Sales Outstanding, which resulting estimate shall constitute the amount of Estimated Securitized Utility Tariff Charges for such Servicer Business Day. Pursuant to Section 6.11(c) of this Servicing Agreement, not less than semi-annually, but in no event more than sixty (60) days after each Payment Date, the Servicer shall calculate the amount of Actual Securitized Utility Tariff Charges for the immediately preceding Reconciliation Period as compared to the Estimated Securitized Utility Tariff Charges forwarded to the Collection Account in respect of such Reconciliation Period. For purposes of such calculation, the Servicer may calculate Actual Securitized Utility Tariff Charges based on the Average Days Sales Outstanding for the relevant Reconciliation Period. Such calculation will be provided to the Indenture Trustee in a Reconciliation Certificate in substantially the form appended to this Servicing Agreement as Exhibit D. The Daily Remittance shall be calculated in accordance with the Servicer Policies and Practices and the terms of this Servicing Agreement and this Annex I.

(f) Payment Processing; Allocation; Priority of Payments. The Servicer shall post all payments received to Customer accounts as promptly as practicable, and, in any event, substantially all payments shall be posted no later than two (2) Servicer Business Days after receipt.

(g) Investment of Estimated Securitized Utility Tariff Charge Payments Received. Prior to remittance on the applicable remittance date, the Servicer may invest estimated Securitized

Utility Tariff Charges Payments at its own risk and for its own benefit, and such investments and funds shall not be required to be segregated from the other investments and funds of the Servicer.

(h) Calculation of Daily Remittance.

(i) The Servicer will remit Securitized Utility Tariff Charges directly to the Indenture Trustee pursuant to Section 6.11 of this Servicing Agreement. The Servicer will remit Securitized Utility Tariff Charges based on estimated collections using a weighted average balance of days outstanding (“ADO”) on Atmos Energy’s retail bills. Securitized Utility Tariff Charge Collections for the Securitized Utility Tariff Bonds remitted will represent the charges estimated to be received for any period based upon the ADO and an estimated system-wide write-off percentage.

(ii) The Securitized Utility Tariff Charge Collections for the Securitized Utility Tariff Bonds will be remitted by the Servicer to the Indenture Trustee as soon as reasonably practicable to the General Subaccount of the Collection Account on each Servicer Business Day, but in no event later than two (2) Servicer Business Days following such Servicer Business Day. Estimated daily Securitized Utility Tariff Charge Collections for the Securitized Utility Tariff Bonds will be remitted to the Indenture Trustee on each Servicer Business Day based upon the ADO and estimated write-offs. Each day on which those remittances are made is referred to as a daily remittance date.

(iii) No less often than semi-annually, the Servicer and the Indenture Trustee will reconcile remittances of estimated Securitized Utility Tariff Charge Collections for the Securitized Utility Tariff Bonds with actual Securitized Utility Tariff Charge Payments for the Securitized Utility Tariff Bonds received by the Servicer to more accurately reflect the amount of Billed Securitized Utility Tariff Charges for the Securitized Utility Tariff Bonds that should have been remitted, based on ADO and the actual system-wide write-off percentage. To the extent the remittances of estimated payments arising from the Securitized Utility Tariff Charges exceed the amounts that should have been remitted based on actual system-wide write-offs, the Servicer will be entitled to withhold the excess amount from any subsequent remittance to the Indenture Trustee until the balance of such excess is reduced to zero. To the extent the remittances of estimated payments arising from the Securitized Utility Tariff Charges are less than the amount that should have been remitted based on actual system wide write-offs, the Servicer will remit the amount of the shortfall to the Indenture Trustee within two (2) Servicer Business Days. Although the Servicer will remit estimated Securitized Utility Tariff Charge Collections for the Securitized Utility Tariff Bonds to the Indenture Trustee, the Servicer will not be obligated to make any payments on the Securitized Utility Tariff Bonds.

(iv) At least annually, the Servicer also will remit to the Indenture Trustee, for the benefit of the Issuer, any late charges received from Customers with respect to the Securitized Utility Tariff Charges.

(v) The Servicer agrees and acknowledges that it holds all Securitized Utility Tariff Charge Collections for the Securitized Utility Tariff Bonds received by it and any other proceeds for the Securitized Utility Tariff Collateral received by it for the benefit of the Indenture

Trustee and the Holders and that all such amounts will be remitted by the Servicer without any surcharge, fee, offset, charge or other deduction. The Servicer further agrees not to make any claim to reduce its obligation to remit all Securitized Utility Tariff Charge Payments for the Securitized Utility Tariff Bonds collected by it in accordance with this Servicing Agreement.

(vi) All calculations and any changes in procedures used to calculate the Securitized Utility Tariff Charges pursuant to this Section 6(e) shall be made in good faith, and in the case of any change in procedures pursuant to clause (ii) above, in a manner reasonably intended to provide calculations that are at least as accurate as those that would be provided on the Closing Date utilizing the initial procedures.

(i) Remittances.

(i) The Collection Account shall be established in the name of the Indenture Trustee in accordance with the Indenture.

(ii) The Servicer shall not be obligated to advance any of its own funds to the Issuer.

APPENDIX E – FORM OF SECURITIZED UTILITY TARIFF PROPERTY  
PURCHASE AND SALE AGREEMENT

**APPENDIX E**

**FORM OF**  
**SECURITIZED UTILITY TARIFF PROPERTY**  
**PURCHASE AND SALE AGREEMENT**

**SECURITIZED UTILITY TARIFF PROPERTY  
PURCHASE AND SALE AGREEMENT**

**between**

*[Name of Atmos SPE],*

**as Issuer**

**and**

**ATMOS ENERGY CORPORATION,**

**as Seller**

**Dated as of [●]**

## TABLE OF CONTENTS

|  | <b>Page</b> |
|--|-------------|
| ARTICLE I DEFINITIONS .....  | 1           |
| Section 1.01 Definitions.....  | 1           |
| Section 1.02 Other Definitional Provisions .....                                       | 1           |
| ARTICLE II CONVEYANCE OF THE SECURITIZED UTILITY TARIFF PROPERTY .....                 | 2           |
| Section 2.01 Conveyance of the Securitized Utility Tariff Property .....               | 2           |
| Section 2.02 Conditions to Conveyance of the Securitized Utility Tariff Property ..... | 3           |
| ARTICLE III REPRESENTATIONS AND WARRANTIES OF SELLER .....                             | 4           |
| Section 3.01 Organization and Good Standing.....                                       | 4           |
| Section 3.02 Due Qualification.....  | 4           |
| Section 3.03 Power and Authority .....   | 4           |
| Section 3.04 Binding Obligation.....   | 4           |
| Section 3.05 No Violation.....   | 4           |
| Section 3.06 No Proceedings .....  | 5           |
| Section 3.07 Approvals .....   | 5           |
| Section 3.08 The Securitized Utility Tariff Property.....                              | 5           |
| Section 3.09 Solvency.....   | 7           |
| Section 3.10 The Financing Order .....   | 7           |
| Section 3.11 State Action.....   | 7           |
| Section 3.12 No Court Order .....  | 8           |
| Section 3.13 Approvals Concerning the Securitized Utility Tariff Property.....         | 9           |
| Section 3.14 No Right of Kansas Voters to Act by Initiative or Referendum.....         | 9           |
| Section 3.15 Tax Liens .....   | 9           |
| Section 3.16 Assumptions.....  | 9           |
| Section 3.17 Creation of the Securitized Utility Tariff Property .....                 | 9           |
| Section 3.18 Prospectus .....  | 10          |
| Section 3.19 Nature of Representations and Warranties .....                            | 10          |
| Section 3.20 Waivers of Legal Warranties .....   | 10          |
| ARTICLE IV COVENANTS OF THE SELLER.....  | 10          |
| Section 4.01 Seller’s Existence.....   | 10          |
| Section 4.02 No Liens or Conveyances .....   | 11          |
| Section 4.03 Use of Proceeds.....  | 11          |



|  |  |    |
|--|--|----|
| Section 4.04                                     | Delivery of Collections .....  | 11 |
| Section 4.05                                     | Notice of Liens.....   | 11 |
| Section 4.06                                     | Compliance with Law .....  | 11 |
| Section 4.07                                     | Covenants Related to the Securitized Utility Tariff Property.....                                | 12 |
| Section 4.08                                     | Protection of Title .....  | 13 |
| Section 4.09                                     | Taxes .....  | 14 |
| Section 4.10                                     | Filings Pursuant to Financing Order.....   | 14 |
| Section 4.11                                     | Issuance Advice Letter.....  | 14 |
| Section 4.12                                     | Securitized Utility Tariff.....  | 14 |
| Section 4.13                                     | Notice of Breach to Rating Agencies, Etc. ....   | 14 |
| Section 4.14                                     | Further Assurances.....  | 14 |
| ARTICLE V ADDITIONAL UNDERTAKINGS OF SELLER..... |  | 14 |
| Section 5.01                                     | <b>LIABILITY OF THE SELLER; INDEMNITIES</b> .....  | 15 |
| Section 5.02                                     | Merger, Conversion or Consolidation of, or Assumption of the Obligations<br>of, the Seller ..... | 18 |
| Section 5.03                                     | Limitation on Liability of the Seller and Others .....   | 19 |
| ARTICLE VI MISCELLANEOUS PROVISIONS .....        |  | 19 |
| Section 6.01                                     | Amendment.....   | 19 |
| Section 6.02                                     | Notices .....  | 20 |
| Section 6.03                                     | Assignment by the Seller .....   | 21 |
| Section 6.04                                     | Pledge to the Indenture Trustee .....  | 21 |
| Section 6.05                                     | Limitations on Rights of Others.....   | 21 |
| Section 6.06                                     | Severability .....   | 21 |
| Section 6.07                                     | Separate Counterparts .....  | 22 |
| Section 6.08                                     | Headings .....   | 22 |
| Section 6.09                                     | Governing Law .....  | 22 |
| Section 6.10                                     | Limitation of Liability.....   | 22 |
| Section 6.11                                     | Waivers .....  | 22 |
| Section 6.12                                     | Nonpetition Covenants.....   | 22 |
| EXHIBIT A BILL OF SALE.....                      |  | 1  |
| SCHEDULE 1 to BILL OF SALE.....                  |  | 1  |

This **SECURITIZED UTILITY TARIFF PROPERTY PURCHASE AND SALE AGREEMENT** (this “Agreement”) dated as of [●], is between [*NAME OF Atmos SPE*], a Delaware limited liability company, as purchaser (together with its successors under the Indenture, the “Issuer”), and ATMOS ENERGY CORPORATION, a Texas and Virginia corporation, as seller (together with its successors to the extent permitted hereunder, the “Seller”).

## RECITALS

WHEREAS, the Issuer desires to purchase the Securitized Utility Tariff Property created pursuant to the Securitization Act and the Financing Order;

WHEREAS, the Seller is willing to sell its rights and interests in and to the Securitized Utility Tariff Property to the Issuer;

WHEREAS, the Issuer, in order to finance the purchase of the Securitized Utility Tariff Property, will issue the Securitized Utility Tariff Bonds under the Indenture; and

WHEREAS, the Issuer, to secure its obligations under the Securitized Utility Tariff Bonds and the Indenture, will pledge its right, title and interest in the Securitized Utility Tariff Property and this Agreement to the Indenture Trustee for the benefit of the Secured Parties.

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained and intending to be legally bound hereby, the parties hereto agree as follows:

## ARTICLE I

### DEFINITIONS

Section 1.01 *Definitions*. Capitalized terms used herein and not otherwise defined herein have the meanings assigned to them in Appendix A to the Indenture (including Appendix A thereto), dated as of [●], between the Issuer and [U.S. Bank National Association, a national banking association], in its capacity as indenture trustee (the “Indenture Trustee”) and in its separate capacity as a securities intermediary (the “Securities Intermediary”), as the same may be amended, restated, supplemented or otherwise modified from time to time.

Section 1.02 *Other Definitional Provisions*.

(a) “Agreement” means this Securitized Utility Tariff Property Purchase and Sale Agreement, as the same may be amended and supplemented from time to time.

(b) Non-capitalized terms used herein which are defined in the Securitization Act, as the context requires, have the meanings assigned to such terms in the Securitization Act, but without giving effect to amendments to the Securitization Act after the date hereof which have a material adverse effect on the Issuer or the Securitized Utility Tariff Bondholders.

(c) All terms defined in this Agreement shall have such defined meanings when used in any certificate or other document made or delivered pursuant hereto unless otherwise defined therein.

(d) The words “hereof,” “herein,” “hereunder” and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement; Section, Schedule and Exhibit references contained in this Agreement are references to Sections, Schedules and Exhibits in or to this Agreement unless otherwise specified; and the term “including” shall mean “including without limitation.”

(e) The definitions contained in this Agreement are applicable to the singular as well as the plural forms of such terms.

## ARTICLE II

### CONVEYANCE OF THE SECURITIZED UTILITY TARIFF PROPERTY

#### Section 2.01 *Conveyance of the Securitized Utility Tariff Property.*

(a) In consideration of the Issuer’s payment to or upon the order of the Seller of \$ (the “Purchase Price”), subject to the satisfaction or waiver of the conditions specified in Section 2.02, the Seller does hereby irrevocably sell, transfer, assign, set over and otherwise convey to the Issuer, without recourse (subject, for the avoidance of doubt, to the express obligations of the Seller herein) or warranty, except as set forth herein, all right, title and interest of the Seller in and to the Securitized Utility Tariff Property as identified in the Bill of Sale delivered pursuant to Section 2.02(i) on or prior to the Closing Date (such sale, transfer, assignment, setting over and conveyance of the Securitized Utility Tariff Property to include, to the fullest extent permitted by the Securitization Act, the right to impose, collect and receive the Securitized Utility Tariff Charges, as the same may be adjusted from time to time). Such sale, transfer, assignment, setting over and conveyance of the Securitized Utility Tariff Property is hereby expressly stated to be a sale or other absolute transfer and, pursuant to K.S.A. §66-1,246(a) and other applicable law, is a true sale and is not a secured transaction and title and ownership has passed to the Issuer. The preceding sentence is the statement referred to in K.S.A. §66-1,246(a). The Seller agrees and confirms that upon payment of the Purchase Price and the execution and delivery of this Agreement and the Bill of Sale, the sale, transfer and assignment hereunder shall be effective and the Seller shall have no right, title or interest in, to or under the Securitized Utility Tariff Property.

(b) Subject to the satisfaction or waiver of conditions specified in Section 2.02, the Issuer does hereby purchase the Securitized Utility Tariff Property from the Seller for the consideration set forth in Section 2.01(a).

(c) The Seller and the Issuer each acknowledge and agree that the purchase price for the Securitized Utility Tariff Property sold pursuant to this Agreement is equal to its fair market value at the time of sale.

Section 2.02 *Conditions to Conveyance of the Securitized Utility Tariff Property.* The obligation of the Seller to sell, and the obligation of the Issuer to purchase, the Securitized Utility Tariff Property on the Closing Date shall be subject to and conditioned upon the satisfaction or waiver of each of the following conditions:

- (i) on or prior to the Closing Date, the Seller shall deliver to the Issuer a duly executed Bill of Sale identifying the Securitized Utility Tariff Property, substantially in the form of Exhibit A hereto;
- (ii) as of the Closing Date, the representations and warranties of the Seller in this Agreement shall be true and correct in all material respects and no material breach by the Seller of its covenants in this Agreement shall exist and the Seller shall have delivered to the Issuer and the Indenture Trustee an Officer's Certificate to such effect and no Servicer Default shall have occurred and be continuing;
- (iii) as of the Closing Date:
  - (A) the Issuer shall have sufficient funds available to pay the Purchase Price,
  - (B) all conditions set forth in the Indenture to the issuance of the Securitized Utility Tariff Bonds shall have been satisfied or waived, and
  - (C) the Seller is not insolvent and will not have been made insolvent by the sale of the Securitized Utility Tariff Property and the Seller is not aware of any pending insolvency with respect to itself.
- (iv) on or prior to the Closing Date, the Seller shall have taken all actions required under the Securitization Act, the Financing Order and other applicable law for the Issuer to have ownership of the Securitized Utility Tariff Property, free and clear of all Liens other than Liens created by the Issuer pursuant to the Basic Documents and to perfect such transfer, including filing any statements or filings under the Securitization Act or the UCC; and the Issuer, or the Servicer on behalf of the Issuer, shall have taken any action required for the Issuer to grant the Indenture Trustee a first priority perfected security interest in the Trust Estate and maintain such security interest as of such date (including all actions required under the Securitization Act, the Financing Order and the UCC);
- (v) the Seller shall have delivered to each Rating Agency and to the Issuer any Opinions of Counsel requested by the Rating Agencies to be delivered by the Seller;
- (vi) on and as of the Closing Date, each of the Servicing Agreement, this Agreement, the Indenture, the Financing Order, the Securitized Utility Tariff and the Securitization Act shall be in full force and effect;
- (vii) the Seller shall have delivered to the Indenture Trustee and the Issuer an Officer's Certificate confirming the satisfaction of each relevant condition precedent specified in this Section 2.02; and

(viii) the Seller shall have received the Purchase Price in funds immediately available on the Closing Date.

### **ARTICLE III**

#### **REPRESENTATIONS AND WARRANTIES OF SELLER**

As of the Closing Date, the Seller makes the following representations and warranties on which the Issuer has relied and will rely in acquiring the Securitized Utility Tariff Property. The following representations and warranties are made under existing law as in effect as of the Closing Date. The Seller shall not be in breach of any representation or warranty herein as a result of a change in law occurring after the Closing Date, including by means of legislative enactment, constitutional amendment or voter initiative. The representations and warranties shall survive the sale of the Securitized Utility Tariff Property to the Issuer and the pledge thereof on the Closing Date to the Indenture Trustee pursuant to the Indenture.

Section 3.01 *Organization and Good Standing.* The Seller is a corporation duly organized and in good standing under the laws of the State of Texas and the State of Virginia, with corporate power and authority to own its properties as such properties are owned on the Closing Date and to conduct its business as such business is conducted by the Seller on the Closing Date.

Section 3.02 *Due Qualification.* The Seller is duly qualified to do business as a foreign corporation in good standing, and has obtained all necessary licenses and approvals, in all jurisdictions in which the ownership or lease of property or the conduct of its business requires such qualifications, licenses or approvals (except where the failure to so qualify or obtain such licenses and approvals would not have a material adverse effect on the Seller's business, operations, assets, revenues or properties).

Section 3.03 *Power and Authority.* The Seller has the corporate power and authority to obtain the Financing Order and to execute and deliver this Agreement and to carry out its terms; the Seller has the corporate power and authority to own the rights and interests under the Financing Order, and to sell and assign the rights and interests under the Financing Order and in the Securitized Utility Tariff Property to the Issuer; and the execution, delivery and performance of this Agreement have been duly authorized by the Seller by all necessary corporate action.

Section 3.04 *Binding Obligation.* This Agreement constitutes a legal, valid and binding obligation of the Seller, enforceable against the Seller in accordance with its terms, subject to bankruptcy, receivership, insolvency, reorganization, moratorium, fraudulent transfer and other laws relating to or affecting creditors' or secured parties' rights generally from time to time in effect and to general principles of equity (including concepts of materiality, reasonableness, good faith and fair dealing), regardless of whether considered in a proceeding in equity or at law.

Section 3.05 *No Violation.* The consummation by the Seller of the transactions contemplated by this Agreement and the fulfillment by the Seller of the terms hereof do not: (i) conflict with or result in any breach in any material respect of any of the terms and provisions of, or constitute (with or without notice or lapse of time) a default in any material respect under, the certificate of incorporation or by-laws of the Seller, each as amended to the date of this Agreement,

or any indenture, mortgage, credit agreement or other agreement or instrument to which the Seller is a party or by which it or its properties is bound; (ii) result in the creation or imposition of any Lien upon any of the Seller's properties pursuant to the terms of any such indenture, agreement or other instrument (except for any Lien created by the Issuer under the Basic Documents in favor of the Indenture Trustee for the benefit of the Secured Parties and in accordance with K.S.A. §66-1,245); or (iii) violate in any material respect any existing law or any existing order, rule or regulation applicable to the Seller of any Governmental Authority having jurisdiction over the Seller or its properties.

Section 3.06 *No Proceedings.* Except as disclosed in the Issuer's prospectus dated [●] relating to the Securitized Utility Tariff Bonds (the "Prospectus"), there are no proceedings pending and, to the actual knowledge of a Responsible Officer of Seller, (x) there are no proceedings threatened and (y) there are no investigations pending or threatened before any Governmental Authority having jurisdiction over the Seller or its properties involving or relating to the Seller, the Issuer or any other Person:

- (i) asserting the invalidity of this Agreement, any of the other Basic Documents, the Securitized Utility Tariff Bonds, the Securitization Act or the Financing Order;
- (ii) seeking to prevent the issuance of the Securitized Utility Tariff Bonds or the consummation of any of the transactions contemplated by this Agreement or any of the other Basic Documents;
- (iii) seeking any determination or ruling that could reasonably be expected to materially and adversely affect the performance by the Seller of its obligations under, or the validity or enforceability of, this Agreement, any of the other Basic Documents or the Securitized Utility Tariff Bonds; or
- (iv) challenging the Seller's treatment of the Securitized Utility Tariff Bonds as debt of the Seller for federal or state income, gross receipts or franchise tax purposes.

Section 3.07 *Approvals.* Except for financing statement filings and continuation filings under the UCC and the Securitization Act, no approval, authorization, consent, order or other action of, or filing with, any Governmental Authority is required under any applicable law, rule or regulation in connection with the execution and delivery by the Seller of this Agreement, the performance by the Seller of the transactions contemplated hereby or the fulfillment by the Seller of the terms hereof, except those that have been obtained or made and those that the Seller, in its capacity as Servicer under the Servicing Agreement, is required to make in the future pursuant to the Servicing Agreement.

Section 3.08 *The Securitized Utility Tariff Property.*

(a) Information. Subject to Section 3.16, all written information, as amended or supplemented from time to time prior to the date this representation is made, provided by the Seller to the Issuer with respect to the Securitized Utility Tariff Property (including the Financing Order and the Issuance Advice Letter) is correct in all material respects and does

not omit any material facts required to be included therein and all historical data for the purpose of calculating the initial Securitized Utility Tariff Charges in the Issuance Advice Letter and the assumptions used for such calculations are reasonable and such calculations were made in good faith.

(b) Effect of Transfer. It is the intention of the parties hereto that (other than for United States federal income tax purposes and, to the extent consistent with applicable state tax laws, state income and franchise tax purposes) the sale, transfer, assignment, setting over and conveyance herein contemplated constitutes a sale or other absolute transfer of all right, title and interest of the Seller in and to the Securitized Utility Tariff Property from the Seller to the Issuer. Upon execution and delivery of this Agreement and the Bill of Sale and payment of the Purchase Price, the Seller will have no right, title or interest in, to or under the Securitized Utility Tariff Property; and that such Securitized Utility Tariff Property would not be a part of the estate of the Seller as debtor in the event of the filing of a bankruptcy petition by or against the Seller under any bankruptcy law. No portion of the Securitized Utility Tariff Property has been sold, transferred, assigned, pledged or otherwise conveyed by the Seller to any Person other than the Issuer, and, to the actual knowledge of a Responsible Officer of the Seller, no security agreement, financing statement or equivalent security or lien instrument listing the Seller, as debtor, and covering all or a portion of the Securitized Utility Tariff Property, as collateral, is on file or of record in Kansas or Delaware, except such as may have been filed, recorded or made in favor of the Issuer or the Indenture Trustee in connection with the Basic Documents.

(c) Transfer Filings.

(i) The Seller is the sole owner of all the rights and interests of the Securitized Utility Tariff Property under the Financing Order to be sold to the Issuer on the Closing Date.

(ii) On the Closing Date, immediately upon the sale hereunder, the Securitized Utility Tariff Property will have been validly sold, assigned, transferred, set over and conveyed to the Issuer free and clear of all Liens (except for any Lien created by the Issuer under the Basic Documents in favor of the Indenture Trustee, for the benefit of the Secured Parties, and in accordance with the Securitization Act).

(iii) All actions or filings (including filings with the Kansas Secretary of State in accordance with the rules prescribed under the Securitization Act) necessary in any jurisdiction to give the Issuer a perfected ownership interest (subject to any Lien created by the Issuer under the Basic Documents in favor of the Indenture Trustee, for the benefit of the Secured Parties, and in accordance with the Securitization Act) in the Securitized Utility Tariff Property and for the Issuer to grant to the Indenture Trustee a first priority perfected security interest in the Securitized Utility Tariff Property, free and clear of all Liens of the Seller or anyone else (except for any Lien created by the Issuer under the Basic Documents in favor of the Indenture Trustee, for the benefit of the Secured Parties, and in accordance with the Securitization Act), have been taken or made.



Section 3.09 *Solvency*. After giving effect to the sale of the Securitized Utility Tariff Property hereunder, the Seller:

- (i) is solvent and expects to remain solvent,
- (ii) is adequately capitalized to conduct its business and affairs considering its size and the nature of its business and intended purposes,
- (iii) is not engaged and does not expect to engage in a business for which its remaining property represents an unreasonably small portion of its capital,
- (iv) reasonably believes that it will be able to pay its debts as they come due, and
- (v) is able to pay its debts as they come due and does not intend to incur, or believes that it will incur, indebtedness that it will not be able to repay at its maturity.

Section 3.10 *The Financing Order*.

(a) The Financing Order was issued by the Kansas Commission on [ ], 2022 in accordance with the Securitization Act; the Financing Order was issued in a process that complies with all applicable laws, rules and regulations of the State of Kansas, including the Securitization Act; and the Financing Order is final, non-appealable and in full force and effect.

(b) As of the date of issuance of the Securitized Utility Tariff Bonds, the Securitized Utility Tariff Bonds will be entitled to the protections provided by the Securitization Act and the Financing Order, the Issuance Advice Letter and the Securitized Utility Tariff Charges authorized therein will have become irrevocable and not subject to reduction, impairment or adjustment by further action of the Kansas Commission, except for changes made pursuant to the adjustment mechanism authorized under the Securitization Act, and the Issuance Advice Letter has been filed in accordance with the Financing Order. The Issuance Advice Letter have been filed in accordance with the Financing Order. The initial Securitized Utility Tariff Charges and the final terms of the Securitized Utility Tariff Bonds set forth in the Issuance Advice Letter have become effective. No other approval, authorization, consent, order or other action of, or filing with any Governmental Authority is required in connection with the creation of the Securitized Utility Tariff Property transferred on such date, except those that have been obtained or made.

Section 3.11 *State Action*.

(a) Under K.S.A. §66-1,252(a), the State of Kansas has pledged that it will not take any action listed in such section or, except for changes made pursuant to the adjustment mechanism authorized under the Securitization Act, reduce, alter or impair the Securitized Utility Tariff Charges until the principal, interest and premium, if any, and any other charges incurred and contracts to be performed in connection with the Securitized Utility Tariff Bonds, have been paid and performed in full.



(b) [Under the laws of the State of Kansas and the federal laws of the United States, a reviewing court of competent jurisdiction would hold that (x) the State of Kansas could not constitutionally take any action of a legislative character, including the repeal or amendment of the Securitization Act, which would substantially limit, alter or impair the Securitized Utility Tariff Property or other rights vested in the Securitized Utility Tariff Bondholders pursuant to the Financing Order, or substantially limit, alter, impair or reduce the value or amount of the Securitized Utility Tariff Property, unless such action is a reasonable and necessary exercise of the State of Kansas’s sovereign powers based on reasonable conditions and of a character reasonable and appropriate to the emergency or other significant and legitimate public purpose justifying such action, and, (y) under the takings clauses of the State of Kansas and United States Constitutions, if the court concludes that the Securitized Utility Tariff Property is protected by the takings clauses, the State of Kansas could not repeal or amend the Securitization Act or take any other action in contravention of its pledge referred to in subsection (a) above without paying just compensation to the Securitized Utility Tariff Bondholders, as determined by a court of competent jurisdiction, if doing so would constitute a permanent appropriation of a substantial property interest of the Securitized Utility Tariff Bondholders in the Securitized Utility Tariff Property and deprive the Securitized Utility Tariff Bondholders of their reasonable expectations arising from their investments in the Securitized Utility Tariff Bonds; however, there is no assurance that, even if a court were to award just compensation, it would be sufficient to pay the full amount of principal of and interest on the Securitized Utility Tariff Bonds.]<sup>1</sup>

(c) [Under the laws of the State of Kansas and the United States Constitution, a Kansas state court reviewing an appeal of Kansas Commission action of a legislative character would conclude that the Kansas Commission Pledge (i) creates a binding contractual obligation of the State of Kansas for purposes of the contract clauses of the United States and Kansas Constitutions, and (ii) provides a basis upon which the Securitized Utility Tariff Bondholders could challenge successfully any action of the Kansas Commission of a legislative character, including the rescission or amendment of the Financing Order, that such court determines violates the Kansas Commission Pledge in a manner that substantially reduces, limits or impairs the value of the Securitized Utility Tariff Property or the Securitized Utility Tariff Charges, prior to the time that the Securitized Utility Tariff Bonds are paid in full and discharged, unless there is a judicial finding that the Kansas Commission action clearly is exercised for a public end and is reasonably necessary to the accomplishment of that public end so as not to be arbitrary, capricious or an abuse of authority. There is no assurance, however, that, even if a court were to award just compensation it would be sufficient to pay the full amount of principal and interest on the Securitized Utility Tariff Bonds.]<sup>2</sup>

Section 3.12 *No Court Order*. There is no order by any court providing for the revocation, alteration, limitation or other impairment of the Securitization Act, the Financing Order, the Issuance Advice Letter, the Securitized Utility Tariff Property or the Securitized Utility

---

<sup>1</sup> **Note to Draft:** Subject to additional qualifications or edits pending completion of constitutional legal opinions.

<sup>2</sup> **Note to Draft:** Subject to additional qualifications or edits pending completion of constitutional legal opinions.

Tariff Charges or any rights arising under any of them or that seeks to enjoin the performance of any obligations under the Financing Order.

Section 3.13 *Approvals Concerning the Securitized Utility Tariff Property.* Under the laws of the State of Kansas and the federal laws of the United States, no other approval, authorization, consent, order or other action of, or filing with any Governmental Authority is required in connection with the creation or transfer of the Seller's rights and interests under the Financing Order and the Issuer's purchase of the Securitized Utility Tariff Property from the Seller, except those that have been obtained or made.

Section 3.14 *No Right of Kansas Voters to Act by Initiative or Referendum.* Apart from amending the Constitution of the State of Kansas, the citizens of the State of Kansas currently do not have the constitutional right to adopt or revise state laws by initiative or referendum.

Section 3.15 *Tax Liens.* The Seller is not aware of any judgment or tax Lien filings against the Issuer or the Seller that would result in a Lien on the Securitized Utility Tariff Property.

Section 3.16 *Assumptions.* Based on information available to the Seller on the date hereof, the assumptions used in calculating the Securitized Utility Tariff Charges in the Issuance Advice Letter are reasonable and made in good faith; however, notwithstanding the foregoing, **THE SELLER MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, THAT BILLED SECURITIZED UTILITY TARIFF CHARGES WILL BE ACTUALLY COLLECTED FROM CUSTOMERS, OR THAT AMOUNTS ACTUALLY COLLECTED ARISING FROM THE SECURITIZED UTILITY TARIFF CHARGES WILL IN FACT BE SUFFICIENT TO MEET THE PAYMENT OBLIGATIONS ON THE SECURITIZED UTILITY TARIFF BONDS OR THAT THE ASSUMPTIONS USED IN CALCULATING SUCH SECURITIZED UTILITY TARIFF CHARGES WILL IN FACT BE REALIZED.**

Section 3.17 *Creation of the Securitized Utility Tariff Property.*

(a) Upon the effectiveness of the Financing Order, the transfer of the Seller's rights and interests under the Financing Order related to the Securitized Utility Tariff Bonds and the Issuer's purchase of the Securitized Utility Tariff Property from the Seller pursuant to this Agreement and the Bill of Sale, the Securitized Utility Tariff Property will constitute a present contract right vested in the Issuer.

(b) Upon the effectiveness of the Financing Order, the Issuance Advice Letter and the Securitized Utility Tariff, the transfer of the Seller's rights and interests under the Financing Order and the Issuer's purchase of the Securitized Utility Tariff Property from the Seller pursuant to this Agreement, the Securitized Utility Tariff Property includes:

- i the right to impose, bill, charge, collect and receive the Securitized Utility Tariff Charges, including the right to receive Securitized Utility Tariff Charges in amounts and at all times projected to be sufficient to pay scheduled principal and interest on the Securitized Utility Tariff Bonds,

- ii all rights and interest of the Seller under the Financing Order, except the rights of Seller to earn and receive a rate of return on its invested capital in the Issuer, to receive administration and servicer fees, or to use the Seller's remaining portion of those proceeds,
- iii the rights to file for periodic adjustments of the Securitized Utility Tariff Charges as provided in the Financing Order, and
- iv all revenues, collections, claims, rights to payments, payments, money, or proceeds arising from the rights and interests resulting from the Securitized Utility Tariff Charges.

(c) Upon the effectiveness of the Issuance Advice Letter and the Securitized Utility Tariff, the transfer of the Seller's rights and interests under the Financing Order and the Issuer's purchase of the Securitized Utility Tariff Property from the Seller on the Closing Date pursuant to this Agreement, the Securitized Utility Tariff Property will not be subject to any Lien created by a previous indenture.

Section 3.18 *Prospectus*. As of the date hereof, the information describing the Seller under the captions ["Review of Securitized Utility Tariff Property"] and ["The Depositor, Seller, Initial Servicer and Sponsor"] in the Prospectus is true and correct in all material respects.

Section 3.19 *Nature of Representations and Warranties*. The representations and warranties set forth in Section 3.08 and Section 3.10 through Section 3.18, insofar as they involve conclusions of law, are made not on the basis that the Seller purports to be a legal expert or to be rendering legal advice, but rather to reflect the parties' good faith understanding of the legal basis on which the parties are entering into this Agreement and the other Basic Documents and the basis on which the Securitized Utility Tariff Bondholders are purchasing the Securitized Utility Tariff Bonds, and to reflect the parties' agreement that, if such understanding turns out to be incorrect or inaccurate, the Seller will be obligated to indemnify the Issuer and its permitted assigns (to the extent required by and in accordance with Section 5.01), and that the Issuer and its permitted assigns will be entitled to enforce any rights and remedies under the Basic Documents on account of such inaccuracy to the same extent as if the Seller had breached any other representations or warranties hereunder.

Section 3.20 *Waivers of Legal Warranties*. The Seller makes no representation or warranty, express or implied, as to the solvency of any Customer on the Closing Date or as to the future solvency of any Customer.

## **ARTICLE IV**

### **COVENANTS OF THE SELLER**

Section 4.01 *Seller's Existence*. Subject to Section 5.02, so long as any of the Securitized Utility Tariff Bonds are Outstanding, the Seller (i) will keep in full force and effect its existence and remain in good standing under the laws of the states of its organization, and shall obtain and preserve its qualification to do business in each jurisdiction in which such qualification is or will be necessary to protect the validity and enforceability of this Agreement and each other Basic

Document to which the Seller is a party necessary to the proper administration of this Agreement and the transactions contemplated hereby and (ii) will take commercially reasonable steps to continue to operate its gas delivery system to provide service to its customers.

Section 4.02 *No Liens or Conveyances.* Except for the conveyances hereunder or any Lien under the Basic Documents pursuant to the Securitization Act in favor of the Indenture Trustee, for the benefit of the Secured Parties, the Seller shall not sell, pledge, assign or transfer to any other Person, or grant, create, incur, assume or suffer to exist any Lien on, any of the Securitized Utility Tariff Property, whether now existing or hereafter created, or any interest therein. The Seller shall not at any time assert any Lien against or with respect to the Securitized Utility Tariff Property, and shall defend the right, title and interest of the Issuer and the Indenture Trustee, as assignee of the Issuer, in, to and under the Securitized Utility Tariff Property against all claims of third parties claiming through or under the Seller.

Section 4.03 *Use of Proceeds.* The Seller will use the proceeds from the sale of the Securitized Utility Tariff Property to the Issuer in accordance with the applicable provisions of the Financing Order.

Section 4.04 *Delivery of Collections.* In the event that the Seller receives collections in respect of the Securitized Utility Tariff Charges or the proceeds thereof other than in its capacity as the Servicer, the Seller agrees to pay to the Servicer, on behalf of the Issuer, all payments received by it in respect thereof as soon as practicable after receipt thereof. Prior to such remittance to the Servicer by the Seller, the Seller agrees that such amounts are held by it in trust for the Issuer and the Indenture Trustee. If the Seller becomes a party to any future trade receivables purchase and sale arrangement or similar arrangement under which it sells all or any portion of its accounts receivables, the Seller and the other parties to such arrangement shall enter into an intercreditor agreement in connection therewith and the terms of the documentation evidencing such trade receivables purchase and sale arrangement or similar arrangement shall expressly exclude Securitized Utility Tariff Charges from any receivables or other assets pledged or sold under such arrangement.

Section 4.05 *Notice of Liens.* The Seller shall notify the Issuer and the Indenture Trustee promptly after becoming aware of any Lien on the Securitized Utility Tariff Property, other than the conveyance hereunder, any Lien created in favor of the Indenture Trustee or the Secured Parties or any Lien created by the Issuer under the Indenture.

Section 4.06 *Compliance with Law.* The Seller shall comply with its organizational or governing documents and all laws, treaties, rules, regulations and determinations of any Governmental Authority applicable to the Seller, except to the extent that failure to so comply would not materially adversely affect the Issuer's or the Indenture Trustee's interests in the Securitized Utility Tariff Property or under any of the Basic Documents to which Seller is a party

or the Seller's performance of its obligations hereunder or under any of the other Basic Documents to which Seller is a party.

*Section 4.07 Covenants Related to the Securitized Utility Tariff Property.*

(a) So long as any of the Securitized Utility Tariff Bonds are Outstanding, the Seller shall:

(i) treat the Securitized Utility Tariff Bonds as debt of the Issuer and not of the Seller, except for financial reporting, state or federal regulatory or tax purposes;

(ii) disclose in its financial statements that the Issuer is, and the Seller is not, the owner of the Securitized Utility Tariff Property and that the assets of the Issuer are not available to pay creditors of the Seller or any of its Affiliates (other than the Issuer),

(iii) unless, and to the extent, required by applicable law or directed or required by a Governmental Authority, disclose the effects of all transactions between the Seller and the Issuer in accordance with generally accepted accounting principles, and

(iv) not own or purchase any Securitized Utility Tariff Bonds.

(b) So long as any of the Securitized Utility Tariff Bonds are Outstanding,

(i) in all proceedings relating directly or indirectly to the Securitized Utility Tariff Property, the Seller shall: (A) affirmatively certify and confirm that it has sold all of its rights and interests in and to the Securitized Utility Tariff Property to the Issuer (other than for financial reporting or tax purposes), and (B) not make any statement or reference in respect of the Securitized Utility Tariff Property that is inconsistent with the ownership thereof by the Issuer (other than for financial reporting or tax purposes or as required by state or federal regulatory purposes);

(ii) the Seller shall not take any action in respect of the Securitized Utility Tariff Property except solely in its capacity as the Servicer thereof pursuant to the Servicing Agreement or as contemplated by the Basic Documents; and

(iii) neither the Seller nor the Issuer shall take any action, file any tax return, or make any election inconsistent with the treatment of the Issuer, for purposes of federal taxes and, to the extent consistent with applicable state, local and other tax law, for purposes of state, local and other taxes, as a disregarded entity that is not separate from the Seller (or, if relevant, from another sole owner of the Issuer).

(c) The Seller agrees that upon the sale by the Seller of all of its rights and interests in and to the Securitized Utility Tariff Property to the Issuer pursuant to this Agreement, (i) to the fullest extent permitted by law, including applicable Kansas Commission regulations and the Securitization Act, the Issuer shall have all of the rights originally held by the Seller with respect to the transferred Securitized Utility Tariff Property, including the right

(subject to the terms of the Servicing Agreement) to exercise any and all rights and remedies to collect any amounts payable by any customer in respect of the transferred Securitized Utility Tariff Property, notwithstanding any objection or direction to the contrary by the Seller (and the Seller agrees not to make any such objection or to take any such contrary action), and (ii) any payment to the Servicer by any Person responsible for remitting Securitized Utility Tariff Charges to the Servicer under the terms of the Financing Order or the Securitization Act or the Securitized Utility Tariff shall discharge such Person's obligations in respect of the Securitized Utility Tariff Property to the extent of such payment, notwithstanding any objection or direction to the contrary by the Seller.

**Section 4.08 *Protection of Title.*** The Seller shall execute and file such filings, and cause to be executed and filed such filings, in such manner and in such places as may be required by law to fully preserve, maintain and protect the ownership interests of the Issuer and the security interest of the Indenture Trustee in the Securitized Utility Tariff Property, including all filings required under the Securitization Act and the UCC relating to the transfer of the ownership of the rights and interests in the Securitized Utility Tariff Property by the Seller to the Issuer and the pledge of the Issuer's interest in the Securitized Utility Tariff Property by the Issuer to the Indenture Trustee. The Seller shall deliver (or cause to be delivered) to the Issuer and the Indenture Trustee file-stamped copies of, or filing receipts for, any document filed as provided above, as soon as available following such filing. The Seller shall institute any action or proceeding reasonably necessary to compel performance by the Kansas Commission or the State of Kansas of any of their obligations or duties under the Securitization Act, the Financing Order or the Issuance Advice Letter relating to the transfer of the rights and interests under the Financing Order by the Seller to the Issuer and shall notify the Indenture Trustee of the institution of any such action. The Seller agrees to take such legal or administrative actions, including defending against or instituting and pursuing legal actions and appearing or testifying at hearings or similar proceedings, in each case as may be reasonably necessary:

(a) to protect the Issuer and the Securitized Utility Tariff Bondholders from claims, state actions or other actions or proceedings of third parties which, if successfully pursued, would result in a breach of any representation set forth in Article III; or

(b) so long as the Seller is also the Servicer, to block or overturn any attempts to cause a repeal of, modification of or supplement to the Securitization Act, the Financing Order, the Issuance Advice Letter or the rights of the Securitized Utility Tariff Bondholders by legislative enactment (including any action of the Kansas Commission of a legislative character) or constitutional amendment that would be materially adverse to the Issuer, the Indenture Trustee or the Securitized Utility Tariff Bondholders.

The costs of any such actions or proceedings shall be reimbursed by the Issuer to the Seller from amounts on deposit in the Collection Account as an Operating Expense (as such terms are defined in the Indenture) in accordance with the terms of the Indenture. The Seller's obligations pursuant to this Section 4.08 shall survive and continue notwithstanding that the payment of Operating Expenses pursuant to the Indenture may be delayed (it being understood that the Seller may be required to advance its own funds to satisfy its obligation hereunder). The Seller designates the Issuer as its agent and attorney-in-fact to execute any filings of financing statements, continuation



statements or other instruments required of the Seller pursuant to this Section 4.08, it being understood that the Issuer shall have no obligation to execute any such instruments.

Section 4.09 *Taxes*. So long as any of the Securitized Utility Tariff Bonds are Outstanding, the Seller shall pay all material taxes, assessments and governmental charges imposed upon it or any of its properties or assets or with respect to any of its franchises, businesses, income or property before any penalty accrues thereon if the failure to pay any such taxes, assessments and governmental charges would, after any applicable grace periods, notices or other similar requirements, result in a Lien on the Securitized Utility Tariff Property; provided that no such tax need be paid if the Seller or any of its Affiliates is contesting the same in good faith by appropriate proceedings promptly instituted and diligently conducted and if the Seller or such Affiliate has established appropriate reserves as shall be required in conformity with generally accepted accounting principles.

Section 4.10 *Filings Pursuant to Financing Order*. The Seller shall comply with all filing requirements imposed upon the Seller in its capacity as such by the Financing Order, including making any such post-closing filings.

Section 4.11 *Issuance Advice Letter*. The Seller hereby agrees not to withdraw the filing of the Issuance Advice Letter with the Kansas Commission.

Section 4.12 *Securitized Utility Tariff*. The Seller hereby agrees to make all reasonable efforts to keep the Securitized Utility Tariff in full force and effect at all times.

Section 4.13 *Notice of Breach to Rating Agencies, Etc*. Promptly after a Responsible Officer of the Seller obtains actual knowledge thereof, in the event of a breach in any material respect (without regard to any materiality qualifier contained in such representation, warranty or covenant) of any of the Seller's representations, warranties or covenants contained herein, the Seller shall promptly notify the Issuer, the Indenture Trustee and the Rating Agencies of such breach. For the avoidance of doubt, any breach which would adversely affect scheduled payments on the Securitized Utility Tariff Bonds will be deemed to be a material breach for purposes of this Section 4.13.

Section 4.14 *Further Assurances*. Upon the reasonable request of the Issuer, the Seller shall execute and deliver such further instruments and do such further acts as may be reasonably necessary to carry out more effectually the provisions and purposes of this Agreement.

## **ARTICLE V**

### **ADDITIONAL UNDERTAKINGS OF SELLER**

The Seller hereby undertakes the obligations contained in this Article V and acknowledges that the Issuer shall have the right to assign its rights with respect to such obligations to the Indenture Trustee for the benefit of the Secured Parties.

Section 5.01 *LIABILITY OF THE SELLER; INDEMNITIES.*

(a) **THE SELLER SHALL BE LIABLE IN ACCORDANCE HERewith ONLY TO THE EXTENT OF THE OBLIGATIONS SPECIFICALLY UNDERTAKEN BY THE SELLER UNDER THIS AGREEMENT.**

(b) **THE SELLER SHALL INDEMNIFY THE ISSUER AND THE INDENTURE TRUSTEE, FOR ITSELF AND ON BEHALF OF THE SECURED PARTIES, AND EACH OF THEIR RESPECTIVE OFFICERS, DIRECTORS, MANAGERS, EMPLOYEES AND AGENTS (EACH, AN “INDEMNIFIED PERSON”) FOR, AND DEFEND AND HOLD HARMLESS EACH SUCH PERSON FROM AND AGAINST, ANY AND ALL TAXES (OTHER THAN ANY TAXES IMPOSED ON SECURITIZED UTILITY TARIFF BONDHOLDERS SOLELY AS A RESULT OF THEIR OWNERSHIP OF SECURITIZED UTILITY TARIFF BONDS) THAT MAY AT ANY TIME BE IMPOSED ON OR ASSERTED AGAINST ANY SUCH PERSON UNDER EXISTING LAW AS OF THE CLOSING DATE AS A RESULT OF THE SALE AND ASSIGNMENT OF THE SELLER’S RIGHTS AND INTERESTS UNDER THE FINANCING ORDER BY THE SELLER TO THE ISSUER, THE ACQUISITION OR HOLDING OF THE SECURITIZED UTILITY TARIFF PROPERTY BY THE ISSUER OR THE ISSUANCE AND SALE BY THE ISSUER OF THE SECURITIZED UTILITY TARIFF BONDS, INCLUDING ANY SALES, GROSS RECEIPTS, TANGIBLE PERSONAL PROPERTY, PRIVILEGE, FRANCHISE OR LICENSE TAXES, BUT EXCLUDING ANY TAXES IMPOSED AS A RESULT OF A FAILURE OF SUCH PERSON TO PROPERLY WITHHOLD OR REMIT TAXES IMPOSED WITH RESPECT TO PAYMENTS ON ANY SECURITIZED UTILITY TARIFF BOND, IN THE EVENT AND TO THE EXTENT SUCH TAXES ARE NOT RECOVERABLE AS FINANCING COSTS, IT BEING UNDERSTOOD THAT THE SECURITIZED UTILITY TARIFF BONDHOLDERS SHALL BE ENTITLED TO ENFORCE THEIR RIGHTS AGAINST THE SELLER UNDER THIS SECTION 5.01(B) SOLELY THROUGH A CAUSE OF ACTION BROUGHT FOR THEIR BENEFIT BY THE INDENTURE TRUSTEE IN ACCORDANCE WITH THE TERMS OF THE INDENTURE.**

(c) **THE SELLER SHALL INDEMNIFY EACH INDEMNIFIED PERSON FOR, AND DEFEND AND HOLD HARMLESS EACH SUCH PERSON FROM AND AGAINST, ANY AND ALL LIABILITIES, OBLIGATIONS, CLAIMS, ACTIONS, SUITS OR PAYMENTS OF ANY KIND WHATSOEVER THAT MAY BE IMPOSED ON OR ASSERTED AGAINST ANY SUCH INDEMNIFIED PERSON (WHICH MAY INCLUDE, WITHOUT LIMITATION, AN AMOUNT EQUAL TO PRINCIPAL AND INTEREST ON THE SECURITIZED UTILITY TARIFF BONDS AS A MEASURE OF SELLER’S INDEMNIFICATION OBLIGATIONS UNDER THIS SECTION 5.01) TOGETHER WITH ANY REASONABLE COSTS AND EXPENSES INCURRED BY SUCH INDEMNIFIED PERSON, IN EACH CASE AS A RESULT OF THE SELLER’S BREACH OF ANY OF ITS REPRESENTATIONS, WARRANTIES OR COVENANTS CONTAINED IN THIS AGREEMENT.**



(d) THE INDEMNIFICATION OBLIGATIONS OF THE SELLER UNDER THIS SECTION 5.01 SHALL RANK *PARI PASSU* WITH ALL OTHER GENERAL UNSECURED OBLIGATIONS OF THE SELLER.

(e) INDEMNIFICATION UNDER THIS SECTION 5.01 SHALL SURVIVE THE RESIGNATION OR REMOVAL OF THE INDENTURE TRUSTEE AND THE TERMINATION OF THIS AGREEMENT AND SHALL INCLUDE REASONABLE FEES AND EXPENSES OF INVESTIGATION AND LITIGATION (INCLUDING REASONABLE ATTORNEYS' FEES AND EXPENSES). THE SELLER SHALL NOT INDEMNIFY ANY INDEMNIFIED PERSON UNDER THIS SECTION 5.01 FOR ANY CHANGES IN LAW AFTER THE CLOSING DATE, INCLUDING BY MEANS OF LEGISLATIVE ENACTMENT, CONSTITUTIONAL AMENDMENT OR VOTER INITIATIVE, OR FOR ANY LIABILITY RESULTING SOLELY FROM A DOWNGRADE IN ANY RATING OF THE SECURITIZED UTILITY TARIFF BONDS BY ANY RATING AGENCY. THE SELLER SHALL NOT INDEMNIFY THE INDENTURE TRUSTEE OR ITS OFFICERS, DIRECTORS, MANAGERS, EMPLOYEES OR AGENTS UNDER THIS SECTION 5.01 AGAINST ANY LIABILITY, OBLIGATION, CLAIM, ACTION, SUIT OR PAYMENT OF ANY KIND ARISING OUT OF THE WILLFUL MISCONDUCT, NEGLIGENCE OR BAD FAITH OF ANY SUCH PERSON.

(f) THE SELLER SHALL NOT BE REQUIRED TO INDEMNIFY AN INDEMNIFIED PERSON UNDER THIS SECTION 5.01 FOR ANY AMOUNT PAID OR PAYABLE BY SUCH INDEMNIFIED PERSON IN THE SETTLEMENT OF ANY ACTION, PROCEEDING OR INVESTIGATION WITHOUT THE PRIOR WRITTEN CONSENT OF THE SELLER WHICH CONSENT SHALL NOT BE UNREASONABLY WITHHELD.

(g) PROMPTLY AFTER RECEIPT BY AN INDEMNIFIED PERSON OF NOTICE OF THE COMMENCEMENT OF ANY ACTION, PROCEEDING OR INVESTIGATION, SUCH INDEMNIFIED PERSON SHALL, IF A CLAIM IN RESPECT THEREOF IS TO BE MADE AGAINST THE SELLER UNDER THIS SECTION 5.01, NOTIFY THE SELLER IN WRITING OF THE COMMENCEMENT THEREOF. FAILURE BY AN INDEMNIFIED PERSON TO SO NOTIFY THE SELLER SHALL RELIEVE THE SELLER FROM THE OBLIGATION TO INDEMNIFY AND HOLD HARMLESS SUCH INDEMNIFIED PERSON UNDER THIS SECTION 5.01 ONLY TO THE EXTENT THAT THE SELLER SUFFERS ACTUAL PREJUDICE AS A RESULT OF SUCH FAILURE.

(h) WITH RESPECT TO ANY ACTION, PROCEEDING OR INVESTIGATION BROUGHT BY A THIRD PARTY FOR WHICH INDEMNIFICATION MAY BE SOUGHT UNDER SECTION 5.01(C), THE SELLER SHALL BE ENTITLED TO CONDUCT AND CONTROL, AT ITS EXPENSE AND WITH COUNSEL OF ITS CHOOSING THAT IS REASONABLY SATISFACTORY TO SUCH INDEMNIFIED PERSON, THE DEFENSE OF ANY SUCH ACTION, PROCEEDING OR INVESTIGATION (IN WHICH CASE THE SELLER SHALL NOT THEREAFTER BE RESPONSIBLE FOR THE FEES AND

**EXPENSES OF ANY SEPARATE COUNSEL RETAINED BY THE INDEMNIFIED PERSON EXCEPT AS SET FORTH BELOW); PROVIDED THAT THE INDEMNIFIED PERSON SHALL HAVE THE RIGHT TO PARTICIPATE IN SUCH ACTION, PROCEEDING OR INVESTIGATION THROUGH COUNSEL CHOSEN BY IT AND AT ITS OWN EXPENSE. NOTWITHSTANDING THE SELLER'S ELECTION TO ASSUME THE DEFENSE OF ANY ACTION, PROCEEDING OR INVESTIGATION, THE INDEMNIFIED PERSON SHALL HAVE THE RIGHT TO EMPLOY SEPARATE COUNSEL (INCLUDING LOCAL COUNSEL), AND THE SELLER SHALL BEAR THE REASONABLE FEES, COSTS AND EXPENSES OF SUCH SEPARATE COUNSEL IF (I) THE DEFENDANTS IN ANY SUCH ACTION INCLUDE BOTH THE INDEMNIFIED PERSON AND THE SELLER, AND THE INDEMNIFIED PERSON SHALL HAVE REASONABLY CONCLUDED THAT THERE MAY BE LEGAL DEFENSES AVAILABLE TO IT THAT ARE DIFFERENT FROM OR ADDITIONAL TO THOSE AVAILABLE TO THE SELLER, (II) THE SELLER SHALL NOT HAVE EMPLOYED COUNSEL REASONABLY SATISFACTORY TO THE INDEMNIFIED PERSON TO REPRESENT THE INDEMNIFIED PERSON WITHIN A REASONABLE TIME AFTER NOTICE OF THE INSTITUTION OF SUCH ACTION, (III) THE SELLER SHALL AUTHORIZE THE INDEMNIFIED PERSON TO EMPLOY SEPARATE COUNSEL AT THE EXPENSE OF THE SELLER OR (IV) IN THE CASE OF THE INDENTURE TRUSTEE, SUCH ACTION EXPOSES THE INDENTURE TRUSTEE TO A MATERIAL RISK OF CRIMINAL LIABILITY OR FORFEITURE OR A SERVICER DEFAULT HAS OCCURRED AND IS CONTINUING. NOTWITHSTANDING THE FOREGOING, THE SELLER SHALL NOT BE OBLIGATED TO PAY FOR THE FEES, COSTS AND EXPENSES OF MORE THAN ONE SEPARATE COUNSEL FOR THE INDEMNIFIED PARTIES OTHER THAN ONE LOCAL COUNSEL, IF APPROPRIATE.**

**NOTWITHSTANDING THE FOREGOING, IN NO EVENT SHALL ANY SUCH FOREGOING INDEMNITY EXTEND TO THE COLLECTIBILITY OF THE SECURITIZED UTILITY TARIFF CHARGES FROM ANY PERSON RESPONSIBLE FOR REMITTING SECURITIZED UTILITY TARIFF CHARGES TO THE SERVICER UNDER THE TERMS OF THE FINANCING ORDER, THE SECURITIZATION ACT OR AN APPLICABLE SECURITIZED UTILITY TARIFF, OR THE CREDITWORTHINESS OF ANY SUCH PERSON OR THE INABILITY OR FAILURE OF SUCH PERSON TO TIMELY PAY ALL OR A PORTION OF THE SECURITIZED UTILITY TARIFF CHARGES. THE REMEDIES PROVIDED IN THIS AGREEMENT ARE THE SOLE AND EXCLUSIVE REMEDIES AGAINST THE SELLER FOR BREACH OF ITS REPRESENTATIONS, WARRANTIES OR COVENANTS IN THIS AGREEMENT.**

Section 5.02 *Merger, Conversion or Consolidation of, or Assumption of the Obligations of, the Seller.*

Any Person:

- (a) into which the Seller may be merged, converted or consolidated and which succeeds to all or substantially all of the natural gas utility business in the State of Kansas of the Seller,
- (b) which results from the division of the Seller into two or more Persons and which succeeds to all or substantially all of the natural gas utility business in the State of Kansas of the Seller,
- (c) which may result from any merger, conversion or consolidation to which the Seller shall be a party and which succeeds to all or substantially all of the natural gas utility business in the State of Kansas of the Seller,
- (d) which may purchase or otherwise succeed to the properties and assets of the Seller substantially as a whole and which purchases or otherwise succeeds to all or substantially all of the natural gas utility business in the State of Kansas of the Seller, or
- (e) which may otherwise purchase or succeed to all or substantially all of natural gas utility business in the State of Kansas of the Seller,

which Person in any of the foregoing cases executes an agreement of assumption to perform every obligation of the Seller under this Agreement, shall be the successor to the Seller hereunder (a “Permitted Successor”) without the execution or filing of any document or any further act by any of the parties to this Agreement; provided, however, that

- (i) immediately after giving effect to such transaction, no representation, warranty or covenant made by the Seller pursuant to Article III or Article IV shall have been breached in any material respect and, to the extent the Seller is the Servicer, no Servicer Default, and no event that, after notice or lapse of time, or both, would become a Servicer Default, shall have occurred and be continuing,
- (ii) the Rating Agencies shall have received prior written notice of such transaction,
- (iii) the Seller shall have delivered to the Issuer and the Indenture Trustee an Officer’s Certificate and an Opinion of Counsel each stating that such consolidation, conversion, merger, division or succession and such agreement of assumption comply with this Section 5.02 and that all conditions precedent, if any, provided for in this Agreement relating to such transaction have been complied with,
- (iv) the Seller shall have delivered to the Issuer and the Indenture Trustee an Opinion of Counsel either

(A) stating that, in the opinion of such counsel, all filings to be made by the Seller, including filings with the Kansas Commission pursuant to the Securitization Act, that are necessary to fully preserve and protect the respective interests of the Issuer and the Indenture Trustee in the Securitized Utility Tariff Property have been executed and filed, and reciting the details of such filings, or

(B) stating that, in the opinion of such counsel, no such action is necessary to preserve and protect such interests, and

(v) the Seller shall have delivered to the Issuer, the Indenture Trustee and the Rating Agencies an opinion of independent tax counsel (as selected by, and in form and substance satisfactory to the Seller, and which may be based on a ruling from the Internal Revenue Service) to the effect that, for federal income tax purposes, such transaction will not result in a material adverse federal income tax consequence to the Issuer, the Indenture Trustee or the Securitized Utility Tariff Bondholders.

The Seller shall not consummate any transaction referred to in clauses (a), (b), (c), (d) or (e) above except upon execution of the above described agreement of assumption and compliance with clauses (i), (ii), (iii), (iv) and (v) above. When any Person acquires the properties and assets of the Seller substantially as a whole and succeeds to all or substantially all of the natural gas utility business in the State of Kansas of the Seller, or otherwise becomes the successor to the Seller in accordance with the terms of this Section 5.02, then upon the satisfaction of all of the other conditions of this Section 5.02, the Seller shall automatically and without further notice be released from its obligations hereunder.

**Section 5.03** *Limitation on Liability of the Seller and Others.* The Seller and any director, officer, employee or agent of the Seller may rely in good faith on the advice of counsel or on any document of any kind, prima facie properly executed and submitted by any Person, respecting any matters arising hereunder. Subject to Section 4.08, the Seller shall not be under any obligation to appear in, prosecute or defend any legal action that is not incidental to its obligations under this Agreement, and that in its opinion may involve it in any expense or liability.

## ARTICLE VI

### MISCELLANEOUS PROVISIONS

#### Section 6.01 *Amendment.*

(a) This Agreement may be amended in writing by the Seller and the Issuer, provided that (i) the Rating Agency Condition has been satisfied in connection therewith, (ii) the Indenture Trustee has consented thereto and (iii) in the case of any amendment that increases Ongoing Financing Costs as defined in the Financing Order, the Kansas Commission has consented thereto or shall be conclusively deemed to have consented thereto. Promptly after the execution of any such amendment or consent, the Issuer shall furnish written notification of the substance of such amendment or consent to each of the

Rating Agencies. With respect to the Kansas Commission's consent to any amendment to this Agreement,

(i) the Seller may submit the amendment to the Kansas Commission by delivering to the [Kansas Commission's Executive Secretary] a written request for such consent, which request shall contain:

(A) a reference to Docket No. 22-ATMG-538-TAR and a statement as to the possible effect of the amendment on Ongoing Financing Costs;

(B) an Officer's Certificate stating that the proposed amendment has been approved by all relevant parties to this Agreement; and

(C) a statement identifying the person to whom the Kansas Commission or its staff is to address its consent to the proposed amendment or request additional time;

(ii) Any amendment requiring the consent of the Kansas Commission as provided in this Section 6.01(a) shall become effective on the later of:

(A) the date proposed by the parties to the amendment, or

(B) 31 days after such submission of the amendment to the Kansas Commission unless the Kansas Commission issues an order disapproving the amendment within a 30-day period.

(b) Prior to the execution of any amendment to this Agreement, the Issuer and the Indenture Trustee shall be entitled to receive and rely upon an Opinion of Counsel stating that the execution of such amendment is authorized or permitted by this Agreement. The Issuer and the Indenture Trustee may, but shall not be obligated to, enter into any such amendment that affects their own rights, duties or immunities under this Agreement or otherwise. Following delivery of a notice to the Kansas Commission by the Seller under Section 6.01(a) above, the Seller and Issuer may at any time withdraw from the Kansas Commission further consideration of any notification of a proposed amendment.

**Section 6.02 Notices.** Unless otherwise specifically provided herein, all demands, notices and communications upon or to the Seller, the Issuer, the Indenture Trustee, the Kansas Commission or the Rating Agencies under this Agreement shall be in writing, delivered personally, via facsimile, e-mail, reputable overnight courier or by certified mail, return-receipt requested, and shall be deemed to have been duly given upon receipt

(a) in the case of the Seller, to Atmos Energy Corporation, 1800 Three Lincoln Centre 5430 LBJ Freeway, Dallas Texas 75240, Attention: Treasurer,

(b) in the case of the Issuer, to [*Name and address of Atmos SPE*], Attention: [\_\_\_\_],

(c) in the case of [Moody's, to Moody's Investors Service, Inc., ABS/RMBS Monitoring Department, 25th Floor, 7 World Trade Center, 250 Greenwich Street, New

York, New York 10007, Email: [ServicerReports@moodys.com](mailto:ServicerReports@moodys.com) (all such notices to be delivered to Moody's in writing by email)],

(d) in the case of [Fitch, to Fitch, Ratings, Inc., One State Street Plaza, New York, New York 10004, Attention: ABS Surveillance, Telephone: (212) 908-0500],

(e) in the case the Indenture Trustee, at the address provided for notices or communications to the Indenture Trustee in the Indenture, and

(f) in the case of the Kansas Commission, to 1500 SW Arrowhead Road, Topeka, Kansas 66604-402, Attention: Executive Director;

or, as to each of the foregoing, at such other address as shall be designated by written notice to the other parties.

Section 6.03 *Assignment by the Seller.* Notwithstanding anything to the contrary contained herein, except as provided in Section 5.02, this Agreement may not be assigned by the Seller.

Section 6.04 *Pledge to the Indenture Trustee.* The Seller hereby acknowledges and consents to any pledge and grant of a security interest by the Issuer to the Indenture Trustee pursuant to the Indenture for the benefit of the Secured Parties of all right, title and interest of the Issuer in, to and under the Securitized Utility Tariff Property and the proceeds thereof and the pledge of any or all of the Issuer's rights hereunder to the Indenture Trustee. Notwithstanding such pledge, in no event shall the Indenture Trustee have any liability for the representations, warranties, covenants, agreements or other obligations of the Issuer hereunder or in any of the certificates, notices or agreements delivered pursuant hereto, as to all of which recourse shall be had solely to the assets of the Issuer.

Section 6.05 *Limitations on Rights of Others.* The provisions of this Agreement are solely for the benefit of the Seller, the Issuer and the Indenture Trustee, on behalf of itself and the Secured Parties, and nothing in this Agreement, whether express or implied, shall be construed to give to any other Person any legal or equitable right, remedy or claim in the Securitized Utility Tariff Property or under or in respect of this Agreement or any covenants, conditions or provisions contained herein.

Section 6.06 *Severability.* Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remainder of such provision (if any) or the remaining provisions hereof (unless such construction shall be unreasonable), and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 6.07 *Separate Counterparts*. This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

Section 6.08 *Headings*. The headings of the various Articles and Sections herein are for convenience of reference only and shall not define or limit any of the terms or provisions hereof.

Section 6.09 *Governing Law*. THIS AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF KANSAS, WITHOUT REFERENCE TO ITS CONFLICT OF LAW PROVISIONS, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

Section 6.10 *Limitation of Liability*. It is expressly understood and agreed by the parties hereto that this Agreement is executed and delivered by the Indenture Trustee, not individually or personally but solely as Indenture Trustee on behalf of the Secured Parties, in the exercise of the powers and authority conferred and vested in it. The Indenture Trustee in acting hereunder is entitled to all rights, benefits, protections, immunities and indemnities accorded to it under the Indenture.

Section 6.11 *Waivers*. Any term or provision of this Agreement may be waived, or the time for its performance may be extended, by the party or parties entitled to the benefit thereof; provided, however, that no such waiver delivered by the Issuer shall be effective unless the Indenture Trustee has given its prior written consent thereto. Any such waiver shall be validly and sufficiently authorized for the purposes of this Agreement if, as to any party, it is authorized in writing by an authorized representative of such party, with prompt written notice of any such waiver to be provided to the Rating Agencies and the Kansas Commission. The failure of any party hereto to enforce at any time any provision of this Agreement shall not be construed to be a waiver of such provision, nor in any way to affect the validity of this Agreement or any part hereof or the right of any party thereafter to enforce each and every such provision. No waiver of any breach of this Agreement shall be held to constitute a waiver of any other or subsequent breach.

Section 6.12 *Nonpetition Covenants*.

(a) Notwithstanding any prior termination of this Agreement or the Indenture, the Seller shall not, prior to the date which is one year and one day after the termination of the Indenture, petition or otherwise invoke or cause the Issuer to invoke the process of any Governmental Authority for the purpose of commencing or sustaining an involuntary case against the Issuer under any federal or state bankruptcy, insolvency or similar law or appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official of the Issuer or any substantial part of the property of the Issuer, or ordering the winding-up or liquidation of the affairs of the Issuer.

(b) Notwithstanding any prior termination of this Agreement or the Indenture, the Issuer shall not, prior to the date which is one year and one day after the termination of the Indenture, petition or otherwise invoke the process of any Governmental Authority for the purpose of commencing or sustaining an involuntary case against the Seller under any federal or state bankruptcy, insolvency or similar law or appointing a receiver, liquidator,

assignee, trustee, custodian, sequestrator or other similar official of the Seller or any substantial part of the property of the Seller, or ordering the winding-up or liquidation of the affairs of the Seller.

*(Rest of page intentionally left blank)*



IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered as of the day and year first above written.

**[NAME OF ATMOS SPE],**  
as Issuer

By: \_\_\_\_\_  
Name:  
Title:

**ATMOS ENERGY CORPORATION,**  
as Seller,

By: \_\_\_\_\_  
Name:  
Title:

**ACKNOWLEDGED AND ACCEPTED:**

**[U.S. BANK NATIONAL ASSOCIATION],**  
as Indenture Trustee under the Indenture

By: \_\_\_\_\_  
Name:  
Title:

## EXHIBIT A

### BILL OF SALE

1. This Bill of Sale is being delivered pursuant to the Securitized Utility Tariff Property Purchase and Sale Agreement, dated as of [●] (the “Sale Agreement”), between Atmos Energy Corporation (the “Seller”) and [Name of Atmos SPE] (the “Issuer”). All capitalized terms used but not defined herein have the respective meanings ascribed thereto in the Sale Agreement.
2. In consideration of the Issuer’s payment to the Seller of \$ \_\_\_\_\_, receipt of which is hereby acknowledged, the Seller does hereby irrevocably sell, transfer, assign, set over and otherwise convey to the Issuer, without recourse or warranty, except as set forth in the Sale Agreement, all right, title and interest of the Seller in, to and under the Securitized Utility Tariff Property identified on *Schedule 1* hereto (such sale, transfer, assignment, setting over and conveyance of the Securitized Utility Tariff Property includes, to the fullest extent permitted by the Securitization Act, the right to impose, collect and receive the Securitized Utility Tariff Charges related to the Securitized Utility Tariff Property, as the same may be adjusted from time to time). Such sale, transfer, assignment, setting over and conveyance is hereby expressly stated to be a sale or other absolute transfer and, pursuant to K.S.A. §66-1,246(a) and other applicable law, is a true sale and is not a secured transaction and title and ownership has passed to the Issuer. The preceding sentence is the statement referred to in K.S.A. §66-1,246(a). The Seller agrees and confirms that, after giving effect to the sale evidenced by this Bill of Sale, the Seller has no right, title or interest in, to or under the Securitized Utility Tariff Property.
3. The Issuer does hereby purchase the Securitized Utility Tariff Property identified on *Schedule 1* hereto from the Seller for the consideration set forth in paragraph 2 above.
4. The Seller and the Issuer each acknowledge and agree that the purchase price for the Securitized Utility Tariff Property sold pursuant to this Bill of Sale and the Sale Agreement is equal to its fair market value on the date hereof.
5. The Seller confirms that each of the representations and warranties on the part of the Seller contained in the Sale Agreement are true and correct in all material respects on the date hereof as if made on the date hereof.
6. This Bill of Sale may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.
7. **THIS BILL OF SALE SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF KANSAS, WITHOUT REFERENCE TO ITS CONFLICT OF LAW PROVISIONS, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.**

IN WITNESS WHEREOF, the Seller and the Issuer have duly executed this Bill of Sale  
as of the            day of            .

**[NAME OF Atmos SPE],**  
as Issuer,

By: \_\_\_\_\_  
Name:  
Title:

**ATMOS ENERGY CORPORATION,**  
as Seller,

By: \_\_\_\_\_  
Name:  
Title:

**SCHEDULE 1**  
**to**  
**BILL OF SALE**

**Securitized Utility Tariff Property**

All of Seller's rights and interest under the Financing Order (including, without limitation, rights to impose, collect and receive the "securitized utility tariff charges" (as defined in the Securitization Act) approved in such Financing Order) issued by the Kansas Commission on [ ], 2022 (Docket No. 22-ATMG-538-TAR) pursuant to the Securitization Act, except the rights of Seller to earn and receive a rate of return on its invested capital in the Issuer, to receive administration and servicer fees, or to use the Seller's remaining portion of those proceeds.

APPENDIX F – CUSTOMER COMMUNICATIONS PLAN

**APPENDIX F**

**CUSTOMER COMMUNICATIONS PLAN**

[To come.]

APPENDIX G – FORM OF ADMINISTRATION AGREEMENT

**APPENDIX G**

**FORM OF**  
**ADMINISTRATION AGREEMENT**

## ADMINISTRATION AGREEMENT

This ADMINISTRATION AGREEMENT, dated as of [●] (this “Administration Agreement”), is by and between [NAME OF ATMOS SPE], a Delaware limited liability company, as Issuer (the “Issuer”), and ATMOS ENERGY CORPORATION, a Virginia and Texas corporation (“Atmos Energy”), as Administrator (in such capacity, the “Administrator”). Capitalized terms used and not otherwise defined herein shall have the meanings assigned to such terms in Appendix A to the Indenture (as defined below). Not all terms defined in Appendix A are used in this Administration Agreement. The rules of construction set forth in Appendix A shall apply to this Administration Agreement and are hereby incorporated by reference into this Administration Agreement as if set forth in this Administration Agreement.

### WITNESSETH:

WHEREAS, the Issuer is issuing Securitized Utility Tariff Bonds pursuant to the Indenture, dated as of the date hereof (the “Base Indenture”), and the Series Supplement thereto, also dated as of the date hereof (the “Series Supplement”) (collectively, as amended, supplemented or otherwise modified and in effect from time to time, the “Indenture”), between the Issuer and [U.S. Bank National Association, a national banking association], in its capacity as indenture trustee (the “Indenture Trustee”) and in its separate capacity as a securities intermediary;

WHEREAS, the Issuer has entered into certain agreements in connection with the issuance of the Securitized Utility Tariff Bonds, including (i) the Indenture, (ii) the Securitized Utility Tariff Property Servicing Agreement, dated as of the date hereof (the “Servicing Agreement”), between the Issuer and Atmos Energy, as Servicer, (iii) the Securitized Utility Tariff Property Purchase and Sale Agreement, dated as of the date hereof (the “Sale Agreement”), between the Issuer and Atmos Energy, as Seller, and (iv) the other Basic Documents to which the Issuer is a party, relating to the Securitized Utility Tariff Bonds (the Indenture, the Servicing Agreement, the Sale Agreement and the other Basic Documents to which the Issuer is a party, as such agreements may be amended and supplemented from time to time, being referred to hereinafter collectively as the “Related Agreements”);

WHEREAS, pursuant to the Related Agreements, the Issuer is required to perform certain duties in connection with the Related Agreements, the Securitized Utility Tariff Bonds and the Securitized Utility Tariff Collateral pledged to the Indenture Trustee pursuant to the Indenture;

WHEREAS, the Issuer has no employees, other than its officers and managers, and does not intend to hire any employees, and consequently desires to have the Administrator perform certain of the duties of the Issuer referred to in the preceding clauses and to provide such additional services consistent with the terms of this Administration Agreement and the Related Agreements as the Issuer may from time to time request; and

WHEREAS, the Administrator has the capacity to provide the services and the facilities required thereby and is willing to perform such services and provide such facilities for the Issuer on the terms set forth herein;

NOW, THEREFORE, in consideration of the mutual covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. *Duties of the Administrator: Management Services.* The Administrator hereby agrees to provide the following corporate management services to the Issuer and to cause third parties to provide professional services required for or contemplated by such services in accordance with the provisions of this Administration Agreement:

(a) furnish the Issuer with ordinary clerical, bookkeeping and other corporate administrative services necessary and appropriate for the Issuer, including, without limitation, the following services:

(i) maintain at the Premises (as defined below) general accounting records of the Issuer (the "Account Records"), subject to year-end audit, in accordance with generally accepted accounting principles, separate and apart from its own accounting records, prepare or cause to be prepared such quarterly and annual financial statements as may be necessary or appropriate and arrange for year-end audits of the Issuer's financial statements by the Issuer's independent accountants;

(ii) prepare and, after execution by the Issuer, file with the Securities and Exchange Commission (the "SEC") and any applicable state agencies the documents required to be filed with the SEC and any applicable state agencies, including without limitation, periodic reports required to be filed under the Securities Exchange Act of 1934, as amended;

(iii) prepare for execution by the Issuer and cause to be filed such income, franchise or other tax returns of the Issuer as shall be required to be filed by applicable law (the "Tax Returns") and cause to be paid on behalf of the Issuer from the Issuer's funds any taxes required to be paid by the Issuer under applicable law;

(iv) prepare or cause to be prepared for execution by the Issuer's managers (the "Managers") minutes of the meetings of the Managers and such other documents deemed appropriate by the Issuer to maintain the separate limited liability company existence and good standing of the Issuer (the "Company Minutes") or otherwise required under the Related Agreements (together with the Account Records, the Tax Returns, the Company Minutes, the LLC Agreement, and the Certificate of Formation, the "Issuer Documents"); and any other documents deliverable by the Issuer thereunder or in connection therewith; and

(v) hold, maintain and preserve at the Premises (or such other place as shall be required by any of the Related Agreements) executed copies (to the extent applicable) of the Issuer Documents and other documents executed by the Issuer thereunder or in connection therewith;



(b) take such actions on behalf of the Issuer, as are necessary or desirable for the Issuer to keep in full effect its existence, rights and franchises as a limited liability company under the laws of the state of Delaware and obtain and preserve its qualification to do business in each jurisdiction in which it becomes necessary to be so qualified;

(c) take such actions on behalf of the Issuer as are necessary for the issuance and delivery of the Securitized Utility Tariff Bonds;

(d) provide for the performance by the Issuer of its obligations under each of the Related Agreements, and prepare, or cause to be prepared, all documents, reports, filings, instruments, notices, certificates and opinions that it shall be the duty of the Issuer to prepare, file or deliver pursuant to the Related Agreements;

(e) enforce each of the rights of the Issuer under the Related Agreements, at the direction of the Trustee;

(f) provide for the defense, at the direction of the Managers, of any action, suit or proceeding brought against the Issuer or affecting the Issuer or any of its assets;

(g) provide office space (the “Premises”) for the Issuer and such reasonable ancillary services as are necessary to carry out the obligations of the Administrator hereunder, including telecopying, duplicating and word processing services;

(h) undertake such other administrative services as may be appropriate, necessary or requested by the Issuer; and

(i) provide such other services as are incidental to the foregoing or as the Issuer and the Administrator may agree.

In providing the services under this Section 1 and as otherwise provided under this Administration Agreement, the Administrator will not knowingly take any actions on behalf of the Issuer which (i) the Issuer is prohibited from taking under the Related Agreements, or (ii) would cause the Issuer to be in violation of any federal, state or local law or the LLC Agreement.

In performing its duties hereunder, the Administrator shall use the same degree of care and diligence that the Administrator exercises with respect to performing such duties for its own account and, if applicable, for others.

2. Compensation. As compensation for the performance of the Administrator’s obligations under this Administration Agreement (including the compensation of Persons serving as Managers (other than the Independent Manager(s)), and officers of the Issuer, but, for the avoidance of doubt, excluding the performance by Atmos Energy of its obligations in its capacity as Servicer), the Administrator shall be entitled to \$100,000.00 annually (the “Administration Fee”), with no escalation, payable by the Issuer in arrears proportionately on each Payment Date, in semi-annual increments of \$50,000.00. In addition, the Administrator shall be entitled to be reimbursed by the Issuer for all costs and expenses of services performed by unaffiliated third parties and actually incurred by the Administrator in connection with the performance of its

obligations under this Administration Agreement in accordance with Section 3 (but, for the avoidance of doubt, excluding any such costs and expenses incurred by Atmos Energy in its capacity as Servicer), to the extent that such costs and expenses are supported by invoices or other customary documentation and are reasonably allocated to the Issuer (“Reimbursable Expenses”).

3. Third Party Services. Any services required for or contemplated by the performance of the above-referenced services by the Administrator to be provided by unaffiliated third parties (including independent accountants’ fees and legal counsel fees) may, if provided for or otherwise contemplated by the Financing Order and if the Issuer deems it necessary or desirable, be arranged by the Issuer or by the Administrator at the direction (which may be general or specific) of the Issuer. Costs and expenses associated with the contracting for such third-party services may be paid directly by the Issuer or paid by the Administrator and reimbursed by the Issuer in accordance with Section 2, or otherwise as the Administrator and the Issuer may mutually arrange.

4. Additional Information to be Furnished to the Issuer. The Administrator shall furnish to the Issuer from time to time such additional information regarding the Securitized Utility Tariff Collateral as the Issuer shall reasonably request.

5. Independence of the Administrator. For all purposes of this Administration Agreement, the Administrator shall be an independent contractor and shall not be subject to the supervision of the Issuer with respect to the manner in which it accomplishes the performance of its obligations hereunder. Unless expressly authorized by the Issuer, the Administrator shall have no authority, and shall not hold itself out as having the authority, to act for or represent the Issuer in any way and shall not otherwise be deemed an agent of the Issuer.

The work to be performed under this Administration Agreement is part of the Issuer’s business and is an integral part of and is essential to the business and operations of the Issuer. For purposes of the Kansas Worker’s Compensation Act<sup>1</sup>, the Issuer is deemed to be the statutory employer of the Administrator’s employees who perform the services under this Administration Agreement. Although the Issuer is to be granted the protections that are afforded a statutory employer under Kansas law, this provision is included for the sole purpose of establishing a statutory employer relationship between the Issuer and the Administrator’s personnel within the meaning of Kansas’ worker’s compensation laws and is not intended to create an employer / employee relationship as between the Issuer and the Administrator’s personnel for any other purpose. The Administrator shall be and remain primarily responsible for the payment of workers’ compensation benefits to the Administrator’s personnel and shall not be entitled to seek contribution for any such payments from the Issuer, and the Administrator further shall indemnify and hold harmless the Issuer and at the Issuer’s option defend the Issuer for any payment to the Administrator’s personnel of workers’ compensation benefits or from any claim for such benefits or any other employee claim.

---

<sup>1</sup> See K.S.A. 44-508 et seq.

6. No Joint Venture. Nothing contained in this Administration Agreement (a) shall constitute the Administrator and the Issuer as partners or co-members of any partnership, joint venture, association, syndicate, unincorporated business or other separate entity, (b) shall be construed to impose any liability as such on either of them or (c) shall be deemed to confer on either of them any express, implied or apparent authority to incur any obligation or liability on behalf of the other.

7. Other Activities of Administrator. Nothing herein shall prevent the Administrator or any of its members, managers, officers, employees, subsidiaries or affiliates from engaging in other businesses or, in its sole discretion, from acting in a similar capacity as an Administrator for any other person or entity even though such person or entity may engage in business activities similar to those of the Issuer.

8. Term of Agreement; Resignation and Removal of Administrator.

(a) This Administration Agreement shall continue in force until the payment in full of the Securitized Utility Tariff Bonds and any other amount which may become due and payable under the Indenture, upon which event this Administration Agreement shall automatically terminate.

(b) Subject to Sections 8(e) and 8(f), the Administrator may resign its duties hereunder by providing the Issuer and the Rating Agencies with at least sixty (60) days' prior written notice.

(c) Subject to Sections 8(e) and 8(f), the Issuer may remove the Administrator without cause by providing the Administrator and the Rating Agencies with at least sixty (60) days' prior written notice.

(d) Subject to Sections 8(e) and 8(f), at the sole option of the Issuer, the Administrator may be removed immediately upon written notice of termination from the Issuer to the Administrator and the Rating Agencies if any of the following events shall occur:

(i) the Administrator shall default in the performance of any of its duties under this Administration Agreement and, after notice of such default, shall fail to cure such default within ten (10) days (or, if such default cannot be cured in such time, shall (A) fail to give within ten (10) days such assurance of cure as shall be reasonably satisfactory to the Issuer and (B) fail to cure such default within thirty (30) days thereafter);

(ii) a court of competent jurisdiction shall enter a decree or order for relief, and such decree or order shall not have been vacated within sixty (60) days, in respect of the Administrator in any involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or such court shall appoint a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official for the Administrator or any substantial part of its property or order the winding-up or liquidation of its affairs; or

(iii) the Administrator shall commence a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, shall consent to the entry of an order for relief in an involuntary case under any such law, shall consent to the appointment of a receiver, liquidator, assignee, trustee, custodian, sequestrator or similar official for the Administrator or any substantial part of its property, shall consent to the taking of possession by any such official of any substantial part of its property, shall make any general assignment for the benefit of creditors or shall fail generally to pay its debts as they become due.

The Administrator agrees that if any of the events specified in clauses (ii) or (iii) of this Section 8(d) shall occur, it shall give written notice thereof to the Issuer and the Trustee as soon as practicable but in any event within seven (7) days after the happening of such event.

(e) No resignation or removal of the Administrator pursuant to this Section 8(e) shall be effective until (i) a successor Administrator has been appointed by the Issuer, (ii) the Rating Agency Condition with respect to the proposed appointment has been satisfied and (iii) such successor Administrator has agreed in writing to be bound by the terms of this Administration Agreement in the same manner as the Administrator is bound hereunder.

(f) The appointment of any successor Administrator shall be effective only after satisfaction of the Rating Agency Condition with respect to the proposed appointment.

9. Action upon Termination, Resignation or Removal. Promptly upon the effective date of termination of this Administration Agreement pursuant to Section 8(a), the resignation of the Administrator pursuant to Section 8(b) or the removal of the Administrator pursuant to Section 8(c) or 8(d), the Administrator shall be entitled to be paid a pro-rated portion of the annual fee described in Section 2 hereof through the date of termination and all Reimbursable Expenses incurred by it through the date of such termination, resignation or removal. The Administrator shall forthwith upon such termination pursuant to Section 8(a) deliver to the Issuer all property and documents of or relating to the Securitized Utility Tariff Bond Collateral then in the custody of the Administrator. In the event of the resignation of the Administrator pursuant to Section 8(b) or the removal of the Administrator pursuant to Section 8(c) or 8(d), the Administrator shall cooperate with the Issuer and take all reasonable steps requested to assist the Issuer in making an orderly transfer of the duties of the Administrator.

10. Administrator's Liability. Except as otherwise provided herein, the Administrator assumes no liability other than to render or stand ready to render the services called for herein, and neither the Administrator nor any of its members, managers, officers, employees, subsidiaries or affiliates shall be responsible for any action of the Issuer or any of the members, managers, officers, employees, subsidiaries or affiliates of the Issuer (other than the Administrator itself). The Administrator shall not be liable for nor shall it have any obligation with regard to any of the liabilities, whether direct or indirect, absolute or contingent of the Issuer or any of the members, managers, officers, employees, subsidiaries or affiliates of the Issuer (other than the Administrator itself).

11. INDEMNITY.

(a) SUBJECT TO THE PRIORITY OF PAYMENTS SET FORTH IN THE INDENTURE, THE ISSUER SHALL INDEMNIFY THE ADMINISTRATOR, ITS DIRECTORS, OFFICERS, EMPLOYEES AND AFFILIATES AGAINST ALL LOSSES, CLAIMS, DAMAGES, PENALTIES, JUDGMENTS, LIABILITIES AND EXPENSES (INCLUDING, WITHOUT LIMITATION, ALL EXPENSES OF LITIGATION OR PREPARATION THEREFOR WHETHER OR NOT THE ADMINISTRATOR IS A PARTY THERETO) WHICH ANY OF THEM MAY PAY OR INCUR ARISING OUT OF OR RELATING TO THIS ADMINISTRATION AGREEMENT AND THE SERVICES CALLED FOR HEREIN; PROVIDED, HOWEVER, THAT SUCH INDEMNITY SHALL NOT APPLY TO ANY SUCH LOSS, CLAIM, DAMAGE, PENALTY, JUDGMENT, LIABILITY OR EXPENSE RESULTING FROM THE ADMINISTRATOR'S NEGLIGENCE OR WILLFUL MISCONDUCT IN THE PERFORMANCE OF ITS OBLIGATIONS HEREUNDER.

(b) THE ADMINISTRATOR SHALL INDEMNIFY THE ISSUER, ITS MEMBERS, MANAGERS, OFFICERS AND EMPLOYEES AGAINST ALL LOSSES, CLAIMS, DAMAGES, PENALTIES, JUDGMENTS, LIABILITIES AND EXPENSES (INCLUDING, WITHOUT LIMITATION, ALL EXPENSES OF LITIGATION OR PREPARATION THEREFOR WHETHER OR NOT THE ISSUER IS A PARTY THERETO) WHICH ANY OF THEM MAY INCUR AS A RESULT OF THE ADMINISTRATOR'S NEGLIGENCE OR WILLFUL MISCONDUCT IN THE PERFORMANCE OF ITS OBLIGATIONS HEREUNDER.

12. Notices. Any notice, report or other communication given hereunder shall be in writing and addressed as follows:

(a) if to the Issuer, to:

[Name of Atmos SPE]  
[Address of Atmos SPE]  
[Address of Atmos SPE]

(b) if to the Administrator, to:

Atmos Energy Corporation  
1800 Three Lincoln Centre, 5430 LBJ Freeway,  
Dallas, Texas 75240  
Attention: Treasurer

or to such other address as either party shall have provided to the other party in writing. Any notice required to be in writing hereunder shall be deemed given if such notice is mailed by certified mail, postage prepaid, or hand-delivered to the address of such party as provided above.

13. Amendments. This Administration Agreement may be amended from time to time by a written amendment duly executed and delivered by each of the Issuer and the Administrator, provided that (i) the Rating Agency Condition has been satisfied in connection

therewith, (ii) the Trustee shall have consented and (iii) in the case of any amendment that increases ongoing financing costs as defined in the Financing Order, the Kansas Commission shall have consented thereto or shall be conclusively deemed to have consented thereto. With respect to the Kansas Commission's consent to any amendment to this Administration Agreement,

- (a) the Administrator may submit the amendment to the Kansas Commission by delivering to the [*Kansas Commission's Executive Secretary*] a written request for such consent, which request shall contain:

- a reference to Docket No. 22-ATMG-538-TAR and a statement as to the possible effect of the amendment on ongoing financing costs;

- an Officer's Certificate stating that the proposed amendment has been approved by all parties to this Administration Agreement; and

- a statement identifying the person to whom the Kansas Commission or its staff is to address its consent to the proposed amendment.

- (b) Any amendment requiring the consent of the Kansas Commission as provided in this Section 13 shall become effective on the later of:

- (i) the date proposed by the parties to the amendment, or

- (ii) 31 days after such submission of the amendment to the Kansas Commission unless the Kansas Commission issues an order disapproving the amendment within a 30-day period.

- (c) Following delivery of a notice to the Kansas Commission by the Administrator under Section 13(a) above, the Administrator and Issuer may at any time withdraw from the Kansas Commission further consideration of any notification of a proposed amendment.

14. Successors and Assigns. This Administration Agreement may not be assigned by the Administrator unless such assignment is previously consented to in writing by the Issuer and the Trustee and subject to the satisfaction of the Rating Agency Condition in connection therewith. Any assignment with such consent and satisfaction, if accepted by the assignee, shall bind the assignee hereunder in the same manner as the Administrator is bound hereunder. Notwithstanding the foregoing, this Administration Agreement may be assigned by the Administrator without the consent of the Issuer or the Trustee and without satisfaction of the Rating Agency Condition to a corporation or other organization that is a successor (by merger, reorganization, consolidation or purchase of assets) to the Administrator, including without limitation any Permitted Successor; provided that such successor or organization executes and delivers to the Issuer an agreement in which such corporation or other organization agrees to be bound hereunder by the terms of said assignment in the same manner as the Administrator is bound hereunder. Subject to the foregoing, this Administration Agreement shall bind any successors or assigns of the parties hereto. Upon satisfaction of all of the conditions of this Section 14, the preceding Administrator shall automatically and without further notice be released from all of its obligations hereunder.

15. Governing Law. This Administration Agreement shall be construed in accordance with the laws of the State of Kansas, without reference to its conflict of law provisions, and the obligations, rights and remedies of the parties hereunder shall be determined in accordance with such laws.

16. Headings. The Section headings hereof have been inserted for convenience of reference only and shall not be construed to affect the meaning, construction or effect of this Administration Agreement.

17. Counterparts. This Administration Agreement may be executed in counterparts, each of which when so executed shall be an original, but all of which together shall constitute but one and the same Administration Agreement.

18. Severability. Any provision of this Administration Agreement that is prohibited or unenforceable in any jurisdiction shall be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

19. Nonpetition Covenant. Notwithstanding any prior termination of this Administration Agreement, the Administrator covenants that it shall not, prior to the date which is one year and one day after payment in full of the Securitized Utility Tariff Bonds, acquiesce, petition or otherwise invoke or cause the Issuer to invoke the process of any court or government authority for the purpose of commencing or sustaining an involuntary case against the Issuer under any U.S. federal or state bankruptcy, insolvency or similar law or appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official of the Issuer or any substantial part of its property, or ordering the winding up or liquidation of the affairs of the Issuer.

20. Pledge and Collateral Assignment to Indenture Trustee. The Administrator hereby acknowledges and consents to any pledge, collateral assignment and grant of a security interest by the Issuer to the Trustee for the benefit of the Secured Parties pursuant to the Indenture of any or all of the Issuer's rights hereunder and the collateral assignment of any or all of the Issuer's rights hereunder to the Indenture Trustee for the benefit of the Secured Parties. For the avoidance of doubt, the Trustee is a third-party beneficiary of this Administration Agreement and is entitled to the rights and benefits hereunder and may enforce the provisions hereof as if it were a party hereto.

[Rest of page intentionally left blank]

IN WITNESS WHEREOF, the parties have caused this Administration Agreement to be duly executed and delivered as of the day and year first above written.

**[NAME OF Atmos SPE],**  
as Issuer

By: \_\_\_\_\_  
Name:  
Title:

**Atmos Energy Corporation,**  
as Administrator

By: \_\_\_\_\_  
Name:  
Title:



**APPENDIX H**

**FORM OF**  
**INDENTURE**

**INDENTURE**

**by and between**

**[*NAME OF Atmos SPE*],**

**Issuer**

**and**

**[U.S. BANK NATIONAL ASSOCIATION],**

**Indenture Trustee and Securities Intermediary**

**Dated as of [●]**

TABLE OF CONTENTS

|  | <u>Page</u> |
|--|-------------|
| ARTICLE I DEFINITIONS AND RULES OF CONSTRUCTION; INCORPORATION<br>BY REFERENCE .....   | 2           |
| SECTION 1.01. Definitions and Rules of Construction.....   | 2           |
| SECTION 1.02. Incorporation by Reference of Trust Indenture Act.....   | 2           |
| ARTICLE II THE SECURITIZED UTILITY TARIFF BONDS .....  | 2           |
| SECTION 2.01. Form.....  | 2           |
| SECTION 2.02. Denominations: Securitized Utility Tariff Bonds .....  | 3           |
| SECTION 2.03. Execution, Authentication and Delivery.....  | 4           |
| SECTION 2.04. Temporary Securitized Utility Tariff Bonds.....  | 5           |
| SECTION 2.05. Registration; Registration of Transfer and Exchange of Securitized<br>Utility Tariff Bonds.....  | 5           |
| SECTION 2.06. Mutilated, Destroyed, Lost or Stolen Securitized Utility Tariff<br>Bonds .....   | 6           |
| SECTION 2.07. Persons Deemed Owner .....   | 7           |
| SECTION 2.08. Payment of Principal, Premium, if any, and Interest; Interest on<br>Overdue Principal; Principal, Premium, if any, and Interest Rights<br>Preserved..... | 8           |
| SECTION 2.09. Cancellation .....   | 9           |
| SECTION 2.10. Outstanding Amount; Authentication and Delivery of Securitized<br>Utility Tariff Bonds.....  | 9           |
| SECTION 2.11. Book-Entry Securitized Utility Tariff Bonds.....   | 12          |
| SECTION 2.12. Notices to Clearing Agency .....   | 13          |
| SECTION 2.13. Definitive Securitized Utility Tariff Bonds .....  | 14          |
| SECTION 2.14. CUSIP Number .....   | 14          |
| SECTION 2.15. Letter of Representations .....  | 14          |
| SECTION 2.16. Tax Treatment.....   | 14          |
| SECTION 2.17. State Pledge and Kansas Commission Pledge .....  | 15          |
| SECTION 2.18. Security Interests.....  | 16          |
| ARTICLE III COVENANTS .....  | 18          |
| SECTION 3.01. Payment of Principal, Premium, if any, and Interest .....  | 18          |
| SECTION 3.02. Maintenance of Office or Agency.....   | 18          |
| SECTION 3.03. Money for Payments To Be Held in Trust.....  | 18          |
| SECTION 3.04. Existence.....   | 20          |
| SECTION 3.05. Protection of Trust Estate.....  | 20          |
| SECTION 3.06. Opinions as to Trust Estate .....  | 21          |
| SECTION 3.07. Performance of Obligations; Servicing; SEC Filings .....   | 21          |
| SECTION 3.08. Certain Negative Covenants .....   | 24          |
| SECTION 3.09. Annual Statement as to Compliance .....  | 25          |
| SECTION 3.10. Issuer May Consolidate, etc., Only on Certain Terms .....  | 25          |
| SECTION 3.11. Successor or Transferee .....  | 27          |
| SECTION 3.12. No Other Business .....  | 27          |

|   |  |    |
|---|--|----|
| SECTION 3.13.   | No Borrowing .....   | 28 |
| SECTION 3.14.   | Servicer's Obligations.....  | 28 |
| SECTION 3.15.   | Guarantees, Loans, Advances and Other Liabilities .....                                      | 28 |
| SECTION 3.16.   | Capital Expenditures.....  | 28 |
| SECTION 3.17.   | Restricted Payments.....   | 28 |
| SECTION 3.18.   | Notice of Events of Default .....  | 28 |
| SECTION 3.19.   | Further Instruments and Acts.....  | 29 |
| SECTION 3.20.   | Inspection.....  | 29 |
| SECTION 3.21.   | Notice of Events of Default .....  | 29 |
| SECTION 3.22.   | Sale Agreement, Servicing Agreement, and Administration<br>Agreement Covenants.....          | 29 |
| SECTION 3.23.   | Taxes.....   | 31 |
| SECTION 3.24.   | Notices from Holders.....  | 31 |
| SECTION 3.25.   | Volcker Rule.....  | 32 |
| ARTICLE IV SATISFACTION AND DISCHARGE; DEFEASANCE ..... |  | 32 |
| SECTION 4.01.   | Satisfaction and Discharge of Indenture; Defeasance .....                                    | 32 |
| SECTION 4.02.   | Conditions to Defeasance .....   | 33 |
| SECTION 4.03.   | Application of Trust Money.....  | 35 |
| SECTION 4.04.   | Repayment of Moneys Held by Paying Agent .....   | 35 |
| ARTICLE V REMEDIES.....                                 |  | 36 |
| SECTION 5.01.   | Events of Default .....  | 36 |
| SECTION 5.02.   | Acceleration of Maturity; Rescission and Annulment.....                                      | 37 |
| SECTION 5.03.   | Collection of Indebtedness and Suits for Enforcement by Indenture<br>Trustee.....            | 38 |
| SECTION 5.04.   | Remedies; Priorities .....   | 40 |
| SECTION 5.05.   | Optional Preservation of the Trust Estate .....  | 41 |
| SECTION 5.06.   | Limitation of Suits .....  | 41 |
| SECTION 5.07.   | Unconditional Rights of Holders To Receive Principal, Premium, if<br>any, and Interest ..... | 42 |
| SECTION 5.08.   | Restoration of Rights and Remedies.....  | 42 |
| SECTION 5.09.   | Rights and Remedies Cumulative.....  | 42 |
| SECTION 5.10.   | Delay or Omission Not a Waiver.....  | 43 |
| SECTION 5.11.   | Control by Holders.....  | 43 |
| SECTION 5.12.   | Waiver of Past Defaults .....  | 43 |
| SECTION 5.13.   | Undertaking for Costs.....   | 44 |
| SECTION 5.14.   | Waiver of Stay or Extension Laws .....   | 44 |
| SECTION 5.15.   | Action on Securitized Utility Tariff Bonds.....  | 44 |
| ARTICLE VI THE INDENTURE TRUSTEE .....                  |  | 45 |
| SECTION 6.01.   | Duties of Indenture Trustee .....  | 45 |
| SECTION 6.02.   | Rights of Indenture Trustee .....  | 46 |
| SECTION 6.03.   | Individual Rights of Indenture Trustee .....   | 49 |
| SECTION 6.04.   | Indenture Trustee's Disclaimer.....  | 49 |
| SECTION 6.05.   | Notice of Defaults .....   | 50 |
| SECTION 6.06.   | Reports by Indenture Trustee to Holders .....  | 50 |

|   |  |    |
|---|--|----|
| SECTION 6.07.   | Compensation and Indemnity .....   | 51 |
| SECTION 6.08.   | Replacement of Indenture Trustee and Securities Intermediary .....               | 52 |
| SECTION 6.09.   | Successor Indenture Trustee by Merger .....                                      | 53 |
| SECTION 6.10.   | Appointment of Co-Trustee or Separate Trustee .....                              | 54 |
| SECTION 6.11.   | Eligibility; Disqualification .....  | 55 |
| SECTION 6.12.   | Preferential Collection of Claims Against Issuer.....                            | 55 |
| SECTION 6.13.   | Representations and Warranties of Indenture Trustee .....                        | 55 |
| SECTION 6.14.   | Annual Report by Independent Registered Public Accountants.....                  | 56 |
| SECTION 6.15.   | Custody of Collateral .....  | 56 |
| SECTION 6.16.   | FATCA .....  | 56 |
| ARTICLE VII HOLDERS' LISTS AND REPORTS .....            |  | 57 |
| SECTION 7.01.   | Issuer To Furnish Indenture Trustee Names and Addresses of<br>Holders.....       | 57 |
| SECTION 7.02.   | Preservation of Information; Communications to Holders.....                      | 57 |
| SECTION 7.03.   | Reports by Issuer.....   | 57 |
| SECTION 7.04.   | Reports by Indenture Trustee.....  | 58 |
| ARTICLE VIII ACCOUNTS, DISBURSEMENTS AND RELEASES ..... |  | 59 |
| SECTION 8.01.   | Collection of Money .....  | 59 |
| SECTION 8.02.   | Collection Account .....   | 59 |
| SECTION 8.03.   | General Provisions Regarding the Collection Account .....                        | 62 |
| SECTION 8.04.   | Release of Collateral .....  | 63 |
| SECTION 8.05.   | Opinion of Counsel .....   | 64 |
| SECTION 8.06.   | Reports by Independent Registered Public Accountants .....                       | 64 |
| ARTICLE IX SUPPLEMENTAL INDENTURES .....                |  | 65 |
| SECTION 9.01.   | Supplemental Indentures Without Consent of Holders .....                         | 65 |
| SECTION 9.02.   | Supplemental Indentures with Consent of Holders .....                            | 67 |
| SECTION 9.03.   | Kansas Commission Condition.....   | 68 |
| SECTION 9.04.   | Execution of Supplemental Indentures .....                                       | 69 |
| SECTION 9.05.   | Effect of Supplemental Indenture .....   | 69 |
| SECTION 9.06.   | Conformity with Trust Indenture Act .....  | 69 |
| SECTION 9.07.   | Reference in Securitized Utility Tariff Bonds to Supplemental<br>Indentures..... | 69 |
| ARTICLE X MISCELLANEOUS .....                           |  | 70 |
| SECTION 10.01.  | Compliance Certificates and Opinions, etc.....                                   | 70 |
| SECTION 10.02.  | Form of Documents Delivered to Indenture Trustee .....                           | 71 |
| SECTION 10.03.  | Acts of Holders .....  | 72 |
| SECTION 10.04.  | Notices, etc., to Indenture Trustee, Issuer and Rating Agencies .....            | 72 |
| SECTION 10.05.  | Notices to Holders; Waiver.....  | 73 |
| SECTION 10.06.  | Conflict with Trust Indenture Act.....   | 74 |
| SECTION 10.07.  | Successors and Assigns.....  | 74 |
| SECTION 10.08.  | Severability .....   | 74 |
| SECTION 10.09.  | Benefits of Indenture.....   | 74 |
| SECTION 10.10.  | Legal Holidays .....   | 75 |

|   |    |
|---|----|
| SECTION 10.11. GOVERNING LAW.....   | 75 |
| SECTION 10.12. Counterparts.....  | 75 |
| SECTION 10.13. Recording of Indenture .....   | 75 |
| SECTION 10.14. No Recourse to Issuer .....  | 75 |
| SECTION 10.15. Basic Documents .....  | 76 |
| SECTION 10.16. No Petition .....  | 76 |
| SECTION 10.17. Securities Intermediary .....  | 76 |
| SECTION 10.18. Rule 17g-5 Compliance .....  | 76 |
| SECTION 10.19. Submission to Non-Exclusive Jurisdiction; Waiver of Jury Trial ..... | 77 |
| SECTION 10.20. Certain Tax Laws.....  | 77 |

EXHIBITS

|           |   |
|-----------|---|
| Exhibit A | Form of Securitized Utility Tariff Bonds  |
| Exhibit B | Form of Series Supplement   |
| Exhibit C | Servicing Criteria to be Addressed by Indenture Trustee in Assessment of Compliance |

APPENDIX

|            |                                       |
|------------|---------------------------------------|
| Appendix A | Definitions and Rules of Construction |
|------------|---------------------------------------|

**TRUST INDENTURE ACT CROSS REFERENCE TABLE**

| <b><u>TRUST INDENTURE ACT SECTION</u></b> |        | <b><u>INDENTURE SECTION</u></b>  |
|---|--------|----------------------------------|
| 310                                       | (a)(1) | 6.11                             |
|   | (a)(2) | 6.11                             |
|   | (a)(3) | 6.10(b)(i)                       |
|   | (a)(4) | Not applicable                   |
|   | (a)(5) | 6.11                             |
|   | (b)    | 6.11                             |
| 311                                       | (a)    | 6.12                             |
|   | (b)    | 6.12                             |
| 312                                       | (a)    | 7.01 and 7.02                    |
|   | (b)    | 7.02(b)                          |
|   | (c)    | 7.02(c)                          |
| 313                                       | (a)    | 7.04                             |
|   | (b)(1) | 7.04                             |
|   | (b)(2) | 7.04                             |
|   | (c)    | 7.03(a) and 7.04                 |
|   | (d)    | Not applicable                   |
| 314                                       | (a)    | 3.09, 4.01 and 7.03(a)           |
|   | (b)    | 3.06 and 4.01                    |
|   | (c)(1) | 2.10, 4.01, 8.04(b) and 10.01(a) |
|   | (c)(2) | 2.10, 4.01, 8.04(b) and 10.01(a) |
|   | (c)(3) | 2.10, 4.01, 4.02 and 10.01(a)    |
|   | (d)    | 8.04(b) and 10.01                |
|   | (e)    | 10.01(a)                         |
|   | (f)    | 10.01(a)                         |
| 315                                       | (a)    | 6.01(b)(i) and 6.01(b)(ii)       |

| <b><u>TRUST INDENTURE ACT</u></b><br><b><u>SECTION</u></b> |                        | <b><u>INDENTURE SECTION</u></b>                     |
|--|------------------------|---|
|  | (b)                    | 6.05  |
|  | (c)                    | 6.01(a)   |
|  | (d)                    | 6.01(c)(i), 6.01(c)(ii) and<br>SECTION 6.01(c)(iii) |
|  | (e)                    | 5.13  |
| 316  | (a) (last<br>sentence) | Appendix A – definition of<br>“Outstanding”         |
|  | (a)(1)(A)              | 5.11  |
|  | (a)(1)(B)              | 5.12  |
|  | (a)(2)                 | Not applicable                                      |
|  | (b)                    | 5.07  |
|  | (c)                    | Appendix A – definition of<br>“Record Date”         |
| 317  | (a)(1)                 | 5.03(a)   |
|  | (a)(2)                 | 5.03(c)(iv)   |
|  | (b)                    | 3.03  |
| 318  | (a)                    | 10.06   |
|  | (b)                    | 10.06   |
|  | (c)                    | 10.06   |

THIS CROSS-REFERENCE TABLE SHALL NOT, FOR ANY PURPOSE, BE DEEMED TO BE PART OF THIS INDENTURE.



This INDENTURE, dated as of [●], is by and between [*NAME OF ATMOS SPE*], a Delaware limited liability company, as Issuer, and [U.S. BANK NATIONAL ASSOCIATION], in its capacity as Indenture Trustee for the benefit of the Secured Parties and in its separate capacity as Securities Intermediary.

In consideration of the mutual agreements herein contained, each party hereto agrees as follows for the benefit of the other party hereto and each of the Holders:

#### RECITALS OF THE ISSUER

The Issuer has duly authorized the execution and delivery of this Indenture and the creation and issuance of Securitized Utility Tariff Bonds issuable hereunder, which will be of substantially the tenor set forth in the Series Supplement to this Indenture duly executed and delivered by the Issuer and the Indenture Trustee.

The Securitized Utility Tariff Bonds shall be non-recourse obligations and shall be secured by the Trust Estate, of which the principal asset is the Securitized Utility Tariff Property, and shall be payable solely out of the Securitized Utility Tariff Property and other assets in the Trust Estate. If and to the extent that the proceeds of the Securitized Utility Tariff Property are insufficient to pay all amounts owing with respect to the Securitized Utility Tariff Bonds, then, except as otherwise expressly provided hereunder, the Holders shall have no Claim in respect of such insufficiency against the Issuer or the Indenture Trustee, and the Holders, by their acceptance of the Securitized Utility Tariff Bonds, waive any such Claim.

All things necessary to (a) make the Securitized Utility Tariff Bonds, when executed by the Issuer and authenticated and delivered by the Indenture Trustee hereunder and duly issued by the Issuer, valid obligations, and (b) make this Indenture a valid agreement of the Issuer, in each case, in accordance with their respective terms, have been done.

#### NOW, THEREFORE, THIS INDENTURE WITNESSETH:

That the Issuer, in consideration of the premises herein contained and of the purchase of Securitized Utility Tariff Bonds by the Holders and of other good and lawful consideration, the receipt and sufficiency of which are hereby acknowledged, and to secure, equally and ratably without prejudice, priority or distinction, except as specifically otherwise set forth in this Indenture, the payment of the Securitized Utility Tariff Bonds, the payment of all other amounts due under or in connection with this Indenture (including all fees, expenses, counsel fees and other amounts due and owing to the Indenture Trustee) and the performance and observance of all of the covenants and conditions contained herein or in the Securitized Utility Tariff Bonds, has hereby executed and delivered this Indenture and by these presents does hereby and by the Series Supplement will convey, grant, assign, transfer and pledge, in each case, in and unto the Indenture Trustee, its successors and assigns forever, for the benefit of the Secured Parties, all and singular the property described in the Series Supplement (such property herein referred to as "Trust Estate.").

AND IT IS HEREBY COVENANTED, DECLARED AND AGREED between the parties hereto that all Securitized Utility Tariff Bonds are to be issued, countersigned and delivered and that all of the Trust Estate is to be held and applied, subject to the further covenants, conditions,

releases, uses and trusts hereinafter set forth, and the Issuer, for itself and any successor, does hereby covenant and agree to and with the Indenture Trustee and its successors in said trust, for the benefit of the Secured Parties, as follows:

## ARTICLE I

### DEFINITIONS AND RULES OF CONSTRUCTION; INCORPORATION BY REFERENCE

SECTION 1.01. Definitions and Rules of Construction. Capitalized terms used but not otherwise defined in this Indenture shall have the respective meanings given to such terms in Appendix A, which is hereby incorporated by reference into this Indenture as if set forth fully in this Indenture. Not all terms defined in Appendix A are used in this Indenture. The rules of construction set forth in Appendix A shall apply to this Indenture and are hereby incorporated by reference into this Indenture as if set forth fully in this Indenture.

SECTION 1.02. Incorporation by Reference of Trust Indenture Act. Whenever this Indenture refers to a provision of the Trust Indenture Act, that provision is incorporated by reference in and made a part of this Indenture. The following Trust Indenture Act terms used in this Indenture have the following meanings:

“indenture securities” means the Securitized Utility Tariff Bonds.

“indenture security holder” means a Holder.

“indenture to be qualified” means this Indenture.

“indenture trustee” or “institutional trustee” means the Indenture Trustee.

“obligor” on the indenture securities means the Issuer and any other obligor on the indenture securities.

All other Trust Indenture Act terms used in this Indenture that are defined by the Trust Indenture Act, defined by Trust Indenture Act reference to another statute or defined by SEC rule have the meanings assigned to them by such definitions.

## ARTICLE II

### THE SECURITIZED UTILITY TARIFF BONDS

SECTION 2.01. Form. The Securitized Utility Tariff Bonds and the Indenture Trustee’s certificate of authentication shall be in substantially the forms set forth in Exhibit A, with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture or by the Series Supplement and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon as may, consistently herewith, be determined by the officers executing the Securitized Utility Tariff Bonds, as evidenced by their execution of the Securitized Utility Tariff Bonds.

The Securitized Utility Tariff Bonds shall be typewritten, printed, lithographed or engraved or produced by any combination of these methods (with or without steel engraved borders), all as determined by the officers executing the Securitized Utility Tariff Bonds, as evidenced by their execution of the Securitized Utility Tariff Bonds.

Each Securitized Utility Tariff Bond shall be dated the date of its authentication.

SECTION 2.02. Denominations: Securitized Utility Tariff Bonds. The Securitized Utility Tariff Bonds shall be issuable in the Authorized Denominations specified in the Series Supplement.

The Securitized Utility Tariff Bonds shall, at the election of and as authorized by a Responsible Officer of the Issuer, and as set forth in the Series Supplement, be designated generally as the “Series 202\_ Senior Secured Securitized Utility Tariff Bonds” of the Issuer, with such further particular designations added or incorporated in such title for the Securitized Utility Tariff Bonds as a Responsible Officer of the Issuer may determine. All Securitized Utility Tariff Bonds shall be identical in all respects except for the denominations thereof, the Holder thereof, the numbering thereon and the legends thereon. All Securitized Utility Tariff Bonds shall be in all respects equally and ratably entitled to the benefits hereof without preference, priority or distinction on account of the actual time or times of authentication and delivery, all in accordance with the terms and provisions of this Indenture.

The Securitized Utility Tariff Bonds shall be created by the Series Supplement authorized by a Responsible Officer of the Issuer, which shall specify and establish the terms and provisions thereof, including the following:

- (a) the principal amount;
- (b) the Bond Interest Rate or the formula, if any, used to calculate Bond Interest Rate or Bond Interest Rates;
- (c) the Payment Dates;
- (d) the Scheduled Payment Dates;
- (e) the Scheduled Final Payment Date(s);
- (f) the Final Maturity Date;
- (g) the issuance date;
- (h) the Authorized Denominations;
- (i) the Expected Amortization Schedule;
- (j) the place or places for the payment of interest, principal and premium, if any;

- (k) any additional Holders;
- (l) the identity of the Indenture Trustee;
- (m) the Securitized Utility Tariff Charges and the Trust Estate;
- (n) whether or not the Securitized Utility Tariff Bonds are to be Book-Entry Securitized Utility Tariff Bonds and the extent to which Section 2.11 should apply; and
- (o) any other terms of the Securitized Utility Tariff Bonds that are not inconsistent with the provisions of this Indenture.

SECTION 2.03. Execution, Authentication and Delivery. The Securitized Utility Tariff Bonds shall be executed on behalf of the Issuer by any of its Responsible Officers. The signature of any such Responsible Officer on the Securitized Utility Tariff Bonds may be manual, electronic or facsimile.

Securitized Utility Tariff Bonds bearing the manual, electronic or facsimile signature of individuals who were at any time Responsible Officers of the Issuer shall bind the Issuer, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the authentication and delivery of the Securitized Utility Tariff Bonds or did not hold such offices at the date of the Securitized Utility Tariff Bonds.

At any time and from time to time after the execution and delivery of this Indenture, the Issuer may deliver Securitized Utility Tariff Bonds executed by the Issuer to the Indenture Trustee pursuant to an Issuer Order for authentication; and the Indenture Trustee shall authenticate and deliver the Securitized Utility Tariff Bonds as in this Indenture provided and not otherwise.

No Securitized Utility Tariff Bond shall be entitled to any benefit under this Indenture or be valid or obligatory for any purpose, unless there appears on such Securitized Utility Tariff Bond a certificate of authentication substantially in the form provided for therein executed by the Indenture Trustee by the manual, electronic or facsimile signature of one of its authorized signatories, and such certificate upon any Securitized Utility Tariff Bond shall be conclusive evidence, and the only evidence, that such Securitized Utility Tariff Bond has been duly authenticated and delivered hereunder.

The words “execution,” “signed,” “signature,” and words of like import in this Indenture shall include images of manually executed signatures transmitted by facsimile, email or other electronic format (including, without limitation, “pdf,” “tif” or “jpg”) and other electronic signatures (including without limitation, DocuSign and AdobeSign). The use of electronic signatures and electronic records (including, without limitation, any contract or other record created, generated, sent, communicated, received, or stored by electronic means) shall be of the same legal effect, validity and enforceability as a manually executed signature or use of a paper-based record-keeping system to the fullest extent permitted by applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act and any other applicable law, including, without limitation, any state law based on the Uniform Electronic Transactions Act or the Uniform Commercial Code.

SECTION 2.04. Temporary Securitized Utility Tariff Bonds. Pending the preparation of Definitive Securitized Utility Tariff Bonds pursuant to Section 2.13, the Issuer may execute, and upon receipt of an Issuer Order the Indenture Trustee shall authenticate and deliver, Temporary Securitized Utility Tariff Bonds that are printed, lithographed, typewritten, mimeographed or otherwise produced, of the tenor of the Definitive Securitized Utility Tariff Bonds in lieu of which they are issued and with such variations not inconsistent with the terms of this Indenture and the Series Supplement as the officers executing the Securitized Utility Tariff Bonds may determine, as evidenced by their execution of the Securitized Utility Tariff Bonds.

If Temporary Securitized Utility Tariff Bonds are issued, the Issuer will cause Definitive Securitized Utility Tariff Bonds to be prepared without unreasonable delay. After the preparation of Definitive Securitized Utility Tariff Bonds, the Temporary Securitized Utility Tariff Bonds shall be exchangeable for Definitive Securitized Utility Tariff Bonds upon surrender of the Temporary Securitized Utility Tariff Bonds at the office or agency of the Issuer to be maintained as provided in Section 3.02, without charge to the Holder. Upon surrender for cancellation of any one or more Temporary Securitized Utility Tariff Bonds, the Issuer shall execute and the Indenture Trustee shall authenticate and deliver in exchange therefor a like principal amount of Definitive Securitized Utility Tariff Bonds of authorized denominations. Until so delivered in exchange, the Temporary Securitized Utility Tariff Bonds shall in all respects be entitled to the same benefits under this Indenture as Definitive Securitized Utility Tariff Bonds.

SECTION 2.05. Registration; Registration of Transfer and Exchange of Securitized Utility Tariff Bonds. The Issuer shall cause to be kept a register (the “Securitized Utility Tariff Bond Register”) in which, subject to such reasonable regulations as it may prescribe, the Issuer shall provide for the registration of Securitized Utility Tariff Bonds and the registration of transfers of Securitized Utility Tariff Bonds. The Indenture Trustee shall be “Securitized Utility Tariff Bond Registrar” for the purpose of registering the Securitized Utility Tariff Bonds and transfers of Securitized Utility Tariff Bonds as herein provided. Upon any resignation of any Securitized Utility Tariff Bond Registrar, the Issuer shall promptly appoint a successor or, if it elects not to make such an appointment, assume the duties of Securitized Utility Tariff Bond Registrar.

If a Person other than the Indenture Trustee is appointed by the Issuer as Securitized Utility Tariff Bond Registrar, the Issuer will give the Indenture Trustee prompt written notice of the appointment of such Securitized Utility Tariff Bond Registrar and of the location, and any change in the location, of the Securitized Utility Tariff Bond Register, and the Indenture Trustee shall have the right to inspect the Securitized Utility Tariff Bond Register at all reasonable times and to obtain copies thereof, and the Indenture Trustee shall have the right to rely conclusively upon a certificate executed on behalf of the Securitized Utility Tariff Bond Registrar by a Responsible Officer thereof as to the names and addresses of the Holders and the principal amounts and number of the Securitized Utility Tariff Bonds.

Upon surrender for registration of transfer of any Securitized Utility Tariff Bond at the office or agency of the Issuer to be maintained as provided in Section 3.02, provided that the requirements of Section 8-401 of the UCC are met, the Issuer shall execute, and the Indenture Trustee shall authenticate and the Holder shall obtain from the Indenture Trustee, in the name of

the designated transferee or transferees, one or more new Securitized Utility Tariff Bonds in any Authorized Denominations and aggregate principal amount.

At the option of the Holder, Securitized Utility Tariff Bonds may be exchanged for other Securitized Utility Tariff Bonds in any Authorized Denominations and aggregate principal amount, upon surrender of the Securitized Utility Tariff Bonds to be exchanged at such office or agency as provided in Section 3.02. Whenever any Securitized Utility Tariff Bonds are so surrendered for exchange, the Issuer shall, provided that the requirements of Section 8-401 of the UCC are met, execute, and, upon any such execution, the Indenture Trustee shall authenticate and the Holder shall obtain from the Indenture Trustee, the Securitized Utility Tariff Bonds that the Holder making the exchange is entitled to receive.

All Securitized Utility Tariff Bonds issued upon any registration of transfer or exchange of other Securitized Utility Tariff Bonds shall be the valid obligations of the Issuer, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Securitized Utility Tariff Bonds surrendered upon such registration of transfer or exchange.

Every Securitized Utility Tariff Bond presented or surrendered for registration of transfer or exchange shall be duly endorsed by, or be accompanied by: (a) a written instrument of transfer in form satisfactory to the Indenture Trustee duly executed by the Holder thereof or such Holder's attorney duly authorized in writing, with such signature guaranteed by an institution that is a member of: (i) The Securities Transfer Agent Medallion Program (STAMP); (ii) The New York Stock Exchange Medallion Program (MSP); (iii) The Stock Exchange Medallion Program (SEMP); or (iv) such other signature guaranty program acceptable to the Indenture Trustee; and (b) such other documents as the Indenture Trustee may require.

No service charge shall be made to a Holder for any registration of transfer or exchange of Securitized Utility Tariff Bonds, but the Issuer or the Indenture Trustee may require payment of a sum sufficient to cover any tax or other governmental charge or any fees or expenses of the Indenture Trustee that may be imposed in connection with any registration of transfer or exchange of Securitized Utility Tariff Bonds, other than exchanges pursuant to Section 2.04 or Section 2.06 not involving any transfer.

The preceding provisions of this Section 2.05 notwithstanding, the Issuer shall not be required to make, and the Securitized Utility Tariff Bond Registrar need not register, transfers or exchanges of any Securitized Utility Tariff Bond that has been submitted within fifteen (15) days preceding the due date for any payment with respect to such Securitized Utility Tariff Bond until after such due date has occurred.

**SECTION 2.06. Mutilated, Destroyed, Lost or Stolen Securitized Utility Tariff Bonds.** If (a) any mutilated Securitized Utility Tariff Bond is surrendered to the Indenture Trustee or the Indenture Trustee receives evidence to its satisfaction of the destruction, loss or theft of any Securitized Utility Tariff Bond and (b) there is delivered to the Indenture Trustee such security or indemnity as may be required by it to hold the Issuer and the Indenture Trustee harmless, then, in the absence of notice to the Issuer, the Securitized Utility Tariff Bond Registrar or the Indenture Trustee that such Securitized Utility Tariff Bond has been acquired by a Protected Purchaser, the Issuer shall, provided that the requirements of Section 8-401 of the UCC are met, execute, and,

upon the Issuer's written request, the Indenture Trustee shall authenticate and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Securitized Utility Tariff Bond, a replacement Securitized Utility Tariff Bond and principal amount, bearing a number not contemporaneously outstanding; provided, however, that, if any such destroyed, lost or stolen Securitized Utility Tariff Bond, but not a mutilated Securitized Utility Tariff Bond, shall have become or within seven (7) days shall be due and payable, instead of issuing a replacement Securitized Utility Tariff Bond, the Issuer may pay such destroyed, lost or stolen Securitized Utility Tariff Bond when so due or payable without surrender thereof. If, after the delivery of such replacement Securitized Utility Tariff Bond or payment of a destroyed, lost or stolen Securitized Utility Tariff Bond pursuant to the proviso to the preceding sentence, a Protected Purchaser of the original Securitized Utility Tariff Bond in lieu of which such replacement Securitized Utility Tariff Bond was issued presents for payment such original Securitized Utility Tariff Bond, the Issuer and the Indenture Trustee shall be entitled to recover such replacement Securitized Utility Tariff Bond (or such payment) from the Person to whom it was delivered or any Person taking such replacement Securitized Utility Tariff Bond from such Person to whom such replacement Securitized Utility Tariff Bond was delivered or any assignee of such Person, except a Protected Purchaser, and shall be entitled to recover upon the security or indemnity provided therefor to the extent of any loss, damage, cost or expense incurred by the Issuer or the Indenture Trustee in connection therewith.

Upon the issuance of any replacement Securitized Utility Tariff Bond under this Section 2.06, the Issuer and/or the Indenture Trustee may require the payment by the Holder of such Securitized Utility Tariff Bond of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other reasonable expenses (including the fees and expenses of the Indenture Trustee and the Securitized Utility Tariff Bond Registrar) in connection therewith.

Every replacement Securitized Utility Tariff Bond issued pursuant to this Section 2.06 in replacement of any mutilated, destroyed, lost or stolen Securitized Utility Tariff Bond shall constitute an original additional contractual obligation of the Issuer, whether or not the mutilated, destroyed, lost or stolen Securitized Utility Tariff Bond shall be found at any time or enforced by any Person, and shall be entitled to all the benefits of this Indenture equally and proportionately with any and all other Securitized Utility Tariff Bonds duly issued hereunder.

The provisions of this Section 2.06 are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Securitized Utility Tariff Bonds.

SECTION 2.07. Persons Deemed Owner. Prior to due presentment for registration of transfer of any Securitized Utility Tariff Bond, the Issuer, the Indenture Trustee, the Securitized Utility Tariff Bond Registrar and any agent of the Issuer or the Indenture Trustee may treat the Person in whose name any Securitized Utility Tariff Bond is registered (as of the day of determination) as the owner of such Securitized Utility Tariff Bond for the purpose of receiving payments of principal of and premium, if any, and interest on such Securitized Utility Tariff Bond and for all other purposes whatsoever, whether or not such Securitized Utility Tariff Bond be overdue, and none of the Issuer, the Indenture Trustee or any agent of the Issuer or the Indenture Trustee shall be affected by notice to the contrary.

SECTION 2.08. Payment of Principal, Premium, if any, and Interest; Interest on Overdue Principal; Principal, Premium, if any, and Interest Rights Preserved.

(a) The Securitized Utility Tariff Bonds shall accrue interest as provided in the Series Supplement at the applicable Bond Interest Rate, and such interest shall be payable on each applicable Payment Date. Any installment of interest, principal or premium, if any, payable on any Securitized Utility Tariff Bond that is punctually paid or duly provided for on the applicable Payment Date shall be paid to the Person in whose name such Securitized Utility Tariff Bond (or one or more Predecessor Securitized Utility Tariff Bonds) is registered on the Record Date for the applicable Payment Date by check mailed first-class, postage prepaid, to the Person whose name appears as the Registered Holder (or by wire transfer to an account maintained by such Holder) in accordance with payment instructions delivered to the Indenture Trustee by such Holder, and, with respect to Book-Entry Securitized Utility Tariff Bonds, payments will be made by wire transfer in immediately available funds to the account designated by the Holder of the applicable Global Securitized Utility Tariff Bond unless and until such Global Securitized Utility Tariff Bond is exchanged for Definitive Securitized Utility Tariff Bonds (in which event payments shall be made as provided above) and except for the final installment of principal and premium, if any, payable with respect to such Securitized Utility Tariff Bond on a Payment Date, which shall be payable as provided below.

(b) The principal of each Securitized Utility Tariff Bond shall be paid, to the extent funds are available therefor in the Collection Account, in installments on each Payment Date specified in the Series Supplement; provided, that installments of principal not paid when scheduled to be paid in accordance with the Expected Amortization Schedule shall be paid upon receipt of money available for such purpose, in the order set forth in Section 8.02(e). Failure to pay principal in accordance with such Expected Amortization Schedule because moneys are not available pursuant to Section 8.02 to make such payments shall not constitute a Default or Event of Default under this Indenture; provided, however, that failure to pay the entire unpaid principal amount of the Securitized Utility Tariff Bonds upon the Final Maturity Date for the Securitized Utility Tariff Bonds shall constitute an Event of Default under this Indenture as set forth in Section 5.01. Notwithstanding the foregoing, the entire unpaid principal amount of the Securitized Utility Tariff Bonds shall be due and payable, if not previously paid, on the date on which an Event of Default shall have occurred and be continuing, if the Indenture Trustee or the Holders of Securitized Utility Tariff Bonds representing a majority of the Outstanding Amount of Securitized Utility Tariff Bonds have declared the Securitized Utility Tariff Bonds to be immediately due and payable in the manner provided in Section 5.02. All payments of principal and premium, if any, on the Securitized Utility Tariff Bonds shall be made pro rata to the Holders entitled thereto unless otherwise provided in the Series Supplement. The Indenture Trustee shall notify the Person in whose name a Securitized Utility Tariff Bond is registered at the close of business on the Record Date preceding the Payment Date on which the Issuer expects that the final installment of principal of and premium, if any, and interest on the Securitized Utility Tariff Bond will be paid. Such notice shall be mailed no later than five (5) days prior to such final Payment Date and shall specify that such final installment will be payable only upon presentation and surrender of such Securitized Utility Tariff Bond and shall specify the place where such Securitized Utility Tariff Bond may be presented and surrendered for payment of such installment.



(c) If interest on the Securitized Utility Tariff Bonds is not paid when due, such defaulted interest shall be paid (plus interest on such defaulted interest at the applicable Bond Interest Rate to the extent lawful) to the Persons who are Holders on a subsequent Special Record Date, which date shall be at least fifteen (15) Business Days prior to the Special Payment Date. The Issuer shall fix or cause to be fixed any such Special Record Date and Special Payment Date, and, at least ten (10) days before any such Special Record Date, the Issuer shall mail to each affected Holder a notice that states the Special Record Date, the Special Payment Date and the amount of defaulted interest (plus interest on such defaulted interest) to be paid.

SECTION 2.09. Cancellation. All Securitized Utility Tariff Bonds surrendered for payment, registration of transfer or exchange shall, if surrendered to any Person other than the Indenture Trustee, be delivered to the Indenture Trustee and shall be promptly canceled by the Indenture Trustee. The Issuer may at any time deliver to the Indenture Trustee for cancellation any Securitized Utility Tariff Bonds previously authenticated and delivered hereunder that the Issuer may have acquired in any manner whatsoever, and all Securitized Utility Tariff Bonds so delivered shall be promptly canceled by the Indenture Trustee. No Securitized Utility Tariff Bonds shall be authenticated in lieu of or in exchange for any Securitized Utility Tariff Bonds canceled as provided in this Section 2.09, except as expressly permitted by this Indenture. All canceled Securitized Utility Tariff Bonds may be held or disposed of by the Indenture Trustee in accordance with its standard retention or disposal policy as in effect at the time.

SECTION 2.10. Outstanding Amount; Authentication and Delivery of Securitized Utility Tariff Bonds. The aggregate Outstanding Amount of Securitized Utility Tariff Bonds that may be authenticated and delivered under this Indenture shall not exceed the aggregate of the amount of Securitized Utility Tariff Bonds that are authorized in the Financing Order but otherwise shall be unlimited.

Securitized Utility Tariff Bonds may at any time be executed by the Issuer and delivered to the Indenture Trustee for authentication and thereupon the same shall be authenticated and delivered by the Indenture Trustee upon Issuer Request and upon delivery by the Issuer to the Indenture Trustee of the following (and if applicable, subject further to the requirements of Section 3.21):

(a) Issuer Action. An Issuer Order authorizing and directing the authentication and delivery of the Securitized Utility Tariff Bonds by the Indenture Trustee and specifying the principal amount of Securitized Utility Tariff Bonds to be authenticated.

(b) Authorizations. Copies of (i) the Financing Order, which shall be in full force and effect and be Final, (ii) certified resolutions of the Managers or Member of the Issuer authorizing the execution and delivery of the Series Supplement and the execution, authentication and delivery of the Securitized Utility Tariff Bonds and (iii) the Series Supplement duly executed by the Issuer.

(c) Opinion Letters. An opinion letter or opinion letters, which may be delivered by one or more counsel for the Issuer, for the Servicer, or for the Seller, dated the Closing Date, in each case subject to the customary exceptions, qualifications and assumptions contained therein, covering the following opinion points:

(i) all conditions precedent provided for in this Indenture relating to (A) the authentication and delivery of the Securitized Utility Tariff Bonds and (B) the execution of the Series Supplement to this Indenture dated the Closing Date have been complied with;

(ii) the execution of the Series Supplement is permitted by this Indenture;

(iii) such action has been taken with respect to the recording and filing of this Indenture, any indentures supplemental hereto and any other requisite documents, and with respect too the execution and filing of any filings with the Kansas Commission, the Secretary of State of the State of Delaware or the Secretary of State of the State of Kansas pursuant to the Securitization Act and the Financing Order and any financing statements and continuation statements, as are necessary to perfect and make effective the Lien and the perfected security interest created by this Indenture and the Series Supplement, and reciting the details of such action or stating that, in the opinion of such counsel, no such action is necessary to make effective the Lien; and

(iv) based on a review of a current report of a search of the appropriate governmental filing office, no other financing statement has been filed under the applicable Uniform Commercial Code in respect of any other Lien that (A) can be perfected solely by the filing of financing statements under the applicable Uniform Commercial Code and (B) ranks equal or prior to the Lien of the Indenture Trustee in the Trust Estate;

together with the other Opinions of Counsel described in Sections [●] through [●] of the Underwriting Agreement.

(d) Authorizing Certificate. An Officer's Certificate, dated the Closing Date, of the Issuer certifying that (i) the Issuer has duly authorized the execution and delivery of this Indenture and the Series Supplement and the execution and delivery of the Securitized Utility Tariff Bonds and (ii) the Series Supplement is in the form attached thereto and complies with the requirements of Section 2.02.

(e) The Trust Estate. The Issuer shall have made or caused to be made all filings with the Kansas Commission and the Secretary of State of the State of Kansas pursuant to the Financing Order and the Securitization Act and all other filings necessary to perfect the Grant of the Trust Estate to the Indenture Trustee and the Lien of this Indenture and the Series Supplement, including but not limited to UCC financing statements in Delaware or Kansas, as applicable.

(f) Certificates of the Issuer and the Seller.

(i) An Officer's Certificate from the Issuer, dated as of the Closing Date:

(A) to the effect that (1) the Issuer is not in Default under this Indenture and that the issuance of the Securitized Utility Tariff Bonds will not result in any Default or in any breach of any of the terms, conditions or provisions of or constitute a default under the Financing Order or any indenture, mortgage, credit agreement or other agreement or instrument to which the Issuer is a party or by which it or its

properties is bound or any order of any court or administrative agency entered in any Proceeding to which the Issuer is a party or by which it or its properties may be bound or to which it or its properties may be subject and (2) all conditions precedent provided in this Indenture relating to the execution, authentication and delivery of the Securitized Utility Tariff Bonds have been complied with;

(B) to the effect that: the Issuer has not assigned any interest or participation in the Trust Estate except for the Grant contained in this Indenture and the Series Supplement; the Issuer has the power and right to Grant the Trust Estate to the Indenture Trustee as security hereunder and thereunder; and the Issuer, subject to the terms of this Indenture, has Granted to the Indenture Trustee a first priority perfected security interest in all of its right, title and interest in and to the Trust Estate free and clear of any Lien arising as a result of actions of the Issuer or through the Issuer (except for any Lien created by the Issuer under the Basic Documents in favor of the Holders and in accordance with K.S.A. §66-1,245);

(C) to the effect that the Issuer has appointed the firm of Independent registered public accountants as contemplated in Section 8.06;

(D) to the effect that the Sale Agreement, Servicing Agreement, and the Administration Agreement are, to the knowledge of the Issuer (and assuming such agreements are enforceable against all parties thereto other than the Issuer and Atmos Energy), in full force and effect and, to the knowledge of the Issuer, that no party is in default of its obligations under such agreements;

(E) certifying that the Securitized Utility Tariff Bonds have received the ratings from the Rating Agencies if required by the Underwriting Agreement as a condition to the issuance of the Securitized Utility Tariff Bonds; and

(F) stating that (i) all conditions precedent provided for in this Indenture relating to (a) the authentication and delivery of the Securitized Utility Tariff Bonds, and (b) the execution of the Series Supplement to this Indenture dated as of the date of this Indenture, have been complied with, (ii) the execution of the Series Supplement to this Indenture dated as of the date of this Indenture is authorized or permitted by this Indenture, and (iii) the Issuer has delivered the documents required under this Section 2.10 and has otherwise satisfied the requirements set out in this Section 2.10, including, but not limited to, complying with Section 2.10(f)(i) hereof.

(ii) An officer's certificate from the Seller, dated as of the Closing Date, to the effect that:

(A) in the case of the Securitized Utility Tariff Property identified in the Bill of Sale, immediately prior to the conveyance thereof to the Issuer pursuant to the Sale Agreement: the Seller was the original and the sole owner of the Securitized Utility Tariff Property, free and clear of any Lien; the Seller had not assigned any interest or participation in the Securitized Utility Tariff Property and the proceeds thereof other than to the Issuer pursuant to the Sale Agreement; the Seller has the power, authority and right to own, sell and assign such Securitized Utility Tariff Property and the proceeds thereof to the Issuer; and the Seller, subject to the terms of the Sale Agreement, has validly sold and assigned to the Issuer all of its right, title and interest in, to and under the Securitized Utility Tariff Property and the proceeds thereof, free and clear of any Lien (except for any Lien created by the Issuer under the Basic Documents in favor of the Holders and in accordance with K.S.A. §66-1,245) and such sale and assignment is absolute and irrevocable and has been perfected;

(B) immediately prior to the conveyance of the Securitized Utility Tariff Property identified in the Bill of Sale to the Issuer pursuant to the Sale Agreement, the attached copy of the Financing Order, creating the Securitized Utility Tariff Property is true and complete and is in full force and effect; and

(C) the Required Capital Level has been deposited or caused to be deposited by the Seller with the Indenture Trustee for crediting to the Capital Subaccount.

(g) Requirements of Series Supplement. Such other funds, accounts, documents, certificates, agreements, instruments or opinions as may be required by the terms of the Series Supplement.

(h) Other Requirements. Such other documents, certificates, agreements, instruments or opinions as the Indenture Trustee may reasonably require.

SECTION 2.11. Book-Entry Securitized Utility Tariff Bonds. Unless the Series Supplement provides otherwise, all of the Securitized Utility Tariff Bonds shall be issued in Book-Entry Form, and the Issuer shall execute and the Indenture Trustee shall, in accordance with this Section 2.11 and the Issuer Order, authenticate and deliver one or more Global Securitized Utility Tariff Bonds, evidencing the Securitized Utility Tariff Bonds, which (a) shall be an aggregate original principal amount equal to the aggregate original principal amount of the Securitized Utility Tariff Bonds to be issued pursuant to the Issuer Order, (b) shall be registered in the name of the Clearing Agency therefor or its nominee, which shall initially be Cede & Co., as nominee for The Depository Trust Company, the initial Clearing Agency, (c) shall be delivered by the Indenture

Trustee pursuant to such Clearing Agency's or such nominee's instructions and (d) shall bear a legend substantially to the effect set forth in Exhibit A.

Each Clearing Agency designated pursuant to this Section 2.11 must, at the time of its designation and at all times while it serves as Clearing Agency hereunder, be a "clearing agency" registered under the Exchange Act and any other applicable statute or regulation.

No Holder of Securitized Utility Tariff Bonds issued in Book-Entry Form shall receive a Definitive Securitized Utility Tariff Bond representing such Holder's interest in any of the Securitized Utility Tariff Bonds, except as provided in Section 2.13. Unless (and until) certificated, fully registered Securitized Utility Tariff Bonds (the "Definitive Securitized Utility Tariff Bonds") have been issued to the Holders pursuant to Section 2.13 or pursuant to the Series Supplement relating thereto:

- (i) the provisions of this Section 2.11 shall be in full force and effect;
- (ii) the Issuer, the Servicer, the Paying Agent, the Securitized Utility Tariff Bond Registrar and the Indenture Trustee may deal with the Clearing Agency for all purposes (including the making of distributions on the Securitized Utility Tariff Bonds and the giving of instructions or directions hereunder) as the authorized representative of the Holders;
- (iii) to the extent that the provisions of this Section 2.11 conflict with any other provisions of this Indenture, the provisions of this Section 2.11 shall control;
- (iv) the rights of Holders shall be exercised only through the Clearing Agency and the Clearing Agency Participants and shall be limited to those established by applicable law and agreements between such Holders and the Clearing Agency and/or the Clearing Agency Participants. Pursuant to the Letter of Representations, unless and until Definitive Securitized Utility Tariff Bonds are issued pursuant to Section 2.13, the initial Clearing Agency will make book-entry transfers among the Clearing Agency Participants and receive and transmit distributions of principal of and interest on the Book-Entry Securitized Utility Tariff Bonds to such Clearing Agency Participants; and
- (v) whenever this Indenture requires or permits actions to be taken based upon instruction or directions of the Holders evidencing a specified percentage of the Outstanding Amount of Securitized Utility Tariff Bonds, the Clearing Agency shall be deemed to represent such percentage only to the extent that it has received instructions to such effect from the Holders and/or the Clearing Agency Participants owning or representing, respectively, such required percentage of the beneficial interest in the Securitized Utility Tariff Bonds and has delivered such instructions to a Responsible Officer of the Indenture Trustee.

SECTION 2.12. Notices to Clearing Agency. Unless and until Definitive Securitized Utility Tariff Bonds shall have been issued to Holders pursuant to Section 2.13, whenever notice, payment or other communications to the holders of Book-Entry Securitized Utility Tariff Bonds is required under this Indenture, the Indenture Trustee, the Servicer and the

Paying Agent, as applicable, shall make all such payments to, and give all such notices and communications specified herein, to the Clearing Agency.

SECTION 2.13. Definitive Securitized Utility Tariff Bonds. If (a) (i) the Issuer advises the Indenture Trustee in writing that the Clearing Agency is no longer willing or able to properly discharge its responsibilities under any Letter of Representations and (ii) the Issuer is unable to locate a qualified successor Clearing Agency, (b) the Issuer, at its option, advises the Indenture Trustee in writing that it elects to terminate the book-entry system through the Clearing Agency or (c) after the occurrence of an Event of Default hereunder, Holders holding a majority of the Outstanding Amount of Securitized Utility Tariff Bonds maintained as Book-Entry Securitized Utility Tariff Bonds advise the Indenture Trustee, the Issuer and the Clearing Agency (through the Clearing Agency Participants) in writing that the continuation of a book-entry system through the Clearing Agency is no longer in the best interests of the Holders, the Issuer shall notify the Clearing Agency, the Indenture Trustee and all such Holders in writing of the occurrence of any such event and of the availability of Definitive Securitized Utility Tariff Bonds to the Holders requesting the same. Upon surrender to the Indenture Trustee of the Global Securitized Utility Tariff Bonds by the Clearing Agency accompanied by registration instructions from such Clearing Agency for registration, the Issuer shall execute, and the Indenture Trustee shall authenticate and deliver, Definitive Securitized Utility Tariff Bonds in accordance with the instructions of the Clearing Agency. None of the Issuer, the Securitized Utility Tariff Bond Registrar, the Paying Agent or the Indenture Trustee shall be liable for any delay in delivery of such instructions and may conclusively rely on, and shall be fully protected in relying on, such instructions. Upon the issuance of Definitive Securitized Utility Tariff Bonds, the Indenture Trustee shall recognize the Holders of the Definitive Securitized Utility Tariff Bonds as Holders hereunder without need for any consent or acknowledgement from the Holders.

Definitive Securitized Utility Tariff Bonds will be transferable and exchangeable at the offices of the Securitized Utility Tariff Bond Registrar.

SECTION 2.14. CUSIP Number. The Issuer in issuing any Securitized Utility Tariff Bonds may use a “CUSIP” number and, if so used, the Indenture Trustee shall use the CUSIP number provided to it by the Issuer in any notices to the Holders thereof as a convenience to such Holders; provided, that any such notice may state that no representation is made as to the correctness or accuracy of the CUSIP number printed in the notice or on the Securitized Utility Tariff Bonds and that reliance may be placed only on the other identification numbers printed on the Securitized Utility Tariff Bonds. The Issuer shall promptly notify the Indenture Trustee in writing of any change in the CUSIP number with respect to any Securitized Utility Tariff Bond.

SECTION 2.15. Letter of Representations. The Issuer shall comply with the terms of each Letter of Representations applicable to the Issuer.

SECTION 2.16. Tax Treatment. The Issuer and the Indenture Trustee, by entering into this Indenture, and the Holders and any Persons holding a beneficial interest in any Securitized Utility Tariff Bond, by acquiring any Securitized Utility Tariff Bond or interest therein, (a) express their intention that, solely for the purposes of U.S. federal taxes and, to the extent consistent with applicable state, local and other tax law, solely for the purposes of state, local and other taxes, the Securitized Utility Tariff Bonds qualify under applicable tax law as indebtedness

of the Member secured by the Trust Estate and (b) solely for the purposes of U.S. federal taxes and, to the extent consistent with applicable state, local and other tax law, solely for purposes of state, local and other taxes, so long as any of the Securitized Utility Tariff Bonds are outstanding, agree to treat the Securitized Utility Tariff Bonds as indebtedness of the Member secured by the Trust Estate unless otherwise required by appropriate taxing authorities.

SECTION 2.17. State Pledge and Kansas Commission Pledge. Each Securitized Utility Tariff Bond shall state that the Securitization Act provides that the State of Kansas and its agencies, including the Kansas Commission, “hereby pledge and agree with bondholders, the owners of securitized utility tariff property and other financing parties that the state and its agencies shall not take any action listed in this section.<sup>1</sup> This subsection does not preclude limitation or alteration if full compensation is made by law for the full protection of the securitized utility tariff charges collected pursuant to a financing order and of the bondholders and any assignee or financing party entering into a contract with the public utility. The prohibited actions are as follows:

- (1) Altering the provisions of this section that authorize the commission to create an irrevocable contract right or chose in action by the issuance of a financing order, to create securitized utility tariff property and to make the securitized utility tariff charges imposed by a financing order irrevocable, binding or nonbypassable charges for all existing and future retail customers within the service area of the public utility;
- (2) taking or permitting any action that impairs or would impair the value of securitized utility tariff property or the security for the security utility tariff bonds or revises the securitized utility tariff costs for which recovery is authorized;
- (3) impairing the rights and remedies of the bondholders, assignees and other financing parties in any way; or
- (4) except for changes made pursuant to the adjustment mechanism authorized under this section, reducing, altering or impairing securitized utility tariff charges that are to be imposed, billed, charged, collected and remitted for the benefit of the bondholders, any assignee and any other financing parties until any and all principal, interest, premium, financing costs and other fees, expenses or charges incurred and any contracts to be performed in connection with the related securitized utility tariff bonds have been paid and performed in full.”

In addition, each Securitized Utility Tariff Bond shall state that the Financing Order provides that “[t]he Kansas Commission affirms the pledge of [the State of Kansas] set forth in K.S.A. § 66-1,252 and shall not take or permit any of the following actions that would impair the value of the Securitized Utility Tariff Property authorized by [the] Financing Order, unless otherwise permitted by the [Securitization Act]:

- Alter the statute that authorizes the Commission to create an irrevocable contract right or chose in action by the issuance of a financing order, to create securitized utility

---

<sup>1</sup> K.S.A. § 66-1,252

tariff property and to make the Securitized Utility Tariff Charges imposed by a financing order irrevocable, binding or nonbypassable charges for all existing and future sales customers within the service area of the public utility;

- Take any action that would impair the value of Securitized Utility Tariff Property or the security for the Securitized Utility Tariff Bonds, or revises the Securitized Utility Tariff Costs for which recovery is authorized; impair the rights and remedies of the bondholders, assignees and other financing parties in any way; or,
- Except for changes made pursuant to the Adjustment Mechanism expressly allowed by law, reduce, alter, or impair the Securitized Utility Tariff Charges to be imposed, billed, charged, collected, and remitted for the benefit of the bondholders, any assignee, and any other financing parties, until any and all principal, interest, premium, Financing Costs and other fees, expenses or charges incurred and any contracts to be performed in connection with the related Securitized Utility Tariff Bonds have been paid and performed in full.”

The Issuer hereby acknowledges that the purchase of any Securitized Utility Tariff Bond by a Holder or the purchase of any beneficial interest in a Securitized Utility Tariff Bond by any Person and the Indenture Trustee’s obligations to perform hereunder are made in reliance on such agreement and pledge by the State of Kansas and the Kansas Commission.

SECTION 2.18. Security Interests. The Issuer hereby makes the following representations and warranties:

(a) Other than the security interests granted to the Indenture Trustee pursuant to this Indenture, the Issuer has not pledged, granted, sold, conveyed or otherwise assigned any interests or security interests in the Trust Estate and no security agreement, financing statement or equivalent security or Lien instrument listing the Issuer as debtor covering all or any part of the Trust Estate is on file or of record in any jurisdiction, except such as may have been filed, recorded or made by the Issuer in favor of the Indenture Trustee on behalf of the Secured Parties in connection with this Indenture.

(b) This Indenture constitutes a valid and continuing lien on, and first priority perfected security interest in, the Trust Estate in favor of the Indenture Trustee on behalf of the Secured Parties, which lien and security interest is prior to all other Liens and is enforceable as such as against creditors of and purchasers from the Issuer in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws affecting creditors’ rights generally or by general equitable principles, whether considered in a proceeding at law or in equity and by an implied covenant of good faith and fair dealing.

(c) With respect to the Trust Estate, this Indenture, together with the Series Supplement, creates a valid and continuing first priority perfected security interest (as defined in the UCC) in the Trust Estate, which security interest is prior to all other Liens and is enforceable as such as against creditors of and purchasers from the Issuer in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, fraudulent conveyance,



reorganization, moratorium and other similar laws affecting creditors' rights generally or by general equitable principles, whether considered in a proceeding at law or in equity and by an implied covenant of good faith and fair dealing.

(d) The Issuer has good and marketable title to the Trust Estate free and clear of any Lien of any Person (except for any Lien created by the Issuer under the Basic Documents in favor of the Holders and in accordance with K.S.A. §66-1,245).

(e) All of the Trust Estate constitutes property or accounts, deposit accounts, investment property or general intangibles (as each such term is defined in the UCC), except that proceeds of the Trust Estate may also take the form of instruments.

(f) The Issuer has taken, or caused the Servicer to take, all action necessary to perfect the security interest in the Trust Estate granted to the Indenture Trustee, for the benefit of the Secured Parties.

(g) The Issuer has filed (or has caused the Servicer to file) all appropriate financing statements in the proper filing offices in the appropriate jurisdictions under applicable law in order to perfect the security interest in the Trust Estate granted to the Indenture Trustee.

(h) The Issuer has not authorized the filing of and is not aware, after due inquiry, of any financing statements against the Issuer that include a description of the Trust Estate other than those filed in favor of the Indenture Trustee.

(i) The Issuer is not aware of any judgment or tax Lien filings against the Issuer.

(j) The Collection Account (including all subaccounts thereof other than the Capital Subaccount) constitutes a "securities account" within the meaning of the UCC and the Capital Subaccount constitutes a "deposit account" within the meaning of the UCC.

(k) The Issuer has taken all steps necessary to cause the Securities Intermediary of each such securities account to identify in its records the Indenture Trustee as the Person having a security entitlement against the Securities Intermediary in such securities account, no Collection Account is in the name of any Person other than the Indenture Trustee, and the Issuer has not consented to the Securities Intermediary of the Collection Account to comply with entitlement orders of any Person other than the Indenture Trustee.

(l) All of the Collateral constituting investment property has been and will have been credited to the Collection Account or a subaccount thereof, and the Securities Intermediary for the Collection Account has agreed to treat all assets credited to the Collection Account (other than cash) as "financial assets" within the meaning of the UCC and cash will be allocated to the Capital Subaccount. Accordingly, the Indenture Trustee has a first priority perfected security interest in the Collection Account, all funds and financial assets on deposit therein, and all securities entitlements relating thereto.

The representations and warranties set forth in this [Section 2.18](#) shall survive the execution and delivery of this Indenture and the issuance of the Securitized Utility Tariff Bonds, shall be deemed

re-made on each date on which any funds in the Collection Account are distributed to the Issuer as provided in Section 8.04 or otherwise released from the Lien of this Indenture and may not be waived by any party hereto except pursuant to a supplemental indenture executed in accordance with Article IX and as to which the Rating Agency Condition has been satisfied.

### ARTICLE III

#### COVENANTS

SECTION 3.01. Payment of Principal, Premium, if any, and Interest. The principal of and premium, if any, and interest on the Securitized Utility Tariff Bonds shall be duly and punctually paid by the Issuer, or the Servicer on behalf of the Issuer, in accordance with the terms of the Securitized Utility Tariff Bonds and this Indenture and the Series Supplement; provided, that, except on a Final Maturity Date or upon the acceleration of the Securitized Utility Tariff Bonds following the occurrence of an Event of Default, the Issuer shall only be obligated to pay the principal of such Securitized Utility Tariff Bonds on each Payment Date therefor to the extent moneys are available for such payment pursuant to Section 8.02. Amounts properly withheld under the Code, the Treasury regulations promulgated thereunder or other tax laws by any Person from a payment to any Holder of interest or principal or premium, if any, shall be considered as having been paid by the Issuer to such Holder for all purposes of this Indenture.

SECTION 3.02. Maintenance of Office or Agency. The Issuer shall initially maintain in [*office location*] an office or agency where Securitized Utility Tariff Bonds may be surrendered for registration of transfer or exchange. The Issuer shall give prompt written notice to the Indenture Trustee of the location, and of any change in the location, of any such office or agency. The Issuer hereby initially appoints the Indenture Trustee to serve as its agent for the foregoing purposes, and the Corporate Trust Office of the Indenture Trustee shall serve as the offices provided above in this Section 3.02. If at any time the Issuer shall fail to maintain any such office or agency or shall fail to furnish the Indenture Trustee with the address thereof, such surrenders may be made at the office of the Indenture Trustee located at the Corporate Trust Office, and the Issuer hereby appoints the Indenture Trustee as its agent to receive all such surrenders.

SECTION 3.03. Money for Payments To Be Held in Trust. As provided in Section 8.02(a), all payments of amounts due and payable with respect to any Securitized Utility Tariff Bonds that are to be made from amounts withdrawn from the Collection Account pursuant to Section 8.02(d) shall be made on behalf of the Issuer by the Indenture Trustee or by another Paying Agent, and no amounts so withdrawn from the Collection Account for payments with respect to any Securitized Utility Tariff Bonds shall be paid over to the Issuer except as provided in this Section 3.03 and Section 8.02.

Each Paying Agent shall meet the eligibility criteria set forth for any Indenture Trustee under Section 6.11. The Issuer will cause each Paying Agent other than the Indenture Trustee to execute and deliver to the Indenture Trustee an instrument in which such Paying Agent shall agree with the Indenture Trustee (and if the Indenture Trustee acts as Paying Agent, it hereby so agrees), subject to the provisions of this Section 3.03, that such Paying Agent will:

(a) hold all sums held by it for the payment of amounts due with respect to the Securitized Utility Tariff Bonds in trust for the benefit of the Persons entitled thereto until such sums shall be paid to such Persons or otherwise disposed of as herein provided and pay such sums to such Persons as herein provided;

(b) give the Indenture Trustee unless the Indenture Trustee is the Paying Agent, the Kansas Commission and the Rating Agencies written notice of any Default by the Issuer of which it has actual knowledge in the making of any payment required to be made with respect to the Securitized Utility Tariff Bonds;

(c) at any time during the continuance of any such Default, upon the written request of the Indenture Trustee, forthwith pay to the Indenture Trustee all sums so held in trust by such Paying Agent;

(d) immediately, with notice to the Rating Agencies, resign as a Paying Agent and forthwith pay to the Indenture Trustee all sums held by it in trust for the payment of Securitized Utility Tariff Bonds if at any time the Paying Agent determines that it has ceased to meet the standards required to be met by a Paying Agent at the time of such determination; and

(e) comply with all requirements of the Code, the Treasury regulations promulgated thereunder and other tax laws with respect to the withholding from any payments made by it on any Securitized Utility Tariff Bonds of any applicable withholding taxes imposed thereon and with respect to any applicable reporting requirements in connection therewith.

The Issuer may at any time, for the purpose of obtaining the satisfaction and discharge of this Indenture or for any other purpose, by Issuer Order direct any Paying Agent to pay to the Indenture Trustee all sums held in trust by such Paying Agent, such sums to be held by the Indenture Trustee upon the same trusts as those upon which the sums were held by such Paying Agent; and, upon such payment by any Paying Agent to the Indenture Trustee, such Paying Agent shall be released from all further liability with respect to such money.

Subject to applicable laws with respect to escheatment of funds, any money held by the Indenture Trustee or any Paying Agent in trust for the payment of any amount due with respect to any Securitized Utility Tariff Bond and remaining unclaimed for two years after such amount has become due and payable shall be discharged from such trust and be paid to the Issuer upon receipt of an Issuer Request; and, subject to Section 10.14, the Holder of such Securitized Utility Tariff Bond shall thereafter, as an unsecured general creditor, look only to the Issuer for payment thereof (but only to the extent of the amounts so paid to the Issuer), and all liability of the Indenture Trustee or such Paying Agent with respect to such trust money shall thereupon cease; provided, however, that the Indenture Trustee or such Paying Agent, before being required to make any such repayment, may at the expense of the Issuer, cause to be published once, in a newspaper published in the English language, customarily published on each Business Day and of general circulation in The City of New York, notice that such money remains unclaimed and that, after a date specified therein, which shall not be less than thirty (30) days from the date of such publication, any unclaimed balance of such money then remaining will be repaid to the Issuer. The Indenture Trustee may also adopt and employ, at the written direction and expense of the Issuer, any other reasonable means of notification of such repayment (including mailing notice of

such repayment to Holders whose right to or interest in moneys due and payable but not claimed is determinable from the records of the Indenture Trustee or of any Paying Agent, at the last address of record for each such Holder).

SECTION 3.04. Existence. The Issuer shall keep in full effect its existence, rights and franchises as a limited liability company under the laws of the State of Delaware (unless it becomes, or any successor Issuer hereunder is or becomes, organized under the laws of any other State or of the United States of America, in which case the Issuer will keep in full effect its existence, rights and franchises under the laws of such other jurisdiction) and will obtain and preserve its qualification to do business in each jurisdiction in which such qualification is or shall be necessary to protect the validity and enforceability of this Indenture, the other Basic Documents, the Securitized Utility Tariff Bonds, the Trust Estate and each other instrument or agreement referenced herein or therein.

SECTION 3.05. Protection of Trust Estate. The Issuer shall from time to time execute and deliver all such supplements and amendments hereto and all filings with the Kansas Commission, the Secretary of State of the State of Delaware or the Secretary of State of the State of Kansas pursuant to the Financing Order or to the Securitization Act and all financing statements, continuation statements, instruments of further assurance and other instruments, and shall take such other action necessary or advisable, to:

- (a) maintain or preserve the Lien (and the priority thereof) of this Indenture or carry out more effectively the purposes hereof;
- (b) perfect, publish notice of or protect the validity of any Grant made or to be made by this Indenture;
- (c) enforce any of the Trust Estate;
- (d) preserve and defend title to the Trust Estate and the rights of the Indenture Trustee and the Holders in the Trust Estate against the Claims of all Persons, including a challenge by any party to the validity or enforceability of the Financing Order, the Securitized Utility Tariff Property or any proceeding relating thereto and institute any action or proceeding necessary to compel performance by the Kansas Commission or the State of Kansas of any of its obligations or duties under the Securitization Act, the State Pledge, the Kansas Commission Pledge, or the Financing Order, as the case may be; and
- (e) pay any and all taxes levied or assessed upon all or any part of the Trust Estate.

The Indenture Trustee is specifically permitted and authorized, but not required to file financing statements covering the Trust Estate, including financing statements that describe the Trust Estate as “all assets” or “all personal property” of the Issuer; provided, however, that such authorization shall not be deemed to be an obligation.

SECTION 3.06. Opinions as to Trust Estate.

(a) Within ninety (90) days after the beginning of each calendar year beginning with the calendar year beginning January 1, 202\_, the Issuer shall furnish to the Indenture Trustee an Opinion of Counsel of the Issuer either stating that, in the opinion of such counsel, such action has been taken with respect to the recording, filing, re-recording and re-filing of this Indenture, any indentures supplemental hereto and any other requisite documents, and with respect to the execution and filing of any filings with the Kansas Commission, the Secretary of State of the State of Delaware or the Secretary of State of the State of Kansas pursuant to the Securitization Act and the Financing Order, financing statements and continuation statements, as are necessary to maintain the Lien and the perfected security interest created by this Indenture and reciting the details of such action, or stating that, in the opinion of such counsel, no such action is necessary to maintain such Lien. Such Opinion of Counsel shall also describe the recording, filing, re-recording and re-filing of this Indenture, any indentures supplemental hereto and any other requisite documents and the execution and filing of any filings with the Kansas Commission, the Secretary of State of the State of Delaware or the Secretary of State of the State of Kansas, financing statements and continuation statements that will, in the opinion of such counsel, be required within the 12-month period following the date of such opinion to maintain the Lien and the perfected security interest created by this Indenture.

(b) Prior to the effectiveness of any amendment to the Sale Agreement or the Servicing Agreement, the Issuer shall furnish to the Indenture Trustee an Opinion of Counsel of external counsel of the Issuer either (i) stating that, in the opinion of such counsel, all filings, including UCC financing statements and other filings with the Kansas Commission, the Secretary of State of the State of Delaware or the Secretary of State of the State of Kansas pursuant to the Securitization Act or the applicable Financing Order, have been executed and filed that are necessary fully to maintain the Lien and the perfected security interest created by this Indenture, and reciting the details of such filings or referring to prior Opinions of Counsel in which such details are given, or (ii) stating that, in the opinion of such counsel, no such action shall be necessary to maintain such Lien.

SECTION 3.07. Performance of Obligations; Servicing; SEC Filings.

(a) The Issuer (i) shall diligently pursue any and all actions to enforce its rights under each instrument or agreement included in the Trust Estate and (ii) shall not take any action and shall use its best efforts not to permit any action to be taken by others that would release any Person from any of such Person's covenants or obligations under any such instrument or agreement or that would result in the amendment, hypothecation, subordination, termination or discharge of, or impair the validity or effectiveness of, any such instrument or agreement, except, in each case, as expressly provided in this Indenture, the Series Supplement, the Sale Agreement, the Servicing Agreement, or such other instrument or agreement.

(b) The Issuer may contract with other Persons selected with due care to assist it in performing its duties under this Indenture, and any performance of such duties by a Person identified to the Indenture Trustee herein or in an Officer's Certificate shall be deemed to be action taken by the Issuer. Initially, the Issuer has contracted with the Servicer to assist the Issuer in performing its duties under this Indenture.

(c) The Issuer shall punctually perform and observe all of its obligations and agreements contained in this Indenture, the Series Supplement, the other Basic Documents and the instruments and agreements included in the Trust Estate, including filing or causing to be filed all filings with the Kansas Commission, the Secretary of State of the State of Delaware or the Secretary of State of the State of Kansas pursuant to the Securitization Act or the Financing Order, all UCC financing statements and all continuation statements required to be filed by it by the terms of this Indenture, the Series Supplement, the Sale Agreement and the Servicing Agreement in accordance with and within the time periods provided for herein and therein.

(d) If the Issuer shall have knowledge of the occurrence of a Servicer Default under the Servicing Agreement, the Issuer shall promptly give written notice thereof to the Indenture Trustee, the Kansas Commission and the Rating Agencies and shall specify in such notice the response or action, if any, the Issuer has taken or is taking with respect to such Servicer Default. If a Servicer Default shall arise from the failure of the Servicer to perform any of its duties or obligations under the Servicing Agreement with respect to the Securitized Utility Tariff Property or the Securitized Utility Tariff Charges, the Issuer shall take all reasonable steps available to it to remedy such failure.

(e) As promptly as possible after the giving of notice of termination to the Servicer and the Rating Agencies of the Servicer's rights and powers pursuant to Section 7.01 of the Servicing Agreement, the Indenture Trustee shall, at the written direction either (a) of the Holders evidencing a majority of the Outstanding Amount of the Securitized Utility Tariff Bonds, or (b) of the Kansas Commission, appoint a successor Servicer (the "Successor Servicer"), and such Successor Servicer shall accept its appointment by a written assumption in a form acceptable to the Issuer. A Person shall qualify as a Successor Servicer only if such Person satisfies the requirements of the Servicing Agreement and the Financing Order relating to a Successor Servicer. If, within thirty (30) days after the delivery of the notice referred to above, a new Servicer shall not have been appointed, the Indenture Trustee may petition the Kansas Commission or a court of competent jurisdiction to appoint a Successor Servicer. In connection with any such appointment, Atmos Energy may make such arrangements for the compensation of such Successor Servicer as it and such successor shall agree, subject to the limitations set forth in Section 8.02 and in the Servicing Agreement and in the Financing Order.

(f) Upon any termination of the Servicer's rights and powers pursuant to the Servicing Agreement, the Indenture Trustee shall promptly notify the Issuer, the Kansas Commission, the Holders and the Rating Agencies. As soon as a Successor Servicer is appointed, the Indenture Trustee shall notify the Issuer, the Kansas Commission, the Holders and the Rating Agencies of such appointment, specifying in such notice the name and address of such Successor Servicer.

(g) The Issuer shall (or shall cause the Depositor to) post on its website (which for this purpose may be the website of any direct or indirect parent company of the Issuer) and, to the extent consistent with the Issuer's and the Depositor's obligations under applicable law, file with or furnish to the SEC in periodic reports and other reports as are required from time to time under Section 13 or Section 15(d) of the Exchange Act, the following information (other than any such information filed with the SEC and publicly available to investors unless the Issuer

specifically requests such items to be posted) with respect to the Outstanding Securitized Utility Tariff Bonds, in each case to the extent such information is reasonably available to the Issuer:

- (i) statements of any remittances of Securitized Utility Tariff Charges made to the Indenture Trustee (to be included in a Form 10-D or Form 10-K, or successor forms thereto);
- (ii) a statement reporting the balances in the Collection Account and in each subaccount of the Collection Account as of all Payment Dates (to be included on the next Form 10-D filed) and as of the end of each year (to be included on the next Form 10-K filed);
- (iii) the Semi-Annual Servicer's Certificate as required to be submitted pursuant to the Servicing Agreement (to be filed with a Form 10-D, Form 10-K or Form 8-K, or successor forms thereto);
- (iv) the Monthly Servicer's Certificate as required to be submitted pursuant to the Servicing Agreement;
- (v) the text (or a link to the website where a reader can find the text) of each filing of a True-Up Adjustment and the results of each such filing;
- (vi) any change in the long-term or short-term credit ratings of the Servicer assigned by the Rating Agencies;
- (vii) material legislative or regulatory developments directly relevant to the Outstanding Securitized Utility Tariff Bonds (to be filed or furnished in a Form 8-K); and
- (viii) any reports and other information that the Issuer is required to file with the SEC under the Exchange Act, including but not limited to periodic and current reports related to the Securitized Utility Tariff Bonds consistent with the disclosure and reporting regime established in Regulation AB.

Notwithstanding the foregoing, nothing herein shall preclude the Issuer from voluntarily suspending or terminating its filing obligations as Issuer with the SEC to the extent permitted by applicable law. Any such reports or information delivered to the Indenture Trustee for purposes of this Section 3.07(g) is for informational purposes only, and the Indenture Trustee's receipt of such reports or information shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including the Issuer's compliance with any of its covenants hereunder (as to which the Indenture Trustee is entitled to conclusively rely on an Officer's Certificate).

(h) The Issuer shall direct the Indenture Trustee to post on the Indenture Trustee's website for investors (based solely on information set forth in the Semi-Annual Servicer's Certificate) with respect to the Outstanding Securitized Utility Tariff Bonds, to the extent such information is set forth in the Semi-Annual Servicer's Certificate, a statement showing the balance of Outstanding Securitized Utility Tariff Bonds that reflects the actual payments made on the Securitized Utility Tariff Bonds during the applicable period.

The address of the Indenture Trustee's website for investors is [to come]. The Indenture Trustee shall immediately notify the Issuer, the Kansas Commission, the Holders and the Rating Agencies of any change to the address of the website for investors.

(i) The Issuer shall make all filings required under the Securitization Act and the Financing Order relating to the transfer of the ownership or security interest in the Securitized Utility Tariff Property other than those required to be made by the Seller or the Servicer pursuant to the Basic Documents.

SECTION 3.08. Certain Negative Covenants. So long as Securitized Utility Tariff Bonds are Outstanding, the Issuer shall not:

(a) except as expressly permitted by this Indenture and the other Basic Documents, sell, transfer, convey, exchange or otherwise dispose of any of the properties or assets of the Issuer, including those included in the Trust Estate, unless in accordance with Article V;

(b) claim any credit on, or make any deduction from the principal or premium, if any, or interest payable in respect of, the Securitized Utility Tariff Bonds (other than amounts properly withheld from such payments under the Code, the Treasury regulations promulgated thereunder or other tax laws) or assert any claim against any present or former Holder by reason of the payment of the taxes levied or assessed upon any part of the Trust Estate;

(c) terminate its existence or dissolve or liquidate in whole or in part, except in a transaction permitted by Section 3.10;

(d) (i) permit the validity or effectiveness of this Indenture or the other Basic Documents to be impaired, or permit the Lien of this Indenture to be amended, hypothecated, subordinated, terminated or discharged, or permit any Person to be released from any covenants or obligations with respect to the Securitized Utility Tariff Bonds under this Indenture except as may be expressly permitted hereby, (ii) permit any Lien (other than the Lien of this Indenture) to be created on or extend to or otherwise arise upon or burden the Trust Estate or any part thereof or any interest therein or the proceeds thereof (other than tax liens arising by operation of law with respect to amounts not yet due) or (iii) permit the Lien of this Indenture not to constitute a valid first priority perfected security interest in the Trust Estate;

(e) elect to be classified as an association taxable as a corporation for U.S. federal income tax purposes or otherwise take any action, file any tax return or make any election inconsistent with the treatment of the Issuer, for U.S. federal income tax purposes and, to the extent consistent with applicable state tax law, state income and franchise tax purposes, as a disregarded entity that is not separate from the sole owner of the Issuer;

(f) change its name, identity or structure or the location of its chief executive office, unless at least ten (10) Business Days' prior to the effective date of any such change the Issuer delivers to the Indenture Trustee (with copies to the Rating Agencies) such documents, instruments or agreements, executed by the Issuer, as are necessary to reflect such change and to continue the perfection of the security interest of this Indenture;



(g) take any action that is subject to a Rating Agency Condition without satisfying the Rating Agency Condition;

(h) except to the extent permitted by applicable law, voluntarily suspend or terminate its filing obligations with the SEC as described in Section 3.07(g); or

(i) issue any debt obligations other than securitized utility tariff bonds permitted by this Indenture.

SECTION 3.09. Annual Statement as to Compliance. The Issuer will deliver to the Indenture Trustee, the Kansas Commission and the Rating Agencies not later than [March 31]<sup>2</sup> of each year (commencing with [March 31], 202\_), an Officer's Certificate stating, as to the Responsible Officer signing such Officer's Certificate, that:

(a) a review of the activities of the Issuer during the preceding twelve (12) months ended [December 31] (or, in the case of the first such Officer's Certificate, since the date hereof) and of performance under this Indenture has been made; and

(b) to the best of such Responsible Officer's knowledge, based on such review, the Issuer has in all material respects complied with all conditions and covenants under this Indenture throughout such 12-month period (or such shorter period in the case of the first such Officer's Certificate), or, if there has been a default in the compliance of any such condition or covenant, specifying each such default known to such Responsible Officer and the nature and status thereof.

SECTION 3.10. Issuer May Consolidate, etc., Only on Certain Terms.

(a) The Issuer shall not consolidate or merge with or into any other Person, unless:

(i) the Person (if other than the Issuer) formed by or surviving such consolidation or merger shall (A) be a Person organized and existing under the laws of the United States of America or any State, (B) expressly assume, by an indenture supplemental hereto, executed and delivered to the Indenture Trustee, in form and substance satisfactory to the Indenture Trustee, the performance or observance of every agreement and covenant of this Indenture and the Series Supplement on the part of the Issuer to be performed or observed, all as provided herein and in the Series Supplement, and (C) assume all obligations and succeed to all rights of the Issuer under the Sale Agreement, Servicing Agreement and the other Basic Document to which the Issuer is a party;

(ii) immediately after giving effect to such merger or consolidation, no Default, Event of Default or Servicer Default shall have occurred and be continuing;

---

<sup>2</sup> **Note to Draft:** Bracketed deadlines in Sections 3.09 and 7.04 may be updated pending confirmation with Indenture Trustee of calendar year versus fiscal year obligation.

(iii) the Rating Agency Condition shall have been satisfied with respect to such merger or consolidation;

(iv) the Issuer shall have delivered to Atmos Energy, the Indenture Trustee and the Rating Agencies an opinion or opinions of outside tax counsel (as selected by the Issuer, in form and substance reasonably satisfactory to Atmos Energy and the Indenture Trustee, and which may be based on a ruling from the Internal Revenue Service (unless the Internal Revenue Service has announced that it will not rule on the issues described in this paragraph)) to the effect that the consolidation or merger will not result in a material adverse U.S. federal or state income tax consequence to the Issuer, Atmos Energy, the Indenture Trustee or the then-existing Holders;

(v) any action as is necessary to maintain the Lien and the perfected security interest in the Trust Estate created by this Indenture shall have been taken as evidenced by an Opinion of Counsel of external counsel of the Issuer delivered to the Indenture Trustee; and

(vi) the Issuer shall have delivered to the Indenture Trustee an Officer's Certificate and an Opinion of Counsel of external counsel of the Issuer each stating that such consolidation or merger and such supplemental indenture comply with this Indenture and the Series Supplement and that all conditions precedent herein provided for in this Section 3.10(a) with respect to such transaction have been complied with (including any filing required by the Exchange Act).

(b) Except as specifically provided herein, the Issuer shall not sell, convey, exchange, transfer or otherwise dispose of any of its properties or assets included in the Trust Estate, to any Person, unless:

(i) the Person that acquires the properties and assets of the Issuer, the conveyance or transfer of which is hereby restricted, (A) shall be a United States citizen or a Person organized and existing under the laws of the United States of America or any State, (B) expressly assumes, by an indenture supplemental hereto, executed and delivered to the Indenture Trustee, in form and substance satisfactory to the Indenture Trustee, the performance or observance of every agreement and covenant of this Indenture on the part of the Issuer to be performed or observed, all as provided herein and in the Series Supplement, (C) expressly agrees by means of such supplemental indenture that all right, title and interest so sold, conveyed, exchanged, transferred or otherwise disposed of shall be subject and subordinate to the rights of Holders, (D) unless otherwise provided in the supplemental indenture referred to in Section 3.10(b)(i)(B), expressly agrees to indemnify, defend and hold harmless the Issuer and the Indenture Trustee against and from any loss, liability or expense arising under or related to this Indenture, the Series Supplement and the Securitized Utility Tariff Bonds, (E) expressly agrees by means of such supplemental indenture that such Person (or if a group of Persons, then one specified Person) shall make all filings with the SEC (and any other appropriate Person) required by the Exchange Act in connection with the Trust Estate and the Securitized Utility Tariff Bonds and (F) if such sale, conveyance, exchange, transfer or disposal relates to the Issuer's rights and obligations under the Sale Agreement or the Servicing Agreement, assumes all obligations

and succeeds to all rights of the Issuer under the Sale Agreement and the Servicing Agreement, as applicable;

(ii) immediately after giving effect to such transaction, no Default, Event of Default or Servicer Default shall have occurred and be continuing;

(iii) the Rating Agency Condition shall have been satisfied with respect to such transaction;

(iv) the Issuer shall have delivered to Atmos Energy, the Indenture Trustee and the Rating Agencies an opinion or opinions of outside tax counsel (as selected by the Issuer, in form and substance reasonably satisfactory to Atmos Energy, and which may be based on a ruling from the Internal Revenue Service) to the effect that the disposition will not result in a material adverse U.S. federal or state income tax consequence to the Issuer, Atmos Energy, the Indenture Trustee or the then-existing Holders;

(v) any action as is necessary to maintain the Lien and the perfected security interest in the Trust Estate created by this Indenture shall have been taken as evidenced by an Opinion of Counsel of external counsel of the Issuer delivered to the Indenture Trustee; and

(vi) the Issuer shall have delivered to the Indenture Trustee an Officer's Certificate and an Opinion of Counsel of external counsel of the Issuer each stating that such sale, conveyance, exchange, transfer or other disposition and such supplemental indenture comply with this Indenture and that all conditions precedent herein provided for in this Section 3.10(b) with respect to such transaction have been complied with (including any filing required by the Exchange Act).

**SECTION 3.11. Successor or Transferee.**

(a) Upon any consolidation or merger of the Issuer in accordance with Section 3.10(a), the Person formed by or surviving such consolidation or merger (if other than the Issuer) shall succeed to, and be substituted for, and may exercise every right and power of, the Issuer under this Indenture with the same effect as if such Person had been named as the Issuer herein.

(b) Except as set forth in Section 6.07, upon a sale, conveyance, exchange, transfer or other disposition of all the assets and properties of the Issuer in accordance with Section 3.10(b), the Issuer will be released from every covenant and agreement of this Indenture and the other Basic Documents to be observed or performed on the part of the Issuer with respect to the Securitized Utility Tariff Bonds and the Securitized Utility Tariff Property immediately following the consummation of such acquisition upon the delivery of written notice to the Indenture Trustee from the Person acquiring such assets and properties stating that the Issuer is to be so released.

**SECTION 3.12. No Other Business.** The Issuer shall not engage in any business other than financing, purchasing, owning, administering, managing and servicing the Securitized Utility Tariff Property and the assets in the Trust Estate and the issuance of the Securitized Utility

Tariff Bonds in the manner contemplated by the Financing Order and this Indenture and the other Basic Documents and activities incidental thereto.

SECTION 3.13. No Borrowing. The Issuer shall not issue, incur, assume, guarantee or otherwise become liable, directly or indirectly, for any indebtedness except for the Securitized Utility Tariff Bonds and any other indebtedness expressly permitted by or arising under the Basic Documents.

SECTION 3.14. Servicer's Obligations. The Issuer shall enforce the Servicer's compliance with and performance of all of the Servicer's material obligations under the Servicing Agreement.

SECTION 3.15. Guarantees, Loans, Advances and Other Liabilities. Except as otherwise contemplated by the Sale Agreement, the Servicing Agreement or this Indenture, the Issuer shall not make any loan or advance or credit to, or guarantee (directly or indirectly or by an instrument having the effect of assuring another's payment or performance on any obligation or capability of so doing or otherwise), endorse or otherwise become contingently liable, directly or indirectly, in connection with the obligations, stocks or dividends of, or own, purchase, repurchase or acquire (or agree contingently to do so) any stock, obligations, assets or securities of, or any other interest in, or make any capital contribution to, any other Person.

SECTION 3.16. Capital Expenditures. Other than the purchase of Securitized Utility Tariff Property from the Seller under the Sale Agreement, the Issuer shall not make any expenditure (by long-term or operating lease or otherwise) for capital assets (either realty or personalty).

SECTION 3.17. Restricted Payments. Except as provided in Section 8.04(c), the Issuer shall not, directly or indirectly, (a) pay any dividend or make any distribution (by reduction of capital or otherwise), whether in cash, property, securities or a combination thereof, to any owner of an interest in the Issuer or otherwise with respect to any ownership or equity interest or similar security in or of the Issuer, (b) redeem, purchase, retire or otherwise acquire for value any such ownership or equity interest or similar security or (c) set aside or otherwise segregate any amounts for any such purpose; provided, however, that, if no Event of Default shall have occurred and be continuing or would be caused thereby, the Issuer may make, or cause to be made, any such distributions to any owner of an interest in the Issuer or otherwise with respect to any ownership or equity interest or similar security in or of the Issuer using funds distributed to the Issuer pursuant to Section 8.02(e)(xi) to the extent that such distributions would not cause the balance of the Capital Subaccount to decline below the Required Capital Level. The Issuer will not, directly or indirectly, make payments to or distributions from the Collection Account except in accordance with this Indenture and the other Basic Documents.

SECTION 3.18. Notice of Events of Default. The Issuer agrees to give the Indenture Trustee, the Kansas Commission and the Rating Agencies prompt written notice of each Default or Event of Default hereunder as provided in Section 5.01, and each default on the part of the Seller or the Servicer of its obligations under the Sale Agreement or the Servicing Agreement, respectively.

SECTION 3.19. Further Instruments and Acts. Upon request of the Indenture Trustee, the Issuer shall execute and deliver such further instruments and do such further acts as may be reasonably necessary or proper to carry out more effectively the purpose of this Indenture and to maintain the first priority perfected security interest of the Indenture Trustee in the Trust Estate.

SECTION 3.20. Inspection. The Issuer agrees that, on reasonable prior notice, it will permit any representative of the Indenture Trustee and any representative of the Kansas Commission, during the Issuer's normal business hours, to examine all the books of account, records, reports and other papers of the Issuer, to make copies and extracts therefrom, to cause such books to be audited annually by Independent registered public accountants, and to discuss the Issuer's affairs, finances and accounts with the Issuer's officers, employees and Independent registered public accountants, all at such reasonable times and as often as may be reasonably requested. The Indenture Trustee and the Kansas Commission shall and shall cause its representatives to hold in confidence all such information except to the extent disclosure may be required by applicable law (and all reasonable applications for confidential treatment are unavailing) and except to the extent that the Indenture Trustee may reasonably determine that such disclosure is consistent with its obligations hereunder. Notwithstanding anything herein to the contrary, the preceding sentence shall not be construed to prohibit (a) disclosure of any and all information that is or becomes publicly known, or information obtained by the Indenture Trustee from sources other than the Issuer, provided such parties are rightfully in possession of such information, (b) disclosure of any and all information (i) if required to do so by any applicable statute, law, rule or regulation, (ii) pursuant to any subpoena, civil investigative demand or similar demand or request of any court or regulatory authority exercising its proper jurisdiction, (iii) in any preliminary or final prospectus, registration statement or other document a copy of which has been filed with the SEC, (iv) to any affiliate, independent or internal auditor, agent, employee or attorney of the Indenture Trustee having a need to know the same, provided that such parties agree to be bound by the confidentiality provisions contained in this Section 3.20, or (v) to any Rating Agency or (c) any other disclosure authorized by the Issuer.

SECTION 3.21. Notice of Events of Default. The Issuer agrees to give the Indenture Trustee, the Kansas Commission and the Rating Agencies prompt written notice of each Event of Default hereunder and each default on the part of the Seller or the Servicer of its obligations under the Sale Agreement or the Servicing Agreement with respect to the Securitized Utility Tariff Property respectively.

SECTION 3.22. Sale Agreement, Servicing Agreement, and Administration Agreement Covenants.

(a) The Issuer agrees to take all such lawful actions to enforce its rights under the Sale Agreement, the Servicing Agreement, the Administration Agreement and the other Basic Documents, and to compel or secure the performance and observance by the Seller, the Servicer and the Administrator of each of their respective obligations to the Issuer under or in connection with the Sale Agreement, the Servicing Agreement, the Administration Agreement and the other Basic Documents in accordance with the terms thereof. So long as no Event of Default occurs and is continuing, but subject to Section 3.22(f), the Issuer may exercise any and all rights, remedies, powers and privileges lawfully available to the Issuer under or in connection with the Sale

Agreement, the Servicing Agreement and the Administration Agreement; provided, that such action shall not adversely affect the interests of the Holders in any material respect.

(b) If an Event of Default occurs and is continuing, the Indenture Trustee may, and at the direction (which direction shall be in writing) of the Holders of a majority of the Outstanding Amount of the Securitized Utility Tariff Bonds thereby or the Kansas Commission, shall, exercise all rights, remedies, powers, privileges and claims of the Issuer against the Seller, the Administrator and the Servicer, as the case may be, under or in connection with the Sale Agreement, the Servicing Agreement and the Administration Agreement, including the right or power to take any action to compel or secure performance or observance by the Seller, the Administrator or the Servicer of each of their obligations to the Issuer thereunder and to give any consent, request, notice, direction, approval, extension or waiver under the Sale Agreement, the Servicing Agreement and the Administration Agreement, and any right of the Issuer to take such action shall be suspended.

(c) Except as set forth in Section 3.22(d), the Administration Agreement, the Sale Agreement and the Servicing Agreement may be amended in accordance with the provisions thereof, so long as the Rating Agency Condition is satisfied in connection therewith, at any time and from time to time, without the consent of the Holders, but with the acknowledgement of the Indenture Trustee; provided, that the Indenture Trustee shall provide such consent upon receipt of an Officer's Certificate of the Issuer evidencing satisfaction of such Rating Agency Condition, an Opinion of Counsel of external counsel of the Issuer evidencing that such amendment is in accordance with the provisions of such Basic Document and, if the amendment increases Ongoing Financing Costs, satisfaction of the Kansas Commission Condition (as described in Section 9.03 hereof, or alternatively, if applicable, Section 13 of the Administration Agreement, Section 6.01(a) of the Sale Agreement or Section 8.01(b) of the Servicing Agreement).

(d) Except as set forth in Section 3.22(e), if the Issuer, the Seller, the Administrator, the Servicer or any other party to the respective agreement proposes to amend, modify, waive, supplement, terminate or surrender, or agree to any amendment, modification, waiver, supplement, termination or surrender of, the terms of the Sale Agreement, the Administration Agreement, or the Servicing Agreement, or waive timely performance or observance by the Seller, the Administrator, the Servicer or any other party under the Sale Agreement, the Administration Agreement, or the Servicing Agreement, in each case in such a way as would materially and adversely affect the interests of any Holder of Securitized Utility Tariff Bonds, the Issuer shall first notify the Rating Agencies of the proposed amendment, modification, waiver, supplement, termination or surrender and shall promptly notify the Indenture Trustee, the Kansas Commission and the Holders in writing of the proposed amendment, modification, waiver, supplement, termination or surrender and whether the Rating Agency Condition has been satisfied with respect thereto (or, pursuant to an Issuer Request, the Indenture Trustee shall so notify the Holders on the Issuer's behalf). The Indenture Trustee shall consent to such proposed amendment, modification, waiver, supplement, termination or surrender only if the Rating Agency Condition is satisfied and only with the (i) prior written consent of the Holders of a majority of the Outstanding Amount of Securitized Utility Tariff Bonds materially and adversely affected thereby and (ii) if such proposed amendment, modification, waiver, supplement, termination or surrender increases Ongoing Financing Costs, satisfaction of the Kansas Commission Condition (as described in Section 9.03 hereof, or alternatively, if applicable, Section

13 of the Administration Agreement, Section 6.01(a) of the Sale Agreement or Section 8.01(b) of the Servicing Agreement). If any such amendment, modification, waiver, supplement, termination or surrender shall be so consented to by the Indenture Trustee or such Holders, the Issuer agrees to execute and deliver, in its own name and at its own expense, such agreements, instruments, consents and other documents as shall be necessary or appropriate in the circumstances.

(e) If the Issuer or the Servicer proposes to amend, modify, waive, supplement, terminate or surrender, or to agree to any amendment, modification, waiver, supplement, termination or surrender of, the process for True-Up Adjustments, the Issuer shall notify the Indenture Trustee and, when required, the Kansas Commission in writing of such proposal (and, pursuant to an Issuer Request, the Indenture Trustee shall notify the Holders on the Issuer's behalf), and the Indenture Trustee shall consent thereto with the prior written consent of the Holders of a majority of the Outstanding Amount of Securitized Utility Tariff Bonds affected thereby and only (i) if the Rating Agency Condition has been satisfied with respect thereto and (ii) if such proposed amendment, modification, waiver, supplement, termination or surrender increases Ongoing Financing Costs, the Kansas Commission Condition (as described in Section 9.03) has been satisfied with respect thereto.

(f) Promptly following a default by the Seller under the Sale Agreement or by the Administrator under the Administration Agreement, or the occurrence of a Servicer Default under the Servicing Agreement, and at the Issuer's expense, the Issuer agrees to take all such lawful actions as the Indenture Trustee may request to compel or secure the performance and observance by each of the Seller, the Administrator or the Servicer, of their obligations under and in accordance with the Sale Agreement, the Servicing Agreement and the Administration Agreement, as the case may be, in accordance with the terms thereof, and to exercise any and all rights, remedies, powers and privileges lawfully available to the Issuer under or in connection with such agreements to the extent and in the manner directed by the Indenture Trustee, including the transmission of notices of any default by the Seller, the Administrator or the Servicer, respectively, thereunder and the institution of legal or administrative actions or Proceedings to compel or secure performance of their obligations under the Sale Agreement, the Servicing Agreement or the Administration Agreement, as applicable.

SECTION 3.23. Taxes. So long as any of the Securitized Utility Tariff Bonds are Outstanding, the Issuer shall pay all taxes, assessments and governmental charges imposed upon it or any of its properties or assets or with respect to any of its franchises, business, income or property before any penalty accrues thereon if the failure to pay any such taxes, assessments and governmental charges would, after any applicable grace periods, notices or other similar requirements, result in a Lien on the Trust Estate; provided, that no such tax need be paid if the Issuer is contesting the same in good faith by appropriate proceedings promptly instituted and diligently conducted and if the Issuer has established appropriate reserves as shall be required in conformity with generally accepted accounting principles.

SECTION 3.24. Notices from Holders. The Issuer shall promptly transmit any notice received by it from the Holders to the Indenture Trustee.

SECTION 3.25. Volcker Rule. The Issuer is structured so as not to be a “covered fund” under the regulations adopted to implement Section 619 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, commonly known as the “Volcker Rule.”

#### ARTICLE IV

#### SATISFACTION AND DISCHARGE; DEFEASANCE

##### SECTION 4.01. Satisfaction and Discharge of Indenture; Defeasance.

(a) This Indenture shall cease to be of further effect with respect to the Securitized Utility Tariff Bonds, and the Indenture Trustee, on reasonable written demand of and at the expense of the Issuer, shall execute proper instruments acknowledging satisfaction and discharge of this Indenture with respect to the Securitized Utility Tariff Bonds, when:

(i) Either:

(A) all Securitized Utility Tariff Bonds theretofore authenticated and delivered (other than (1) Securitized Utility Tariff Bonds that have been destroyed, lost or stolen and that have been replaced or paid as provided in Section 2.06 and (2) Securitized Utility Tariff Bonds for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Issuer and thereafter repaid to the Issuer or discharged from such trust, as provided in the last paragraph of Section 3.03) have been delivered to the Indenture Trustee for cancellation; or

(B) either (1) the Scheduled Final Payment Date has occurred with respect to all Securitized Utility Tariff Bonds not theretofore delivered to the Indenture Trustee for cancellation or (2) the Securitized Utility Tariff Bonds will be due and payable on their respective Scheduled Final Payment Dates within one year, and, in any such case, the Issuer has irrevocably deposited or caused to be irrevocably deposited in trust with the Indenture Trustee (i) cash and/or (ii) U.S. Government Obligations that through the scheduled payments of principal and interest in respect thereof in accordance with their terms are in an amount sufficient to pay principal, interest and premium, if any, on the Securitized Utility Tariff Bonds not theretofore delivered to the Indenture Trustee for cancellation, Ongoing Financing Costs and all other sums payable hereunder by the Issuer with respect to the Securitized Utility Tariff Bonds when scheduled to be paid and to discharge the entire indebtedness on the Securitized Utility Tariff Bonds when due;

(ii) the Issuer has paid or caused to be paid all other sums payable hereunder by the Issuer; and



(iii) pursuant to Section 10.04, the Issuer has delivered to the Indenture Trustee an Officer's Certificate, an Opinion of Counsel of external counsel of the Issuer and (if required by the Trust Indenture Act or the Indenture Trustee) an Independent Certificate from a firm of registered public accountants, each meeting the applicable requirements of Section 10.01(a) and each stating that all conditions precedent herein provided for relating to the satisfaction and discharge of this Indenture with respect to the Securitized Utility Tariff Bonds have been complied with.

(b) Subject to Section 4.01(c) and Section 4.02, the Issuer at any time may terminate (i) all its obligations under this Indenture with respect to the Securitized Utility Tariff Bonds ("Legal Defeasance Option") or (ii) its obligations under Section 3.04, Section 3.05, Section 3.06, Section 3.07, Section 3.08, Section 3.09, Section 3.10, Section 3.12, Section 3.13, Section 3.14, Section 3.15, Section 3.16, Section 3.17, Section 3.18 and Section 3.19 and the operation of Section 5.01(c) with respect to the Securitized Utility Tariff Bonds ("Covenant Defeasance Option"). The Issuer may exercise the Legal Defeasance Option with respect to the Securitized Utility Tariff Bonds notwithstanding its prior exercise of the Covenant Defeasance Option.

If the Issuer exercises the Legal Defeasance Option, the maturity of the Securitized Utility Tariff Bonds may not be accelerated because of an Event of Default. If the Issuer exercises the Covenant Defeasance Option, the maturity of the Securitized Utility Tariff Bonds may not be accelerated because of an Event of Default specified in Section 5.01(c).

Upon satisfaction of the conditions set forth herein to the exercise of the Legal Defeasance Option or the Covenant Defeasance Option of the Securitized Utility Tariff Bonds, the Indenture Trustee, on reasonable written demand of and at the expense of the Issuer, shall execute proper instruments acknowledging satisfaction and discharge of the obligations that are terminated pursuant to such exercise.

(c) Notwithstanding Section 4.01(a) and Section 4.01(b), (i) rights of registration of transfer and exchange, (ii) substitution of mutilated, destroyed, lost or stolen Securitized Utility Tariff Bonds, (iii) rights of Holders to receive payments of principal, premium, if any, and interest, (iv) Section 4.03 and Section 4.04, (v) the rights, obligations and immunities of the Indenture Trustee hereunder (including the rights of the Indenture Trustee under Section 6.07 and the obligations of the Indenture Trustee under Section 4.03) and (vi) the rights of Holders as beneficiaries hereof with respect to the property deposited with the Indenture Trustee payable to all or any of them, each shall survive until the Securitized Utility Tariff Bonds as to which this Indenture or certain obligations hereunder have been satisfied and discharged pursuant to Section 4.01(a) or Section 4.01(b). Thereafter the obligations in Section 6.07 and Section 4.04 shall survive.

**SECTION 4.02. Conditions to Defeasance.** The Issuer may exercise the Legal Defeasance Option or the Covenant Defeasance Option with respect to the Securitized Utility Tariff Bonds only if:

(a) the Issuer has irrevocably deposited or caused to be irrevocably deposited in trust with the Indenture Trustee (i) cash and/or (ii) U.S. Government Obligations that through

the scheduled payments of principal and interest in respect thereof in accordance with their terms are in an amount sufficient to pay principal, interest and premium, if any, on the Securitized Utility Tariff Bonds not therefore delivered to the Indenture Trustee for cancellation and Ongoing Financing Costs and all other sums payable hereunder by the Issuer with respect to the Securitized Utility Tariff Bonds when scheduled to be paid and to discharge the entire indebtedness on the Securitized Utility Tariff Bonds when due;

(b) the Issuer delivers to the Indenture Trustee a certificate from a nationally recognized firm of Independent registered public accountants expressing its opinion that the payments of principal of and interest on the deposited U.S. Government Obligations when due and without reinvestment plus any deposited cash will provide cash at such times and in such amounts (but, in the case of the Legal Defeasance Option only, not more than such amounts) as will be sufficient to pay in respect of the Securitized Utility Tariff Bonds (i) principal in accordance with the Expected Amortization Schedule therefor, (ii) interest when due and (iii) Ongoing Financing Costs and all other sums payable hereunder by the Issuer with respect to the Securitized Utility Tariff Bonds;

(c) in the case of the Legal Defeasance Option, ninety-five (95) days after the deposit is made and during the ninety-five (95)-day period no Default specified in Section 5.01(e) or Section 5.01(f) occurs that is continuing at the end of the period;

(d) no Default has occurred and is continuing on the day of such deposit and after giving effect thereto;

(e) in the case of an exercise of the Legal Defeasance Option, the Issuer shall have delivered to the Indenture Trustee an Opinion of Counsel of external counsel of the Issuer stating that (i) the Issuer has received from, or there has been published by, the Internal Revenue Service a ruling or (ii) since the date of execution of this Indenture, there has been a change in the applicable U.S. federal income tax law, in either case to the effect that, and based thereon such opinion shall confirm that, the Holders will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such legal defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such legal defeasance had not occurred;

(f) in the case of an exercise of the Covenant Defeasance Option, the Issuer shall have delivered to the Indenture Trustee an Opinion of Counsel of external counsel of the Issuer to the effect that the Holders will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such covenant defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such covenant defeasance had not occurred;

(g) the Issuer delivers to the Indenture Trustee an Officer's Certificate and an Opinion of Counsel, each stating that all conditions precedent to the Legal Defeasance Option or the Covenant Defeasance Option, as applicable, have been complied with as required by this Article IV;

(h) the Issuer delivers to the Indenture Trustee an Opinion of Counsel of external counsel of the Issuer to the effect that: (i) in a case under the Bankruptcy Code in which Atmos Energy (or any of its Affiliates, other than the Issuer) is the debtor, the court would hold that the deposited moneys or U.S. Government Obligations would not be in the bankruptcy estate of Atmos Energy (or any of its Affiliates, other than the Issuer, that deposited the moneys or U.S. Government Obligations); and (ii) in the event Atmos Energy (or any of its Affiliates, other than the Issuer, that deposited the moneys or U.S. Government Obligations) were to be a debtor in a case under the Bankruptcy Code, the court would not disregard the separate legal existence of Atmos Energy (or any of its Affiliates, other than the Issuer, that deposited the moneys or U.S. Government Obligations) and the Issuer so as to order substantive consolidation under the Bankruptcy Code of the Issuer's assets and liabilities with the assets and liabilities of Atmos Energy or such other Affiliate; and

(i) the Rating Agency Condition shall have been satisfied with respect to the exercise of any Legal Defeasance Option or Covenant Defeasance Option.

Notwithstanding any other provision of this Section 4.02, no delivery of moneys or U.S. Government Obligations to the Indenture Trustee shall terminate any obligation of the Issuer to the Indenture Trustee under this Indenture or the Series Supplement or any obligation of the Issuer to apply such moneys or U.S. Government Obligations under Section 4.03 until principal of and premium, if any, and interest on the Securitized Utility Tariff Bonds shall have been paid in accordance with the provisions of this Indenture and the Series Supplement.

SECTION 4.03. Application of Trust Money. All moneys or U.S. Government Obligations deposited with the Indenture Trustee pursuant to Section 4.01 or Section 4.02 shall be held in trust and applied by it, in accordance with the provisions of the Securitized Utility Tariff Bonds and this Indenture, to the payment, either directly or through any Paying Agent, as the Indenture Trustee may determine, to the Holders of the particular Securitized Utility Tariff Bonds for the payment of which such moneys have been deposited with the Indenture Trustee, of all sums due and to become due thereon for principal, premium, if any, and interest; but such moneys need not be segregated from other funds except to the extent required herein or in the Servicing Agreement or required by applicable law. Notwithstanding anything to the contrary in this Article IV, the Indenture Trustee shall deliver or pay to the Issuer from time to time upon Issuer Request any moneys or U.S. Government Obligations held by it pursuant to Section 4.02 that, in the opinion of a nationally recognized firm of Independent registered public accountants expressed in a written certification thereof delivered to the Indenture Trustee (and not at the cost or expense of the Indenture Trustee), are in excess of the amount thereof that would be required to be deposited for the purpose for which such moneys or U.S. Government Obligations were deposited; provided, that any such payment shall be subject to the satisfaction of the Rating Agency Condition.

SECTION 4.04. Repayment of Moneys Held by Paying Agent. In connection with the satisfaction and discharge of this Indenture or the Covenant Defeasance Option or Legal Defeasance Option with respect to Securitized Utility Tariff Bonds, all moneys then held by any Paying Agent other than the Indenture Trustee under the provisions of this Indenture shall, upon demand of the Issuer, be paid to the Indenture Trustee to be held and applied according to Section 3.03 and thereupon such Paying Agent shall be released from all further liability with respect to such moneys.

## ARTICLE V

### REMEDIES

SECTION 5.01. Events of Default. “Event of Default” means any one or more of the following events (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(a) default in the payment of any interest on any Securitized Utility Tariff Bond when the same becomes due and payable (whether such failure to pay interest is caused by a shortfall in Securitized Utility Tariff Charges received or otherwise), and such default shall continue for a period of five (5) Business Days;

(b) default in the payment of the then unpaid principal of any Securitized Utility Tariff Bond on the Final Maturity Date;

(c) default in the observance or performance of any covenant or agreement of the Issuer made in this Indenture (other than defaults specified in Section 5.01(a) or Section 5.01(b)), and such default shall continue or not be cured, for a period of thirty (30) days after the earlier of (i) the date that there shall have been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by the Holders of at least twenty-five (25) percent of the Outstanding Amount of the Securitized Utility Tariff Bonds, a written notice specifying such default and requiring it to be remedied and stating that such notice is a “Notice of Default” hereunder or (ii) the date that the Issuer has actual knowledge of the default;

(d) any representation or warranty of the Issuer made in this Indenture, the Series Supplement or in any certificate or other writing delivered pursuant hereto or the Series Supplement or in connection herewith proving to have been incorrect in any material respect as of the time when the same shall have been made, and the circumstance or condition in respect of which such representation or warranty was incorrect shall not have been eliminated or otherwise cured, within thirty (30) days after the earlier of (i) the date that there shall have been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by the Holders of at least twenty-five (25) percent of the Outstanding Amount of the Securitized Utility Tariff Bonds, a written notice specifying such incorrect representation or warranty and requiring it to be remedied and stating that such notice is a “Notice of Default” hereunder or (ii) the date the Issuer has actual knowledge of the default;

(e) the filing of a decree or order for relief by a court having jurisdiction in the premises in respect of the Issuer or any substantial part of the Trust Estate in an involuntary case or proceeding under any applicable U.S. federal or state bankruptcy, insolvency or other similar law now or hereafter in effect, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Issuer or for any substantial part of the Trust Estate, or ordering the winding-up or liquidation of the Issuer’s affairs, and such decree or order shall remain unstayed and in effect for a period of ninety (90) consecutive days;

(f) the commencement by the Issuer of a voluntary case under any applicable U.S. federal or state bankruptcy, insolvency or other similar law now or hereafter in effect, or the consent by the Issuer to the entry of an order for relief in an involuntary case or proceeding under any such law, or the consent by the Issuer to the appointment or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Issuer or for any substantial part of the Trust Estate, or the making by the Issuer of any general assignment for the benefit of creditors, or the failure by the Issuer generally to pay its debts as such debts become due, or the taking of action by the Issuer in furtherance of any of the foregoing; or

(g) any act or failure to act by the State of Kansas or any of its agencies (including the Kansas Commission), officers or employees that violates the State Pledge or the Kansas Commission Pledge, as the case may be, or is not in accordance with the State Pledge or the Kansas Commission Pledge.

The Issuer shall deliver to a Responsible Officer of the Indenture Trustee and to the Rating Agencies, within five (5) days after a Responsible Officer of the Issuer has knowledge of the occurrence thereof, written notice in the form of an Officer's Certificate of any event (i) that is an Event of Default under Section 5.01(a), Section 5.01(b), Section 5.01(f), or Section 5.01(g) or (ii) that with the giving of notice, the lapse of time, or both, would become an Event of Default under Section 5.01(c), Section 5.01(d) or Section 5.01(e), including, in each case, the status of such Default or Event of Default and what action the Issuer is taking or proposes to take with respect thereto.

SECTION 5.02. Acceleration of Maturity; Rescission and Annulment. If an Event of Default (other than an Event of Default under Section 5.01(g)) should occur and be continuing, then and in every such case the Indenture Trustee or the Holders representing a majority of the Outstanding Amount of the Securitized Utility Tariff Bonds may declare the Securitized Utility Tariff Bonds to be immediately due and payable, by a notice in writing to the Issuer (and to the Indenture Trustee and the Kansas Commission if given by Holders), and upon any such declaration the unpaid principal amount of the Securitized Utility Tariff Bonds, together with accrued and unpaid interest thereon through the date of acceleration, shall become immediately due and payable.

At any time after such declaration of acceleration of maturity has been made and before a judgment or decree for payment of the money due has been obtained by the Indenture Trustee as hereinafter in this Article V provided, the Holders representing a majority of the Outstanding Amount of the Securitized Utility Tariff Bonds, by written notice to the Issuer, the Kansas Commission and the Indenture Trustee, may rescind and annul such declaration and its consequences if:

(a) the Issuer has paid or deposited with the Indenture Trustee a sum sufficient to pay:

(i) all payments of principal of and premium, if any, and interest on all Securitized Utility Tariff Bonds due and owing at such time as if such Event of Default had not occurred and was not continuing and all other amounts that would then be due

hereunder or upon the Securitized Utility Tariff Bonds if the Event of Default giving rise to such acceleration had not occurred; and

(ii) all sums paid or advanced by the Indenture Trustee hereunder and the reasonable compensation, expenses; provided, that, the Indenture Trustee shall not be obligated to pay or advance any sums hereunder from its own funds after an Event of Default, disbursements and advances of the Indenture Trustee and its agents and counsel; and

(b) all Events of Default, other than the nonpayment of the principal of the Securitized Utility Tariff Bonds that has become due solely by such acceleration, have been cured or waived as provided in Section 5.12.

No such rescission shall affect any subsequent default or impair any right consequent thereto.

SECTION 5.03. Collection of Indebtedness and Suits for Enforcement by Indenture Trustee.

(a) If an Event of Default under Section 5.01(a) or Section 5.01(b) has occurred and is continuing, subject to Section 10.16, the Indenture Trustee, in its own name and as trustee of an express trust, may institute a Proceeding for the collection of the sums so due and unpaid, and may prosecute such Proceeding to judgment or final decree, and, subject to the limitations on recourse set forth herein, may enforce the same against the Issuer or other obligor upon the Securitized Utility Tariff Bonds and collect in the manner provided by applicable law out of the property of the Issuer or other obligor upon the Securitized Utility Tariff Bonds wherever situated the moneys payable, or the Trust Estate and the proceeds thereof, the whole amount then due and payable on the Securitized Utility Tariff Bonds for principal, premium, if any, and interest, with interest upon the overdue principal and premium, if any, and, to the extent payment at such rate of interest shall be legally enforceable, upon overdue installments of interest, at the respective rate borne by the Securitized Utility Tariff Bonds and in addition thereto such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Indenture Trustee and its agents and counsel.

(b) If an Event of Default (other than Event of Default under Section 5.01(g)) occurs and is continuing, the Indenture Trustee shall, as more particularly provided in Section 5.04, proceed to protect and enforce its rights and the rights of the Holders, by such appropriate Proceedings as the Indenture Trustee shall deem most effective to protect and enforce any such rights, whether for the specific enforcement of any covenant or agreement in this Indenture or in aid of the exercise of any power granted herein, or to enforce any other proper remedy or legal or equitable right vested in the Indenture Trustee by this Indenture and the Series Supplement or by applicable law, including foreclosing or otherwise enforcing the Lien of the Trust Estate or applying to the Kansas Commission or a court of competent jurisdiction for sequestration of revenues arising with respect to the Securitized Utility Tariff Property.

(c) If an Event of Default under Section 5.01(e) or Section 5.01(f) has occurred and is continuing, the Indenture Trustee, irrespective of whether the principal of any Securitized Utility Tariff Bonds shall then be due and payable as therein expressed or by declaration or

otherwise and irrespective of whether the Indenture Trustee shall have made any demand pursuant to the provisions of this Section 5.03, shall be entitled and empowered, by intervention in any Proceedings related to such Event of Default or otherwise:

(i) to file and prove a claim or claims for the whole amount of principal, premium, if any, and interest owing and unpaid in respect of the Securitized Utility Tariff Bonds and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Indenture Trustee (including any claim for reasonable compensation to the Indenture Trustee and each predecessor Indenture Trustee, and their respective agents, attorneys and counsel, and for reimbursement of all expenses and liabilities incurred, and all advances made, by the Indenture Trustee and each predecessor Indenture Trustee, except as a result of negligence or bad faith) and of the Holders allowed in such Proceedings;

(ii) unless prohibited by applicable law and regulations, to vote on behalf of the Holders in any election of a trustee in bankruptcy, a standby trustee or Person performing similar functions in any such Proceedings;

(iii) to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute all amounts received with respect to the claims of the Holders and of the Indenture Trustee on their behalf; and

(iv) to file such proofs of claim and other papers and documents as may be necessary or advisable in order to have the claims of the Indenture Trustee or the Holders allowed in any judicial proceeding relative to the Issuer, its creditors and its property;

and any trustee, receiver, liquidator, custodian or other similar official in any such Proceeding is hereby authorized by each of such Holders to make payments to the Indenture Trustee, and, in the event that the Indenture Trustee shall consent to the making of payments directly to such Holders, to pay to the Indenture Trustee such amounts as shall be sufficient to cover reasonable compensation to the Indenture Trustee, each predecessor Indenture Trustee and their respective agents, attorneys and counsel, and all other expenses and liabilities incurred, and all advances made, by the Indenture Trustee and each predecessor Indenture Trustee except as a result of negligence or bad faith.

(d) Nothing herein contained shall be deemed to authorize the Indenture Trustee to authorize or consent to or vote for or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting the Securitized Utility Tariff Bonds or the rights of any Holder thereof or to authorize the Indenture Trustee to vote in respect of the claim of any Holder in any such proceeding except, as aforesaid, to vote for the election of a trustee in bankruptcy or similar Person.

(e) All rights of action and of asserting claims under this Indenture, or under any of the Securitized Utility Tariff Bonds, may be enforced by the Indenture Trustee without the possession of any of the Securitized Utility Tariff Bonds or the production thereof in any trial or other Proceedings relative thereto, and any such action or proceedings instituted by the Indenture Trustee shall be brought in its own name as trustee of an express trust, and any recovery of

judgment, subject to the payment of the expenses, disbursements and compensation of the Indenture Trustee, each predecessor Indenture Trustee and their respective agents and attorneys, shall be for the ratable benefit of the Holders.

(f) In any Proceedings brought by the Indenture Trustee (and also any Proceedings involving the interpretation of any provision of this Indenture to which the Indenture Trustee shall be a party), the Indenture Trustee shall be held to represent all the Holders of the Securitized Utility Tariff Bonds, and it shall not be necessary to make any Holder a party to any such Proceedings.

#### SECTION 5.04. Remedies; Priorities.

(a) If an Event of Default (other than an Event of Default under Section 5.01(g)) shall have occurred and be continuing, the Indenture Trustee may do one or more of the following (subject to Section 5.05):

(i) institute Proceedings in its own name and as trustee of an express trust for the collection of all amounts then payable on the Securitized Utility Tariff Bonds or under this Indenture with respect thereto, whether by declaration of acceleration or otherwise, and, subject to the limitations on recovery set forth herein, enforce any judgment obtained, and collect from the Issuer or any other obligor moneys adjudged due, upon the Securitized Utility Tariff Bonds;

(ii) institute Proceedings from time to time for the complete or partial foreclosure of this Indenture with respect to the Trust Estate;

(iii) exercise any remedies of a secured party under the UCC, the Securitization Act or any other applicable law and take any other appropriate action to protect and enforce the rights and remedies of the Indenture Trustee and the Holders;

(iv) at the written direction of the Holders of a majority of the Outstanding Amount of the Securitized Utility Tariff Bonds, either sell all or a portion of the Trust Estate or rights or interest therein, at one or more public or private sales called and conducted in any manner permitted by applicable law, or elect that the Issuer maintain possession of all or a portion of the Trust Estate pursuant to Section 5.05 and continue to apply the Securitized Utility Tariff Charges as if there had been no declaration of acceleration; and

(v) exercise all rights, remedies, powers, privileges and claims of the Issuer against the Seller, the Administrator or the Servicer under or in connection with, and pursuant to the terms of, the Sale Agreement, the Administration Agreement or the Servicing Agreement;

provided, however, that the Indenture Trustee may not sell or otherwise liquidate any portion of the Trust Estate following such an Event of Default, other than an Event of Default described in Section 5.01(a) or Section 5.01(b), unless (A) the Holders of 100 percent of the Outstanding Amount of the Securitized Utility Tariff Bonds consent thereto, (B) the proceeds of such sale or liquidation distributable to the Holders are sufficient to discharge in full all amounts then due and



unpaid upon the Securitized Utility Tariff Bonds for principal, premium, if any, and interest after taking into account payment of all amounts due prior thereto pursuant to the priorities set forth in Section 8.02(e) or (C) the Indenture Trustee determines that the Trust Estate will not continue to provide sufficient funds for all payments on the Securitized Utility Tariff Bonds as they would have become due if the Securitized Utility Tariff Bonds had not been declared due and payable, and the Indenture Trustee obtains the written consent of Holders of at least two-thirds (2/3) of the Outstanding Amount of the Securitized Utility Tariff Bonds. In determining such sufficiency or insufficiency with respect to clause (B) above and clause (C) above, the Indenture Trustee may, but need not, obtain and conclusively rely upon an opinion of an Independent investment banking or accounting firm of national reputation as to the feasibility of such proposed action and as to the sufficiency of the Trust Estate for such purpose, at Issuer's expense.

(b) If an Event of Default under Section 5.01(g) shall have occurred and be continuing, the Indenture Trustee, for the benefit of the Holders, shall be entitled and empowered, to the extent permitted by applicable law, to institute or participate in Proceedings necessary to compel performance of or to enforce the State Pledge or the Kansas Commission Pledge, as the case may be, and to collect any monetary damages incurred by the Holders or the Indenture Trustee as a result of any such Event of Default, and may prosecute any such Proceeding to final judgment or decree. Such remedy shall be the only remedy that the Indenture Trustee may exercise if the only Event of Default that has occurred and is continuing is an Event of Default under Section 5.01(g).

(c) If the Indenture Trustee collects any money pursuant to this Article V, it shall pay out such money in accordance with the priorities set forth in Section 8.02(e).

**SECTION 5.05. Optional Preservation of the Trust Estate.** If the Securitized Utility Tariff Bonds have been declared to be due and payable under Section 5.02 following an Event of Default and such declaration and its consequences have not been rescinded and annulled, the Indenture Trustee may, but need not, elect to maintain possession of all or a portion of the Trust Estate. It is the desire of the parties hereto and the Holders that there be at all times sufficient funds for the payment of principal of and premium, if any, and interest on the Securitized Utility Tariff Bonds, and the Indenture Trustee shall take such desire into account when determining whether or not to maintain possession of the Trust Estate. In determining whether to maintain possession of the Trust Estate or sell or liquidate the same, the Indenture Trustee may, but need not, obtain and conclusively rely upon an opinion of an Independent investment banking or accounting firm of national reputation as to the feasibility of such proposed action and as to the sufficiency of the Trust Estate for such purpose.

**SECTION 5.06. Limitation of Suits.** No Holder of any Securitized Utility Tariff Bond shall have any right to institute any Proceeding, judicial or otherwise, to avail itself of any remedies provided in the Securitization Act or to avail itself of the right to foreclose on the Trust Estate or otherwise enforce the Lien and the security interest on the Trust Estate with respect to this Indenture and the Series Supplement, or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless:

(a) such Holder previously has given written notice to the Indenture Trustee of a continuing Event of Default;

(b) the Holders of a majority of the Outstanding Amount of the Securitized Utility Tariff Bonds have made written request to the Indenture Trustee to institute such Proceeding in respect of such Event of Default in its own name as Indenture Trustee hereunder;

(c) such Holder or Holders have offered to the Indenture Trustee indemnity satisfactory to it against the costs, expenses and liabilities to be incurred in complying with such request;

(d) the Indenture Trustee for sixty (60) days after its receipt of such notice, request and offer of indemnity has failed to institute such Proceedings; and

(e) no direction inconsistent with such written request has been given to the Indenture Trustee during such sixty (60)-day period by the Holders of a majority of the Outstanding Amount of the Securitized Utility Tariff Bonds;

it being understood and intended that no one or more Holders shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the rights of any other Holders or to obtain or to seek to obtain priority or preference over any other Holders or to enforce any right under this Indenture, except in the manner herein provided.

In the event the Indenture Trustee shall receive conflicting or inconsistent requests and indemnity from two (2) or more groups of Holders, each representing less than a majority of the Outstanding Amount of the Securitized Utility Tariff Bonds, the Indenture Trustee in its sole discretion may file a petition with a court of competent jurisdiction to resolve such conflict or determine what action, if any, shall be taken, notwithstanding any other provisions of this Indenture.

SECTION 5.07. Unconditional Rights of Holders To Receive Principal, Premium, if any, and Interest. Notwithstanding any other provisions in this Indenture, the Holder of any Securitized Utility Tariff Bond shall have the right, which is absolute and unconditional, (a) to receive payment of (i) the interest, if any, on such Securitized Utility Tariff Bond on the due dates thereof expressed in such Securitized Utility Tariff Bond or in this Indenture or (ii) the unpaid principal, if any, of the Securitized Utility Tariff Bonds on the Final Maturity Date or Final Maturity Date and (b) to institute suit for the enforcement of any such payment, and such right shall not be impaired without the consent of such Holder.

SECTION 5.08. Restoration of Rights and Remedies. If the Indenture Trustee or any Holder has instituted any Proceeding to enforce any right or remedy under this Indenture and such Proceeding has been discontinued or abandoned for any reason or has been determined adversely to the Indenture Trustee or to such Holder, then and in every such case the Issuer, the Indenture Trustee and the Holders shall, subject to any determination in such Proceeding, be restored severally and respectively to their former positions hereunder, and thereafter all rights and remedies of the Indenture Trustee and the Holders shall continue as though no such Proceeding had been instituted.

SECTION 5.09. Rights and Remedies Cumulative. No right or remedy herein conferred upon or reserved to the Indenture Trustee or to the Holders is intended to be exclusive

of any other right or remedy, and every right and remedy shall, to the extent permitted by applicable law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

SECTION 5.10. Delay or Omission Not a Waiver. No delay or omission of the Indenture Trustee or any Holder to exercise any right or remedy accruing upon any Default or Event of Default shall impair any such right or remedy or constitute a waiver of any such Default or Event of Default or an acquiescence therein. Every right and remedy given by this Article V or by applicable law to the Indenture Trustee or to the Holders may be exercised from time to time, and as often as may be deemed expedient, by the Indenture Trustee or by the Holders, as the case may be.

SECTION 5.11. Control by Holders. The Holders of a majority of the Outstanding Amount of the Securitized Utility Tariff Bonds shall have the right to direct the time, method and place of conducting any Proceeding for any remedy available to the Indenture Trustee with respect to the Securitized Utility Tariff Bonds or exercising any trust or power conferred on the Indenture Trustee; provided, that:

(a) such direction shall not be in conflict with any rule of applicable law or with this Indenture or the Series Supplement and shall not involve the Indenture Trustee in any personal liability or expense;

(b) subject to other conditions specified in Section 5.04, any direction to the Indenture Trustee to sell or liquidate any of the Trust Estate shall be by the Holders representing 100 percent of the Outstanding Amount of the Securitized Utility Tariff Bonds;

(c) if the conditions set forth in Section 5.05 have been satisfied and the Indenture Trustee elects to retain the Trust Estate pursuant to Section 5.05, then any direction to the Indenture Trustee by Holders representing less than 100 percent of the Outstanding Amount of the Securitized Utility Tariff Bonds to sell or liquidate the Trust Estate or any portion thereof shall be of no force and effect; and

(d) the Indenture Trustee may take any other action deemed proper by the Indenture Trustee that is not inconsistent with such direction;

provided, however, that the Indenture Trustee's duties shall be subject to Section 6.01, and the Indenture Trustee need not take any action that it determines might involve it in liability or might materially adversely affect the rights of any Holders not consenting to such action. Furthermore and without limiting the foregoing, the Indenture Trustee shall not be required to take any action for which it reasonably believes that it will not be indemnified to its satisfaction against any cost, expense or liabilities.

SECTION 5.12. Waiver of Past Defaults. Prior to the declaration of the acceleration of the maturity of the Securitized Utility Tariff Bonds as provided in Section 5.02, the Holders representing a majority of the Outstanding Amount of the Securitized Utility Tariff Bonds may waive any past Default or Event of Default and its consequences except a Default (a) in

payment of principal of or premium, if any, or interest on any of the Securitized Utility Tariff Bonds or (b) in respect of a covenant or provision hereof that cannot be modified or amended without the consent of the Holder of each Securitized Utility Tariff Bond. In the case of any such waiver, the Issuer, the Indenture Trustee and the Holders shall be restored to their former positions and rights hereunder, respectively, but no such waiver shall extend to any subsequent or other Default or impair any right consequent thereto.

Upon any such waiver, such Default shall cease to exist and be deemed to have been cured and not to have occurred, and any Event of Default arising therefrom shall be deemed to have been cured and not to have occurred, for every purpose of this Indenture, but no such waiver shall extend to any subsequent or other Default or Event of Default or impair any right consequent thereto.

SECTION 5.13. Undertaking for Costs. All parties to this Indenture agree, and each Holder of any Securitized Utility Tariff Bond by such Holder's acceptance thereof shall be deemed to have agreed, that any court may in its discretion require, in any suit for the enforcement of any right or remedy under this Indenture, or in any suit against the Indenture Trustee for any action taken, suffered or omitted by it as Indenture Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this Section 5.13 shall not apply to (a) any suit instituted by the Indenture Trustee, (b) any suit instituted by any Holder, or group of Holders, in each case holding in the aggregate more than ten (10) percent of the Outstanding Amount of the Securitized Utility Tariff Bonds or (c) any suit instituted by any Holder for the enforcement of the payment of (i) interest on any Securitized Utility Tariff Bond on or after the due dates expressed in such Securitized Utility Tariff Bond and in this Indenture or (ii) the unpaid principal, if any, of any Securitized Utility Tariff Bond on or after the Final Maturity Date.

SECTION 5.14. Waiver of Stay or Extension Laws. The Issuer covenants (to the extent that it may lawfully do so) that it will not at any time insist upon or plead or, in any manner whatsoever, claim or take the benefit or advantage of, any stay or extension law wherever enacted, now or at any time hereafter in force, that may affect the covenants or the performance of this Indenture; and the Issuer (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Indenture Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

SECTION 5.15. Action on Securitized Utility Tariff Bonds. The Indenture Trustee's right to seek and recover judgment on the Securitized Utility Tariff Bonds or under this Indenture shall not be affected by the seeking, obtaining or application of any other relief under or with respect to this Indenture. Neither the Lien of this Indenture nor any rights or remedies of the Indenture Trustee or the Holders shall be impaired by the recovery of any judgment by the Indenture Trustee against the Issuer or by the levy of any execution under such judgment upon any portion of the Trust Estate or any other assets of the Issuer.

## ARTICLE VI

### THE INDENTURE TRUSTEE

#### SECTION 6.01. Duties of Indenture Trustee.

(a) If an Event of Default has occurred and is continuing, the Indenture Trustee shall exercise the rights and powers vested in it by this Indenture and use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

(b) Except during the continuance of an Event of Default:

(i) the Indenture Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Indenture Trustee; and

(ii) in the absence of bad faith on its part, the Indenture Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Indenture Trustee and conforming to the requirements of this Indenture; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Indenture Trustee, the Indenture Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Indenture (but need not confirm or investigate the accuracy of mathematical calculations or other facts stated therein).

(c) The Indenture Trustee may not be relieved from liability for its own negligent action, its own bad faith, its own negligent failure to act or its own willful misconduct, except that:

(i) this Section 6.01(c) does not limit the effect of Section 6.01(b);

(ii) the Indenture Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer of the Indenture Trustee unless it is proved that the Indenture Trustee was negligent in ascertaining the pertinent facts; and

(iii) the Indenture Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it hereunder.

(d) Every provision of this Indenture that in any way relates to the Indenture Trustee is subject to Section 6.01(a), Section 6.01(b) and Section 6.01(c).

(e) The Indenture Trustee shall not be liable for interest on any money received by it except as the Indenture Trustee may agree in writing with the Issuer.

(f) Money held in trust by the Indenture Trustee need not be segregated from other funds held by the Indenture Trustee except to the extent required by applicable law or the

terms of this Indenture, the Sale Agreement, the Servicing Agreement or the Administration Agreement.

(g) No provision of this Indenture shall require the Indenture Trustee to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties hereunder or in the exercise of any of its rights or powers, if it shall have reasonable grounds to believe that repayments of such funds or indemnity satisfactory to it against such risk or liability is not reasonably assured to it.

(h) Every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Indenture Trustee shall be subject to the provisions of this Section 6.01 and to the provisions of the Trust Indenture Act.

(i) In the event that the Indenture Trustee is also acting as Paying Agent or Securitized Utility Tariff Bond Registrar hereunder, the protections of this Article VI shall also be afforded to the Indenture Trustee in its capacity as Paying Agent or Securitized Utility Tariff Bond Registrar.

(j) Except for the express duties of the Indenture Trustee with respect to the administrative functions set forth in the Basic Documents, the Indenture Trustee shall have no obligation to administer, service or collect the Securitized Utility Tariff Property or to maintain, monitor or otherwise supervise the administration, servicing or collection of the Securitized Utility Tariff Charges.

(k) Under no circumstance shall the Indenture Trustee be liable for any indebtedness of the Issuer, the Servicer or the Seller evidenced by or arising under the Securitized Utility Tariff Bonds or the Basic Documents. None of the provisions of this Indenture shall in any event require the Indenture Trustee to perform or be responsible for the performance of any of the Servicer's obligations under the Basic Documents.

(l) Commencing with [December 15], 202\_, on or before [December 15th] of each fiscal year ending [September 30], so long as the Issuer is required to file Exchange Act reports, the Indenture Trustee shall (i) deliver to the Issuer a report (in form and substance reasonably satisfactory to the Issuer and addressed to the Issuer and signed by an authorized officer of the Indenture Trustee) regarding the Indenture Trustee's assessment of compliance, during the preceding fiscal year ended [September 30], with each of the applicable servicing criteria specified on Exhibit C as required under Rule 13a-18 and Rule 15d-18 under the Exchange Act and Item 1122 of Regulation AB and (ii) deliver to the Issuer a report of an Independent registered public accounting firm reasonably acceptable to the Issuer that attests to and reports on, in accordance with Rule 1-02(a)(3) and Rule 2-02(g) of Regulation S-X under the Securities Act and the Exchange Act, the assessment of compliance made by the Indenture Trustee and delivered pursuant to Section 6.01(l)(i).

#### SECTION 6.02. Rights of Indenture Trustee.

(a) The Indenture Trustee may conclusively rely and shall be fully protected in relying on any document believed by it to be genuine and to have been signed or presented by the

proper person. The Indenture Trustee need not investigate any fact or matter stated in such document.

(b) Before the Indenture Trustee acts or refrains from acting, it may require and shall be entitled to receive an Officer's Certificate or an Opinion of Counsel, which counsel may be an employee of or counsel to the Issuer or the Seller and which shall be reasonably satisfactory to the Indenture Trustee, or, in the Indenture Trustee's sole judgment, external counsel of the Issuer (at no cost or expense to the Indenture Trustee) that such action is required or permitted hereunder. The Indenture Trustee shall not be liable for any action it takes or omits to take in good faith in reliance on such Officer's Certificate or Opinion of Counsel.

(c) The Indenture Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys or a custodian or nominee, and the Indenture Trustee shall not be responsible for any misconduct or negligence on the part of, or for the supervision of, any such agent, attorney, custodian or nominee appointed with due care by it hereunder. The Indenture Trustee shall give prompt written notice to the Issuer, in which case the Issuer shall then give prompt written notice to the Rating Agencies, of the appointment of any such agent, custodian or nominee to whom it delegates any of its express duties under this Indenture; provided, that the Indenture Trustee shall not be obligated to give such notice (i) if the Issuer or the Holders have directed the Indenture Trustee to appoint such agent, custodian or nominee (in which event the Issuer shall give prompt notice to the Rating Agencies of any such direction) or (ii) of the appointment of any agents, custodians or nominees made at any time that an Event of Default on account of non-payment of principal or interest on the Securitized Utility Tariff Bonds or insolvency of the Issuer has occurred and is continuing.

(d) The Indenture Trustee shall not be liable for any action it takes or omits to take in good faith that it believes to be authorized or within its rights or powers; provided, however, that the Indenture Trustee's conduct does not constitute willful misconduct, negligence or bad faith.

(e) The Indenture Trustee may consult with counsel, and the advice or Opinion of Counsel with respect to legal matters relating to this Indenture and the Securitized Utility Tariff Bonds shall be full and complete authorization and protection from liability in respect to any action taken, omitted or suffered by it hereunder in good faith and in accordance with the advice or opinion of such counsel.

(f) The Indenture Trustee shall be under no obligation to take any action or exercise any of the rights or powers vested in it by this Indenture or any other Basic Document, or to institute, conduct or defend any litigation hereunder or thereunder or in relation hereto or thereto, at the request, order or direction of any of the Holders pursuant to the provisions of this Indenture and the Series Supplement or otherwise, unless it shall have received security or indemnity satisfactory to it against the costs, expenses and liabilities that may be incurred.

(g) The Indenture Trustee may conclusively rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or

other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties.

(h) Any request or direction of the Issuer mentioned herein shall be sufficiently evidenced by an Issuer Request or an Issuer Order.

(i) Whenever in the administration of this Indenture the Indenture Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Indenture Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, conclusively rely upon an Officer's Certificate.

(j) The Indenture Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document.

(k) In no event shall the Indenture Trustee be responsible or liable for special, indirect or consequential loss or damage of any kind whatsoever (including loss of profit) irrespective of whether the Indenture Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action.

(l) In no event shall the Indenture Trustee be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by, directly or indirectly, forces beyond its control, including strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services, it being understood that the Indenture Trustee shall use reasonable efforts that are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

(m) The Indenture Trustee shall not be deemed to have notice of any Default or Event of Default unless it has actual knowledge or written notice of any event which is in fact such a default is received by a Responsible Officer of the Indenture Trustee at the Corporate Trust Office of the Indenture Trustee, and such notice references the Securitized Utility Tariff Bonds and this Indenture.

(n) The rights, privileges, protections, immunities and benefits given to the Indenture Trustee, including, without limitation, its right to be indemnified, are extended to, and shall be enforceable by, the Indenture Trustee in each of its capacities hereunder, and each agent, custodian and other Person employed to act hereunder.

(o) Beyond the exercise of reasonable care in the custody thereof, the Indenture Trustee will have no duty as to any Trust Estate in its possession or control or in the possession or control of any agent or bailee or any income thereon or as to preservation of rights against prior parties or any other rights pertaining thereto. The Indenture Trustee will be deemed to have exercised reasonable care in the custody of the Trust Estate in its possession if the Trust Estate is accorded treatment substantially equal to that which it accords its own property, and the Indenture Trustee will not be liable or responsible for any loss or diminution in the value of any of the Trust



Estate by reason of the act or omission of any carrier, forwarding agency or other agent or bailee selected by the Indenture Trustee in good faith.

(p) The Indenture Trustee will not be responsible for the existence, genuineness or value of any of the Trust Estate or for the validity, sufficiency, perfection, priority or enforceability of the Liens in any of the Trust Estate, except to the extent such action or omission constitutes negligence or willful misconduct on the part of the Indenture Trustee. The Indenture Trustee shall not be responsible for the validity of the title of any grantor to the collateral, for insuring the Trust Estate or for the payment of taxes, charges, assessments or liens upon the Trust Estate or otherwise as to the maintenance of the Lien of the Trust Estate.

(q) In the event that the Indenture Trustee is required to acquire title to an asset for any reason, or take any managerial action of any kind in regard thereto, in order to carry out any fiduciary or trust obligation for the benefit of another, which in the Indenture Trustee's sole discretion may cause the Indenture Trustee, as applicable, to be considered an "owner or operator" under any environmental laws or otherwise cause the Indenture Trustee to incur, or be exposed to, any environmental liability or any liability under any other federal, state or local law, the Indenture Trustee reserves the right, instead of taking such action, either to resign as Indenture Trustee or to arrange for the transfer of the title or control of the asset to a court appointed receiver. The Indenture Trustee will not be liable to any person for any environmental claims or any environmental liabilities or contribution actions under any federal, state or local law, rule or regulation by reason of the Indenture Trustee's actions and conduct as authorized, empowered and directed hereunder or relating to any kind of discharge or release or threatened discharge or release of any hazardous materials into the environment.

SECTION 6.03. Individual Rights of Indenture Trustee. The Indenture Trustee in its individual or any other capacity may become the owner or pledgee of Securitized Utility Tariff Bonds and may otherwise deal with the Issuer or its Affiliates with the same rights it would have if it were not Indenture Trustee. Any Paying Agent, Securitized Utility Tariff Bond Registrar, co-registrar or co-paying agent or agent appointed under Section 3.02 may do the same with like rights. However, the Indenture Trustee must comply with Section 6.11 and Section 6.12.

SECTION 6.04. Indenture Trustee's Disclaimer.

(a) The Indenture Trustee shall not be responsible for and makes no representation (other than as set forth in Section 6.13) as to the validity or adequacy of this Indenture or the Securitized Utility Tariff Bonds, it shall not be accountable for the Issuer's use of the proceeds from the Securitized Utility Tariff Bonds, and it shall not be responsible for any statement of the Issuer in this Indenture or in any document issued in connection with the sale of the Securitized Utility Tariff Bonds or in the Securitized Utility Tariff Bonds other than the Indenture Trustee's certificate of authentication. The Indenture Trustee shall not be responsible for the form, character, genuineness, sufficiency, value or validity of any of the Trust Estate (or for the perfection or priority of the Liens thereon), or for or in respect of the Securitized Utility Tariff Bonds (other than the certificate of authentication for the Securitized Utility Tariff Bonds) or the Basic Documents, and the Indenture Trustee shall in no event assume or incur any liability, duty or obligation to any Holder, other than as expressly provided in this Indenture. The Indenture Trustee shall not be liable for the default or misconduct of the Issuer, the Seller or the Servicer

under the Basic Documents or otherwise, and the Indenture Trustee shall have no obligation or liability to perform the obligations of such Persons.

(b) The Indenture Trustee shall not be responsible for (i) the validity of the title of the Issuer to the Trust Estate, (ii) insuring the Trust Estate or (iii) the payment of taxes, charges, assessments or Liens upon the Trust Estate or otherwise as to the maintenance of the Trust Estate. The Indenture Trustee shall have no duty to ascertain or inquire as to the performance or observance of any of the terms of this Indenture or any of the other Basic Documents. The Indenture Trustee shall not be responsible for filing any financing or continuation statements or recording any documents or instruments in any public office at any time or times or otherwise perfecting or maintaining the perfection of any security interest in the Trust Estate.

SECTION 6.05. Notice of Defaults. If a Default occurs and is continuing and if it is actually known to a Responsible Officer of the Indenture Trustee or a Responsible Officer of the Indenture Trustee has been notified in writing of such Default, the Indenture Trustee shall deliver to each Rating Agency, to the Kansas Commission (pursuant to Section 10.04(e)) and each Holder of Securitized Utility Tariff Bonds notice of the Default within ten (10) Business Days after actual notice of such Default was received by a Responsible Officer of the Indenture Trustee (provided that the Indenture Trustee shall give the Rating Agencies prompt notice of any payment default in respect of the Securitized Utility Tariff Bonds). Except in the case of a Default in payment of principal of and premium, if any, or interest on any Securitized Utility Tariff Bond, the Indenture Trustee may withhold the notice of the Default if and so long as a committee of its Responsible Officers in good faith determines that withholding such notice is in the interests of Holders. In no event shall the Indenture Trustee be deemed to have knowledge of a Default unless a Responsible Officer of the Indenture Trustee shall have actual knowledge of a Default or shall have received written notice thereof.

SECTION 6.06. Reports by Indenture Trustee to Holders.

(a) So long as Securitized Utility Tariff Bonds are Outstanding and the Indenture Trustee is the Securitized Utility Tariff Bond Registrar and Paying Agent, upon the written request of any Holder or the Issuer, within the prescribed period of time for tax reporting purposes after the end of each calendar year, the Indenture Trustee shall deliver to each relevant current or former Holder such information in its possession as may be required to enable such Holder to prepare its U.S. federal income and any applicable local or state tax returns. If the Securitized Utility Tariff Bond Registrar and Paying Agent is other than the Indenture Trustee, such Securitized Utility Tariff Bond Registrar and Paying Agent, within the prescribed period of time for tax reporting purposes after the end of each calendar year, shall deliver to each relevant current or former Holder such information in its possession as may be required to enable such Holder to prepare its U.S. federal income and any applicable local or state tax returns.

(b) On or prior to each Payment Date or Special Payment Date therefor, the Indenture Trustee will deliver to each Holder of the Securitized Utility Tariff Bonds on such Payment Date or Special Payment Date and the Kansas Commission a statement as provided and prepared by the Servicer, which will include (to the extent applicable) the following information (and any other information so specified in the Series Supplement) as to the Securitized Utility

Tariff Bonds with respect to such Payment Date or Special Payment Date or the period since the previous Payment Date, as applicable:

- (i) the amount of the payment to Holders allocable to principal, if any;
- (ii) the amount of the payment to Holders allocable to interest;
- (iii) the aggregate Outstanding Amount of the Securitized Utility Tariff Bonds, before and after giving effect to any payments allocated to principal reported under Section 6.06(b)(i);
- (iv) the difference, if any, between the amount specified in Section 6.06(b)(iii) and the Outstanding Amount specified in the related Expected Amortization Schedule;
- (v) any other transfers and payments to be made on such Payment Date or Special Payment Date, including amounts paid to the Indenture Trustee and to the Servicer; and
- (vi) the amounts on deposit in the Capital Subaccount and the Excess Funds Subaccount, after giving effect to the foregoing payments.

(c) The Issuer shall send a copy of each of the Certificate of Compliance delivered to it pursuant to Section 3.02 of the Servicing Agreement and the Annual Accountant's Report delivered to it pursuant to Section 3.03 of the Servicing Agreement to the Kansas Commission, the Rating Agencies, the Indenture Trustee and to the Servicer for posting on the 17g-5 Website in accordance with Rule 17g-5 under the Exchange Act. A copy of such certificate and report may be obtained by any Holder by a request in writing to the Indenture Trustee.

(d) The Indenture Trustee may consult with counsel, and the advice or opinion of such counsel with respect to legal matters relating to this Indenture and the Securitized Utility Tariff Bonds shall be full and complete authorization and protection from liability with respect to any action taken, omitted or suffered by it hereunder in good faith and in accordance with the advice or opinion of such counsel. Any reasonable legal fees incurred by the Indenture Trustee shall be payable to the Indenture Trustee from amounts held in the Collection Account in accordance with the provisions set forth in Section 8.02(e).

**SECTION 6.07. Compensation and Indemnity.** The Issuer shall pay to the Indenture Trustee from time to time reasonable compensation for its services. The Indenture Trustee's compensation shall not, to the extent permitted by applicable law, be limited by any law on compensation of a trustee of an express trust. The Issuer shall reimburse the Indenture Trustee for all reasonable out-of-pocket expenses incurred or made by it, including costs of collection, in addition to the compensation for its services. Such expenses shall include the reasonable compensation and expenses, disbursements and advances of the Indenture Trustee's agents, counsel, accountants and experts. The Issuer shall indemnify and hold harmless the Indenture Trustee and its officers, directors, employees and agents (each a "Trustee Indemnified Person") against any and all cost, damage, loss, liability, tax or expense (including reasonable attorneys' fees and expenses) incurred by it in connection with the administration and the enforcement of this Indenture, the Series Supplement and the other Basic Documents and the Indenture Trustee's

rights, powers and obligations under this Indenture, the Series Supplement and the other Basic Documents and the performance of its duties hereunder and thereunder and obligations under or pursuant to this Indenture, the Series Supplement and the other Basic Documents other than any such tax on the compensation of the Indenture Trustee for its services as Indenture Trustee. The Issuer shall not be required to indemnify the Trustee Indemnified Person for any amount paid or payable by such Trustee Indemnified Person in the settlement of any action, proceeding or investigation without the prior written consent of the Issuer, which consent shall not be unreasonably withheld. The Trustee Indemnified Person shall notify the Issuer in writing as soon as is reasonably practicable of any claim for which it may seek indemnity. Failure by the Indenture Trustee to so notify the Issuer shall not relieve the Issuer of its obligations hereunder. The Issuer shall defend the claim; the Trustee Indemnified Person may have separate counsel; and the Issuer shall pay the reasonable fees and expenses of such separate counsel; provided that the Issuer shall not be obligated to pay for the fees and expenses of more than one separate counsel for the Trustee Indemnified Person other than one local counsel, if appropriate. The Issuer need not reimburse any expense or indemnify against any loss, liability or expense incurred by the Indenture Trustee through the Trustee Indemnified Person's own willful misconduct, negligence or bad faith. The rights of the Indenture Trustee set forth in this Section 6.07 are subject to and limited by the priority of payments set forth in Section 8.02(e).

The payment obligations to the Indenture Trustee pursuant to this Section 6.07 shall survive the discharge of this Indenture and Series Supplement or the earlier resignation or removal of the Indenture Trustee. When the Indenture Trustee incurs expenses after the occurrence of a Default specified in Section 5.01(e) or Section 5.01(f) with respect to the Issuer, the expenses are intended to constitute expenses of administration under the Bankruptcy Code or any other applicable U.S. federal or state bankruptcy, insolvency or similar law.

**SECTION 6.08. Replacement of Indenture Trustee and Securities Intermediary.**

(a) The Indenture Trustee may resign at any time upon thirty (30) days' prior written notice to the Issuer subject to Section 6.08(c). The Holders of a majority of the Outstanding Amount of the Securitized Utility Tariff Bonds may remove the Indenture Trustee by so notifying the Indenture Trustee not less than thirty-one (31) days prior to the date of removal and may appoint a successor Indenture Trustee. The Issuer shall remove the Indenture Trustee if:

- (i) the Indenture Trustee fails to comply with Section 6.11;
- (ii) the Indenture Trustee is adjudged a bankrupt or insolvent;
- (iii) a receiver or other public officer takes charge of the Indenture Trustee or its property;
- (iv) the Indenture Trustee otherwise becomes incapable of acting; or
- (v) the Indenture Trustee fails to provide to the Issuer any information reasonably requested by the Issuer pertaining to the Indenture Trustee and necessary for the Issuer or the Depositor to comply with its respective reporting obligations under the Exchange Act and Regulation AB and such failure is not resolved to the Issuer's and the Indenture Trustee's mutual satisfaction within a reasonable period of time.

Any removal or resignation of the Indenture Trustee shall also constitute a removal or resignation of the Securities Intermediary.

(b) If the Indenture Trustee gives notice of resignation or is removed or if a vacancy exists in the office of Indenture Trustee for any reason (the Indenture Trustee in such event being referred to herein as the retiring Indenture Trustee), the Issuer shall promptly appoint a successor Indenture Trustee and Securities Intermediary.

(c) A successor Indenture Trustee shall deliver a written acceptance of its appointment as the Indenture Trustee and as the Securities Intermediary to the retiring Indenture Trustee and to the Issuer. Thereupon the resignation or removal of the retiring Indenture Trustee shall become effective, and the successor Indenture Trustee shall have all the rights, powers and duties of the Indenture Trustee and Securities Intermediary, as applicable, under this Indenture and the other Basic Documents. No resignation or removal of the Indenture Trustee pursuant to this Section 6.08 shall become effective until acceptance of the appointment by a successor Indenture Trustee having the qualifications set forth in Section 6.11. Notice of any such appointment shall be promptly given to each Rating Agency by the successor Indenture Trustee. The successor Indenture Trustee shall mail a notice of its succession to Holders. The retiring Indenture Trustee shall promptly transfer all property held by it as Indenture Trustee to the successor Indenture Trustee.

(d) If a successor Indenture Trustee does not take office within sixty (60) days after the retiring Indenture Trustee resigns or is removed, the retiring Indenture Trustee, the Issuer or the Holders of a majority in Outstanding Amount of the Securitized Utility Tariff Bonds may petition any court of competent jurisdiction for the appointment of a successor Indenture Trustee.

(e) If the Indenture Trustee fails to comply with Section 6.11, any Holder may petition any court of competent jurisdiction for the removal of the Indenture Trustee and the appointment of a successor Indenture Trustee.

(f) Notwithstanding the replacement of the Indenture Trustee pursuant to this Section 6.08, the Issuer's obligations under Section 6.07 shall continue for the benefit of the retiring Indenture Trustee.

**SECTION 6.09. Successor Indenture Trustee by Merger.** If the Indenture Trustee consolidates with, merges or converts into, or transfers all or substantially all its corporate trust business or assets to, another corporation or banking association, the resulting, surviving or transferee corporation or banking association without any further act shall be the successor Indenture Trustee; provided, however, that, if such successor Indenture Trustee is not eligible under Section 6.11, then the successor Indenture Trustee shall be replaced in accordance with Section 6.08. Notice of any such event shall be promptly given to each Rating Agency by the successor Indenture Trustee.

In case at the time such successor or successors by merger, conversion, consolidation or transfer shall succeed to the trusts created by this Indenture any of the Securitized Utility Tariff Bonds shall have been authenticated but not delivered, any such successor to the Indenture Trustee may adopt the certificate of authentication of any predecessor trustee and deliver

the Securitized Utility Tariff Bonds so authenticated; and, in case at that time any of the Securitized Utility Tariff Bonds shall not have been authenticated, any successor to the Indenture Trustee may authenticate the Securitized Utility Tariff Bonds either in the name of any predecessor hereunder or in the name of the successor to the Indenture Trustee; and in all such cases such certificates shall have the full force that it is anywhere in the Securitized Utility Tariff Bonds or in this Indenture provided that the certificate of the Indenture Trustee shall have.

SECTION 6.10. Appointment of Co-Trustee or Separate Trustee.

(a) Notwithstanding any other provisions of this Indenture, at any time, for the purpose of meeting any legal requirement of any jurisdiction in which any part of the Trust Estate may at the time be located, the Indenture Trustee shall have the power and may execute and deliver all instruments to appoint one or more Persons to act as a co-trustee or co-trustees, or separate trustee or separate trustees, of all or any part of the trust created by this Indenture or the Trust Estate, and to vest in such Person or Persons, in such capacity and for the benefit of the Secured Parties, such title to the Trust Estate, or any part hereof, and, subject to the other provisions of this Section 6.10, such powers, duties, obligations, rights and trusts as the Indenture Trustee may consider necessary or desirable. No co-trustee or separate trustee hereunder shall be required to meet the terms of eligibility as a successor trustee under Section 6.11 and no notice to Holders of the appointment of any co-trustee or separate trustee shall be required under Section 6.08. Notice of any such appointment shall be promptly given to each Rating Agency and to the Kansas Commission by the Indenture Trustee.

(b) Every separate trustee and co-trustee shall, to the extent permitted by applicable law, be appointed and act subject to the following provisions and conditions:

(i) all rights, powers, duties and obligations conferred or imposed upon the Indenture Trustee shall be conferred or imposed upon and exercised or performed by the Indenture Trustee and such separate trustee or co-trustee jointly (it being understood that such separate trustee or co-trustee is not authorized to act separately without the Indenture Trustee joining in such act), except to the extent that under any applicable law of any jurisdiction in which any particular act or acts are to be performed the Indenture Trustee shall be incompetent or unqualified to perform such act or acts, in which event such rights, powers, duties and obligations (including the holding of title to the Trust Estate or any portion thereof in any such jurisdiction) shall be exercised and performed singly by such separate trustee or co-trustee, but solely at the direction of the Indenture Trustee;

(ii) no trustee hereunder shall be personally liable by reason of any act or omission of any other trustee hereunder; and

(iii) the Indenture Trustee may at any time accept the resignation of or remove any separate trustee or co-trustee.

(c) Any notice, request or other writing given to the Indenture Trustee shall be deemed to have been given to each of the then-separate trustees and co-trustees, as effectively as if given to each of them. Every instrument appointing any separate trustee or co-trustee shall refer to this Indenture and the conditions of this Article VI. Each separate trustee and co-trustee, upon

its acceptance of the trusts conferred, shall be vested with the estates or property specified in its instrument of appointment, either jointly with the Indenture Trustee or separately, as may be provided therein, subject to all the provisions of this Indenture, specifically including every provision of this Indenture relating to the conduct of, affecting the liability of, or affording protection to, the Indenture Trustee. Every such instrument shall be filed with the Indenture Trustee.

(d) Any separate trustee or co-trustee may at any time constitute the Indenture Trustee, its agent or its attorney-in-fact with full power and authority, to the extent not prohibited by applicable law, to do any lawful act under or in respect of this Indenture on its behalf and in its name. If any separate trustee or co-trustee shall die, become incapable of acting, resign or be removed, all of its estates, properties, rights, remedies and trusts shall vest in and be exercised by the Indenture Trustee, to the extent permitted by applicable law, without the appointment of a new or successor trustee.

SECTION 6.11. Eligibility; Disqualification. The Indenture Trustee shall at all times satisfy the requirements of Section 310(a)(1) of the Trust Indenture Act, Section 310(a)(5) of the Trust Indenture Act and Rule 3a-7 of the Investment Company Act. [The Indenture Trustee shall have a combined capital and surplus of at least \$50,000,000 as set forth in its most recent published annual report of condition and shall have a long-term debt rating from each of S&P and Fitch in one of its generic rating categories that signifies investment grade.]<sup>3</sup> The Indenture Trustee shall comply with Section 310(b) of the Trust Indenture Act, including the optional provision permitted by the second sentence of Section 310(b)(9) of the Trust Indenture Act; provided, however, that there shall be excluded from the operation of Section 310(b)(1) of the Trust Indenture Act any indenture or indentures under which other securities of the Issuer are outstanding if the requirements for such exclusion set forth in Section 310(b)(1) of the Trust Indenture Act are met.

SECTION 6.12. Preferential Collection of Claims Against Issuer. The Indenture Trustee shall comply with Section 311(a) of the Trust Indenture Act, excluding any creditor relationship listed in Section 311(b) of the Trust Indenture Act. An Indenture Trustee who has resigned or been removed shall be subject to Section 311(a) of the Trust Indenture Act to the extent indicated therein.

SECTION 6.13. Representations and Warranties of Indenture Trustee. The Indenture Trustee hereby represents and warrants that:

(a) the Indenture Trustee is a national banking association duly organized and validly existing and in good standing under the laws of the United States of America;

(b) the Indenture Trustee has full power, authority and legal right to execute, deliver and perform its obligations under this Indenture and the other Basic Documents to which the Indenture Trustee is a party and has taken all necessary action to authorize the execution, delivery and performance of obligations by it of this Indenture and such other Basic Documents; and

---

<sup>3</sup> **Note to Draft:** Subject to feedback from underwriters and Rating Agencies on eligibility requirements.

(a) no consent, license, approval or authorization of, or filing or registration with, any governmental authority, bureau or agency is required to be obtained that has not been obtained by the Indenture Trustee in connection with the execution, delivery or performance by the Indenture Trustee of this Indenture and the Basic Documents to which the Indenture Trustee is a party.

SECTION 6.14. Annual Report by Independent Registered Public Accountants. The Indenture Trustee hereby covenants that it will cooperate fully with the firm of Independent registered public accountants performing the procedures required under Section 3.03 of the Servicing Agreement, it being understood and agreed that the Indenture Trustee will so cooperate in conclusive reliance upon the direction of the Issuer, and the Indenture Trustee makes no independent inquiry or investigation to, and shall have no obligation or liability in respect of, the sufficiency, validity or correctness of such procedures.

SECTION 6.15. Custody of Collateral. The Indenture Trustee shall hold such of the Trust Estate (and any other collateral that may be granted to the Indenture Trustee) as consists of instruments, deposit accounts, negotiable documents, money, goods, letters of credit and advices of credit in the State of New York. The Indenture Trustee shall hold such of the Collateral as constitute investment property through the Securities Intermediary (which, as of the date hereof, is [U.S. Bank National Association]). The initial Securities Intermediary hereby agrees (and each future Securities Intermediary shall agree) with the Indenture Trustee that (a) such investment property (other than cash) shall at all times be credited to a securities account of the Indenture Trustee, (b) the Securities Intermediary shall treat the Indenture Trustee as entitled to exercise the rights that comprise each financial asset credited to such securities account, (c) all property (other than cash) credited to such securities account shall be treated as a financial asset, (d) the Securities Intermediary shall comply with entitlement orders originated by the Indenture Trustee without the further consent of any other Person, (e) the Securities Intermediary will not agree with any Person other than the Indenture Trustee to comply with entitlement orders originated by such other Person, (f) such securities accounts and the property credited thereto shall not be subject to any Lien or right of set-off in favor of the Securities Intermediary or anyone claiming through it (other than the Indenture Trustee) and (g) such agreement shall be governed by the internal laws of the State of New York. Terms used in the preceding sentence that are defined in the UCC and not otherwise defined herein shall have the meaning set forth in the UCC. Except as permitted by this Section 6.15 or elsewhere in this Indenture, the Indenture Trustee shall not hold the Trust Estate through an agent or a nominee.

SECTION 6.16. FATCA. The Issuer agrees (i) to provide the Indenture Trustee with such reasonable information as it has in its possession to enable the Indenture Trustee to determine whether any payments pursuant to the Indenture are subject to the withholding requirements described in Section 1471(b) of the Internal Revenue Code or otherwise imposed pursuant to Sections 1471 through 1474 of the Internal Revenue Code and any regulations, or agreements thereunder or official interpretations thereof (“Applicable Law”), and (ii) that the Indenture Trustee shall be entitled to make any withholding or deduction from payments under the Indenture to the extent necessary to comply with Applicable Law, for which the Indenture Trustee shall not have any liability.



## ARTICLE VII

### HOLDERS' LISTS AND REPORTS

SECTION 7.01. Issuer To Furnish Indenture Trustee Names and Addresses of Holders. The Issuer will furnish or cause to be furnished to the Indenture Trustee (a) not more than five (5) days after the earlier of (i) each Record Date and (ii) six (6) months after the last Record Date, a list, in such form as the Indenture Trustee may reasonably require, of the names and addresses of the Holders as of such Record Date, and (b) at such other times as the Indenture Trustee may request in writing, within thirty (30) days after receipt by the Issuer of any such request, a list of similar form and content as of a date not more than ten (10) days prior to the time such list is furnished; provided, however, that, so long as the Indenture Trustee is the Securitized Utility Tariff Bond Registrar, no such list shall be required to be furnished.

SECTION 7.02. Preservation of Information; Communications to Holders.

(a) The Indenture Trustee shall preserve, in as current a form as is reasonably practicable, the names and addresses of the Holders contained in the most recent list furnished to the Indenture Trustee as provided in Section 7.01 and the names and addresses of Holders received by the Indenture Trustee in its capacity as Securitized Utility Tariff Bond Registrar. The Indenture Trustee may destroy any list furnished to it as provided in Section 7.01 upon receipt of a new list so furnished.

(b) Holders may communicate pursuant to Section 312(b) of the Trust Indenture Act with other Holders with respect to their rights under this Indenture or under the Securitized Utility Tariff Bonds. In addition, upon the written request of any Holder or group of Holders or of all Outstanding Securitized Utility Tariff Bonds evidencing at least ten (10) percent of the Outstanding Amount of the Securitized Utility Tariff Bonds, as applicable, the Indenture Trustee shall afford the Holder or Holders making such request a copy of a current list of Holders for purposes of communicating with other Holders with respect to their rights hereunder; provided, that the Indenture Trustee gives prior written notice to the Issuer of such request.

(c) The Issuer, the Indenture Trustee and the Securitized Utility Tariff Bond Registrar shall have the protection of Section 312(c) of the Trust Indenture Act.

SECTION 7.03. Reports by Issuer.

(a) The Issuer shall:

(i) so long as the Issuer or the Depositor is required to file such documents with the SEC, provide to the Indenture Trustee and the Kansas Commission, within fifteen (15) days after the Issuer is required to file the same with the SEC, copies of the annual reports and of the information, documents and other reports (or copies of such portions of any of the foregoing as the SEC may from time to time by rules and regulations prescribe) that the Issuer or the Depositor may be required to file with the SEC pursuant to Section 13 or 15(d) of the Exchange Act;

(ii) provide to the Indenture Trustee and the Kansas Commission and file with the SEC, in accordance with rules and regulations prescribed from time to time by the SEC, such additional information, documents and reports with respect to compliance by the Issuer with the conditions and covenants of this Indenture as may be required from time to time by such rules and regulations; and

(iii) supply to the Indenture Trustee (and the Indenture Trustee shall transmit to all Holders described in Section 313(c) of the Trust Indenture Act) and the Kansas Commission, such summaries of any information, documents and reports required to be filed by the Issuer pursuant to Section 7.03(a)(i) and Section 7.03(a)(ii) as may be required by rules and regulations prescribed from time to time by the SEC.

Except as may be provided by Section 313(c) of the Trust Indenture Act, the Issuer may fulfill its obligation to provide the materials described in this Section 7.03(a) by providing such materials in electronic format.

(b) Unless the Issuer otherwise determines, the fiscal year of the Issuer shall end on [September 30]<sup>4</sup> of each year and will promptly notify the Indenture Trustee regarding any change in fiscal year.

(c) Delivery of such reports, information and documents to the Indenture Trustee is for informational purposes only and the Indenture Trustee's receipt of such shall not constitute actual or constructive notice or knowledge of any information contained therein or determinable from information contained therein, including the Issuer's compliance with any of its covenants hereunder (as to which the Indenture Trustee is entitled to rely exclusively on Officer's Certificates).

**SECTION 7.04. Reports by Indenture Trustee.** If required by Section 313(a) of the Trust Indenture Act, within sixty (60) days after [March 31]<sup>5</sup> of each year, commencing with [March 31], 202\_, the Indenture Trustee shall send to each Holder as required by Section 313(c) of the Trust Indenture Act a brief report dated as of such date that complies with Section 313(a) of the Trust Indenture Act. The Indenture Trustee also shall comply with Section 313(b) of the Trust Indenture Act; provided, however, that the initial report if required to be so issued shall be delivered not more than twelve (12) months after the initial issuance of the Securitized Utility Tariff Bonds. A copy of each report at the time of its sending to Holders shall be filed by the Servicer with the SEC and each stock exchange, if any, on which the Securitized Utility Tariff Bonds are listed. The Issuer shall notify the Indenture Trustee in writing if and when the Securitized Utility Tariff Bonds are listed on any stock exchange.

---

<sup>4</sup> **Note to Draft:** To be determined if Issuer's fiscal year will end on September 30, as does Atmos Energy's fiscal year, or if Issuer will have a December 31 fiscal year end.

<sup>5</sup> **Note to Draft:** Bracketed deadlines in Sections 3.09 and 7.04 may be updated pending confirmation with Indenture Trustee of calendar year versus fiscal year obligation.

## ARTICLE VIII

### ACCOUNTS, DISBURSEMENTS AND RELEASES

SECTION 8.01. Collection of Money. Except as otherwise expressly provided herein, the Indenture Trustee may demand payment or delivery of, and shall receive and collect, directly and without intervention or assistance of any fiscal agent or other intermediary, all money and other property payable to or receivable by the Indenture Trustee pursuant to this Indenture and the other Basic Documents. The Indenture Trustee shall apply all such money received by it as provided in this Indenture within two (2) Business Days. Except as otherwise expressly provided in this Indenture, if any default occurs in the making of any payment or performance under any agreement or instrument that is part of the Trust Estate, the Indenture Trustee may take such action as may be appropriate to enforce such payment or performance, subject to Article VI, including the institution and prosecution of appropriate Proceedings. Any such action shall be without prejudice to any right to claim a Default or Event of Default under this Indenture and any right to proceed thereafter as provided in Article V.

#### SECTION 8.02. Collection Account.

(a) Prior to the Closing Date, the Issuer shall open or cause to be opened with the Securities Intermediary located at the Indenture Trustee's office, or at another Eligible Institution, one or more segregated trust accounts in the Indenture Trustee's name for the deposit of Securitized Utility Tariff Charges and all other amounts received with respect to the Trust Estate (the "Collection Account" and collectively, the "Collection Accounts"). The Indenture Trustee shall hold the Collection Account for the benefit of the Secured Parties. There shall be established by the Indenture Trustee in respect of each Collection Account three subaccounts: a general subaccount (the "General Subaccount"); an excess funds subaccount (the "Excess Funds Subaccount"); a capital subaccount (the "Capital Subaccount" and, together with the General Subaccount and the Excess Funds Subaccount, the "Subaccounts"). For administrative purposes, the Subaccounts may be established by the Securities Intermediary as separate accounts. Such separate accounts will be recognized individually as a Subaccount and collectively as the "Collection Account". Prior to or concurrently with the issuance of the Securitized Utility Tariff Bonds, the Member shall deposit into the Capital Subaccount an amount equal to the Required Capital Level. All amounts in the Collection Account not allocated to any other subaccount shall be allocated to the General Subaccount. Prior to the Initial Payment Date, all amounts in the Collection Account (other than funds deposited into the Capital Subaccount up to the Required Capital Level) shall be allocated to the General Subaccount. All references to a Collection Account shall be deemed to include reference to all subaccounts contained therein. Withdrawals from and deposits to each of the foregoing subaccounts of the Collection Account shall be made as set forth in Sections 8.02(d) and 8.02(e). The Collection Account shall at all times be maintained in an Eligible Account and will be under the sole dominion and exclusive control of the Indenture Trustee, through the Securities Intermediary, and only the Indenture Trustee shall have access to the applicable Collection Account for the purpose of making deposits in and withdrawals from the applicable Collection Account in accordance with this Indenture. Funds in a Collection Account shall not be commingled with any other moneys. All moneys deposited from time to time in the Collection Account, all deposits therein pursuant to this Indenture and all investments made in Eligible Investments as directed in writing by the Issuer with such moneys, including all income

or other gain from such investments, shall be held by the Securities Intermediary in the Collection Account as part of the Trust Estate as herein provided. The Securities Intermediary shall have no liability in respect of losses incurred as a result of the liquidation of any Eligible Investment prior to its stated maturity or its date of redemption or the failure of the Issuer or the Servicer to provide timely written investment direction.

(b) The Securities Intermediary hereby confirms that (i) each Collection Account is, or at inception will be established as, a “securities account” as such term is defined in Section 8-501(a) of the UCC, (ii) it is a “securities intermediary” (as such term is defined in Section 8-102(a)(14) of the UCC) and is acting in such capacity with respect to such accounts, (iii) the Indenture Trustee for the benefit of the Secured Parties is the sole “entitlement holder” (as such term is defined in Section 8-102(a)(7) of the UCC) with respect to such accounts and (iv) no other Person shall have the right to give “entitlement orders” (as such term is defined in Section 8-102(a)(8)) with respect to such accounts. The Securities Intermediary hereby further agrees that each item of property (whether investment property, financial asset, security, instrument or cash) received by it will be credited to the applicable Collection Account and shall be treated by it as a “financial asset” within the meaning of Section 8-102(a)(9) of the UCC. Notwithstanding anything to the contrary, the State of New York shall be deemed to be the jurisdiction of the Securities Intermediary for purposes of Section 8-110 of the UCC, and the Collection Accounts (as well as the securities entitlements related thereto) shall be governed by the laws of the State of New York.

(c) The Indenture Trustee shall have sole dominion and exclusive control over all moneys in the applicable Collection Account through the Securities Intermediary and shall apply such amounts therein as provided in this Section 8.02.

(d) Securitized Utility Tariff Charge Collections shall be deposited in the applicable General Subaccount as provided in Section 6.11 of the Servicing Agreement. All deposits to and withdrawals from the Collection Account, all allocations to the subaccounts of the Collection Account and any amounts to be paid to the Servicer under Section 8.02(e) shall be made by the Indenture Trustee in accordance with the written instructions provided by the Servicer in the Monthly Servicer’s Certificate, the Semi-Annual Servicer’s Certificate or upon other written notice provided by the Servicer pursuant to Section 6.11(a) of the Servicing Agreement, as applicable.

(e) On each Payment Date for the Securitized Utility Tariff Bonds, the Indenture Trustee shall apply all amounts on deposit in the applicable Collection Account, including all Investment Earnings thereon, in accordance with the Semi-Annual Servicer’s Certificate, in the following priority:

(i) payment of the Indenture Trustee’s fees, expenses and outstanding indemnity amounts shall be paid to the Indenture Trustee (subject to Section 6.07) in an amount not to exceed \$[●] (the “Indenture Trustee Cap”); provided, however, that the Indenture Trustee Cap shall be disregarded and inapplicable upon the acceleration of the Securitized Utility Tariff Bonds following the occurrence of an Event of Default;

(ii) payment of the Servicing Fee with respect to such Payment Date, plus any unpaid Servicing Fees for prior Payment Dates shall be paid to the Servicer;

(iii) payment of the allocable share of the Administration Fee for such Payment Date shall be paid to the Administrator and the Independent Manager Fee for such Payment Date shall be paid to the Independent Managers, and in each case with any unpaid Administration Fees or Independent Manager Fees from prior Payment Dates;

(iv) payment of all other ordinary periodic Operating Expenses for such Payment Date not described above shall be paid to the parties to which such Operating Expenses are owed;

(v) payment of Periodic Interest for such Payment Date with respect to the Securitized Utility Tariff Bonds, including any overdue Periodic Interest (together with, to the extent lawful, interest on such overdue Periodic Interest at the applicable Bond Interest Rate), with respect to the Securitized Utility Tariff Bonds shall be paid to the Holders of Securitized Utility Tariff Bonds;

(vi) payment of the principal required to be paid on the Securitized Utility Tariff Bonds on the Final Maturity Date or as a result of an acceleration upon an Event of Default shall be paid to the Holders of Securitized Utility Tariff Bonds;

(vii) payment of Periodic Principal for such Payment Date in accordance with the Expected Amortization Schedule, including any previously unpaid Periodic Principal, with respect to the Securitized Utility Tariff Bonds shall be paid to the Holders of Securitized Utility Tariff Bonds, pro rata;

(viii) payment of the allocable share of any other unpaid Operating Expenses (including any such amounts owed to the Indenture Trustee, but unpaid due to the limitation in Section 8.02(e)(i)) and any remaining amounts owed pursuant to the Basic Documents shall be paid to the parties to which such Operating Expenses or remaining amounts are owed;

(ix) replenishment of the amount, if any, by which the Required Capital Level exceeds the amount in the Capital Subaccount as of such Payment Date shall be allocated to the Capital Subaccount;

(x) the Return on Invested Capital then due and payable shall be paid to Atmos Energy;

(xi) the balance, if any, shall be allocated to the Excess Funds Subaccount; and

(xii) after the Securitized Utility Tariff Bonds have been paid in full and discharged, and all of the other foregoing amounts are paid in full, together with all amounts due and payable to the Indenture Trustee under Section 6.07 or otherwise, the balance (including all amounts then held in the Capital Subaccount and the Excess Funds Subaccount), if any, shall be paid to the Issuer, free from the Lien of this Indenture and credited to Customers through normal ratemaking processes.

All payments to the Holders pursuant to Section 8.02(e)(v), Section 8.02(e)(vi) and Section 8.02(e)(vii) shall be made to such Holders pro rata based on the respective amounts of

interest and/or principal owed, unless, the Series Supplement provides otherwise. Payments in respect of principal of and premium, if any, and interest on the Securitized Utility Tariff Bonds will be made on a pro rata basis among all the Holders. In the case of an Event of Default, then, in accordance with Section 5.04(c), in respect of any application of moneys pursuant to Section 8.02(e)(v) or Section 8.02(e)(vi), moneys will be applied pursuant to Section 8.02(e)(v) and Section 8.02(e)(vi), as the case may be, in such order, on a pro rata basis, based upon the interest or the principal owed.

(f) If on any Payment Date, or, for any amounts payable under Section 8.02(e)(i), Section 8.02(e)(ii), Section 8.02(e)(iii) and Section 8.02(e)(iv), on any Business Day, funds on deposit in the General Subaccount are insufficient to make the payments contemplated by Section 8.02(e)(i), Section 8.02(e)(ii), Section 8.02(e)(iii), Section 8.02(e)(iv), Section 8.02(e)(v), Section 8.02(e)(vi), Section 8.02(e)(vii), Section 8.02(e)(viii) and Section 8.02(e)(iv), the Indenture Trustee shall (i) first, draw from amounts on deposit in the Excess Funds Subaccount, and (ii) second, draw from amounts on deposit in the Capital Subaccount, in each case, up to the amount of such shortfall in order to make the payments contemplated by Section 8.02(e)(i), Section 8.02(e)(ii), Section 8.02(e)(iii), Section 8.02(e)(iv), Section 8.02(e)(v), Section 8.02(e)(vi), Section 8.02(e)(vii) and Section 8.02(e)(viii). In addition, if on any Payment Date funds on deposit in the General Subaccount are insufficient to make the allocations contemplated by Section 8.02(e)(ix), the Indenture Trustee shall draw any amounts on deposit in the Excess Funds Subaccount to make such allocations to the Capital Subaccount.

(g) On any Business Day upon which the Indenture Trustee receives a written request from the Administrator stating that any Operating Expense payable by the Issuer (but only as described in Section 8.02(e)(i), Section 8.02(e)(ii), Section 8.02(e)(iii) and Section 8.02(e)(iv)) will become due and payable prior to the next Payment Date, and setting forth the amount and nature of such Operating Expense, as well as any supporting documentation that the Indenture Trustee may reasonably request, the Indenture Trustee, upon receipt of such information, will make payment of such Operating Expenses on or before the date such payment is due from amounts on deposit in the General Subaccount, the Excess Funds Subaccount and the Capital Subaccount, in that order and only to the extent required to make such payment.

### SECTION 8.03. General Provisions Regarding the Collection Account.

(a) So long as no Default or Event of Default shall have occurred and be continuing, all or a portion of the funds in the Collection Account shall be invested in Eligible Investments and reinvested by the Indenture Trustee upon Issuer Order; provided, however, that such Eligible Investments shall not mature or be redeemed later than the Business Day prior to the next Payment Date or Special Payment Date, if applicable, for the Securitized Utility Tariff Bonds. All income or other gain from investments of moneys deposited in the Collection Account shall be deposited by the Indenture Trustee in such Collection Account, and any loss resulting from such investments shall be charged to the Collection Account. The Issuer will not direct the Indenture Trustee to make any investment of any funds or to sell any investment held in any Collection Account unless the security interest Granted and perfected in such account will continue to be perfected in such investment or the proceeds of such sale, in either case without any further action by any Person, and, in connection with any direction to the Indenture Trustee to make any such investment or sale, if requested by the Indenture Trustee, the Issuer shall deliver to the Indenture

Trustee an Opinion of Counsel of external counsel of the Issuer (at the Issuer's cost and expense) to such effect. In no event shall the Indenture Trustee be liable for the selection of Eligible Investments or for investment losses incurred thereon. The Indenture Trustee shall have no liability in respect of losses incurred as a result of the liquidation of any Eligible Investment prior to its stated maturity or its date of redemption or the failure of the Issuer or the Servicer to provide timely written investment direction. The Indenture Trustee shall have no obligation to invest or reinvest any amounts held hereunder in the absence of written investment direction pursuant to an Issuer Order, in which case such amount shall remain uninvested.

(b) Subject to Section 6.01(c), the Indenture Trustee shall not in any way be held liable by reason of any insufficiency in the Collection Account resulting from any loss on any Eligible Investment included therein except for losses attributable to the Indenture Trustee's failure to make payments on such Eligible Investments issued by the Indenture Trustee, in its commercial capacity as principal obligor and not as trustee, in accordance with their terms.

(c) If (i) the Issuer shall have failed to give written investment directions for any funds on deposit in the Collection Account to the Indenture Trustee by 11:00 a.m. New York City time (or such other time as may be agreed by the Issuer and Indenture Trustee) on any Business Day or (ii) a Default or Event of Default shall have occurred and be continuing with respect to the Securitized Utility Tariff Bonds but the Securitized Utility Tariff Bonds shall not have been declared due and payable pursuant to Section 5.02, then the Indenture Trustee shall, to the fullest extent practicable, invest and reinvest funds in such Collection Account in Eligible Investments specified in the most recent written investment directions delivered by the Issuer to the Indenture Trustee; provided, that if the Issuer has never delivered written investment directions to the Indenture Trustee, the Indenture Trustee shall not invest or reinvest such funds in any investments.

(d) The parties hereto acknowledge that the Servicer may, pursuant to the Servicing Agreement, select Eligible Investments on behalf of the Issuer.

(e) Except as otherwise provided hereunder or agreed in writing among the parties hereto, the Issuer shall retain the authority to institute, participate and join in any plan of reorganization, readjustment, merger or consolidation with respect to the issuer of any Eligible Investments held hereunder, and, in general, to exercise each and every other power or right with respect to each such asset or investment as Persons generally have and enjoy with respect to their own assets and investment, including power to vote upon any Eligible Investments.

#### SECTION 8.04. Release of Collateral.

(a) So long as the Issuer is not in default hereunder and no Default hereunder would occur as a result of such action, the Issuer, through the Servicer, may collect, sell or otherwise dispose of written-off receivables, at any time and from time to time in the ordinary course of business, without any notice to, or release or consent by, the Indenture Trustee, but only as and to the extent permitted by the Basic Documents; provided, however, that any and all proceeds of such dispositions shall become part of the Trust Estate and be deposited to the General Subaccount immediately upon receipt thereof by the Issuer or any other Person, including the Servicer. Without limiting the foregoing, the Servicer, may, at any time and from time to time

without any notice to, or release or consent by, the Indenture Trustee, sell or otherwise dispose of any part of the Trust Estate previously written-off as a defaulted or uncollectible account in accordance with the terms of the Servicing Agreement and the requirements of the proviso in the preceding sentence.

(b) The Indenture Trustee may, and when required by the provisions of this Indenture shall, execute instruments to release property from the Lien of this Indenture, or convey the Indenture Trustee's interest in the same, in a manner and under circumstances that are not inconsistent with the provisions of this Indenture. No party relying upon an instrument executed by the Indenture Trustee as provided in this Article VIII shall be bound to ascertain the Indenture Trustee's authority, inquire into the satisfaction of any conditions precedent or see to the application of any moneys. The Indenture Trustee shall release property from the Lien of this Indenture pursuant to this Section 8.04(b) only upon receipt of an Issuer Request accompanied by an Officer's Certificate, an Opinion of Counsel of external counsel of the Issuer (at the Issuer's cost and expense) and (if required by the Trust Indenture Act) Independent Certificates in accordance with Section 314(c) of the Trust Indenture Act and Section 314(d)(1) of the Trust Indenture Act meeting the applicable requirements of Section 10.01.

(c) The Indenture Trustee shall, at such time as there are no Securitized Utility Tariff Bonds Outstanding and all sums payable to the Indenture Trustee pursuant to Section 6.07 or otherwise have been paid, release any remaining portion of the Trust Estate from the Lien of this Indenture and release to the Issuer or any other Person entitled thereto any funds or investments then on deposit in or credited to the Collection Account.

**SECTION 8.05. Opinion of Counsel.** The Indenture Trustee shall receive at least seven (7) days' notice when requested by the Issuer to take any action pursuant to Section 8.04, accompanied by copies of any instruments involved, and the Indenture Trustee shall also require, as a condition to such action, an Opinion of Counsel of external counsel of the Issuer, in form and substance satisfactory to the Indenture Trustee, stating the legal effect of any such action, outlining the steps required to complete the same, and concluding that all conditions precedent to the taking of such action have been complied with and such action will not materially and adversely impair the security for the Securitized Utility Tariff Bonds or the rights of the Holders in contravention of the provisions of this Indenture and the Series Supplement; provided, however, that such Opinion of Counsel shall not be required to express an opinion as to the fair value of the Trust Estate. Counsel rendering any such opinion may rely, without independent investigation, on the accuracy and validity of any certificate or other instrument delivered to the Indenture Trustee in connection with any such action.

**SECTION 8.06. Reports by Independent Registered Public Accountants.** As of the date hereof, the Issuer shall appoint a firm of Independent registered public accountants of recognized national reputation for purposes of preparing and delivering the reports or certificates of such accountants required by this Indenture and the Series Supplement. In the event such firm requires the Indenture Trustee to agree to the procedures performed by such firm, the Issuer shall direct the Indenture Trustee in writing to so agree, it being understood and agreed that the Indenture Trustee will deliver such letter of agreement in conclusive reliance upon the direction of the Issuer, and the Indenture Trustee makes no independent inquiry or investigation to, and shall have no obligation or liability in respect of, the sufficiency, validity or correctness of such procedures.



Upon any resignation by, or termination by the Issuer of, such firm, the Issuer shall provide written notice thereof to the Indenture Trustee and shall promptly appoint a successor thereto that shall also be a firm of Independent registered public accountants of recognized national reputation. If the Issuer shall fail to appoint a successor to a firm of Independent registered public accountants that has resigned or been terminated within fifteen (15) days after such resignation or termination, the Indenture Trustee shall promptly notify the Issuer of such failure in writing. If the Issuer shall not have appointed a successor within ten (10) days thereafter, the Indenture Trustee shall promptly appoint a successor firm of Independent registered public accountants of recognized national reputation; provided, that the Indenture Trustee shall have no liability with respect to such appointment. The fees of such Independent registered public accountants and its successor shall be payable by the Issuer as an Operating Expense.

## ARTICLE IX

### SUPPLEMENTAL INDENTURES

#### SECTION 9.01. Supplemental Indentures Without Consent of Holders.

(a) Without the consent of the Holders of any Securitized Utility Tariff Bonds but with prior notice to the Rating Agencies, the Issuer and the Indenture Trustee, when authorized by an Issuer Order, at any time and from time to time, may enter into one or more indentures supplemental hereto (which shall conform to the provisions of the Trust Indenture Act as in force at the date of the execution thereof), in form satisfactory to the Indenture Trustee, for any of the following purposes:

(i) to correct or amplify the description of any property at any time subject to the Lien of this Indenture, or better to assure, convey and confirm unto the Indenture Trustee any property subject or required to be subjected to the Lien of this Indenture, or to subject to the Lien of this Indenture additional property;

(ii) to evidence the succession, in compliance with the applicable provisions hereof, of another Person to the Issuer, and the assumption by any such successor of the covenants of the Issuer herein and in the Securitized Utility Tariff Bonds;

(iii) to add to the covenants of the Issuer, for the benefit of the Holders, or to surrender any right or power herein conferred upon the Issuer;

(iv) to convey, transfer, assign, mortgage or pledge any property to or with the Indenture Trustee;

(v) to cure any ambiguity or mistake, to correct or supplement any provision herein or in any supplemental indenture, including the Series Supplement, that may be inconsistent with any other provision herein or in any supplemental indenture, including the Series Supplement, or to make any other provisions with respect to matters or questions arising under this Indenture or in any supplemental indenture; provided, that (A) such action shall not, as evidenced by an Opinion of Counsel of external counsel of the Issuer, adversely affect in any material respect the interests of the Holders and (B) the Rating Agency Condition shall have been satisfied with respect thereto;

(vi) to evidence and provide for the acceptance of the appointment hereunder by a successor trustee with respect to the Securitized Utility Tariff Bonds and to add to or change any of the provisions of this Indenture as shall be necessary to facilitate the administration of the trusts hereunder by more than one trustee, pursuant to the requirements of Article VI;

(vii) to modify, eliminate or add to the provisions of this Indenture to such extent as shall be necessary to effect the qualification of this Indenture under the Trust Indenture Act and to add to this Indenture such other provisions as may be expressly required by the Trust Indenture Act;

(viii) to evidence the final terms of the Securitized Utility Tariff Bonds in the Series Supplement;

(ix) to qualify the Securitized Utility Tariff Bonds for registration with a Clearing Agency;

(x) to satisfy any Rating Agency requirements;

(xi) to make any amendment to this Indenture or the Securitized Utility Tariff Bonds relating to the transfer and legending of the Securitized Utility Tariff Bonds to comply with applicable securities laws;

(xii) to conform the text of this Indenture or the Securitized Utility Tariff Bonds to any provision of the registration statement filed by the Issuer with the SEC with respect to the issuance of the Securitized Utility Tariff Bonds to the extent that such provision was intended to be a verbatim recitation of a provision of this Indenture or the Securitized Utility Tariff Bonds; or

(xiii) to authorize the appointment of any fiduciary for the Securitized Utility Tariff Bonds required or advisable with the listing of the Securitized Utility Tariff Bonds on any stock exchange and otherwise amend this Indenture to incorporate changes requested or required by any government authority, stock exchange authority or fiduciary.

The Indenture Trustee is hereby authorized to join in the execution of any such supplemental indenture and to make any further appropriate agreements and stipulations that may be therein contained.

(b) The Issuer and the Indenture Trustee, when authorized by an Issuer Order, may, also without the consent of any of the Holders, enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions to, or changing in any manner or eliminating any of the provisions of, this Indenture or of modifying in any manner the rights of the Holders under this Indenture; provided, however, that (i) such action shall not, as evidenced by an Opinion of Counsel of nationally recognized counsel of the Issuer experienced in structured finance transactions, adversely affect in any material respect the interests of the Holders and (ii) the Rating Agency Condition shall have been satisfied with respect thereto.

SECTION 9.02. Supplemental Indentures with Consent of Holders. The Issuer and the Indenture Trustee, when authorized by an Issuer Order, also may, with prior notice to the Rating Agencies and with the consent of the Holders of a majority of the Outstanding Amount of the Securitized Utility Tariff Bonds, by Act of such Holders delivered to the Issuer and the Indenture Trustee, enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions to, or changing in any manner or eliminating any of the provisions of, this Indenture or of modifying in any manner the rights of the Holders under this Indenture; provided, however, that no such supplemental indenture shall, without the consent of the Holder of each Outstanding Securitized Utility Tariff Bond thereby:

(i) change the date of payment of any installment of principal of or premium, if any, or interest on any Securitized Utility Tariff Bond, or reduce the principal amount thereof, the interest rate thereon or premium, if any, with respect thereto;

(ii) change the provisions of this Indenture and the Series Supplement relating to the application of collections on, or the proceeds of the sale of, the Trust Estate to payment of principal of or premium, if any, or interest on the Securitized Utility Tariff Bonds, or change any place of payment where, or the coin or currency in which, any Securitized Utility Tariff Bond or the interest thereon is payable;

(iii) reduce the percentage of the Outstanding Amount of the Securitized Utility Tariff Bonds, the consent of the Holders of which is required for any such supplemental indenture, or the consent of the Holders of which is required for any waiver of compliance with certain provisions of this Indenture or certain defaults hereunder and their consequences provided for in this Indenture;

(iv) reduce the percentage of the Outstanding Amount of the Securitized Utility Tariff Bonds required to direct the Indenture Trustee to direct the Issuer to sell or liquidate the Trust Estate pursuant to Section 5.04;

(v) modify any provision of this Section 9.02, or any provision of the other Basic Documents similarly specifying the rights of the Holders to consent to modification thereof, except to increase any percentage specified herein or to provide that those provisions of this Indenture or the other Basic Documents referenced in this Section 9.02 cannot be modified or waived without the consent of the Holder of each Outstanding Securitized Utility Tariff Bond affected thereby;

(vi) modify any of the provisions of this Indenture in such manner as to affect the calculation of the amount of any payment of interest, principal or premium, if any, due on any Securitized Utility Tariff Bond on any Payment Date (including the calculation of any of the individual components of such calculation) or change the Expected Amortization Schedule or Final Maturity Date of the Securitized Utility Tariff Bonds;

(vii) decrease the Required Capital Level;

(viii) permit the creation of any Lien ranking prior to or on a parity with the Lien of this Indenture with respect to any part of the Trust Estate or, except as otherwise permitted or contemplated herein, terminate the Lien of this Indenture on any property at

any time subject hereto or deprive the Holder of any Securitized Utility Tariff Bond of the security provided by the Lien of this Indenture;

(ix) cause any material adverse U.S. federal income tax consequence to the Seller, the Issuer, the Managers, the Indenture Trustee or the then-existing Holders; or

(x) impair the right to institute suit for the enforcement of the provisions of this Indenture regarding payment or application of funds.

It shall not be necessary for any Act of Holders under this Section 9.02 to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such Act shall approve the substance thereof.

Promptly after the execution by the Issuer and the Indenture Trustee of any supplemental indenture pursuant to this Section 9.02, the Issuer shall mail to the Rating Agencies a copy of such supplemental indenture and to the Holders to which such supplemental indenture relates either a copy of such supplemental indenture or a notice setting forth in general terms the substance of such supplemental indenture. Any failure of the Issuer to mail such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such supplemental indenture.

**SECTION 9.03. Kansas Commission Condition.** Notwithstanding anything to the contrary in this Section 9.01 or 9.02, no indenture or indentures supplemental to this Indenture (other than the Series Supplement which shall not be subject to the Kansas Commission Condition (as described in this Section 9.03)) shall be effective if such supplemental indenture or indentures increases Ongoing Financing Costs, except upon satisfaction of the conditions precedent in this Section 9.03.

(a) The Issuer may submit the proposed amendment, modification, waiver, supplement, termination, surrender or supplemental indenture, as the case may be, to the Kansas Commission by delivering to the [Kansas Commission's Executive Secretary] a written request for such consent, which request shall contain:

(i) a reference to Docket No. 22-ATMG-538-TAR and a statement as to the possible effect of the proposed amendment, modification, waiver, supplement, termination, surrender or supplemental indenture, as the case may be, on Ongoing Financing Costs (as defined in the Financing Order);

(ii) an Officer's Certificate stating that the proposed amendment, modification, waiver, supplement, termination, surrender or supplemental indenture, as the case may be, has been approved by all parties to this Indenture, and if applicable, the Holders; and

(iii) a statement identifying the person to whom the Kansas Commission or its staff is to address its consent to the proposed amendment, modification, waiver, supplement, termination, surrender or supplemental indenture, as the case may be, or request additional time.

(b) Any proposed amendment, modification, waiver, supplement, termination, surrender or supplemental indenture, as the case may be, requiring the consent of the Kansas Commission as provided in this Section 9.03 shall become effective on the later of:

(i) the date proposed by the parties to the proposed amendment, modification, waiver, supplement, termination, surrender or supplemental indenture, as the case may be; or

(ii) thirty-one (31) days after such submission of the proposed amendment, modification, waiver, supplement, termination, surrender or supplemental indenture, as the case may be, to the Kansas Commission unless the Kansas Commission issues an order disapproving the amendment within a thirty (30)-day period.

SECTION 9.04. Execution of Supplemental Indentures. In executing any supplemental indenture permitted by this Article IX or the modifications thereby of the Trust Estate, the Indenture Trustee shall be fully protected in relying upon an Opinion of Counsel stating that the execution of such supplemental indenture is authorized and permitted by this Indenture and all conditions precedent, if any, provided for in this Indenture relating to such supplemental indenture or modification have been satisfied. The Indenture Trustee may, but shall not be obligated to, enter into any such supplemental indenture that affects the Indenture Trustee's own rights, duties, liabilities or immunities under this Indenture or otherwise. All fees and expenses in connection with any such supplemental indenture shall be paid by the requesting party.

SECTION 9.05. Effect of Supplemental Indenture. Upon the execution of any supplemental indenture pursuant to the provisions hereof, this Indenture shall be and be deemed to be modified and amended in accordance therewith with respect to the Securitized Utility Tariff Bonds affected thereby, and the respective rights, limitations of rights, obligations, duties, liabilities and immunities under this Indenture of the Indenture Trustee, the Issuer and the Holders shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modifications and amendments, and all the terms and conditions of any such supplemental indenture shall be and be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

SECTION 9.06. Conformity with Trust Indenture Act. Every amendment of this Indenture and every supplemental indenture executed pursuant to this Article IX shall conform to the requirements of the Trust Indenture Act as then in effect so long as this Indenture shall then be qualified under the Trust Indenture Act.

SECTION 9.07. Reference in Securitized Utility Tariff Bonds to Supplemental Indentures. Securitized Utility Tariff Bonds authenticated and delivered after the execution of any supplemental indenture pursuant to this Article IX may, and if required by the Indenture Trustee shall, bear a notation in form approved by the Indenture Trustee as to any matter provided for in such supplemental indenture. If the Issuer shall so determine, new Securitized Utility Tariff Bonds so modified as to conform, in the opinion of the Issuer, to any such supplemental indenture may be prepared and executed by the Issuer and authenticated and delivered by the Indenture Trustee in exchange for Outstanding Securitized Utility Tariff Bonds.

## ARTICLE X

### MISCELLANEOUS

#### SECTION 10.01. Compliance Certificates and Opinions, etc.

(a) Upon any application or request by the Issuer to the Indenture Trustee to take any action under any provision of this Indenture, the Issuer shall furnish to the Indenture Trustee (i) an Officer's Certificate stating that all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with, (ii) an Opinion of Counsel stating that in the opinion of such counsel the amendment is authorized and permitted and all such conditions precedent, if any, have been complied with and (iii) (if required by the Trust Indenture Act) an Independent Certificate from a firm of registered public accountants meeting the applicable requirements of this Section 10.01, except that, in the case of any such application or request as to which the furnishing of such documents is specifically required by any provision of this Indenture, no additional certificate or opinion need be furnished.

Every certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture shall include:

(i) a statement that each signatory of such certificate or opinion has read or has caused to be read such covenant or condition and the definitions herein relating thereto;

(ii) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(iii) a statement that, in the opinion of each such signatory, such signatory has made such examination or investigation as is necessary to enable such signatory to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(iv) a statement as to whether, in the opinion of each such signatory, such condition or covenant has been complied with.

(b) Prior to the deposit of any Collateral or other property or securities with the Indenture Trustee that is to be made the basis for the release of any property or securities subject to the Lien of this Indenture, the Issuer shall, in addition to any obligation imposed in Section 10.01(a) or elsewhere in this Indenture, furnish to the Indenture Trustee an Officer's Certificate certifying or stating the opinion of each person signing such certificate as to the fair value (within ninety (90) days of such deposit) to the Issuer of the Trust Estate or other property or securities to be so deposited.

(c) Whenever the Issuer is required to furnish to the Indenture Trustee an Officer's Certificate certifying or stating the opinion of any signer thereof as to the matters described in Section 10.01(b), the Issuer shall also deliver to the Indenture Trustee an Independent Certificate as to the same matters, if the fair value to the Issuer of the securities to be so deposited and of all other such securities made the basis of any such withdrawal or release since the

commencement of the then-current fiscal year of the Issuer, as set forth in the certificates delivered pursuant to Section 10.01(b) and this Section 10.01(c), is ten (10) percent or more of the Outstanding Amount of the Securitized Utility Tariff Bonds, but such a certificate need not be furnished with respect to any securities so deposited, if the fair value thereof to the Issuer as set forth in the related Officer's Certificate is less than the lesser of (A) \$25,000 or (B) one (1) percent of the Outstanding Amount of the Securitized Utility Tariff Bonds.

(d) Whenever any property or securities are to be released from the Lien of this Indenture other than pursuant to Section 8.02(e), the Issuer shall also furnish to the Indenture Trustee an Officer's Certificate certifying or stating the opinion of each person signing such certificate as to the fair value (within ninety (90) days of such release) of the property or securities proposed to be released and stating that in the opinion of such person the proposed release will not impair the security under this Indenture in contravention of the provisions hereof.

(e) Whenever the Issuer is required to furnish to the Indenture Trustee an Officer's Certificate certifying or stating the opinion of any signatory thereof as to the matters described in Section 10.01(d), the Issuer shall also furnish to the Indenture Trustee an Independent Certificate as to the same matters if the fair value of the property or securities with respect thereto, or securities released from the Lien of this Indenture (other than pursuant to Section 8.02(e)) since the commencement of the then-current calendar year, as set forth in the certificates required by Section 10.01(d) and this Section 10.01(e), equals ten (10) percent or more of the Outstanding Amount of the Securitized Utility Tariff Bonds, but such certificate need not be furnished in the case of any release of property or securities if the fair value thereof as set forth in the related Officer's Certificate is less than the lesser of (A) \$25,000 or (B) one (1) percent of the then Outstanding Amount of the Securitized Utility Tariff Bonds.

(f) Notwithstanding any other provision of this Section 10.01, the Indenture Trustee may (A) collect, liquidate, sell or otherwise dispose of the Securitized Utility Tariff Property and other assets in the Trust Estate as and to the extent permitted or required by the Basic Documents and (B) make cash payments out of the Collection Account as and to the extent permitted or required by the Basic Documents.

SECTION 10.02. Form of Documents Delivered to Indenture Trustee. In any case where several matters are required to be certified by, or covered by an opinion of, any specified Person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

Any certificate or opinion of a Responsible Officer of the Issuer may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless such officer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to the matters upon which his or her certificate or opinion is based are erroneous. Any such certificate of a Responsible Officer or Opinion of Counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, an officer or officers of the Servicer or the Issuer stating that the information with respect to

such factual matters is in the possession of the Servicer or the Issuer, unless such counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to such matters are erroneous.

Whenever in this Indenture, in connection with any application or certificate or report to the Indenture Trustee, it is provided that the Issuer shall deliver any document as a condition of the granting of such application, or as evidence of the Issuer's compliance with any term hereof, it is intended that the truth and accuracy, at the time of the granting of such application or at the effective date of such certificate or report (as the case may be), of the facts and opinions stated in such document shall in such case be conditions precedent to the right of the Issuer to have such application granted or to the sufficiency of such certificate or report. The foregoing shall not, however, be construed to affect the Indenture Trustee's right to rely conclusively upon the truth and accuracy of any statement or opinion contained in any such document as provided in Article VI.

Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

#### SECTION 10.03. Acts of Holders.

(a) Any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be given or taken by Holders may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Holders in person or by agents duly appointed in writing, and except as herein otherwise expressly provided such action shall become effective when such instrument or instruments are delivered to the Indenture Trustee and, where it is hereby expressly required, to the Issuer. Such instrument or instruments (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the "Act" of the Holders signing such instrument or instruments. Proof of execution of any such instrument or of a writing appointing any such agent shall be sufficient for any purpose of this Indenture and (subject to Section 6.01) conclusive in favor of the Indenture Trustee and the Issuer, if made in the manner provided in this Section 10.03.

(b) The fact and date of the execution by any Person of any such instrument or writing may be proved in any manner that the Indenture Trustee deems sufficient.

(c) The ownership of Securitized Utility Tariff Bonds shall be proved by the Securitized Utility Tariff Bond Register.

(d) Any request, demand, authorization, direction, notice, consent, waiver or other action by the Holder of any Securitized Utility Tariff Bond shall bind the Holder of every Securitized Utility Tariff Bond issued upon the registration thereof or in exchange therefor or in lieu thereof, in respect of anything done, omitted or suffered to be done by the Indenture Trustee or the Issuer in reliance thereon, whether or not notation of such action is made upon such Securitized Utility Tariff Bond.

SECTION 10.04. Notices, etc., to Indenture Trustee, Issuer and Rating Agencies.  
Any notice, report or other communication given hereunder shall be in writing and shall be



effective (i) upon receipt when sent through the mails, registered or certified mail, return receipt requested, postage prepaid, with such receipt to be effective the date of delivery indicated on the return receipt, (ii) upon receipt when sent by an overnight courier, (iii) on the date personally delivered to an authorized officer of the party to which sent or (iv) on the date transmitted by facsimile or other electronic transmission with a confirmation of receipt in all cases, addressed as follows:

(a) in the case of the Issuer, to [*Name and address of Atmos SPE*], Attention: Manager;

(b) in the case of the Indenture Trustee, to [the Corporate Trust Office];

(c) [in the case of Moody's, to Moody's Investors Service, Inc., ABS/RMBS Monitoring Department, 25th Floor, 7 World Trade Center, 250 Greenwich Street, New York, New York 10007, Email: [ServicerReports@moodys.com](mailto:ServicerReports@moodys.com) (all such notices to be delivered to Moody's in writing by email);]

(d) [in the case of Fitch, to Fitch, Ratings, Inc., One State Street Plaza, New York, New York 10004, Attention: ABS Surveillance, Telephone: (212) 908-0500;] and

(e) in the case of the Kansas Commission, to [1500 SW Arrowhead Road, Topeka, Kansas 66604-4027], Attention: [Executive Secretary].

Each party hereto may, by notice given in accordance herewith to the other party or parties hereto, designate any further or different address to which subsequent notices, reports and other communications shall be sent.

The Indenture Trustee agrees to accept and act upon instructions or directions pursuant to this Indenture sent by the Issuer by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods; provided, however, that (a) subsequent to such transmission of written instructions, the Issuer shall provide the originally executed instructions or directions to the Indenture Trustee in a timely manner, and (b) such originally executed instructions or directions shall be signed by an authorized representative of the Issuer providing such instructions or directions. If the Issuer elects to give the Indenture Trustee e-mail or facsimile instructions (or instructions by a similar electronic method) and the Indenture Trustee in its discretion elects to act upon such instructions, the Indenture Trustee's understanding of such instructions shall be deemed controlling. The Indenture Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Indenture Trustee's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The Issuer agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Indenture Trustee, including without limitation the risk of the Indenture Trustee acting on unauthorized instructions, and the risk or interception and misuse by third parties.

SECTION 10.05. Notices to Holders; Waiver. Where this Indenture provides for notice to Holders of any event, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and mailed, first-class, postage prepaid to each Holder affected

by such event, at such Holder's address as it appears on the Securitized Utility Tariff Bond Register, not later than the latest date, and not earlier than the earliest date, prescribed for the giving of such notice. In any case where notice to Holders is given by mail, neither the failure to mail such notice nor any defect in any notice so mailed to any particular Holder shall affect the sufficiency of such notice with respect to other Holders, and any notice that is mailed in the manner herein provided shall conclusively be presumed to have been duly given.

Where this Indenture provides for notice in any manner, such notice may be waived in writing by any Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Holders shall be filed with the Indenture Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such a waiver.

In case, by reason of the suspension of regular mail service as a result of a strike, work stoppage or similar activity, it shall be impractical to mail notice of any event of Holders when such notice is required to be given pursuant to any provision of this Indenture, then any manner of giving such notice as shall be satisfactory to the Indenture Trustee shall be deemed to be a sufficient giving of such notice.

Where this Indenture provides for notice to the Rating Agencies, failure to give such notice shall not affect any other rights or obligations created hereunder and shall not under any circumstance constitute a Default or Event of Default.

SECTION 10.06. Conflict with Trust Indenture Act. If any provision hereof limits, qualifies or conflicts with another provision hereof that is required to be included in this Indenture by any of the provisions of the Trust Indenture Act, such required provision shall control.

The provisions of Sections 310 through 317 of the Trust Indenture Act that impose duties on any Person (including the provisions automatically deemed included herein unless expressly excluded by this Indenture) are a part of and govern this Indenture, whether or not physically contained herein.

SECTION 10.07. Successors and Assigns. All covenants and agreements in this Indenture and the Securitized Utility Tariff Bonds by the Issuer shall bind its successors and assigns, whether so expressed or not. All agreements of the Indenture Trustee in this Indenture shall bind its successors.

SECTION 10.08. Severability. Any provision in this Indenture or in the Securitized Utility Tariff Bonds that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remainder of such provision (if any) or the remaining provisions hereof (unless such construction shall be unreasonable), and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

SECTION 10.09. Benefits of Indenture. Nothing in this Indenture or in the Securitized Utility Tariff Bonds, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder, and the Holders, and any other party secured hereunder, and

any other Person with an ownership interest in any part of the Trust Estate, any benefit or any legal or equitable right, remedy or claim under this Indenture.

SECTION 10.10. Legal Holidays. In any case where the date on which any payment is due shall not be a Business Day, then (notwithstanding any other provision of the Securitized Utility Tariff Bonds or this Indenture) payment need not be made on such date, but may be made on the next Business Day with the same force and effect as if made on the date on which nominally due, and no interest shall accrue for the period from and after any such nominal date.

SECTION 10.11. GOVERNING LAW. This Indenture shall be governed by and construed in accordance with the laws of the State of New York, without reference to its conflict of law provisions (other than Section 5-1401 of the New York General Obligations Law and Sections 9-301 through 9-306 of the NY UCC), and the obligations, rights and remedies of the parties hereunder shall be determined in accordance with such laws; provided, that the creation, attachment and perfection of any Liens created hereunder in the Securitized Utility Tariff Property or the other assets of the Trust Estate, and all rights and remedies of the Indenture Trustee and the Holders with respect to the Securitized Utility Tariff Property, shall be governed by the laws of the State of Kansas.

SECTION 10.12. Counterparts. This Indenture may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument. The Issuer and Indenture Trustee agree that this Indenture may be electronically signed, that any digital or electronic signatures (including pdf, facsimile or electronically imaged signatures provided by DocuSign or any other digital signature provider as specified in writing to the Indenture Trustee) appearing on this Indenture are the same as handwritten signatures for the purposes of validity, enforceability and admissibility, and that delivery of any such electronic signature to, or a signed copy of, this Indenture may be made by facsimile, email or other electronic transmission. The Issuer agrees to assume all risks arising out of the use of digital signatures and electronic methods of submitting such signatures to the Indenture Trustee, including without limitation the risk of the Indenture Trustee acting upon documents with unauthorized signatures and the risk of interception and misuse by third parties.

SECTION 10.13. Recording of Indenture. If this Indenture is subject to recording in any appropriate public recording offices, such recording is to be effected by the Issuer and at its expense accompanied by an Opinion of Counsel at the Issuer's cost and expense (which may be counsel to the Indenture Trustee or any other counsel reasonably acceptable to the Indenture Trustee or, if requested by the Indenture Trustee, external counsel of the Issuer) to the effect that such recording is necessary either for the protection of the Holders or any other Person secured hereunder or for the enforcement of any right or remedy granted to the Indenture Trustee under this Indenture.

SECTION 10.14. No Recourse to Issuer. No recourse may be taken, directly or indirectly, with respect to the obligations of the Issuer or the Indenture Trustee on the Securitized Utility Tariff Bonds or under this Indenture or any certificate or other writing delivered in connection herewith or therewith, against (a) the Issuer, other than from the Trust Estate, (b) any owner of a membership interest in the Issuer (including Atmos Energy) or (c) any shareholder,

partner, owner, beneficiary, agent, officer or employee of the Indenture Trustee, the Managers or any owner of a membership interest in the Issuer (including Atmos Energy) in its respective individual capacity, or of any successor or assign of any of them in their respective individual or corporate capacities, except as any such Person may have expressly agreed in writing. Notwithstanding any provision of this Indenture or the Series Supplement to the contrary, Holders shall look only to the Trust Estate with respect to any amounts due to the Holders hereunder and under the Securitized Utility Tariff Bonds and, in the event the Trust Estate is insufficient to pay in full the amounts owed on the Securitized Utility Tariff Bonds, shall have no recourse against the Issuer in respect of such insufficiency. Each Holder by accepting a Securitized Utility Tariff Bond specifically confirms the nonrecourse nature of these obligations and waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Securitized Utility Tariff Bonds.

SECTION 10.15. Basic Documents. The Indenture Trustee is hereby authorized and directed to execute and deliver the Servicing Agreement and the Sale Agreement and to execute and deliver any other Basic Document that it is requested to acknowledge and accept.

SECTION 10.16. No Petition. The Indenture Trustee, by entering into this Indenture, and each Holder, by accepting a Securitized Utility Tariff Bond (or interest therein) issued hereunder, hereby covenant and agree that they shall not, prior to the date that is one year and one day after the termination of this Indenture, acquiesce, petition or otherwise invoke or cause the Issuer or any Manager to invoke the process of any court or government authority for the purpose of commencing or sustaining a case against the Issuer under any bankruptcy or insolvency law or appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official of the Issuer or any substantial part of its property, or ordering the dissolution, winding up or liquidation of the affairs of the Issuer. Nothing in this Section 10.16 shall preclude, or be deemed to estop, such Holder or the Indenture Trustee (a) from taking or omitting to take any action prior to such date in (i) any case or proceeding voluntarily filed or commenced by or on behalf of the Issuer under or pursuant to any such law or (ii) any involuntary case or proceeding pertaining to the Issuer that is filed or commenced by or on behalf of a Person other than such Holder and is not joined in by such Holder (or any Person to which such Holder shall have assigned, transferred or otherwise conveyed any part of the obligations of the Issuer hereunder) under or pursuant to any such law or (b) from commencing or prosecuting any legal action that is not an involuntary case or proceeding under or pursuant to any such law against the Issuer or any of its properties.

SECTION 10.17. Securities Intermediary. The Securities Intermediary, in acting under this Indenture, is entitled to all rights, benefits, protections, immunities and indemnities accorded to [U.S. Bank National Association], in its capacity as Indenture Trustee under this Indenture.

SECTION 10.18. Rule 17g-5 Compliance.

(a) The Indenture Trustee agrees that any notice, report, request for satisfaction of the Rating Agency Condition, document or other information provided by the Indenture Trustee to any Rating Agency under this Indenture or any other Basic Document to which it is a party for the purpose of determining or confirming the credit rating of the Securitized Utility Tariff Bonds

or undertaking credit rating surveillance of the Securitized Utility Tariff Bonds shall be provided, substantially concurrently, to the Servicer for posting on a password-protected website (the “17g-5 Website”). The Servicer shall be responsible for posting all of the information on the 17g-5 Website.

(b) The Indenture Trustee will not be responsible for creating or maintaining the 17g-5 Website, posting any information to the 17g-5 Website or assuring that the 17g-5 Website complies with the requirements of this Indenture, Rule 17g-5 under the Exchange Act or any other law or regulation. In no event shall the Indenture Trustee be deemed to make any representation in respect of the content of the 17g-5 Website or compliance by the 17g-5 Website with this Indenture, Rule 17g-5 under the Exchange Act or any other law or regulation. The Indenture Trustee shall have no obligation to engage in or respond to any oral communications with respect to the transactions contemplated hereby, any transaction documents relating hereto or in any way relating to the Securitized Utility Tariff Bonds or for the purposes of determining the initial credit rating of the Securitized Utility Tariff Bonds or undertaking credit rating surveillance of the Securitized Utility Tariff Bonds with any Rating Agency or any of its respective officers, directors or employees. The Indenture Trustee shall not be responsible or liable for the dissemination of any identification numbers or passwords for the 17g-5 Website, including by the Servicer, the Rating Agencies, a nationally recognized statistical rating organization (“NRSRO”), any of their respective agents or any other party. Additionally, the Indenture Trustee shall not be liable for the use of the information posted on the 17g-5 Website, whether by the Servicer, the Rating Agencies, an NRSRO or any other third party that may gain access to the 17g-5 Website or the information posted thereon.

**SECTION 10.19. Submission to Non-Exclusive Jurisdiction; Waiver of Jury Trial.** Each of the Issuer and the Indenture Trustee and each Holder (by its acceptance of the Securitized Utility Tariff Bonds) hereby irrevocably submits to the non-exclusive jurisdiction of any New York State court sitting in The Borough of Manhattan in The City of New York or any U.S. federal court sitting in The Borough of Manhattan in The City of New York in respect of any suit, action or proceeding arising out of or relating to this Indenture and the Securitized Utility Tariff Bonds and irrevocably accepts for itself and in respect of its respective property, generally and unconditionally, jurisdiction of the aforesaid courts. Each of the Issuer and the Indenture Trustee irrevocably waives, to the fullest extent that it may effectively do so under applicable law, trial by jury.

**SECTION 10.20. Certain Tax Laws.** In order to comply with applicable tax laws, rules and regulations (inclusive of directives, guidelines and interpretations promulgated by competent authorities) in effect from time to time to which a foreign financial institution, issuer, trustee, paying agent, holder or other institution is or has agreed to be subject related to the Basic Documents, the Issuer agrees (a) to provide to the Indenture Trustee sufficient information about Holders or other applicable parties and/or transactions (including any modification to the terms of such transactions) so as to enable the Indenture Trustee to determine whether it has tax-related obligations under such applicable tax laws, rules and regulations (inclusive of directives, guidelines and interpretations promulgated by competent authorities) and (b) that the Indenture Trustee shall be entitled to make any withholding or deduction from payments under the Basic Documents to the extent necessary to comply with such applicable tax laws, rules and regulations

(inclusive of directives, guidelines and interpretations promulgated by competent authorities) for which the Indenture Trustee shall not have any liability.

{SIGNATURE PAGE FOLLOWS}

IN WITNESS WHEREOF, the Issuer, the Indenture Trustee and the Securities Intermediary have caused this Indenture to be duly executed by their respective officers thereunto duly authorized and duly attested, all as of the day and year first above written.

[*NAME OF Atmos SPE*],  
as Issuer

By: \_\_\_\_\_  
Name:  
Title:

[U.S. BANK NATIONAL ASSOCIATION],  
as Indenture Trustee and as Securities Intermediary

By: \_\_\_\_\_  
Name:  
Title:

EXHIBIT A

FORM OF SECURITIZED UTILITY TARIFF BOND

See attached.



UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR SECURITIES IN DEFINITIVE REGISTERED FORM, THIS SECURITY MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITARY TO THE NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY OR BY THE DEPOSITARY OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITARY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITARY. UNLESS THIS SECURITY IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITARY TRUST COMPANY, A NEW YORK CORPORATION (“DTC”), TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY SECURITY ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT HEREON IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON OR ENTITY IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

No. {\_\_\_\_\_}

\${\_\_\_\_\_}  
CUSIP No.: {\_\_\_\_\_}

THE PRINCIPAL OF THIS SERIES 202\_ SENIOR SECURED SECURITIZED UTILITY TARIFF BOND, (THIS “SECURITIZED UTILITY TARIFF BOND”) WILL BE PAID IN INSTALLMENTS AS SET FORTH HEREIN. ACCORDINGLY, THE OUTSTANDING PRINCIPAL AMOUNT OF THIS SECURITIZED UTILITY TARIFF BOND AT ANY TIME MAY BE LESS THAN THE AMOUNT SHOWN ABOVE. THE HOLDER OF THIS SECURITIZED UTILITY TARIFF BOND HAS NO RECOURSE TO THE ISSUER HEREOF AND AGREES TO LOOK ONLY TO THE TRUST ESTATE, AS DESCRIBED IN THE INDENTURE, FOR PAYMENT OF ANY AMOUNTS DUE HEREUNDER. ALL OBLIGATIONS OF THE ISSUER OF THIS SECURITIZED UTILITY TARIFF BOND UNDER THE TERMS OF THE INDENTURE WILL BE RELEASED AND DISCHARGED UPON PAYMENT IN FULL HEREOF OR AS OTHERWISE PROVIDED IN SECTION 3.10(b) OR ARTICLE IV OF THE INDENTURE. THE HOLDER OF THIS SECURITIZED UTILITY TARIFF BOND HEREBY COVENANTS AND AGREES THAT PRIOR TO THE DATE THAT IS ONE YEAR AND ONE DAY AFTER THE PAYMENT IN FULL OF THIS SECURITIZED UTILITY TARIFF BOND, IT WILL NOT INSTITUTE AGAINST, OR JOIN ANY OTHER PERSON IN INSTITUTING AGAINST, THE ISSUER ANY BANKRUPTCY, REORGANIZATION, ARRANGEMENT, INSOLVENCY OR LIQUIDATION PROCEEDINGS OR OTHER SIMILAR PROCEEDING UNDER THE LAWS OF THE UNITED STATES OR ANY STATE OF THE UNITED STATES. NOTHING IN THIS PARAGRAPH SHALL PRECLUDE, OR BE DEEMED TO ESTOP, SUCH HOLDER (A) FROM TAKING OR OMITTING TO TAKE ANY ACTION PRIOR TO SUCH DATE IN (I) ANY CASE OR PROCEEDING VOLUNTARILY FILED OR COMMENCED BY OR ON BEHALF OF THE ISSUER UNDER OR PURSUANT TO ANY SUCH LAW OR (II) ANY INVOLUNTARY CASE OR PROCEEDING PERTAINING TO THE ISSUER THAT IS FILED OR COMMENCED BY OR ON BEHALF OF A PERSON OTHER THAN SUCH HOLDER AND IS NOT JOINED IN BY SUCH HOLDER (OR ANY PERSON TO WHICH SUCH

HOLDER SHALL HAVE ASSIGNED, TRANSFERRED OR OTHERWISE CONVEYED ANY PART OF THE OBLIGATIONS OF THE ISSUER HEREUNDER) UNDER OR PURSUANT TO ANY SUCH LAW OR (B) FROM COMMENCING OR PROSECUTING ANY LEGAL ACTION THAT IS NOT AN INVOLUNTARY CASE OR PROCEEDING UNDER OR PURSUANT TO ANY SUCH LAW AGAINST THE ISSUER OR ANY OF ITS PROPERTIES.

NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF KANSAS IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, OR INTEREST ON, THIS SERIES 202\_ SENIOR SECURED SECURITIZED UTILITY TARIFF BOND

[NAME OF Atmos SPE]  
 SERIES 202\_ SENIOR SECURED SECURITIZED UTILITY TARIFF BONDS

| BOND<br>INTEREST<br>RATE | ORIGINAL<br>PRINCIPAL<br>AMOUNT | SCHEDULED<br>FINAL<br>PAYMENT<br>DATE | FINAL<br>MATURITY<br>DATE |
|--------------------------|---------------------------------|---------------------------------------|---------------------------|
| {____}%                  | \${_____}                       | {____}, 20{__}                        | {____}, 20{__}            |

[Name of Atmos SPE], a limited liability company created under the laws of the State of Delaware (herein referred to as the “Issuer”), for value received, hereby promises to pay to {\_\_\_\_}, or registered assigns, the “Original Principal Amount” shown above in semi-annual installments on the Payment Dates and in the amounts specified below or, if less, the amounts determined pursuant to Section 8.02 of the Indenture, in each year, commencing on the date determined as provided below and ending on or before the Final Maturity Date shown above and to pay interest, at the Bond Interest Rate shown above, on each {\_\_\_\_} and {\_\_\_\_} or, if any such day is not a Business Day, the next Business Day, commencing on {\_\_\_\_}, 20{\_\_} and continuing until the earlier of the payment in full of the principal hereof and the Final Maturity Date (each, a “Payment Date”), on the principal amount of this Securitized Utility Tariff Bond. Interest on this Securitized Utility Tariff Bond will accrue for each Payment Date from the most recent Payment Date on which interest has been paid to but excluding such Payment Date or, if no interest has yet been paid, from the date of issuance. Interest will be computed on the basis of {\_\_\_\_}. Such principal of and interest on this Securitized Utility Tariff Bond shall be paid in the manner specified below.

The principal of and interest on this Securitized Utility Tariff Bond are payable in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts. All payments made by the Issuer with respect to this Securitized Utility Tariff Bond shall be applied first to interest due and payable on this Securitized Utility Tariff Bond as provided above and then to the unpaid principal of and premium, if any, on this Securitized Utility Tariff Bond, all in the manner set forth in the Indenture.

Unless the certificate of authentication hereon has been executed by the Indenture Trustee whose name appears below by manual or electronic signature, this Securitized Utility Tariff Bond

shall not be entitled to any benefit under the Indenture referred to below or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Issuer has caused this instrument to be signed, manually, electronically or in facsimile, by its Responsible Officer.

Date: {\_\_\_\_\_}, 20{\_\_}

[*NAME OF Atmos SPE*],  
as Issuer

By: \_\_\_\_\_

Name: [       ]

Title: [       ]

INDENTURE TRUSTEE'S  
CERTIFICATE OF AUTHENTICATION

Dated: {\_\_\_\_\_}, 20{\_\_}

This is one of the Series 202\_ Senior Secured Securitized Utility Tariff Bonds,  
designated above and referred to in the within-mentioned Indenture.

[U.S. BANK NATIONAL ASSOCIATION],  
as Indenture Trustee

By: \_\_\_\_\_

Name: [            ]

Title: [            ]

This Senior Secured Securitized Utility Tariff Bond, Series 202\_, is one of a duly authorized issue of Series 202\_ Senior Secured Securitized Utility Tariff Bonds of the Issuer (herein called the “Series 202\_ Bonds”). The Series 202\_ Bonds are all issued under that certain Indenture dated as of \_\_\_\_\_, 202\_ (as supplemented by the Series Supplement (as defined below), the “Indenture”), between the Issuer and [U.S. Bank National Association], in its capacity as indenture trustee (the “Indenture Trustee”, which term includes any successor indenture trustee under the Indenture) and in its separate capacity as a securities intermediary (the “Securities Intermediary”, which term includes any successor securities intermediary under the Indenture), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights and obligations thereunder of the Issuer, the Indenture Trustee and the Holders of the Series 202\_ Bonds. For purposes herein, “Series Supplement” means that certain Series Supplement dated as of \_\_\_\_\_, 202\_ between the Issuer and the Indenture Trustee. All terms used in this Securitized Utility Tariff Bond that are defined in the Indenture, as amended, restated, supplemented or otherwise modified from time to time, shall have the meanings assigned to such terms in the Indenture.

All Series 202\_ Bonds are and will be equally and ratably secured by the Trust Estate pledged as security therefor as provided in the Indenture.

The principal of this Securitized Utility Tariff Bond shall be payable on each Payment Date only to the extent that amounts in the Collection Account for the Series 202\_ Bonds are available therefor, and only until the outstanding principal balance thereof on the preceding Payment Date (after giving effect to all payments of principal, if any, made on the preceding Payment Date) has been reduced to the principal balance specified in the Expected Amortization Schedule that is attached to the Series Supplement as Schedule A, unless payable earlier because an Event of Default shall have occurred and be continuing and the Indenture Trustee or the Holders representing a majority of the Outstanding Amount of the Series 202\_ Bonds have declared the Series 202\_ Bonds to be immediately due and payable in accordance with Section 5.02 of the Indenture (unless such declaration shall have been rescinded and annulled in accordance with Section 5.02 of the Indenture). However, actual principal payments may be made in lesser than expected amounts and at later than expected times as determined pursuant to Section 8.02 of the Indenture. The entire unpaid principal amount of this Securitized Utility Tariff Bond shall be due and payable on the Final Maturity Date hereof. Notwithstanding the foregoing, the entire unpaid principal amount of the Series 202\_ Bonds shall be due and payable, if not then previously paid, on the date on which an Event of Default shall have occurred and be continuing and the Indenture Trustee or the Holders of the Series 202\_ Bonds representing a majority of the Outstanding Amount of the Series 202\_ Bonds have declared the Series 202\_ Bonds to be immediately due and payable in the manner provided in Section 5.02 of the Indenture (unless such declaration shall have been rescinded and annulled in accordance with Section 5.02 of the Indenture). All principal payments on the Securitized Utility Tariff Bonds shall be made pro rata to the Holders of the Securitized Utility Tariff Bonds entitled thereto based on the respective principal amounts of the Securitized Utility Tariff Bonds held by them.

Payments of interest on this Securitized Utility Tariff Bond due and payable on each Payment Date, together with the installment of principal or premium, if any, shall be made by check mailed first-class, postage prepaid, to the Person whose name appears as the Registered Holder of this Securitized Utility Tariff Bond (or one or more Predecessor Securitized Utility

Tariff Bonds) on the Securitized Utility Tariff Bond Register as of the close of business on the Record Date or in such other manner as may be provided in the Indenture or the Series Supplement, except that (a) upon application to the Indenture Trustee by any Holder owning a Global Securitized Utility Tariff Bond evidencing this Securitized Utility Tariff Bond not later than the applicable Record Date, payment will be made by wire transfer to an account maintained by such Holder, and (b) if this Securitized Utility Tariff Bond is held in Book-Entry Form, payments will be made by wire transfer in immediately available funds to the account designated by the Holder of the applicable Global Securitized Utility Tariff Bond evidencing this Securitized Utility Tariff Bond unless and until such Global Securitized Utility Tariff Bond is exchanged for Definitive Securitized Utility Tariff Bonds (in which event payments shall be made as provided above) and except for the final installment of principal and premium, if any, payable with respect to this Securitized Utility Tariff Bond on a Payment Date, which shall be payable as provided below. Such checks shall be mailed to the Person entitled thereto at the address of such Person as it appears on the Securitized Utility Tariff Bond Register as of the applicable Record Date without requiring that this Securitized Utility Tariff Bond be submitted for notation of payment. Any reduction in the principal amount of this Securitized Utility Tariff Bond (or any one or more Predecessor Securitized Utility Tariff Bonds) effected by any payments made on any Payment Date shall be binding upon all future Holders of this Securitized Utility Tariff Bond and of any Securitized Utility Tariff Bond issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof, whether or not noted hereon. If funds are expected to be available, as provided in the Indenture, for payment in full of the then-remaining unpaid principal amount of this Securitized Utility Tariff Bond on a Payment Date, then the Indenture Trustee, in the name of and on behalf of the Issuer, will notify the Person who was the Registered Holder hereof as of the Record Date preceding such Payment Date by notice sent no later than five (5) days prior to such final Payment Date and shall specify that such final installment will be payable only upon presentation and surrender of this Securitized Utility Tariff Bond and shall specify the place where this Securitized Utility Tariff Bond may be presented and surrendered for payment of such installment.

The Issuer shall pay interest on overdue installments of interest at the Bond Interest Rate to the extent lawful.

This Securitized Utility Tariff Bond is a “securitized utility tariff bond” as such term is defined in the Securitization Act. Principal and interest on this Securitized Utility Tariff Bond are payable from and secured primarily by the Securitized Utility Tariff Property authorized by the Financing Order.

The Securitization Act provides that the State of Kansas and its agencies, including the Kansas Commission, “hereby pledge and agree with bondholders, the owners of securitized utility tariff property and other financing parties that the state and its agencies shall not take any action listed in this section.<sup>6</sup> This subsection does not preclude limitation or alteration if full compensation is made by law for the full protection of the securitized utility tariff charges collected pursuant to a financing order and of the bondholders and any assignee or financing party entering into a contract with the public utility. The prohibited actions are as follows:

---

<sup>6</sup> K.S.A. § 66-1,252

- (1) Altering the provisions of this section that authorize the commission to create an irrevocable contract right or chose in action by the issuance of a financing order, to create securitized utility tariff property and to make the securitized utility tariff charges imposed by a financing order irrevocable, binding or nonbypassable charges for all existing and future retail customers within the service area of the public utility;
- (2) taking or permitting any action that impairs or would impair the value of securitized utility tariff property or the security for the security utility tariff bonds or revises the securitized utility tariff costs for which recovery is authorized;
- (3) impairing the rights and remedies of the bondholders, assignees and other financing parties in any way; or
- (4) except for changes made pursuant to the adjustment mechanism authorized under this section, reducing, altering or impairing securitized utility tariff charges that are to be imposed, billed, charged, collected and remitted for the benefit of the bondholders, any assignee and any other financing parties until any and all principal, interest, premium, financing costs and other fees, expenses or charges incurred and any contracts to be performed in connection with the related securitized utility tariff bonds have been paid and performed in full.”

In addition, the Financing Order provides that “the Kansas Commission affirms the pledge of the State of Kansas set forth in K.S.A. § 66-1,252 and shall not take or permit any of the following actions that would impair the value of the Securitized Utility Tariff Property authorized by the Financing Order, unless otherwise permitted by the Securitization Act:

- Alter the statute that authorizes the Commission to create an irrevocable contract right or chose in action by the issuance of a Financing Order, to create securitized utility tariff property and to make the Securitized Utility Tariff Charges imposed by a Financing Order irrevocable, binding or nonbypassable charges for all existing and future sales customers within the service area of the public utility;
- Take any action that would impair the value of Securitized Utility Tariff Property or the security for the Security Utility Tariff Bonds, or revises the Securitized Utility Tariff Costs for which recovery is authorized;
- impair the rights and remedies of the bondholders, assignees and other financing parties in any way; or,
- Except for changes made pursuant to the Adjustment Mechanism expressly allowed by law, reduce, alter, or impair the Securitized Utility Tariff Charges to be imposed, billed, charged, collected, and remitted for the benefit of the bondholders, any assignee, and any other financing parties, until any and all principal, interest, premium, financing costs and other fees, expenses or charges incurred and any contracts to be performed in connection with the related Securitized Utility Tariff Bonds have been paid and performed in full.”



The Issuer acknowledges that the purchase of this Securitized Utility Tariff Bond by the Holder hereof or the purchase of any beneficial interest herein by any Person are made in reliance on the foregoing pledges by the State of Kansas and the Kansas Commission.

As provided in the Indenture and subject to certain limitations set forth therein, the transfer of this Securitized Utility Tariff Bond may be registered on the Securitized Utility Tariff Bond Register upon surrender of this Securitized Utility Tariff Bond for registration of transfer at the office or agency designated by the Issuer pursuant to the Indenture, duly endorsed by, or accompanied by, (a) a written instrument of transfer in form satisfactory to the Indenture Trustee duly executed by the Holder hereof or such Holder's attorney duly authorized in writing, with such signature guaranteed by: (i) The Securities Transfer Agent Medallion Program (STAMP); (ii) The New York Stock Exchange Medallion Program (MSP); (iii) The Stock Exchange Medallion Program (SEMP); or (iv) such other signature guaranty program acceptable to the Indenture Trustee, and (b) such other documents as the Indenture Trustee may require, and thereupon one or more new Securitized Utility Tariff Bonds of Authorized Denominations and in the same aggregate principal amount will be issued to the designated transferee or transferees. No service charge will be charged for any registration of transfer or exchange of this Securitized Utility Tariff Bond, but the transferor may be required to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any such registration of transfer or exchange, other than exchanges pursuant to Section 2.04 or Section 2.06 of the Indenture not involving any transfer.

Each Holder, by acceptance of a Securitized Utility Tariff Bond, covenants and agrees that no recourse may be taken, directly or indirectly, with respect to the obligations of the Issuer or the Indenture Trustee on the Securitized Utility Tariff Bonds or under the Indenture or any certificate or other writing delivered in connection therewith, against (a) any owner of a membership interest in the Issuer (including Atmos Energy) or (b) any shareholder, partner, owner, beneficiary, agent, officer or employee of the Indenture Trustee, the Managers or any owner of a membership interest in the Issuer (including Atmos Energy) in its respective individual or corporate capacities, or of any successor or assign of any of them in their individual or corporate capacities, except as any such Person may have expressly agreed in writing. Each Holder by accepting a Securitized Utility Tariff Bond specifically confirms the nonrecourse nature of these obligations and waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Securitized Utility Tariff Bonds.

Prior to the due presentment for registration of transfer of this Securitized Utility Tariff Bond, the Issuer, the Indenture Trustee and any agent of the Issuer or the Indenture Trustee may treat the Person in whose name this Securitized Utility Tariff Bond is registered (as of the day of determination) as the owner hereof for the purpose of receiving payments of principal of and premium, if any, and interest on this Securitized Utility Tariff Bond and for all other purposes whatsoever, whether or not this Securitized Utility Tariff Bond be overdue, and none of the Issuer, the Indenture Trustee or any such agent shall be affected by notice to the contrary.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the Holders under the Indenture at any time by the Issuer with the consent of the Holders representing a majority of the Outstanding Amount of all Series 202\_ Securitized Utility Tariff Bonds at the time outstanding

to be affected and upon the satisfaction of the Rating Agency Condition and the Kansas Commission Condition. The Indenture also contains provisions permitting the Holders representing specified percentages of the Outstanding Amount of the Series 202\_ Securitized Utility Tariff Bonds, on behalf of the Holders of all the Series 202\_ Securitized Utility Tariff Bonds, with the satisfaction of the Kansas Commission Condition, to waive compliance by the Issuer with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Holder of this Securitized Utility Tariff Bond (or any one of more Predecessor Securitized Utility Tariff Bonds) shall be conclusive and binding upon such Holder and upon all future Holders of this Securitized Utility Tariff Bond and of any Securitized Utility Tariff Bond issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof whether or not notation of such consent or waiver is made upon this Securitized Utility Tariff Bond. The Indenture also permits the Indenture Trustee to amend or waive certain terms and conditions set forth in the Indenture without the consent of Holders issued thereunder, but with the satisfaction of the Kansas Commission Condition.

The Indenture contains provisions for defeasance at any time of (a) the entire indebtedness of the Issuer on a Series 202\_ Securitized Utility Tariff Bond and (b) certain restrictive covenants and the related Events of Default, upon compliance by the Issuer with certain conditions set forth in the Indenture, which provisions apply to this Securitized Utility Tariff Bond.

The term “Issuer” as used in this Securitized Utility Tariff Bond includes any successor to the Issuer under the Indenture.

The Issuer is permitted by the Indenture, under certain circumstances, to merge or consolidate, subject to the rights of the Indenture Trustee and the Holders under the Indenture.

The Securitized Utility Tariff Bonds are issuable only in registered form in denominations as provided in the Indenture and the Series Supplement subject to certain limitations therein set forth.

**This Securitized Utility Tariff Bond, the Indenture and the Series Supplement shall be construed in accordance with the laws of the State of New York, without reference to its conflict of law provisions (other than Section 5-1401 of the New York General Obligations Law and Sections 9-301 through 9-306 of the NY UCC), and the obligations, rights and remedies of the parties hereunder and thereunder shall be determined in accordance with such laws; provided, that the creation, attachment and perfection of any Liens created under the Indenture in the Securitized Utility Tariff Property or the other assets of the Trust Estate, and all rights and remedies of the Indenture Trustee and the Holders with respect to the Securitized Utility Tariff Property, shall be governed by the laws of the State of Kansas.**

No reference herein to the Indenture and no provision of this Securitized Utility Tariff Bond or of the Indenture shall alter or impair the obligation, which is absolute and unconditional, to pay the principal of and interest on this Securitized Utility Tariff Bond at the times, place and rate and in the coin or currency herein prescribed.

The Issuer and the Indenture Trustee, by entering into the Indenture, and the Holders and any Persons holding a beneficial interest in any Securitized Utility Tariff Bond, by acquiring any

Securitized Utility Tariff Bond or interest therein, (a) express their intention that, solely for the purpose of U.S. federal taxes and, to the extent consistent with applicable state, local and other tax law, solely for the purpose of state, local and other taxes, the Securitized Utility Tariff Bonds qualify under applicable tax law as indebtedness of the sole owner of the Issuer secured by the Trust Estate and (b) solely for purposes of U.S. federal taxes and, to the extent consistent with applicable state, local and other tax law, solely for purposes of state, local and other taxes, so long as any of the Securitized Utility Tariff Bonds are outstanding, agree to treat the Securitized Utility Tariff Bonds as indebtedness of the sole owner of the Issuer secured by the Trust Estate unless otherwise required by appropriate taxing authorities.

## ABBREVIATIONS

The following abbreviations, when used above on this Series 202\_ Securitized Utility Tariff Bond, shall be construed as though they were written out in full according to applicable laws or regulations.

|                   |   |
|-------------------|---|
| TEN COM           | as tenants in common  |
| TEN ENT           | as tenants by the entireties  |
| JT TEN            | as joint tenants with right of survivorship and not as tenants in common                            |
| UNIF GIFT MIN ACT | _____ Custodian _____<br>(Custodian) (minor)<br>Under Uniform Gifts to Minor Act (_____)<br>(State) |

Additional abbreviations may also be used though not in the above list.

ASSIGNMENT

Social Security or taxpayer I.D. or other identifying number of assignee \_\_\_\_\_

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

\_\_\_\_\_

(name and address of assignee)

the within Securitized Utility Tariff Bond and all rights thereunder, and hereby irrevocably constitutes and appoints \_\_\_\_\_, attorney, to transfer said Securitized Utility Tariff Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: \_\_\_\_\_

\_\_\_\_\_  
Signature Guaranteed:

\_\_\_\_\_

The signature to this assignment must correspond with the name of the registered owner as it appears on the Securitized Utility Tariff Bond in every particular, without alteration, enlargement or any change whatsoever.

NOTE: Signature(s) must be guaranteed by an institution that is a member of: (i) The Securities Transfer Agent Medallion Program (STAMP); (ii) The New York Stock Exchange Medallion Program (MSP); (iii) the Stock Exchange Medallion Program (SEMP); or (iv) such other signature guaranty program acceptable to the Indenture Trustee.

EXHIBIT B

FORM OF SERIES SUPPLEMENT

See attached.

This SERIES SUPPLEMENT, dated as of \_\_\_\_\_, 202\_ (this “Supplement”), is by and between [*NAME OF Atmos SPE*], a limited liability company created under the laws of the State of Delaware (the “Issuer”), and [U.S. BANK NATIONAL ASSOCIATION, a national banking association] (“Bank”), in its capacity as indenture trustee (the “Indenture Trustee”) for the benefit of the Secured Parties under the Indenture dated as of \_\_\_\_\_, 202\_ (the “Indenture”), by and between the Issuer and [U.S. Bank National Association], in its capacity as Indenture Trustee and in its separate capacity as a securities intermediary.

## PRELIMINARY STATEMENT

Section 9.01 of the Indenture provides, among other things, that the Issuer and the Indenture Trustee may at any time enter into an indenture supplemental to the Indenture for the purposes of authorizing the issuance by the Issuer of the Securitized Utility Tariff Bonds and specifying the terms thereof. The Issuer has duly authorized the creation of the Securitized Utility Tariff Bonds with an initial aggregate principal amount of \$ {\_\_\_\_\_} to be known as Series 202\_ Senior Secured Securitized Utility Tariff Bonds (the “Series 202\_ Securitized Utility Tariff Bonds”), and the Issuer and the Indenture Trustee are executing and delivering this Supplement in order to provide for the Series 202\_ Securitized Utility Tariff Bonds.

All terms used in this Supplement that are defined in the Indenture, either directly or by reference therein, have the meanings assigned to them therein, except to the extent such terms are defined or modified in this Supplement or the context clearly requires otherwise. In the event that any term or provision contained herein shall conflict with or be inconsistent with any term or provision contained in the Indenture, the terms and provisions of this Supplement shall govern.

## GRANTING CLAUSE

With respect to the Series 202\_ Securitized Utility Tariff Bonds, the Issuer hereby Grants to the Indenture Trustee, as Indenture Trustee for the benefit of the Secured Parties of the Series 202\_ Securitized Utility Tariff Bonds, all of the Issuer’s right, title and interest (whether now owned or hereafter acquired or arising) in and to (a) the Securitized Utility Tariff Property created under and pursuant to the Financing Order and the Securitization Act, and transferred by the Seller to the Issuer on the date hereof pursuant to the Sale Agreement (including, to the fullest extent permitted by applicable law, the right to impose, bill, charge, collect and receive the Securitized Utility Tariff Charges, the right to obtain periodic adjustments to the Securitized Utility Tariff Charges, and all revenue, collections, claims, rights to payments, payments, money and proceeds arising out of the rights and interests created under the Financing Order), (b) all Securitized Utility Tariff Charges related to the Securitized Utility Tariff Property, (c) the Sale Agreement and the Bill of Sale executed in connection therewith and all property and interests in property transferred under the Sale Agreement and the Bill of Sale with respect to the Securitized Utility Tariff Property and the Series 202\_ Securitized Utility Tariff Bonds, (d) the Servicing Agreement, the Administration Agreement and any subservicing, agency, administration or collection agreements executed in connection therewith, to the extent related to the Securitized Utility Tariff Property and the Series 202\_ Securitized Utility Tariff Bonds, (e) the Collection Account for the Series 202\_ Securitized Utility Tariff Bonds, all subaccounts thereof and all

amounts of cash, instruments, investment property or other assets on deposit therein or credited thereto from time to time and all financial assets and securities entitlements carried therein or credited thereto, (f) all rights to compel the Servicer to file for and obtain periodic adjustments to the Securitized Utility Tariff Charges in accordance with the Securitization Act and the Financing Order, (g) all present and future claims, demands, causes and choses in action in respect of any or all of the foregoing, whether such claims, demands, causes and choses in action constitute Securitized Utility Tariff Property, accounts, general intangibles, instruments, contract rights, chattel paper or proceeds of such items or any other form of property, (h) all accounts, chattel paper, deposit accounts, documents, general intangibles, goods, instruments, investment property, letters of credit, letters-of-credit rights, money, commercial tort claims and supporting obligations related to the foregoing, and (i) all payments on or under, and all proceeds in respect of, any or all of the foregoing (the “Trust Estate”), **it being understood that the following do not constitute any part of the Trust Estate:** (x) cash that has been released pursuant to the terms of the Indenture, including Section 8.02(e)(x) of the Indenture and, following retirement of all Outstanding Series 202\_ Securitized Utility Tariff Bonds, cash that has been released pursuant to Section 8.02(e)(xii) of the Indenture, (y) amounts deposited with the Issuer on the Closing Date, for payment of costs of issuance with respect to the Series 202\_ Securitized Utility Tariff Bonds (together with any interest earnings thereon) or (z) proceeds from the sale of the Series 202\_ Securitized Utility Tariff Bonds required to pay (i) the purchase price for the Securitized Utility Tariff Property and paid pursuant to the Sale Agreement or (ii) upfront Financing Costs, it being understood that such amounts described in clause (x) and clause (y) above shall not be subject to Section 3.17 of the Indenture.

The foregoing Grant is made in trust to secure the Secured Obligations equally and ratably without prejudice, priority or distinction, except as expressly provided in the Indenture, to secure compliance with the provisions of the Indenture with respect to the Series 202\_ Securitized Utility Tariff Bonds, all as provided in the Indenture and to secure the performance by the Issuer of all of its obligations under the Indenture. The Indenture and this Supplement constitute a security agreement within the meaning of the Securitization Act and under the UCC to the extent that the provisions of the UCC are applicable hereto.

The Indenture Trustee, as indenture trustee on behalf of the Secured Parties, acknowledges such Grant and accepts the trusts under this Supplement and the Indenture in accordance with the provisions of this Supplement and the Indenture.

**SECTION 1. Designation.** The Series 202\_ Securitized Utility Tariff Bonds shall be designated generally as the 202\_ Senior Secured Securitized Utility Tariff Bonds.

**SECTION 2. Initial Principal Amount; Bond Interest Rate; Scheduled Final Payment Date; Final Maturity Date; Required Capital Level.** The Series 202\_ Securitized Utility Tariff Bonds shall have the initial principal amount, bear interest at the rates per annum (the “Bond Interest Rate”) and shall have the Scheduled Final Payment Dates and the Final Maturity Dates set forth below:



| Weighted<br>Average<br>Life | Initial<br>Principal<br>Amount | Bond<br>Interest<br>Rate | Scheduled<br>Final Payment<br>Date | Final<br>Maturity<br>Date |
|-----------------------------|--------------------------------|--------------------------|------------------------------------|---------------------------|
| {__}                        | \${_____}                      | {__}%                    | {____}, 20{__}                     | {____}, 20{__}            |
| {__}                        | \${_____}                      | {__}%                    | {____}, 20{__}                     | {____}, 20{__}            |
| {__}                        | \${_____}                      | {__}%                    | {____}, 20{__}                     | {____}, 20{__}            |

The Bond Interest Rate shall be computed by the Issuer on the basis of a 360-day year of twelve 30-day months.

The “Required Capital Level” for the Series 202\_ Securitized Utility Tariff Bonds shall be equal to 0.50% of the initial principal amount thereof.

**SECTION 3. Authentication Date; Payment Dates; Expected Amortization Schedule for Principal; Periodic Interest; Book-Entry Securitized Utility Tariff Bonds.**

(a) Authentication Date. The Series 202\_ Securitized Utility Tariff Bonds that are authenticated and delivered by the Indenture Trustee to or upon the order of the Issuer on {\_\_\_\_\_} (the “Closing Date”) shall have as their date of authentication {\_\_\_\_\_}.

(b) Payment Dates. The “Payment Dates” for the Series 202\_ Securitized Utility Tariff Bonds are {\_\_\_\_\_} and {\_\_\_\_\_} of each year or, if any such date is not a Business Day, the next Business Day, commencing on {\_\_\_\_\_, 20{\_\_} (the “Initial Payment Date”) and continuing until the earlier of repayment of the Series 202\_ Securitized Utility Tariff Bonds in full and the Final Maturity Date.

(c) Expected Amortization Schedule for Principal. Unless an Event of Default shall have occurred and be continuing, on each Payment Date, the Indenture Trustee shall distribute to the Holders of record as of the related Record Date amounts payable pursuant to Section 8.02(e) of the Indenture as principal, in the following order and priority: {(1) to the holders of the Series 202\_ Securitized Utility Tariff Bonds, until the Outstanding Amount of the Series 202\_ Securitized Utility Tariff Bonds thereof has been reduced to zero; (2) to the holders of the Series 202\_ Securitized Utility Tariff Bonds, until the Outstanding Amount of the Series 202\_ Securitized Utility Tariff Bonds thereof has been reduced to zero; and (3) to the holders of the Series 202\_ Securitized Utility Tariff Bonds, until the Outstanding Amount of the Series 202\_ Securitized Utility Tariff Bonds thereof has been reduced to zero; provided, however, that in no event shall a principal payment pursuant to this Section 3(c) on a Payment Date be greater than the amount necessary to reduce the Outstanding Amount of such Series 202\_ Securitized Utility Tariff Bonds to the amount specified in the Expected Amortization Schedule that is attached as Schedule A hereto for such Payment Date}.

(d) Periodic Interest. “Periodic Interest” will be payable on each Payment Date in an amount equal to one-half of the product of (i) the applicable Bond Interest Rate and (ii) the Outstanding Amount of the Series 202\_ Securitized Utility Tariff Bonds as of the close of business on the preceding Payment Date after giving effect to all payments of principal made to the Holders of the Series 202\_ Securitized Utility Tariff Bonds on such preceding Payment Date; provided,

however, that, with respect to the Initial Payment Date, or if no payment has yet been made, interest on the outstanding principal balance will accrue from and including the Closing Date to, but excluding, the following Payment Date.

(e) Book-Entry Securitized Utility Tariff Bonds. The Series 202\_ Securitized Utility Tariff Bonds shall be Book-Entry Securitized Utility Tariff Bonds, and the applicable provisions of Section 2.11 of the Indenture shall apply to the Series 202\_ Securitized Utility Tariff Bonds.

SECTION 4. Authorized Denominations. The Series 202\_ Securitized Utility Tariff Bonds shall be issuable in denominations of \$2,000 and integral multiples of \$1,000 in excess thereof, except for one bond, which may be a smaller denomination (the “Authorized Denominations”).

SECTION 5. Delivery and Payment for the Series 202\_ Securitized Utility Tariff Bonds; Form of the Series 202\_ Securitized Utility Tariff Bonds. The Indenture Trustee shall deliver the Series 202\_ Securitized Utility Tariff Bonds to the Issuer when authenticated in accordance with Section 2.03 of the Indenture. The Series 202\_ Securitized Utility Tariff Bonds shall be in the form of Exhibits {\_\_} hereto.

SECTION 6. Ratification of Indenture. As supplemented by this Supplement, the Indenture is in all respects ratified and confirmed and the Indenture, as so supplemented by this Supplement, shall be read, taken and construed as one and the same instrument. This Supplement amends, modifies and supplements the Indenture only insofar as it relates to the Series 202\_ Securitized Utility Tariff Bonds.

SECTION 7. Counterparts. This Supplement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all of such counterparts shall together constitute but one and the same instrument.

SECTION 8. Governing Law. **This Supplement shall be governed by and construed in accordance with the laws of the State of New York, without reference to its conflict of law provisions (other than Section 5-1401 of the New York General Obligations Law and Sections 9-301 through 9-306 of the NY UCC), and the obligations, rights and remedies of the parties hereunder shall be determined in accordance with such laws; provided, that, except as set forth in Section 8.02(b) of the Indenture, the creation, attachment and perfection of any Liens created under the Indenture in the Securitized Utility Tariff Property or the other assets of the Trust Estate, and all rights and remedies of the Indenture Trustee and the Holders with respect to the Securitized Utility Tariff Property, shall be governed by the laws of the State of Kansas.**

SECTION 9. Issuer Obligation. No recourse may be taken directly or indirectly by the Holders with respect to the obligations of the Issuer on the Series 202\_ Securitized Utility Tariff Bonds, under the Indenture or this Supplement or any certificate or other writing delivered in connection herewith or therewith, against (a) any owner of a beneficial interest in the Issuer (including Atmos Energy) or (b) any shareholder, partner, owner, beneficiary, officer, director, employee or agent of the Indenture Trustee, the Managers or any owner of a beneficial interest in

the Issuer (including Atmos Energy) in its individual capacity, or of any successor or assign of any of them in their respective individual or corporate capacities, except as any such Person may have expressly agreed. Each Holder by accepting a Series 202\_ Securitized Utility Tariff Bond specifically confirms the nonrecourse nature of these obligations and waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Series 202\_ Securitized Utility Tariff Bonds.

SECTION 10. Indenture Trustee Disclaimer. The Indenture Trustee is not responsible for the validity or sufficiency of this Supplement or for the recitals contained herein.

SECTION 11. Submission to Non-Exclusive Jurisdiction; Waiver of Jury Trial. **Each of the Issuer and the Indenture Trustee and each Holder (by its acceptance of the Securitized Utility Tariff Bonds) hereby irrevocably submits to the non-exclusive jurisdiction of any New York State court sitting in The Borough of Manhattan in The City of New York or any U.S. federal court sitting in The Borough of Manhattan in The City of New York in respect of any suit, action or proceeding arising out of or relating to this Supplement and the Series 202\_ Securitized Utility Tariff Bonds and irrevocably accepts for itself and in respect of its respective property, generally and unconditionally, jurisdiction of the aforesaid courts. Each of the Issuer and the Indenture Trustee irrevocably waives, to the fullest extent that it may effectively do so under applicable law, trial by jury.**

IN WITNESS WHEREOF, the Issuer and the Indenture Trustee have caused this Supplement to be duly executed by their respective officers thereunto duly authorized as of the day and year first above written.

[*NAME OF Atmos SPE*],  
as Issuer

By: \_\_\_\_\_  
Name: [            ]  
Title: [            ]

[U.S. BANK NATIONAL ASSOCIATION],  
not in its individual capacity but solely as Indenture Trustee  
and as Securities Intermediary

By: \_\_\_\_\_  
Name: [            ]  
Title: [            ]

SCHEDULE A  
TO SERIES SUPPLEMENT

EXPECTED AMORTIZATION SCHEDULE

OUTSTANDING PRINCIPAL BALANCE

| <u>Date</u>   | <u>Principal<br/>Balance</u> |
|---------------|------------------------------|
| Closing Date  | \$_{_____}\$                 |
| {_____}, 202_ | \$_{_____}\$                 |
| {_____}, 202_ | \$_{_____}\$                 |
| {_____}, 202_ | \$_{_____}\$                 |

EXHIBIT {\_\_}  
TO SERIES SUPPLEMENT

FORM OF SERIES 202\_ SENIOR SECURED SECURITIZED UTILITY TARIFF BONDS

{\_\_\_\_\_}

**EXHIBIT C**

**SERVICING CRITERIA TO BE ADDRESSED  
BY INDENTURE TRUSTEE IN ASSESSMENT OF COMPLIANCE<sup>7</sup>**

| <b>Regulation Reference</b>               | <b>AB</b> | <b>Servicing Criteria</b>   | <b>Applicable Indenture Trustee Responsibility</b> |
|---|-----------|---|--|
| <b>General Servicing Considerations</b>   |           |   |  |
| 1122(d)(1)(i)                             |           | Policies and procedures are instituted to monitor any performance or other triggers and events of default in accordance with the transaction agreements.  |  |
| 1122(d)(1)(ii)                            |           | If any material servicing activities are outsourced to third parties, policies and procedures are instituted to monitor the third party's performance and compliance with such servicing activities.  |  |
| 1122(d)(1)(iii)                           |           | Any requirements in the transaction agreements to maintain a back-up servicer for the pool assets are maintained.   |  |
| 1122(d)(1)(iv)                            |           | A fidelity bond and errors and omissions policy is in effect on the party participating in the servicing function throughout the reporting period in the amount of coverage required by and otherwise in accordance with the terms of the transaction agreements.   |  |
| 1122(d)(1)(v)                             |           | Aggregation of information, as applicable, is mathematically accurate and the information conveyed accurately reflects the information.   |  |
| <b>Cash Collection and Administration</b> |           |   |  |
| 1122(d)(2)(i)                             |           | Payments on pool assets are deposited into the appropriate custodial bank accounts and related bank clearing accounts no more than two business days following receipt, or such other number of days specified in the transaction agreements.   | <b>X</b>   |
| 1122(d)(2)(ii)                            |           | Disbursements made via wire transfer on behalf of an obligor or to an investor are made only by authorized personnel.   | <b>X</b>   |
| 1122(d)(2)(iii)                           |           | Advances of funds or guarantees regarding collections, cash flows or distributions, and any interest or other fees charged for such advances, are made, reviewed and approved as specified in the transaction agreements.   |  |
| 1122(d)(2)(iv)                            |           | The related accounts for the transaction, such as cash reserve accounts or accounts established as a form of overcollateralization, are separately maintained (e.g., with respect to commingling of cash) as set forth in the transaction agreements.   | <b>X</b>   |
| 1122(d)(2)(v)                             |           | Each custodial account is maintained at a federally insured depository institution as set forth in the transaction agreements. For purposes of this criterion, "federally insured depository institution" with respect to a foreign financial institution means a foreign financial institution that meets the requirements of Rule 13k-1(b)(1) under the Exchange Act.   | <b>X</b>   |
| 1122(d)(2)(vi)                            |           | Unissued checks are safeguarded so as to prevent unauthorized access.   |  |
| 1122(d)(2)(vii)                           |           | Reconciliations are prepared on a monthly basis for all asset-backed securities related bank accounts, including custodial accounts and related bank clearing accounts. These reconciliations are: (A) mathematically accurate; (B) prepared within 30 calendar days after the bank statement cutoff date, or such other number of days specified in the transaction agreements; (C) reviewed and approved by someone other than the person who prepared the reconciliation; and (D) contain explanations for reconciling items. These reconciling items are resolved within 90 calendar days of their original identification, or such other number of days specified in the transaction agreements. |  |
| <b>Investor Remittances and Reporting</b> |           |   |  |
| 1122(d)(3)(i)                             |           | Reports to investors, including those to be filed with the SEC, are maintained in accordance with the transaction agreements and applicable SEC requirements. Specifically, such reports: (A) are prepared in accordance with timeframes and other terms set forth in the transaction agreements; (B) provide information calculated in accordance with the terms specified in the transaction agreements; (C) are filed with the SEC as required by its rules and regulations; and (D) agree with investors' or the trustee's records as to the total unpaid principal balance and number of pool assets serviced by the servicer.   |  |
| 1122(d)(3)(ii)                            |           | Amounts due to investors are allocated and remitted in accordance with timeframes, distribution priority and other terms set forth in the transaction agreements.   | <b>X</b>   |

<sup>7</sup> NTD: to be compared to Servicing Agreement and agreed to by the Indenture Trustee

| <b>Regulation Reference</b> | <b>AB</b> | <b>Servicing Criteria</b>   | <b>Applicable Indenture Trustee Responsibility</b> |
|-----------------------------|-----------|---|--|
| 1122(d)(3)(iii)             |           | Disbursements made to an investor are posted within two business days to the servicer's investor records, or such other number of days specified in the transaction agreements.   | <b>X</b>   |
| 1122(d)(3)(iv)              |           | Amounts remitted to investors per the investor reports agree with cancelled checks, or other form of payment, or custodial bank statements.   | <b>X</b>   |
|                             |           | <b>Pool Asset Administration</b>  |  |
| 1122(d)(4)(i)               |           | Collateral or security on pool assets is maintained as required by the transaction agreements or related pool asset documents.  |  |
| 1122(d)(4)(ii)              |           | Pool assets and related documents are safeguarded as required by the transaction agreements.  |  |
| 1122(d)(4)(iii)             |           | Any additions, removals or substitutions to the asset pool are made, reviewed and approved in accordance with any conditions or requirements in the transaction agreements.   |  |
| 1122(d)(4)(iv)              |           | Payments on pool assets, including any payoffs, made in accordance with the related pool asset documents are posted to the servicer's obligor records maintained no more than two business days after receipt, or such other number of days specified in the transaction agreements, and allocated to principal, interest or other items (e.g., escrow) in accordance with the related pool asset documents.  |  |
| 1122(d)(4)(v)               |           | The servicer's records regarding the pool assets agree with the servicer's records with respect to an obligor's unpaid principal balance.   |  |
| 1122(d)(4)(vi)              |           | Changes with respect to the terms or status of an obligor's pool assets (e.g., loan modifications or re-agings) are made, reviewed and approved by authorized personnel in accordance with the transaction agreements and related pool asset documents.   |  |
| 1122(d)(4)(vii)             |           | Loss mitigation or recovery actions (e.g., forbearance plans, modifications and deeds in lieu of foreclosure, foreclosures and repossessions, as applicable) are initiated, conducted and concluded in accordance with the timeframes or other requirements established by the transaction agreements.  |  |
| 1122(d)(4)(viii)            |           | Records documenting collection efforts are maintained during the period a pool asset is delinquent in accordance with the transaction agreements. Such records are maintained on at least a monthly basis, or such other period specified in the transaction agreements, and describe the entity's activities in monitoring delinquent pool assets, including, for example, phone calls, letters and payment rescheduling plans in cases where delinquency is deemed temporary (e.g., illness or unemployment).   |  |
| 1122(d)(4)(ix)              |           | Adjustments to interest rates or rates of return for pool assets with variable rates are computed based on the related pool asset documents.  |  |
| 1122(d)(4)(x)               |           | Regarding any funds held in trust for an obligor (such as escrow accounts): (A) such funds are analyzed, in accordance with the obligor's pool asset documents, on at least an annual basis, or such other period specified in the transaction agreements; (B) interest on such funds is paid, or credited, to obligors in accordance with applicable pool asset documents and state laws; and (C) such funds are returned to the obligor within 30 calendar days of full repayment of the related pool assets, or such other number of days specified in the transaction agreements. |  |
| 1122(d)(4)(xi)              |           | Payments made on behalf of an obligor (such as tax or insurance payments) are made on or before the related penalty or expiration dates, as indicated on the appropriate bills or notices for such payments, provided that such support has been received by the servicer at least 30 calendar days prior to these dates, or such other number of days specified in the transaction agreements.   |  |
| 1122(d)(4)(xii)             |           | Any late payment penalties in connection with any payment to be made on behalf of an obligor are paid from the servicer's funds and not charged to the obligor, unless the late payment was due to the obligor's error or omission.   |  |
| 1122(d)(4)(xiii)            |           | Disbursements made on behalf of an obligor are posted within two business days to the obligor's records maintained by the servicer, or such other number of days specified in the transaction agreements.   |  |
| 1122(d)(4)(xiv)             |           | Delinquencies, charge-offs and uncollectible accounts are recognized and recorded in accordance with the transaction agreements.  |  |
| 1122(d)(4)(xv)              |           | Any external enhancement or other support, identified in Item 1114(a)(1) through (3) or Item 1115 of Regulation AB, is maintained as set forth in the transaction agreements.   |  |



**APPENDIX A**

**DEFINITIONS**

*(Attached)*

## APPENDIX A

[to be revised to coordinate with changes to other Basic Documents]

### DEFINITIONS AND RULES OF CONSTRUCTION

A. Defined Terms. The following terms have the following meanings:

“17g-5 Website” is defined in Section 10.18(a) of the Indenture.

“Act” is defined in Section 10.03(a) of the Indenture.

“Actual Securitized Utility Tariff Charges” means Securitized Utility Tariff Charges determined by the Servicer in connection with reconciliation procedures performed in accordance with the requirements of Article IV of the Servicing Agreement and the Servicer Policies and Practices.

“Administration Agreement” means the Administration Agreement, dated as of [●], by and between Atmos Energy and the Issuer.

“Administration Fee” is defined in Section 2 of the Administration Agreement.

“Administrator” means Atmos Energy, as Administrator under the Administration Agreement, or any successor Administrator to the extent permitted under the Administration Agreement.

“Affiliate” means, with respect to any specified Person, any other Person controlling or controlled by or under common control with such specified Person. For the purposes of this definition, “control” when used with respect to any specified Person means the power to direct the management and policies of such specified Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, and the terms “controlling” and “controlled” have meanings correlative to the foregoing.

“Amendatory Schedule” means a revision to service riders or any other notice filing filed with the Commission in respect of the Securitized Utility Tariff Rate Schedule pursuant to a True-Up Adjustment.

“Annual Accountant’s Report” is defined in Section 3.03(a) of the Servicing Agreement.

“Atmos Energy” means Atmos Energy Corporation, a Texas and Virginia corporation.

“Authorized Denomination” means, with respect to any Securitized Utility Tariff Bond, the authorized denomination therefor specified in the Series Supplement, which shall be at least \$2,000 and, except as otherwise provided in the Series Supplement, integral multiples of \$1,000 in excess thereof, except for one Securitized Utility Tariff Bond which may be of a smaller denomination.

“Average Days Sales Outstanding” means the average number of days Atmos Energy’s Bills to Customers remain outstanding during the calendar year immediately preceding the calculation thereof, or for such other period specified in a True-Up Letter or Reconciliation Certificate, pursuant to the Servicing Agreement.

“Bankruptcy Code” means Title 11 of the United States Code (11 U.S.C. §§ 101 et seq.).

“Basic Documents” means the Indenture, Series Supplement, the Certificate of Formation, the LLC Agreement, the Administration Agreement, the Sale Agreement, the Bill of Sale, the Servicing Agreement, the Letter of Representations, the Underwriting Agreement and all other documents and certificates delivered in connection therewith.

“Bill of Sale” means the Bill of Sale, dated as of [●], issued by the Seller to the Issuer pursuant to the Sale Agreement evidencing the sale of the Securitized Utility Tariff Property by the Seller to the Issuer.

“Billed Securitized Utility Tariff Charges” means the amounts of Securitized Utility Tariff Charges billed by the Servicer.

“Billing Period” means the period created by dividing the calendar year into twelve (12) consecutive periods of approximately twenty-one (21) Servicer Business Days.

“Bills” means each of the regular monthly bills, summary bills, opening bills and closing bills issued to Customers by Atmos Energy in its capacity as Servicer.

“Bond Interest Rate” means the rate at which the interest accrues on the Securitized Utility Tariff Bonds, as specified in the Series Supplement.

“Book-Entry Form” means, with respect to any Securitized Utility Tariff Bond, that such Securitized Utility Tariff Bond is not certificated and the ownership and transfers thereof shall be recorded through book entries by a Clearing Agency as described in Section 2.11 of the Indenture and the Series Supplement pursuant to which such Securitized Utility Tariff Bond was issued.

“Book-Entry Securitized Utility Tariff Bonds” means any Securitized Utility Tariff Bonds issued in Book-Entry Form; provided, however, that, after the occurrence of a condition whereupon book-entry registration and transfer are no longer permitted and Definitive Securitized Utility Tariff Bonds are to be issued to the Holder of such Securitized Utility Tariff Bonds, such Securitized Utility Tariff Bonds shall no longer be “Book-Entry Securitized Utility Tariff Bonds”.

“Business Day” means any day other than a Saturday, a Sunday or a day on which banking institutions in Dallas, Texas, or New York, New York are, or DTC or the Corporate Trust Office is, authorized or obligated by law, regulation or executive order to be closed.

“Capital Contribution” means the amount of cash contributed to the Issuer by Atmos Energy as specified in the LLC Agreement.

“Capital Subaccount” is defined in Section 8.02(a) of the Indenture.

“Certificate of Compliance” means the certificate referred to in Section 3.02 of the Servicing Agreement and substantially in the form of Exhibit C-2 to the Servicing Agreement.

“Certificate of Formation” means the Certificate of Formation filed with the Secretary of State of the State of Delaware on [●] pursuant to which the Issuer was formed.

“Claim” means a “claim” as defined in Section 101(5) of the Bankruptcy Code.

“Clearing Agency” means an organization registered as a “clearing agency” pursuant to Section 17A of the Exchange Act.

“Clearing Agency Participant” means a securities broker, dealer, bank, trust company, clearing corporation or other financial institution or other Person for whom from time to time a Clearing Agency effects book entry transfers and pledges of securities deposited with such Clearing Agency.

“Closing Date” means the date on which the Securitized Utility Tariff Bonds are originally issued in accordance with Section 2.10 of the Indenture and the Series Supplement.

“Code” means the Internal Revenue Code of 1986.

“Collateral” is defined in the preamble of the Indenture.

“Collection Account” is defined in Section 8.02(a) of the Indenture.

“Collection in Full of the Charges” means the day on which the aggregate amounts on deposit in the General Subaccount and the Excess Funds Subaccount are sufficient to pay in full all the Outstanding Securitized Utility Tariff Bonds and to replenish any shortfall in the Capital Subaccount.

“Collection Period” means any period commencing on the first Servicer Business Day of any Billing Period and ending on the last Servicer Business Day of such Billing Period.

“Commission” means the State Corporation Commission of the State of Kansas.

“Commission Condition” or “Kansas Commission Condition” means the satisfaction of any precondition to any amendment or modification to or action under any Basic Documents through the obtaining of Commission consent or acquiescence, as described in the related Basic Document.

“Commission Regulations” means any orders issued or rules or regulations, including temporary regulations, promulgated by the Commission pursuant to Kansas law.

“Corporate Trust Office” means the office of the Indenture Trustee at which, at any particular time, its corporate trust business shall be administered, which office as of the Closing Date is located at [\_\_\_\_\_], or at such other address as the Indenture Trustee may

designate from time to time by notice to the Holders of Securitized Utility Tariff Bonds and the Issuer, or the principal corporate trust office of any successor trustee designated by like notice.

“Covenant Defeasance Option” is defined in Section 4.01(b) of the Indenture.

“Customer” means any existing or future retail customer (including individuals, corporations, other businesses and federal, state and local governmental entities) receiving natural gas service from Atmos Energy or its successors or assignees under Commission approved rate schedules or under special contracts.

“Customer Class” means each customer class identified as a separate rate classes to whom Securitized Utility Tariff Charges are allocated for ratemaking purposes in accordance with the Financing Order.

“Daily Remittance” is defined in Section 6.11(a) of the Servicing Agreement.

“Default” means any occurrence that is, or with notice or the lapse of time or both would become, an Event of Default.

“Definitive Securitized Utility Tariff Bonds” is defined in Section 2.11 of the Indenture.

“Delaware UCC” means the Uniform Commercial Code as in effect on the Closing Date in the State of Delaware.

“Depositor” means Atmos Energy, in its capacity as depositor of the Securitized Utility Tariff Property.

“DTC” means The Depository Trust Company or any successor thereto.

“Eligible Account” means a segregated non-interest bearing trust account with an Eligible Institution.

“Eligible Institution” means:

[(a) the corporate trust department of the Indenture Trustee, so long as any of the securities of the Indenture Trustee have (i) either a short-term credit rating from Moody’s of at least “P-1”, or a long-term unsecured debt rating from Moody’s of at least “A2”, and (ii) have a credit rating from S&P of at least “A”; or

(b) a depository institution organized under the laws of the United States of America or any State (or any domestic branch of a foreign bank) (i) that has either (A) a long-term issuer rating of “AA-” or higher by S&P and “A2” or higher by Moody’s, or (B) a short-term issuer rating of “A-1” or higher by S&P and “P-1” or higher by Moody’s, and (ii) whose deposits are insured by the Federal Deposit Insurance Corporation.

If so qualified under clause (b) above, the Indenture Trustee may be considered an Eligible Institution for the purposes of clause (a) of this definition.]<sup>1</sup>

“Eligible Investments” means instruments or investment property that evidence:

(a) direct obligations of, or obligations fully and unconditionally guaranteed as to timely payment by, the United States of America;

(b) demand or time deposits of, unsecured certificates of deposit of, money market deposit accounts of, bank deposit products of or bankers’ acceptances issued by, any depository institution (including, but not limited to, bank deposit products of the Indenture Trustee, acting in its commercial capacity) incorporated or organized under the laws of the United States of America or any State thereof and subject to supervision and examination by U.S. federal or state banking authorities, so long as the commercial paper or other short-term debt obligations of such depository institution are, at the time of deposit, rated at least “A-1” and “P-1” or their equivalents by each of S&P and Moody’s, or such lower rating as will not result in the downgrading or withdrawal of the ratings of the Securitized Utility Tariff Bonds;

(c) commercial paper (including commercial paper of the Indenture Trustee, acting in its commercial capacity, and other than commercial paper of Atmos Energy or any of its Affiliates), which at the time of purchase is rated at least “A-1” and “P-1” or their equivalents by each of S&P and Moody’s or such lower rating as will not result in the downgrading or withdrawal of the ratings of the Securitized Utility Tariff Bonds;

(d) investments in money market funds having a rating in the highest investment category granted thereby (including funds for which the Indenture Trustee or any of its Affiliates is investment manager or advisor) from Moody’s and S&P;

(e) repurchase obligations with respect to any security that is a direct obligation of, or fully guaranteed by, the United States of America or its agencies or instrumentalities, entered into with Eligible Institutions;

(f) repurchase obligations with respect to any security or whole loan entered into with an Eligible Institution or with a registered broker/dealer acting as principal and that meets the ratings criteria set forth below:

(i) a broker/dealer (acting as principal) registered as a broker or dealer under Section 15 of the Exchange Act (any such broker/dealer being referred to in this definition as a “broker/dealer”), the unsecured short-term debt obligations of which are rated at least “P-1” by Moody’s, “A-1+” by S&P at the time of entering into such repurchase obligation; or

(ii) an unrated broker/dealer, acting as principal, that is a wholly-owned subsidiary of a non-bank or bank holding company the unsecured short-term debt obligations of which are rated at least “P-1” by Moody’s and “A-1+” by S&P at the time of purchase so long as the

---

<sup>1</sup> **Note to Draft:** Subject to Rating Agency feedback.

obligations of such unrated broker/dealer are unconditionally guaranteed by such non-bank or bank holding company; and

(g) any other investment permitted by each of the Rating Agencies;

in each case maturing not later than the Business Day preceding the next Payment Date or Special Payment Date, if applicable (for the avoidance of doubt, investments in money market funds or similar instruments that are redeemable on demand shall be deemed to satisfy the foregoing requirement). Notwithstanding the foregoing: (1) no securities or investments that mature in thirty (30) days or more shall be “Eligible Investments” unless the issuer thereof has either a short-term unsecured debt rating of at least “P-1” from Moody’s or a long-term unsecured debt rating of at least “A1” from Moody’s and also has a long-term unsecured debt rating of at least “A” from S&P; (2) no securities or investments described in clauses (b) through (d) above that have maturities of more than thirty (30) days but less than or equal to 3 months shall be “Eligible Investments” unless the issuer thereof has a long-term unsecured debt rating of at least “A1” from Moody’s and a short-term unsecured debt rating of at least “P-1” from Moody’s; (3) no securities or investments described in clauses (b) through (d) above that have maturities of more than 3 months shall be “Eligible Investments” unless the issuer thereof has a long-term unsecured debt rating of at least “A1” from Moody’s and a short-term unsecured debt rating of at least “P-1” from Moody’s; (4) no securities or investments described in bullet points (b) through (d) above which have a maturity of sixty (60) days or less will be Eligible Investments unless such securities have a rating from S&P of at least “A-1”; and (5) no securities or investments described in bullet points (b) through (d) above which have a maturity of more than sixty (60) days will be Eligible Investments unless such securities have a rating from S&P of at least “AA-”, “A-1+” or “AAAm”.]<sup>2</sup>

“Estimated Securitized Utility Tariff Charges” means Securitized Utility Tariff Charges determined by the Servicer in accordance with the Servicer Policies and Practices.

“Event of Default” is defined in Section 5.01 of the Indenture.

“Excess Funds Subaccount” is defined in Section 8.02(a) of the Indenture.

“Excess Remittance” means the amount, if any, calculated for a particular Reconciliation Period, by which all Estimated Securitized Utility Tariff Charges remitted to the Collection Account during such Reconciliation Period exceed Actual Securitized Utility Tariff Charges received by the Servicer during such Reconciliation Period.

“Exchange Act” means the Securities Exchange Act of 1934.

“Expected Amortization Schedule” means the expected amortization schedule attached as Schedule A to the Series Supplement.

“Federal Book-Entry Regulations” means 31 C.F.R. Part 357 et seq. (Department of Treasury).

---

<sup>2</sup> **Note to Draft:** Subject to Rating Agency feedback.

“Final” means, with respect to the Financing Order, that the Financing Order has become final, that the Financing Order is not being appealed and that the time for filing an appeal thereof has expired.

“Final Maturity Date” means, with respect to the Securitized Utility Tariff Bonds, the final maturity date therefor as specified in the applicable Series Supplement.

“Financing Costs” means all “financing costs” (as defined in K.S.A. 66-1,240(a)(10) of the Securitization Law) that are allowed to be recovered by Atmos Energy under the Financing Order.

“Financing Order” means the financing order issued by the Commission to Atmos Energy on [\_\_\_\_\_], 2022, Docket No. 22-ATMG-538-TAR authorizing the creation of the Securitized Utility Tariff Property.

[“Fitch” means Fitch Ratings, Inc., or its successor.]

“General Subaccount” is defined in Section 8.02(a) of the Indenture.

“Global Securitized Utility Tariff Bond” means a Securitized Utility Tariff Bond to be issued to the Holders thereof in Book-Entry Form, which Securitized Utility Tariff Bond shall be issued to the Clearing Agency, or its nominee, in accordance with Section 2.11 of the Indenture and the Series Supplement.

“Governmental Authority” means any nation or government, any U.S. federal, state, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

“Grant” means to mortgage, pledge, bargain, sell, warrant, alienate, remise, release, convey, grant, transfer, create, grant a lien upon, and a security interest in and right of set-off against, deposit, set over and confirm pursuant to the Indenture and the Series Supplement. A Grant of the Collateral shall include all rights, powers and options (but none of the obligations) of the granting party thereunder, including the immediate and continuing right to claim for, collect, receive and give receipt for payments in respect of the Collateral and all other moneys payable thereunder, to give and receive notices and other communications, to make waivers or other agreements, to exercise all rights and options, to bring Proceedings in the name of the granting party or otherwise and generally to do and receive anything that the granting party is or may be entitled to do or receive thereunder or with respect thereto.

“Holder” or “Securitized Utility Tariff Bondholder” means the Person in whose name a Securitized Utility Tariff Bond is registered on the Securitized Utility Tariff Bond Register.

“Indemnified Losses” is defined in Section 5.03 of the Servicing Agreement.

“Indemnified Party” is defined in Section 6.02(b) of the Servicing Agreement.

“Indemnified Person” is defined in Section 5.01(b) of the Sale Agreement.



“Indenture” means the Indenture, dated as of [●], by and between the Issuer and [U.S. Bank National Association, a national banking association], as Indenture Trustee and as Securities Intermediary as originally executed and, as from time to time supplemented or amended by the Series Supplement or indentures supplemental thereto entered into pursuant to the applicable provisions of the Indenture, as so supplemented or amended, or both, and shall include the forms and terms of the Securitized Utility Tariff Bonds established thereunder.

“Indenture Trustee” means [U.S. Bank National Association, a national banking association] as indenture trustee for the benefit of the Secured Parties, or any other indenture trustee for the benefit of the Secured Parties, under the Indenture.

“Independent” means, when used with respect to any specified Person, that such specified Person (a) is in fact independent of the Issuer, any other obligor on the Securitized Utility Tariff Bonds, the Seller, the Servicer and any Affiliate of any of the foregoing Persons, (b) does not have any direct financial interest or any material indirect financial interest in the Issuer, any such other obligor, the Seller, the Servicer or any Affiliate of any of the foregoing Persons and (c) is not connected with the Issuer, any such other obligor, the Seller, the Servicer or any Affiliate of any of the foregoing Persons as an officer, employee, promoter, underwriter, trustee, partner, director (other than as an independent director or manager) or person performing similar functions.

“Independent Certificate” means a certificate to be delivered to the Indenture Trustee under the circumstances described in, and otherwise complying with, the applicable requirements of Section 10.01 of the Indenture, made by an Independent appraiser or other expert appointed by an Issuer Order and consented to by the Indenture Trustee, and such certificate shall state that the signer has read the definition of “Independent” in the Indenture and that the signer is Independent within the meaning thereof.

“Independent Manager” is defined in Section 4.01(a) of the LLC Agreement.

“Independent Manager Fee” is defined in Section 4.01(a) of the LLC Agreement.

“Insolvency Event” means, with respect to a specified Person: (a) the filing of a decree or order for relief by a court having jurisdiction in the premises in respect of such specified Person or any substantial part of its property in an involuntary case under any applicable U.S. federal or state bankruptcy, insolvency or other similar law in effect as of the date hereof or thereafter, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official for such specified Person or for any substantial part of its property, or ordering the winding-up or liquidation of such specified Person’s affairs, and such decree or order shall remain unstayed and in effect for a period of sixty (60) consecutive days; or (b) the commencement by such specified Person of a voluntary case under any applicable U.S. federal or state bankruptcy, insolvency or other similar law in effect as of the Closing Date or thereafter, or the consent by such specified Person to the entry of an order for relief in an involuntary case under any such law, or the consent by such specified Person to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official for such specified Person or for any substantial part of its property, or the making by such specified Person of any general assignment for the benefit of creditors, or the failure by such specified Person generally to pay its

debts as such debts become due, or the taking of action by such specified Person in furtherance of any of the foregoing.

“Interim True-Up Adjustment” means each adjustment to the Securitized Utility Tariff Charges made pursuant to Section 4.01(b)(ii) of the Servicing Agreement.

“Interim True-Up Adjustment Date” means, with respect to any Interim True-Up Adjustment, the date on which such Interim True-Up Adjustment shall take effect.

“Investment Company Act” means the Investment Company Act of 1940.

“Investment Earnings” means investment earnings on funds deposited in the Collection Account net of losses and investment expenses.

“Issuance Advice Letter” means the issuance advice letter submitted to the Kansas Commission on [●] by the Seller pursuant to the Financing Order in connection with the issuance of the Securitized Utility Tariff Bonds.

“Issuer” means [*Atmos SPE*], a Delaware limited liability company, named as such in the Indenture until a successor replaces it and, thereafter, means the successor and, for purposes of any provision contained herein and required by the Trust Indenture Act, each other obligor on the Securitized Utility Tariff Bonds.

“Issuer Order” means a written order signed in the name of the Issuer by any one of its Responsible Officers and delivered to the Indenture Trustee or Paying Agent, as applicable.

“Issuer Request” means a written request signed in the name of the Issuer by any one of its Responsible Officers and delivered to the Indenture Trustee or Paying Agent, as applicable.

“Kansas Commission” means the State Corporation Commission of the State of Kansas or any successor.

“Kansas Commission Pledge” means the pledge of the State of Kansas set forth in K.S.A. §66-1,252 and affirmed by the Kansas Commission in Part [V(36)] of the Financing Order.

“Kansas UCC” means the Uniform Commercial Code as in effect on the Closing Date in the State of Kansas.

“Legal Defeasance Option” is defined in Section 4.01(b) of the Indenture.

“Letter of Representations” means any applicable agreement between the Issuer and the applicable Clearing Agency, with respect to such Clearing Agency’s rights and obligations (in its capacity as a Clearing Agency) with respect to any Book-Entry Securitized Utility Tariff Bonds.

“Lien” means a security interest, lien, mortgage, charge, pledge, claim or encumbrance of any kind.

“LLC Agreement” means the Amended and Restated Limited Liability Company Agreement of [*Atmos SPE*], dated as of [●].

“Manager” means each manager of the Issuer under the LLC Agreement.

“Member” has the meaning specified in the first paragraph of the LLC Agreement.

“Monthly Servicer’s Certificate” is defined in Section 3.01(b)(i) of the Servicing Agreement.

[“Moody’s” means Moody’s Investors Service, Inc. References to Moody’s are effective so long as Moody’s is a Rating Agency.]

“NRSRO” is defined in Section 10.18(b) of the Indenture.

“NY UCC” means the Uniform Commercial Code as in effect on the date hereof in the State of New York.

“Officer’s Certificate” means a certificate signed by a Responsible Officer of the Issuer (or, if so indicated, another Person) under the circumstances described in, and otherwise complying with, the applicable requirements of Section 10.01 of the Indenture, and delivered to the Indenture Trustee.

“Ongoing Financing Costs” means the Financing Costs described as such in the Financing Order, including costs that Atmos Energy and the Commission will continue to incur after the issuance of the Financing Order, Operating Expenses and any other costs identified in the Basic Documents; provided, however, that Ongoing Financing Costs do not include the Issuer’s costs of issuance of the Securitized Utility Tariff Bonds.

“Operating Expenses” means all unreimbursed fees, costs and out-of-pocket expenses of the Issuer, including all amounts owed by the Issuer to the Indenture Trustee (including indemnities, legal, audit fees and expenses) or any Manager, the Servicing Fee, the Administration Fee, legal and accounting fees, Rating Agency fees, any Regulatory Assessment Fees and related fees (i.e. website provider fees) and any franchise or other taxes owed by the Issuer, including on investment income in the Collection Account.

“Opinion of Counsel” means one or more written opinions of counsel, who may, except as otherwise expressly provided in the Basic Documents, be employees of or counsel to the party providing such opinion of counsel, which counsel shall be reasonably acceptable to the party receiving such opinion of counsel, and which opinion shall be in form and substance reasonably acceptable to such party. As to any factual matters involved in an opinion of counsel, such counsel may rely, to the extent that they deem such reliance proper, upon a certificate or opinion or, on representations by, an officer or officer of the Servicer or the Issuer and the other documents necessary and advisable in the judgment of counsel delivering such opinion.

“Outstanding” means, as of the date of determination, all Securitized Utility Tariff Bonds theretofore authenticated and delivered under the Indenture, except:

(a) Securitized Utility Tariff Bonds theretofore canceled by the Securitized Utility Tariff Bond Registrar or delivered to the Securitized Utility Tariff Bond Registrar for cancellation;

(b) Securitized Utility Tariff Bonds or portions thereof the payment for which money in the necessary amount has been theretofore deposited with the Indenture Trustee or any Paying Agent in trust for the Holders of such Securitized Utility Tariff Bonds; and

(c) Securitized Utility Tariff Bonds in exchange for or in lieu of other Securitized Utility Tariff Bonds that have been issued pursuant to the Indenture unless proof satisfactory to the Indenture Trustee is presented that any such Securitized Utility Tariff Bonds are held by a Protected Purchaser; provided, that, in determining whether the Holders of the requisite Outstanding Amount of the Securitized Utility Tariff Bonds have given any request, demand, authorization, direction, notice, consent or waiver under any Basic Document, Securitized Utility Tariff Bonds owned by the Issuer, any other obligor upon the Securitized Utility Tariff Bonds, the Member, the Seller, the Servicer or any Affiliate of any of the foregoing Persons shall be disregarded and deemed not to be Outstanding (unless one or more such Persons owns 100% of such Securitized Utility Tariff Bonds), except that, in determining whether the Indenture Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Securitized Utility Tariff Bonds that the Indenture Trustee actually knows to be so owned shall be so disregarded. Securitized Utility Tariff Bonds so owned that have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the satisfaction of the Indenture Trustee the pledgee's right so to act with respect to such Securitized Utility Tariff Bonds and that the pledgee is not the Issuer, any other obligor upon the Securitized Utility Tariff Bonds, the Member, the Seller, the Servicer or any Affiliate of any of the foregoing Persons.

"Outstanding Amount" means the aggregate principal amount of all Securitized Utility Tariff Bonds that are Outstanding at the date of determination.

"Paying Agent" means, with respect to the Indenture, the Indenture Trustee and any other Person appointed as a paying agent for the Securitized Utility Tariff Bonds pursuant to the Indenture.

"Payment Date" means each payment date specified in the Series Supplement; provided, that if any such date is not a Business Day, the Payment Date shall be the Business Day succeeding such date.

"Periodic Billing Requirement" means, for any Remittance Period, the aggregate amount of Securitized Utility Tariff Charges calculated by the Servicer as necessary to be billed during such period in order to collect the Periodic Payment Requirement on a timely basis.

"Periodic Interest" means, with respect to any Payment Date, the periodic interest for such Payment Date as specified in the Series Supplement.

"Periodic Payment Requirement" for any Remittance Period means the total dollar amount of Securitized Utility Tariff Charge Collections reasonably calculated by the Servicer in accordance with Section 4.01 of the Servicing Agreement as necessary to be received during such Remittance Period (after giving effect to the allocation and distribution of amounts on deposit in the Excess Funds Subaccount at the time of calculation and that are projected to be available for

payments on the Securitized Utility Tariff Bonds at the end of such Remittance Period and including any shortfalls in Periodic Payment Requirements for any prior Remittance Period) in order to ensure that, as of the last Payment Date occurring in such Remittance Period, (a) all accrued and unpaid principal of and interest on the Securitized Utility Tariff Bonds then due shall have been paid in full on a timely basis, (b) the Outstanding Amount of the Securitized Utility Tariff Bonds is equal to the Projected Unpaid Balance on each Payment Date during such Remittance Period, (c) the balance on deposit in the Capital Subaccount equals the Required Capital Level and (d) all other fees and expenses due and owing and required or allowed to be paid under Section 8.02 of the Indenture as of such date shall have been paid in full; provided, that, with respect to any Semi-Annual True-Up Adjustment or Interim True-Up Adjustment occurring after the date that is one year prior to the last Scheduled Final Payment Date for the Securitized Utility Tariff Bonds, the Periodic Payment Requirements shall be calculated to ensure that sufficient Securitized Utility Tariff Charges will be collected to retire the Securitized Utility Tariff Bonds in full as of the next Payment Date.

“Periodic Principal” means with respect to any Payment Date, the excess, if any, of the Outstanding Amount of Securitized Utility Tariff Bonds over the outstanding principal balance specified for such Payment Date on the Expected Amortization Schedule.

“Permitted Successor” is defined in Section 5.02(e) of the Sale Agreement.

“Person” means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

“Predecessor Securitized Utility Tariff Bond” means, with respect to any particular Securitized Utility Tariff Bond, every previous Securitized Utility Tariff Bond evidence all or a portion of the same debt as that evidenced by such particular Securitized Utility Tariff Bond, and, for the purpose of this definition, any Securitized Utility Tariff Bond authenticated and delivered under Section 2.06 of the Indenture in lieu of a mutilated, lost, destroyed or stolen Securitized Utility Tariff Bond shall be deemed to evidence the same debt as the mutilated, lost, destroyed or stolen Securitized Utility Tariff Bond.

“Premises” is defined in Section 1(g) of the Administration Agreement.

“Proceeding” means any suit in equity, action at law or other judicial or administrative proceeding.

“Projected Unpaid Balance” means, as of any Payment Date, the sum of the projected outstanding principal amount of the Securitized Utility Tariff Bonds for such Payment Date set forth in the Expected Amortization Schedule.

“Prospectus” has the meaning specified in Section 3.06 of the Sale Agreement.

“Protected Purchaser” has the meaning specified in Section 8-303 of the UCC.

“Purchase Price” has the meaning specified in Section 2.01(a) of the Sale Agreement.

“Rating Agency” means any of [Moody’s or Fitch]<sup>3</sup> that provides, at the request of the Issuer, a rating with respect to the Securitized Utility Tariff Bonds. If no such organization (or successor) is any longer in existence, “Rating Agency” shall be a nationally recognized statistical rating organization or other comparable Person designated by the Issuer, notice of which designation shall be given to the Indenture Trustee and the Servicer.

“Rating Agency Condition” means, with respect to any action, at least ten (10) Business Days’ prior written notification to each Rating Agency of such action, and written confirmation from each of and [Fitch] and [Moody’s] to the Servicer, the Indenture Trustee and the Issuer that such action will not result in a suspension, reduction or withdrawal of the then current rating by such Rating Agency of the Securitized Utility Tariff Bonds; provided, that, if, within such ten (10) Business Day period, any Rating Agency has neither replied to such notification nor responded in a manner that indicates that such Rating Agency is reviewing and considering the notification, then (a) the Issuer shall be required to confirm that such Rating Agency has received the Rating Agency Condition request and, if it has, promptly request the related Rating Agency Condition confirmation and (b) if the Rating Agency neither replies to such notification nor responds in a manner that indicates it is reviewing and considering the notification within five (5) Business Days following such second request, the applicable Rating Agency Condition requirement shall not be deemed to apply to such Rating Agency. For the purposes of this definition, any confirmation, request, acknowledgment or approval that is required to be in writing may be in the form of electronic mail or a press release (which may contain a general waiver of a Rating Agency’s right to review or consent).

“Reconciliation Certificate” is defined in Section 6.11(c) of the Servicing Agreement.

“Reconciliation Period” means, with respect to any date of calculation, a period commencing on the second preceding Payment Date through and including the next preceding Payment Date.

“Record Date” means one Business Day prior to the applicable Payment Date.

“Registered Holder” means the Person in whose name a Securitized Utility Tariff Bond is registered on the Securitized Utility Tariff Bond Register.

“Regulation AB” means the rules of the SEC promulgated under Subpart 229.1100 – Asset Backed Securities (Regulation AB), 17 C.F.R. §§229.1100-229.1123.

“Regulatory Assessment Fees” means the costs and expenses assessed by the Commission against Atmos Energy and/or any Successor Servicer attributable to all dockets relating to the Securitized Utility Tariff Bonds authorized by the Financing Order, including all compliance dockets opened by the Commission.

---

<sup>3</sup> **Note to Draft:** Rating Agency selection to be determined.

“Reimbursable Expenses” is defined in Section 6.06(b) of the Servicing Agreement.

“Released Parties” is defined in Section 6.02(e) of the Servicing Agreement.

“Remittance Period” means, with respect to any True-Up Adjustment, the period comprised of the six (6) consecutive Collection Periods beginning with the Collection Period in which a True-Up Adjustment would go into effect; provided that in the case of any True-Up Adjustment which will go into effect after the Scheduled Final Payment Date, the Remittance Period shall begin on the date the True-Up Adjustment goes into effect and end on the Payment Date next following such True-Up Adjustment date; and provided further that for the purpose of calculating the first Periodic Payment Requirement as of the Closing Date, “Remittance Period” means, initially, the period commencing on the Closing Date and ending on the last day of the billing cycle of [*month*].

“Remittance Shortfall” means the amount, if any, calculated for a particular Reconciliation Period, by which Actual Securitized Utility Tariff Charges received by the Servicer during such Reconciliation Period exceed all Estimated Securitized Utility Tariff Charges remitted to the Collection Account during such Reconciliation Period.

“Required Capital Level” means the amount specified as such in the Series Supplement.

“Requirement of Law” means any foreign, U.S. federal, state or local laws, statutes, regulations, rules, codes or ordinances enacted, adopted, issued or promulgated by any Governmental Authority or common law.

“Responsible Officer” means, with respect to: (a) the Issuer, any Manager or any duly authorized officer; (b) the Indenture Trustee, any officer within the Corporate Trust Office of such trustee (including the President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Treasurer, any Trust Officer or any other officer of the Indenture Trustee customarily performing functions similar to those performed by persons who at the time shall be such officers, respectively, and that has direct responsibility for the administration of the Indenture and also, with respect to a particular matter, any other officer to whom such matter is referred to because of such officer’s knowledge and familiarity with the particular subject); (c) any corporation (other than the Indenture Trustee), the Chief Executive Officer, the President, any Vice President, the Chief Financial Officer, the Treasurer, any Assistant Treasurer or any other duly authorized officer of such Person who has been authorized to act in the circumstances; (d) any partnership, any general partner thereof; and (e) any other Person (other than an individual), any duly authorized officer or member of such Person, as the context may require, who is authorized to act in matters relating to such Person.

“Retirement of the Securitized Utility Tariff Bonds” means any day on which the final distribution is made to the Indenture Trustee in respect of the last Outstanding Securitized Utility Tariff Bonds.

“Return on Invested Capital” means, for any Payment Date with respect to any Remittance Period, the sum of (i) rate of return, payable to Atmos Energy, on its Capital

Contribution equal to the rate of interest payable on the Securitized Utility Tariff Bonds *plus* (ii) any Return on Invested Capital not paid on any prior Payment Date.

“Rule 17g-5” means Rule 17g-5 under the Exchange Act.

“Sale Agreement” means the Securitized Utility Tariff Property Purchase and Sale Agreement, dated as of [●], by and between the Issuer and Atmos Energy, and acknowledged and accepted by the Indenture Trustee.

“Scheduled Final Payment Date” means, with respect to the Securitized Utility Tariff Bonds, the date when all interest and principal is scheduled to be paid in accordance with the Expected Amortization Schedule, as specified in the Series Supplement. For the avoidance of doubt, the Scheduled Final Payment Date shall be the last Scheduled Payment Date set forth in the Expected Amortization Schedule.

“Scheduled Payment Date” means, with respect to the Securitized Utility Tariff Bonds, each Payment Date on which principal for such Securitized Utility Tariff Bonds is to be paid in accordance with the Expected Amortization Schedule.

“SEC” means the U.S. Securities and Exchange Commission.

“Secured Obligations” means the payment of principal of and premium, if any interest on, and any other amounts owing in respect of, the Securitized Utility Tariff Bonds and all fees, expenses, counsel fees and other amounts due and payable to the Indenture Trustee.

“Secured Parties” means the Indenture Trustee, the Holders and any credit enhancer described in the Series Supplement.

“Securities Act” means the Securities Act of 1933.

“Securities Intermediary” means [U.S. Bank National Association], a national banking association, solely in the capacity of a “securities intermediary” as defined in the NY UCC and Federal Book-Entry Regulations or any successor securities intermediary under the Indenture.

“Securitization Act” or “Securitization Law” means K.S.A. §§66-1,240 through 66-1,253, also known as the Kansas Utility Financing and Securitization Act, authorizing the securitization of certain generating facilities and qualified extraordinary costs, and providing for the approval and issuance of securitized utility tariff bonds.

“Securitized Utility Tariff” or “Tariff” means any rate tariff filed with the Commission pursuant to the Securitization Law to evidence any Securitized Utility Tariff Charges.

“Securitized Utility Tariff Bond Register” is defined in Section 2.05 of the Indenture.

“Securitized Utility Tariff Bond Registrar” is defined in Section 2.05 of the Indenture.



“Securitized Utility Tariff Bonds” means the “Series 202\_ Senior Secured Securitized Utility Tariff Bonds” authorized by the Financing Order and issued by the Issuer under the Indenture and Series Supplement on the Closing Date.

“Securitized Utility Tariff Charge Collections” means Securitized Utility Tariff Charges actually received by the Servicer to be remitted to the Collection Account.

“Securitized Utility Tariff Charge Payments” means the payments made by Customers based on the Securitized Utility Tariff Charges.

“Securitized Utility Tariff Charges” has the meaning specified in the Financing Order.

“Securitized Utility Tariff Collateral” means Collateral for the benefit of Securitized Utility Tariff Bonds.

“Securitized Utility Tariff Costs” means (i) Atmos Energy’s deferred asset balance associated with Winter Storm Uri as approved in Docket No. 21 ATMG-333-GIG, including a return on the unrecovered balance, and with respect to the capital investments, including a deferral of depreciation expense and a return on the investment determined by the Commission to be prudently incurred, (ii) carrying costs through the projected issuance date of the Securitized Utility Tariff Bonds, calculated at a rate authorized by the Commission, (iii) plus Upfront Financing Costs.

“Securitized Utility Tariff Property” means all Securitized Utility Tariff property as defined in K.S.A. 66-1,240(a)(22) of the Securitization Law created pursuant to the Financing Order and under the Securitization Law, including the right to impose, bill, charge, collect and receive the Securitized Utility Tariff Charges authorized under the Financing Order and to obtain periodic adjustments of the Securitized Utility Tariff Charges and all revenue, collections, claims, rights to payments, payments, money, or proceeds arising from the rights and interests specified in K.S.A. 66-1,240(a)(22) of the Securitization Law, regardless of whether such revenues, collections, claims, rights to payments, money, or proceeds are imposed, billed, received, collected, or maintained together with or commingled with other revenues, collections, rights to payment, payments, money or proceeds.

“Securitized Utility Tariff Property Records” is defined in Section 5.01 of the Servicing Agreement.

“Securitized Utility Tariff Rate Class” means one of the four separate rate classes to whom Securitized Utility Tariff Charges are allocated for ratemaking purposes in accordance with the Financing Order.

“Securitized Utility Tariff Rate Schedule” means the Tariff sheets to be filed with the Commission stating the amounts of the Securitized Utility Tariff Charges, as such Tariff sheets may be amended or modified from time to time pursuant to a True-Up Adjustment.

“Seller” is defined in the preamble to the Sale Agreement.

“Semi-Annual Servicer’s Certificate” is defined in Section 4.01(c)(ii) of the Servicing Agreement.

“Semi-Annual True-Up Adjustment” means each adjustment to the Securitized Utility Tariff Charges made pursuant to Section 4.01(b)(i) of the Servicing Agreement.

“Semi-Annual True-Up Adjustment Date” means the semi-annual date, being each [month] and [month], beginning [first true-up month] and continuing until the Retirement of the Securitized Utility Tariff Bonds, and on which the Semi-Annual True-Up Adjustment request is filed with the Commission pursuant to Section 4.01(b)(i) of the Servicing Agreement.

“Series Supplement” means the indenture supplemental to the Indenture in the form attached as Exhibit B to the Indenture that authorizes the issuance of Securitized Utility Tariff Bonds.

“Servicer” means Atmos Energy, in its capacity as the servicer under the Servicing Agreement, or any successor to or assignee of Atmos Energy (in the same capacity) pursuant to the relevant Sections of the Servicing Agreement.

“Servicer Business Day” means any day other than a Saturday, a Sunday or a day on which banking institutions in Dallas, Texas or New York, New York are authorized or obligated by law, regulation or executive order to be closed, on which the Servicer maintains normal office hours and conducts business.

“Servicer Default” is defined in Section 7.01 of the Servicing Agreement.

“Servicer Policies and Practices” means, with respect to the Servicer’s duties under Annex A to the Servicing Agreement, the policies and practices of the Servicer applicable to such duties that the Servicer follows with respect to comparable assets that it services for itself and, if applicable, others.

“Servicing Agreement” means the Securitized Utility Tariff Property Servicing Agreement, dated as of [●], by and between the Issuer and Atmos Energy, and acknowledged and accepted by the Indenture Trustee.

“Servicing Fee” is defined in Section 6.06(a) of the Servicing Agreement.

“Servicing Standard” means the obligation of the Servicer to calculate, apply, remit and reconcile proceeds of the Securitized Utility Tariff Property, including Securitized Utility Tariff Charge Payments, and all other Collateral for the benefit of the Issuer and the Holders (a) with the same degree of care and diligence as the Servicer applies with respect to payments owed to it for its own account, (b) in accordance with all applicable procedures and requirements established by the Commission for executing duly authorized natural gas utility tariffs and (c) in accordance with the other terms of the Servicing Agreement.

“Special Payment Date” means the date on which, with respect to the Securitized Utility Tariff Bonds, any payment of principal of or interest (including any interest accruing upon default) on, or any other amount in respect of, the Securitized Utility Tariff Bonds that is not

actually paid within five (5) days of the Payment Date applicable thereto is to be made by the Indenture Trustee to the Holders.

“Special Record Date” means, with respect to any Special Payment Date, the close of business on the fifteenth day (whether or not a Business Day) preceding such Special Payment Date.

“Sponsor” means Atmos Energy, in its capacity as “sponsor” of the Securitized Utility Tariff Bonds within the meaning of Regulation AB.

“State” means any one of the fifty states of the United States of America or the District of Columbia.

“State Pledge” means the pledge of the State of Kansas as set forth in K.S.A. 66-1,252, as amended, of the Securitization Act.

“Subaccounts” is defined in Section 8.02(a) of the Indenture.

“Successor” means any successor to Atmos Energy under the Securitization Law, whether pursuant to any bankruptcy, reorganization or other insolvency proceeding or pursuant to any merger, conversion, acquisition, sale or transfer, by operation of law, as a result of natural gas utility restructuring, or otherwise.

“Successor Servicer” is defined in Section 3.07(e) of the Indenture.

[“S&P” means Standard & Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business, or any successor thereto.]

“Tax Returns” is defined in Section 1(a)(iii) of the Administration Agreement.

“Temporary Securitized Utility Tariff Bonds” means Securitized Utility Tariff Bonds, executed and, upon the receipt of an Issuer Order, authenticated and delivered by the Indenture Trustee pending the preparation of the Definitive Securitized Utility Tariff Bonds pursuant to Section 2.04 of the Indenture.

“Termination Notice” is defined in Section 7.01 of the Servicing Agreement.

“True-Up Adjustment” means any Semi-Annual True-Up Adjustment or Interim True-Up Adjustment, as the case may be.

“True-Up Letter” is defined in Section 4.01(b)(iii) of the Servicing Agreement.

“Trustee Indemnified Person” is defined in Section 6.07 of the Indenture.

“Trust Estate” has the meaning specified in the Series Supplement.

“Trust Indenture Act” means the Trust Indenture Act of 1939 as in force on the Closing Date, unless otherwise specifically provided.

“UCC” means the Uniform Commercial Code as in effect in the relevant jurisdiction.

“Underwriters” means the underwriters who purchase Securitized Utility Tariff Bonds from the Issuer and sell such Securitized Utility Tariff Bonds in a public offering.

“Underwriting Agreement” means the Underwriting Agreement, dated [●], by and among the Issuer, Atmos Energy, and the representatives of the several Underwriters named therein, as the same may be amended, supplemented or modified from time to time, with respect to the issuance of the Securitized Utility Tariff Bonds.

“Upfront Financing Costs” has the meaning specified in the Financing Order.

“Unrecovered Balance” means, as of any Payment Date, the sum of the outstanding principal amount of Securitized Utility Tariff Bonds less the amount in the Excess Funds Subaccount available to make principal payments on such Securitized Utility Tariff Bonds.

“U.S. Government Obligations” means direct obligations (or certificates representing an ownership interest in such obligations) of the United States of America (including any agency or instrumentality thereof) for the payment of which the full faith and credit of the United States of America is pledged and that are not callable at the option of the issuer thereof.

“Weighted Average Days Outstanding” means the weighted average number of days Atmos Energy monthly bills to Customers remain outstanding during the calendar year preceding the calculation thereof pursuant to Section 4.01(b)(i) of the Servicing Agreement.

“Winter Event Securitized Cost Recovery Rider” means the current version of the Winter Event Securitized Cost Recovery Rider filed with the Commission.

- B. Rules of Construction. Unless the context otherwise requires, in each Basic Document to which this Appendix A is attached:
- 1) All accounting terms not specifically defined herein shall be construed in accordance with United States generally accepted accounting principles. To the extent that the definitions of accounting terms in any Basic Document are inconsistent with the meanings of such terms under generally accepted accounting principles or regulatory accounting principles, the definitions contained in such Basic Document shall control.
  - 2) The term “including” means “including without limitation”, and other forms of the verb “include” have correlative meanings.
  - 3) All references to any Person shall include such Person’s permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities.
  - 4) Unless otherwise stated in any of the Basic Documents, in the computation of a period of time from a specified date to a later specified date, the word “from” means “from and including” and each of the words “to” and “until” means “to but excluding”.
  - 5) The words “hereof,” “herein” and “hereunder” and words of similar import when used in any Basic Document shall refer to such Basic Document as a whole and not to any particular provision of such Basic Document. References to Articles, Sections, Appendices and Exhibits in any Basic Document are references to Articles, Sections, Appendices and Exhibits in or to such Basic Document unless otherwise specified in such Basic Document.
  - 6) The various captions (including the tables of contents) in each Basic Document are provided solely for convenience of reference and shall not affect the meaning or interpretation of any Basic Document.
  - 7) The definitions contained in this Appendix A apply equally to the singular and plural forms of such terms, and words of the masculine, feminine or neuter gender shall mean and include the correlative words of other genders.
  - 8) Unless otherwise specified, references to an agreement or other document include references to such agreement or document as from time to time amended, restated, reformed, supplemented or otherwise modified in accordance with the terms thereof (subject to any restrictions on such amendments, restatements, reformations, supplements or modifications set forth in such agreement or document) and include any attachments thereto.
  - 9) References to any law, rule, regulation or order of a Governmental Authority shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor.
  - 10) The word “will” shall be construed to have the same meaning and effect as the word “shall.”

- 11) The word “or” is not exclusive.
- 12) All terms defined in the relevant Basic Document to which this Appendix A is attached shall have the defined meanings when used in any certificate or other document made or delivered pursuant thereto unless otherwise defined therein.
- 13) A term has the meaning assigned to it.

APPENDIX I – FORM OF AMENDED AND RESTATED  
LIMITED LIABILITY COMPANY AGREEMENT OF THE SPE

**APPENDIX I**

**FORM OF AMENDED AND RESTATED**  
**LIMITED LIABILITY COMPANY AGREEMENT**  
**OF THE SPE**

**AMENDED AND RESTATED  
LIMITED LIABILITY COMPANY AGREEMENT**

**OF**

**[*NAME OF ATMOS SPE*]**

**Dated as of**

**[•]**

---



TABLE OF CONTENTS

Page

ARTICLE I

GENERAL PROVISIONS

|              |  |   |
|--------------|--|---|
| SECTION 1.01 | Definitions.....   | 1 |
| SECTION 1.02 | Sole Member; Registered Office and Agent.....                      | 2 |
| SECTION 1.03 | Other Offices.....   | 3 |
| SECTION 1.04 | Name.....  | 3 |
| SECTION 1.05 | Purpose; Nature of Business Permitted; Powers.....                 | 3 |
| SECTION 1.06 | Limited Liability Company Agreement; Certificate of Formation..... | 4 |
| SECTION 1.07 | Separate Existence.....  | 4 |
| SECTION 1.08 | Limitation on Certain Activities.....                              | 8 |
| SECTION 1.09 | No State Law Partnership.....                                      | 9 |

ARTICLE II

CAPITAL

|              |                                       |    |
|--------------|---------------------------------------|----|
| SECTION 2.01 | Initial Capital.....                  | 9  |
| SECTION 2.02 | Additional Capital Contributions..... | 9  |
| SECTION 2.03 | Capital Account.....                  | 10 |
| SECTION 2.04 | Interest.....                         | 10 |

ARTICLE III

ALLOCATIONS; BOOKS

|              |   |    |
|--------------|---|----|
| SECTION 3.01 | Allocations of Income and Loss.....             | 10 |
| SECTION 3.02 | Company to be Disregarded for Tax Purposes..... | 10 |
| SECTION 3.03 | Books of Account.....                           | 11 |
| SECTION 3.04 | Access to Accounting Records.....               | 11 |
| SECTION 3.05 | Annual Tax Information.....                     | 11 |
| SECTION 3.06 | Internal Revenue Service Communications.....    | 11 |

ARTICLE IV

MEMBER

SECTION 4.01 Powers ..... 11  
SECTION 4.02 Compensation of Member ..... 13  
SECTION 4.03 Other Ventures ..... 13  
SECTION 4.04 Actions by the Member ..... 13

ARTICLE V

OFFICERS

SECTION 5.01 Designation; Term; Qualifications. .... 13  
SECTION 5.02 Removal and Resignation..... 15  
SECTION 5.03 Vacancies..... 15  
SECTION 5.04 Compensation..... 15

ARTICLE VI

MEMBERSHIP INTEREST

SECTION 6.01 General ..... 15  
SECTION 6.02 Distributions ..... 15  
SECTION 6.03 Rights on Liquidation, Dissolution or Winding Up. .... 15  
SECTION 6.04 Redemption ..... 16  
SECTION 6.05 Voting Rights ..... 16  
SECTION 6.06 Transfer of Membership Interest..... 16  
SECTION 6.07 Admission of Transferee as Member. .... 16

ARTICLE VII

MANAGERS

SECTION 7.01 Managers. .... 17  
SECTION 7.02 Powers of the Managers ..... 18  
SECTION 7.03 Reimbursement..... 19  
SECTION 7.04 Removal of Managers. .... 19  
SECTION 7.05 Resignation of Manager ..... 19  
SECTION 7.06 Vacancies..... 19  
SECTION 7.07 Meetings of the Managers ..... 19

|              |   |    |
|--------------|---|----|
| SECTION 7.08 | Electronic Communications .....             | 20 |
| SECTION 7.09 | Committees of Managers.....                 | 20 |
| SECTION 7.10 | Limitations on Independent Manager(s) ..... | 20 |

ARTICLE VIII

EXPENSES

|              |               |    |
|--------------|---------------|----|
| SECTION 8.01 | Expenses..... | 20 |
|--------------|---------------|----|

ARTICLE IX

PERPETUAL EXISTENCE; DISSOLUTION, LIQUIDATION AND WINDING-UP

|              |  |    |
|--------------|--|----|
| SECTION 9.01 | Existence. ....  | 21 |
| SECTION 9.02 | Dissolution.....                                       | 22 |
| SECTION 9.03 | Accounting .....                                       | 22 |
| SECTION 9.04 | Certificate of Cancellation.....                       | 22 |
| SECTION 9.05 | Winding Up .....                                       | 22 |
| SECTION 9.06 | Order of Payment of Liabilities Upon Dissolution ..... | 23 |
| SECTION 9.07 | Limitations on Payments Made in Dissolution .....      | 23 |
| SECTION 9.08 | Limitation on Liability .....                          | 23 |

ARTICLE X

INDEMNIFICATION

|               |  |    |
|---------------|--|----|
| SECTION 10.01 | Indemnity.....   | 23 |
| SECTION 10.02 | Indemnity for Actions By or In the Right of the Company..... | 23 |
| SECTION 10.03 | Indemnity If Successful.....                                 | 24 |
| SECTION 10.04 | Expenses.....  | 24 |
| SECTION 10.05 | Advance Payment of Expenses .....                            | 24 |
| SECTION 10.06 | Other Arrangements Not Excluded .....                        | 25 |

ARTICLE XI

MISCELLANEOUS PROVISIONS

|               |   |    |
|---------------|---|----|
| SECTION 11.01 | No Bankruptcy Petition; Dissolution. .... | 25 |
| SECTION 11.02 | Amendments.....                           | 26 |
| SECTION 11.03 | Counterparts .....                        | 27 |

|  |    |
|--|----|
| .....  | 27 |
| SECTION 11.04 Governing Law.....                                 | 27 |
| SECTION 11.05 Headings.....                                      | 27 |
| SECTION 11.06 Severability.....                                  | 27 |
| SECTION 11.07 Assigns .....                                      | 27 |
| SECTION 11.08 Enforcement by each Independent Manager .....      | 27 |
| SECTION 11.09 Waiver of Partition; Nature of Interest.....       | 27 |
| SECTION 11.10 Benefits of Agreement; No Third-Party Rights ..... | 27 |

**EXHIBITS, SCHEDULES AND APPENDIX**

|            |  |
|------------|--|
| Schedule A | Schedule of Capital Contribution of Member |
| Schedule B | Initial Managers                           |
| Schedule C | Initial Officers                           |
| Exhibit A  | Management Agreement                       |
| Appendix A | Definitions                                |

**AMENDED AND RESTATED  
LIMITED LIABILITY COMPANY AGREEMENT  
OF [NAME OF ATMOS SPE]**

This AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT (as amended, restated or amended and restated from time to time, this “LLC Agreement”) of [NAME OF ATMOS SPE], a Delaware limited liability company (the “Company”), dated as of [●], is entered into by Atmos Energy Corporation, a Texas and Virginia corporation, as sole equity member of the Company (together with any successor member of the Company, in its capacity as sole member of the Company, the “Member”), and by [NAME], as the Independent Manager.

**RECITALS**

WHEREAS, the Member has caused to be filed a Certificate of Formation of the Company with the Secretary of State of the State of Delaware to form the Company under and pursuant to the LLC Act and has entered into a Limited Liability Company Agreement of the Company, dated as of [●] (the “Original LLC Agreement”); and

WHEREAS, in accordance with the LLC Act, the Member desires to continue the Company without dissolution and to enter into this LLC Agreement to amend and restate in its entirety the Original LLC Agreement and to set forth the rights, powers and interests of the Member with respect to the Company and its Membership Interest therein and to provide for the management of the business and operations of the Company.

**AGREEMENT**

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt, adequacy and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby amend and restate in its entirety the Original LLC Agreement as follows:

**ARTICLE I**

**GENERAL PROVISIONS**

**SECTION 1.01**      Definitions.

(a) Unless otherwise defined herein, capitalized terms used herein shall have the meanings assigned to them in Appendix A attached hereto.

(b) All terms defined in this LLC Agreement shall have the defined meanings when used in any certificate or other document made or delivered pursuant hereto unless otherwise defined therein.

(c) The words “hereof,” “herein,” “hereunder” and words of similar import, when used in this LLC Agreement, shall refer to this LLC Agreement as a whole and not to any particular provision of this LLC Agreement; Article, Section, Schedule, Exhibit, Appendix, Annex

and Attachment references contained in this LLC Agreement are references to Articles, Sections, Schedules, Exhibits, Appendices, Annexes and Attachments in or to this LLC Agreement unless otherwise specified; and the term “including” shall mean “including without limitation.”

(d) The definitions contained in this LLC Agreement are applicable to the singular as well as the plural forms of such terms.

(e) Non-capitalized terms used herein which are defined in the LLC Act or in the Securitization Law, shall, as the context requires, have the meanings assigned to such terms in the LLC Act or the Securitization Law (but without giving effect to amendments to the Securitization Law).

SECTION 1.02 Sole Member; Registered Office and Agent.

(a) The sole Member of the Company shall be Atmos Energy Corporation, a Texas and Virginia corporation (“Atmos Energy”), or any successor as sole member pursuant to Sections 6.06 and 6.07. The registered office and registered agent of the Company in the State of Delaware as of the date hereof are [*Name and address of registered agent*]. The Member may change said registered office and agent from one location to another in the State of Delaware. The Member shall provide notice of any such change to the Indenture Trustee.

(b) Upon the occurrence of any event that causes the Member to cease to be a member of the Company (other than upon continuation of the Company without dissolution upon the transfer or assignment by the Member of all of its limited liability company interest in the Company and the admission of the transferee or assignee pursuant to 6.06 and 6.07), each Person acting as an Independent Manager pursuant to the terms of this LLC Agreement shall, without any action of any Person and simultaneously with the Member ceasing to be a member of the Company, automatically be admitted to the Company as a Special Member and shall continue the Company without dissolution. No Special Member may resign from the Company or transfer its rights as Special Member unless (i) a successor Special Member has been admitted to the Company as Special Member by executing a counterpart to this LLC Agreement, and (ii) such successor has also accepted its appointment as an Independent Manager pursuant to this LLC Agreement; provided, however, the Special Member shall automatically cease to be a member of the Company upon the admission to the Company of a substitute Member. Each Special Member shall be a member of the Company that has no interest in the profits, losses and capital of the Company and has no right to receive any distributions of Company assets (and no Special Member shall be treated as a member of the Company for federal income tax purposes). Pursuant to Section 18-301 of the LLC Act, a Special Member shall not be required to make any capital contributions to the Company and shall not receive a limited liability company interest in the Company. A Special Member, in its capacity as Special Member, may not bind the Company. Except as required by any mandatory provision of the LLC Act, each Special Member, in its capacity as Special Member, shall have no right to vote on, approve or otherwise consent to any action by, or matter relating to, the Company, including the merger, consolidation, division or conversion of the Company. In order to implement the admission to the Company of each Special Member, each Person acting as an Independent Manager pursuant to this LLC Agreement shall execute a counterpart to this LLC Agreement. Prior to its admission to the Company as Special Member, each Person acting as an Independent Manager pursuant to this LLC Agreement shall not be a member of the Company. A

“Special Member” means, upon such Person’s admission to the Company as a member of the Company pursuant to this Section 1.02(b), a Person acting as an Independent Manager, in such Person’s capacity as a member of the Company. A Special Member shall only have the rights and duties expressly set forth in this LLC Agreement. For purposes of this LLC Agreement, a Special Member is not included within the defined term “Member.”

(c) It is the intent of the Company that the Member (or its permitted transferee or assignee) shall be the only member and that only one Membership Interest shall exist at any time.

SECTION 1.03 Other Offices. The Company may have an office at [*Address of Atmos SPE*], or at any other offices that may at any time be established by the Member at any place or places within or outside the State of Delaware. The Member shall provide notice to the Indenture Trustee of any change in the location of the Company’s office.

SECTION 1.04 Name. The name of the Company shall be “[*Name of Atmos SPE*]”. The name of the Company may be changed from time to time by the Member with ten (10) days’ prior written notice to the Managers and the Indenture Trustee, and the filing of an appropriate amendment to the Certificate of Formation with the Secretary of State as required by the LLC Act.

SECTION 1.05 Purpose; Nature of Business Permitted; Powers. The purposes for which the Company is formed are limited to:

- (a) acquiring Securitized Utility Tariff Property;
- (b) owning, financing, purchasing, owning, administering, managing and servicing the Securitized Utility Tariff Property ;
- (c) authorizing, executing, issuing, delivering and registering the Securitized Utility Tariff Bonds;
- (d) making payment on the Securitized Utility Tariff Bonds;
- (e) distributing amounts released to the Company;
- (f) managing, selling, assigning, pledging, collecting amounts due on or otherwise dealing in Securitized Utility Tariff Property and the other Securitized Utility Tariff Bond Collateral and related assets;
- (g) negotiating, executing, assuming and performing its obligations under, the Basic Documents and any other agreement or instrument or document relating to the activities set forth in clauses (a) or (f) above;
- (h) pledging its interest in the Securitized Utility Tariff Property and the other Securitized Utility Tariff Bond Collateral to the Indenture Trustee under the Indenture and the Series Supplement in order to secure the Securitized Utility Tariff Bonds;

(i) filing with the U.S. Securities and Exchange Commission one or more registration statements, including any pre-effective or post-effective amendments thereto and any registration statement filed pursuant to Rule 462(b) under the Securities Act (including any prospectus supplement, prospectus and exhibits contained therein) and file such applications, reports, surety bonds, irrevocable consents, appointments of attorney for service of process and other papers and documents necessary or desirable to register the Securitized Utility Tariff Bonds under the securities or “Blue Sky” laws of various jurisdictions; and

(j) performing activities that are necessary, suitable or convenient to accomplish the above purposes.

The Company shall engage only in any activities related to the foregoing purposes or required or authorized by the terms of the Basic Documents or other agreements referenced above. The Company shall have all powers reasonably incidental, necessary, suitable or convenient to effect the foregoing purposes, including all powers granted under the LLC Act. The Company is hereby authorized to execute, deliver and perform, and the Member, any Manager (other than an Independent Manager), or any officer of the Company, acting singly or collectively, on behalf of the Company, are hereby authorized to execute and deliver, the Securitized Utility Tariff Bonds, the Basic Documents and all registration statements, documents, agreements, certificates or financing statements contemplated thereby or related thereto, all without any further act, vote or approval of any Member, Manager or other Person, notwithstanding any other provision of this LLC Agreement, the LLC Act, or other applicable law, rule or regulation. Notwithstanding any other provision of this LLC Agreement, the LLC Act or other applicable law, any Basic Document executed prior to the date hereof by any Member, Manager or officer on behalf of the Company is hereby ratified and approved in all respects. The authorization set forth in the preceding two sentences shall not be deemed a restriction on the power and authority of the Member or any Manager, including any Independent Manager, to enter into other agreements or documents on behalf of the Company as authorized pursuant to this LLC Agreement and the LLC Act. The Company shall possess and may exercise all the powers and privileges granted by the LLC Act or by any other law or by this LLC Agreement, together with any powers incidental thereto, insofar as such powers and privileges are incidental, necessary, suitable or convenient to the conduct, promotion or attainment of the business purposes or activities of the Company.

**SECTION 1.06**      Limited Liability Company Agreement; Certificate of Formation. This LLC Agreement shall constitute a “limited liability company agreement” within the meaning of the LLC Act. [Name], as an authorized person within the meaning of the LLC Act, has caused a certificate of formation of the Company to be executed and filed in the office of the Secretary of State of the State of Delaware on [●] (such execution and filing being hereby ratified and approved in all respects). Upon the filing of the Certificate of Formation with the Secretary of State of the State of Delaware, [his/her] powers as an “authorized person” ceased, and the Member thereupon became the designated “authorized person” and shall continue as the designated “authorized person” within the meaning of the LLC Act. The existence of the Company as a separate legal entity shall continue until the cancellation of the Certificate of Formation of the Company as provided in the LLC Act.

**SECTION 1.07**      Separate Existence. Except for financial reporting purposes (to the extent required by generally accepted accounting principles) and for federal income tax



purposes and, to the extent consistent with applicable state tax law, state income and franchise tax purposes, the Member and the Managers shall take all steps necessary to continue the identity of the Company as a separate legal entity and to make it apparent to third Persons that the Company is an entity with assets and liabilities distinct from those of the Member, Affiliates of the Member or any other Person, and that the Company is not a division of any of the Affiliates of the Company or any other Person. In that regard, and without limiting the foregoing in any manner, the Company shall:

(a) maintain the assets of the Company in such a manner that it is not costly or difficult to segregate, identify or ascertain its individual assets from those of any other Person, including any Affiliate;

(b) conduct all transactions with Affiliates on an arm's-length basis;

(c) not guarantee, become obligated for or pay the debts of any Affiliate or hold the credit of the Company out as being available to satisfy the obligations of any Affiliate or other Person (nor, except as contemplated in the Basic Documents, indemnify any Person for losses resulting therefrom), nor, except as contemplated in the Basic Documents, have any of its obligations guaranteed by any Affiliate or hold the Company out as responsible for the debts of any Affiliate or other Person or for the decisions or actions with respect to the business and affairs of any Affiliate, nor seek or obtain credit or incur any obligation to any third party based upon the creditworthiness or assets of any Affiliate or any other Person (i.e. other than based on the assets of the Company) nor allow any Affiliate to do such things based on the credit of the Company;

(d) except as expressly otherwise permitted hereunder or under any of the Basic Documents, not permit the commingling or pooling of the Company's funds or other assets with the funds or other assets of any Affiliate;

(e) maintain separate deposit and other bank accounts and funds (separately identifiable from those of the Member or any other Person) to which no Affiliate (except Atmos Energy, in its capacity as Servicer or as Administrator) has any access, which accounts shall be maintained in the name and, to the extent not inconsistent with applicable federal tax law, with the tax identification number of the Company;

(f) maintain full books of accounts and records (financial or other) and financial statements separate from those of its Affiliates or any other Person, prepared and maintained in accordance with generally accepted accounting principles (including, all resolutions, records, agreements or instruments underlying or regarding the transactions contemplated by the Basic Documents or otherwise) and audited annually by an independent accounting firm which shall provide such audit to the Indenture Trustee;

(g) pay its own liabilities out of its own funds, including fees and expenses of the Administrator pursuant to the Administration Agreement and the Servicer pursuant to the Servicing Agreement;

(h) not hire or maintain any employees, but shall compensate (either directly or through reimbursement of the Company's allocable share of any shared expenses) all consultants,

agents and Affiliates, to the extent applicable, for services provided to the Company by such consultants, agents or Affiliates, in each case, from the Company's own funds;

(i) allocate fairly and reasonably the salaries of and the expenses related to providing the benefits of officers or managers shared with the Member, any Special Member or any Manager;

(j) allocate fairly and reasonably any overhead shared with the Member, any Special Member or any Manager;

(k) pay from its own bank accounts for accounting and payroll services, rent, lease and other expenses (or the Company's allocable share of any such amounts provided by one or more other Affiliates) and not have such operating expenses (or the Company's allocable share thereof) paid by any Affiliates, provided, that the Member shall be permitted to pay the initial organization expenses of the Company and certain of the expenses related to the transactions contemplated by the Basic Documents as provided therein;

(l) maintain adequate capitalization to conduct its business and affairs considering the Company's size and the nature of its business and intended purposes and, after giving effect to the transactions contemplated by the Basic Documents, refrain from engaging in a business for which its remaining property represents an unreasonably small capital;

(m) conduct all of the Company's business (whether in writing or orally) solely in the name of the Company through the Member and the Company's Managers, officers and agents and hold the Company out as an entity separate from any Affiliate;

(n) not make or declare any distributions of cash or property to the Member except in accordance with appropriate limited liability company formalities and only consistent with sound business judgment to the extent that it is permitted pursuant to the Basic Documents and not violative of any applicable law;

(o) otherwise practice and adhere to all limited liability company procedures and formalities to the extent required by this LLC Agreement or all other appropriate constituent documents and the laws of its state of formation and all other appropriate jurisdictions;

(p) not appoint an Affiliate or any employee of an Affiliate as an agent of the Company, except as otherwise permitted in the Basic Documents (although such Persons can qualify as a Manager or as an officer of the Company);

(q) not acquire obligations or securities of or make loans or advances to or pledge its assets for the benefit of any Affiliate, the Member or any Affiliate of the Member;

(r) not permit the Member or any Affiliate to acquire obligations of or make loans or advances to the Company;

(s) except as expressly provided in the Basic Documents, not permit the Member or any Affiliate to guarantee, pay or become liable for the debts of the Company nor permit any such Person to hold out its creditworthiness as being available to pay the liabilities and

expenses of the Company nor, except for the indemnities in this LLC Agreement and the Basic Documents, indemnify any Person for losses resulting therefrom;

(t) maintain separate minutes of the actions of the Member and the Managers, including the transactions contemplated by the Basic Documents;

(u) cause (i) all written and oral communications, including letters, invoices, purchase orders, and contracts, of the Company to be made solely in the name of the Company, (ii) the Company to have its own tax identification number (to the extent not inconsistent with applicable federal tax law), stationery, checks and business forms, separate from those of any Affiliate, (iii) all Affiliates not to use the stationery or business forms of the Company, and cause the Company not to use the stationery or business forms of any Affiliate, and (iv) all Affiliates not to conduct business in the name of the Company, and cause the Company not to conduct business in the name of any Affiliate;

(v) direct creditors of the Company to send invoices and other statements of account of the Company directly to the Company and not to any Affiliate and cause the Affiliates to direct their creditors not to send invoices and other statements of accounts of such Affiliates to the Company;

(w) cause the Member to maintain as official records all resolutions, agreements, and other instruments underlying or regarding the transactions contemplated by the Basic Documents;

(x) disclose, and cause the Member to disclose, in its financial statements the effects of all transactions between the Member and the Company in accordance with generally accepted accounting principles, and in a manner which makes it clear that (i) the Company is a separate legal entity, (ii) the assets of the Company (including the Securitized Utility Tariff Property transferred to the Company pursuant to any Sale Agreement) are not assets of any Affiliate and are not available to pay creditors of any Affiliate and (iii) neither the Member nor any other Affiliate is liable or responsible for the debts of the Company;

(y) treat and cause the Member to treat the transfer of Securitized Utility Tariff Property from the Member to the Company as a sale under the Securitization Law;

(z) except as described herein with respect to tax purposes and financial reporting, describe and cause each Affiliate to describe the Company, and hold the Company out as a separate legal entity and not as a division or department of any Affiliate, and promptly correct any known misunderstanding regarding the Company's identity separate from any Affiliate or any Person;

(aa) so long as any of the Securitized Utility Tariff Bonds are Outstanding, treat the Securitized Utility Tariff Bonds as debt for all purposes and specifically as debt of the Company, other than for financial reporting, state or federal regulatory or tax purposes;

(bb) solely for purposes of (i) federal taxes and, to the extent consistent with applicable state, local and other tax law, or (ii) state, local and other taxes, in each case so long as any of the Securitized Utility Tariff Bonds are Outstanding, treat the Securitized Utility Tariff

Bonds as indebtedness of the Member secured by the applicable Securitized Utility Tariff Bond Collateral unless otherwise required by appropriate taxing authorities;

(cc) file its own tax returns, if any, as may be required under applicable law, to the extent (i) not part of a consolidated group filing a consolidated return or returns or (ii) not treated as a division or disregarded entity for tax purposes of another taxpayer, and pay any taxes so required to be paid under applicable law;

(dd) maintain its valid existence in good standing under the laws of the State of Delaware and maintain its qualification to do business under the laws of such other jurisdictions as its operations require;

(ee) not form, or cause to be formed, any subsidiaries;

(ff) comply with all laws applicable to the transactions contemplated by this LLC Agreement and the Basic Documents; and

(gg) cause the Member to observe in all material respects all limited liability company procedures and formalities, if any, required by its constituent documents and the laws of its state of formation and all other appropriate jurisdictions.

Failure of the Company, or the Member or any Manager on behalf of the Company, to comply with any of the foregoing covenants or any other covenants contained in this LLC Agreement shall not affect the status of the Company as a separate legal entity or the limited liability of the Member or the Managers.

SECTION 1.08 Limitation on Certain Activities. Notwithstanding any other provisions of this LLC Agreement and any provision of law that otherwise so empowers the Company, the Member or any Manager, the Company, and the Member or Managers on behalf of the Company, shall not:

(a) engage in any business or activity other than as set forth in Article I hereof;

(b) without the affirmative vote of the Member and the unanimous affirmative vote of all of the Managers, including each Independent Manager, file a voluntary bankruptcy petition for relief with respect to the Company under the Bankruptcy Code or any other state, local, federal, foreign or other law relating to bankruptcy, consent to the institution of insolvency or bankruptcy proceedings against the Company or otherwise institute insolvency or bankruptcy proceedings with respect to the Company or take any limited liability company action in furtherance of any such filing or institution of a proceeding; provided however, that neither the Member nor any Manager may authorize the taking of any of the foregoing actions unless there is at least one Independent Manager then serving in such capacity;

(c) without the affirmative vote of all Managers, including each Independent Manager, and then only to the extent permitted by the Basic Documents, convert, merge or consolidate with any other Person or sell all or substantially all of its assets or acquire all or substantially all of the assets or capital stock or other ownership interest of any other Person;

(d) take any action, file any tax return, or make any election inconsistent with the treatment of the Company, for purposes of federal income taxes and, to the extent consistent with applicable state tax law, state income and franchise tax purposes, as a disregarded entity that is not separate from the Member;

(e) incur any indebtedness or assume or guarantee any indebtedness of any Person (other than the indebtedness incurred under the Basic Documents);

(f) issue any bonds other than the Securitized Utility Tariff Bonds contemplated by the Basic Documents; or

(g) to the fullest extent permitted by law, without the affirmative vote of its Member and the affirmative vote of all Managers, including each Independent Manager, execute any dissolution, division, liquidation, or winding up of the Company.

So long as any of the Securitized Utility Tariff Bonds are Outstanding, the Company and the Member shall give written notice to each applicable Rating Agency of any action described in clauses (b), (c) or (g) of this Section 1.08 which is taken by or on behalf of the Company with the required affirmative vote of the Member and all Managers as therein described.

SECTION 1.09 No State Law Partnership. No provisions of this LLC Agreement shall be deemed or construed to constitute a partnership (including a limited partnership) or joint venture, or the Member a partner or joint venturer of or with any Manager or the Company, for any purposes.

## ARTICLE II

### CAPITAL

SECTION 2.01 Initial Capital. The initial capital of the Company shall be the sum of cash contributed to the Company by the Member (the "Capital Contribution") in the amount set out opposite the name of the Member on Schedule A hereto, as amended from time to time and incorporated herein by this reference.

SECTION 2.02 Additional Capital Contributions. The assets of the Company are expected to generate a return sufficient to satisfy all obligations of the Company under this LLC Agreement and the Basic Documents and any other obligations of the Company. It is expected that no capital contributions to the Company will be necessary after the purchase of the Securitized Utility Tariff Property. On or prior to the date of issuance of the Securitized Utility Tariff Bonds, the Member shall make an additional contribution to the Company in an amount equal to at least 0.50% of the initial principal amount of the Securitized Utility Tariff Bonds or such greater amount as agreed to by the Member in connection with the issuance by the Company of the Securitized Utility Tariff Bonds, which amount the Company shall deposit into a capital account or capital subaccount of the Collection Account established by the Indenture Trustee as provided under the Indenture. No capital contribution by the Member to the Company will be made for the purpose of mitigating losses on Securitized Utility Tariff Property that has previously been transferred to the Company, and all capital contributions shall be made in accordance with all applicable limited liability company procedures and requirements, including proper record

keeping by the Member and the Company. It is expected that no additional capital contributions to the Company will be necessary after the purchase of the Securitized Utility Tariff Property. Each capital contribution will be acknowledged by a written receipt signed by any one of the Managers. The Managers acknowledge and agree that, notwithstanding anything in this LLC Agreement to the contrary, such additional contribution will be invested only in Eligible Investments, and all income earned thereon shall be allocated or paid by the applicable Indenture Trustee in accordance with the provisions of the Indenture.

SECTION 2.03      Capital Account. A Capital Account shall be established and maintained for the Member on the Company's books (the "Capital Account").

SECTION 2.04      Interest. On any Payment Date, with respect to any collection period, the sum of investments earnings on the Capital Account for such collection period shall, subject to the LLC Act, be paid in accordance with the Indenture.

### ARTICLE III

#### ALLOCATIONS; BOOKS

SECTION 3.01      Allocations of Income and Loss.

(a)      Book Allocations. The net income and net loss of the Company shall be allocated entirely to the Member.

(b)      Tax Allocations. Because the Company is not making (and will not make) an election to be treated as an association taxable as a corporation under Section 301.7701-3(a) of the Treasury Regulations, and because the Company is a business entity that has a single owner and is not a corporation, it is expected to be disregarded as an entity separate from its owner for federal income tax purposes under Section 301.7701-3(b)(1) of the Treasury Regulations. Accordingly, all items of income, gain, loss, deduction and credit of the Company for all taxable periods will be treated for federal income tax purposes, and for state and local income and other tax purposes to the extent permitted by applicable law, as realized or incurred directly by the Member. To the extent not so permitted, all items of income, gain, loss, deduction and credit of the Company shall be allocated entirely to the Member as permitted by applicable tax law, and the Member shall pay (or indemnify the Company, the Indenture Trustee and each of their officers, managers, employees or agents for, and defend and hold harmless each such Person from and against its payment of) any taxes levied or assessed upon all or any part of the Company's property or assets based on existing law as of the date hereof, including any sales, gross receipts, general corporation, personal property, privilege, franchise or license taxes (but excluding any taxes imposed as a result of a failure of such person to properly withhold or remit taxes imposed with respect to payments on any Securitized Utility Tariff Bond). The Indenture Trustee (on behalf of the Secured Parties) shall be a third party beneficiary of the Member's obligations set forth in this Section 3.01, it being understood that Bondholders shall be entitled to enforce their rights against the Member under this Section 3.01 solely through a cause of action brought for their benefit by the Indenture Trustee.

SECTION 3.02      Company to be Disregarded for Tax Purposes. The Company shall comply with the applicable provisions of the Code and the applicable Treasury

Regulations thereunder in the manner necessary to effect the intention of the parties that the Company be treated, for federal income tax purposes, as a disregarded entity that is not separate from the Member pursuant to Treasury Regulations Section 301.7701-1 et seq. and that the Company be accorded such treatment until its dissolution pursuant to Article IX hereof and shall take all actions, and shall refrain from taking any action, required by the Code or Treasury Regulations thereunder in order to maintain such status of the Company. In addition, for federal income tax purposes, the Company may not claim any credit on, or make any deduction from the principal or premium, if any, or interest payable in respect of, the Securitized Utility Tariff Bonds (other than amounts properly withheld from such payments under the Code or other tax laws) or assert any claim against any present or former Bondholder by reason of the payment of the taxes levied or assessed upon any part of the Securitized Utility Tariff Bond Collateral.

SECTION 3.03 Books of Account. At all times during the continuance of the Company, the Company shall maintain or cause to be maintained full, true, complete and correct books of account in accordance with generally accepted accounting principles, using the fiscal year and taxable year of the Member. In addition, the Company shall keep all records required to be kept pursuant to the LLC Act.

SECTION 3.04 Access to Accounting Records. All books and records of the Company shall be maintained at any office of the Company or at the Company's principal place of business, and the Member, and its duly authorized representative, shall have access to them at such office of the Company and the right to inspect and copy them at reasonable times.

SECTION 3.05 Annual Tax Information. The Managers shall cause the Company to deliver to the Member all information necessary for the preparation of the Member's federal income tax return.

SECTION 3.06 Internal Revenue Service Communications. The Member shall communicate and negotiate with the Internal Revenue Service on any federal tax matter on behalf of the Member and the Company.

## ARTICLE IV

### MEMBER

SECTION 4.01 Powers. Subject to the provisions of this LLC Agreement (including without limitation Sections 1.07 and 1.08), it is hereby expressly declared that the Member shall have the following powers:

(a) To select and remove the Managers, prescribe such powers and duties for them as may be consistent with the LLC Act and other applicable law and this LLC Agreement, fix their compensation, and require from them security for faithful service; provided, that, except as provided in Section 7.06, at all times during which any Securitized Utility Tariff Bonds are Outstanding and the Indenture remains in full force and effect (and otherwise in accordance with the Indenture) the Company shall have at least one Independent Manager. Prior to issuance of any Securitized Utility Tariff Bonds, the Member shall appoint at least one Independent Manager. An "Independent Manager" means an individual who (1) has prior experience as an independent director, independent manager or independent member for special-purpose entities, (2) is

employed by a nationally-recognized company that provides professional independent managers and other corporate services in the ordinary course of its business, (3) is duly appointed as an Independent Manager of the Company and (4) is not and has not been for at least five years from the date of his or her or its appointment, and while serving as an Independent Manager of the Company will not be, any of the following;

(i) a member, partner, or equityholder, manager, director, officer, agent, consultant, attorney, accountant, advisor or employee of the Company, the Member or any of their respective equityholders or affiliates (other than as an Independent Manager or Special Member of the Company or similar roles for any other special purpose bankruptcy-remote entity); provided, that the indirect or beneficial ownership of stock of the Member or its affiliates through a mutual fund or similar diversified investment vehicle with respect to which the owner does not have discretion or control over the investments held by such diversified investment vehicle shall not preclude such owner from being an Independent Manager;

(ii) a creditor, supplier or service provider (including provider of professional services) to the Company, the Member or any of their respective equityholders or affiliates (other than a nationally-recognized company that routinely provides professional independent managers and other corporate services to the Company, the Member or any of their affiliates in the ordinary course of its business);

(iii) a family member of any such Person described in clauses (i) or (ii) above; or

(iv) a Person that controls (whether directly, indirectly or otherwise) any of clauses (i), (ii) or (iii) above.

A natural person who otherwise satisfies the foregoing definition and satisfies subparagraph (i) by reason of being the independent manager or independent director of a “special purpose entity” affiliated with the Company shall be qualified to serve as an Independent Manager of the Company, provided that the fees that such individual earns from serving as an independent manager or independent director of Affiliates of the Company in any given year constitute in the aggregate less than five percent (5%) of such individual’s annual income for that year. For purposes of this paragraph, a “special purpose entity” is an entity, whose organizational documents contain restrictions on its activities and impose requirements intended to preserve such entity’s separateness that are substantially similar to the Special Purpose Provisions of this LLC Agreement.

The Company shall pay each Independent Manager annual fees totaling not more than \$[●] per year (the “Independent Manager Fee”). Such fees charged by an Independent Manager shall be determined without regard to the income of the Company, shall not be deemed to constitute distributions to the recipient of any profit, loss or capital of the Company and shall be considered an Operating Expense of the Company subject to the limitations on such expenses set forth in any related Financing Order. Each Manager, including each Independent Manager, is hereby deemed to be a “manager” within the meaning of Section 18-101(12) of the LLC Act.



Promptly following any resignation or replacement of any Independent Manager, the Member shall give written notice to each applicable Rating Agency and to the Indenture Trustee of any such resignation or replacement.

(b) To change the registered agent and office of the Company in Delaware from one location to another and to fix and locate from time to time one or more other offices of the Company.

SECTION 4.02 Compensation of Member. To the extent permitted by applicable law, the Company shall have authority to reimburse the Member for out-of-pocket expenses incurred by the Member in connection with its service to the Company. It is understood that the compensation paid to the Member under the provisions of this Section 4.02 shall be determined without regard to the income of the Company, shall not, to the fullest extent permitted by law, be deemed to constitute distributions to the recipient of any profit, loss or capital of the Company and shall be considered as an Operating Expense.

SECTION 4.03 Other Ventures. Notwithstanding any duties (including fiduciary duties) otherwise existing at law or in equity, it is expressly agreed that the Member, the Managers and any Affiliates, officers, directors, managers, stockholders, partners or employees of the Member, may engage in other business ventures of any nature and description, whether or not in competition with the Company, independently or with others, and the Company shall not have any rights in and to any independent venture or activity or the income or profits derived therefrom.

SECTION 4.04 Actions by the Member. All actions of the Member may be taken by written resolution of the Member which shall be signed on behalf of the Member by an authorized officer of the Member and filed with the records of the Company.

## ARTICLE V

### OFFICERS

SECTION 5.01 Designation; Term; Qualifications.

(a) Officers. The officers of the Company as of the date hereof are identified on Schedule C (such individuals, to the extent not previously appointed, being hereby appointed to such offices). The Managers may, from time to time, designate one or more Persons to be officers of the Company. Any officer so designated shall have such title and authority and perform such duties as the Managers may, from time to time, delegate to them. Each officer shall hold office for the term for which such officer is designated and until its successor shall be duly designated and shall qualify or until its death, resignation or removal as provided in this LLC Agreement. Any Person may hold any number of offices. No officer need be a Manager, the Member, a Delaware resident, or a United States citizen.

(b) President. The President shall be the chief executive officer of the Company, shall preside at all meetings of the Managers, shall be responsible for the general and active management of the business of the Company and shall see that all orders and resolutions of the Managers are carried into effect. The President or any other officer authorized by the President or the Managers may execute all contracts, except: (i) where required or permitted by law or this

LLC Agreement to be otherwise signed and executed, including Section 1.08; and (ii) where signing and execution thereof shall be expressly delegated by the Managers to some other officer or agent of the Company.

(c) Vice President. In the absence of the President or in the event of the President's inability to act, the Vice President, if any (or in the event there be more than one Vice President, the Vice Presidents in the order designated by the Managers, or in the absence of any designation, then in the order of their election), shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. The Vice Presidents, if any, shall perform such other duties and have such other powers as the Managers may from time to time prescribe.

(d) Secretary and Assistant Secretary. The Secretary shall be responsible for filing legal documents and maintaining records for the Company. The Secretary shall attend all meetings of the Managers and record all the proceedings of the meetings of the Company and of the Managers in a book to be kept for that purpose and shall perform like duties for the standing committees when required. The Secretary shall give, or shall cause to be given, notice of all meetings of the Member, if any, and special meetings of the Managers, and shall perform such other duties as may be prescribed by the Managers or the President, under whose supervision the Secretary shall serve. The Assistant Secretary, or if there be more than one, the Assistant Secretaries in the order determined by the Managers (or if there be no such determination, then in order of their designation), shall, in the absence of the Secretary or in the event of the Secretary's inability to act, perform the duties and exercise the powers of the Secretary and shall perform such other duties and have such other powers as the Managers may from time to time prescribe.

(e) Treasurer and Assistant Treasurer. The Treasurer shall have the custody of the Company funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Company and shall deposit all moneys and other valuable effects in the name and to the credit of the Company in such depositories as may be designated by the Manager. The Treasurer shall disburse the funds of the Company as may be ordered by the Manager, taking proper vouchers for such disbursements, and shall render to the President and to the Managers, at its regular meetings or when the Managers so require, an account of all of the Treasurer's transactions and of the financial condition of the Company. The Assistant Treasurer, or if there shall be more than one, the Assistant Treasurers in the order determined by the Managers (or if there be no such determination, then in the order of their designation), shall, in the absence of the Treasurer or in the event of the Treasurer's inability to act, perform the duties and exercise the powers of the Treasurer and shall perform such other duties and have such other powers as the Managers may from time to time prescribe.

(f) Officers as Agents. The officers of the Company, to the extent their powers as set forth in this LLC Agreement or otherwise vested in them by action of the Managers are not inconsistent with this LLC Agreement, are agents of the Company for the purpose of the Company's business and, subject to Section 1.08, the actions of the officers taken in accordance with such powers shall bind the Company.

(g) Duties of Managers and Officers. Except to the extent otherwise provided herein, each Manager (other than the Independent Managers) and officer of the Company shall

have a fiduciary duty of loyalty and care similar to that of directors and officers of business corporations organized under the General Corporation Law of the State of Delaware.

SECTION 5.02      Removal and Resignation. Any officer of the Company may be removed as such, with or without cause, by the Managers at any time. Any officer of the Company may resign as such at any time upon written notice to the Company. Such resignation shall be made in writing and shall take effect at the time specified therein or, if no time is specified therein, at the time of its receipt by the Managers.

SECTION 5.03      Vacancies. Any vacancy occurring in any office of the Company may be filled by the Managers.

SECTION 5.04      Compensation. The compensation, if any, of the officers of the Company shall be fixed from time to time by the Managers. Such compensation shall be determined without regard to the income of the Company, shall not be deemed to constitute distributions to the recipient of any profit, loss or capital of the Company and shall be considered an Operating Expense.

## ARTICLE VI

### MEMBERSHIP INTEREST

SECTION 6.01      General. “Membership Interest” means the limited liability company interest of the Member in the Company. The Membership Interest constitutes personal property and, subject to Section 6.06, shall be freely transferable and assignable in whole but not in part upon registration of such transfer and assignment on the books of the Company in accordance with the procedures established for such purpose by the Managers of the Company.

SECTION 6.02      Distributions. The Member shall be entitled to receive, out of the assets of the Company legally available therefor, distributions payable in cash in such amounts, if any, as the Managers shall declare. Notwithstanding any provision to the contrary contained in this LLC Agreement, the Company shall not make a distribution to the Member on account of its interest in the Company if such distribution would violate the LLC Act or any other applicable law or any Basic Document.

SECTION 6.03      Rights on Liquidation, Dissolution or Winding Up.

(a)      In the event of any liquidation, dissolution or winding up of the Company, the Member shall be entitled to all remaining assets of the Company available for distribution to the Member after satisfaction (whether by payment or reasonable provision for payment) of all liabilities, debts and obligations of the Company.

(b)      Neither the sale of all or substantially all of the property or business of the Company, nor the merger or consolidation of the Company into or with another Person or other entity, shall be deemed to be a dissolution, liquidation or winding up, voluntary or involuntary, for the purpose of this Section 6.03.

SECTION 6.04      Redemption. The Membership Interest shall not be redeemable.

SECTION 6.05      Voting Rights. Subject to the terms of this LLC Agreement, the Member shall have the sole right to vote on all matters as to which members of a limited liability company shall be entitled to vote pursuant to the LLC Act and other applicable law.

SECTION 6.06      Transfer of Membership Interest.

(a)      The Member may transfer its Membership Interest, in whole but not in part, but the transferee shall not be admitted as a Member except in accordance with Section 6.07. Until the transferee is admitted as a Member, the Member shall continue to be the sole member of the Company (subject to Section 1.02) and to be entitled to exercise any rights or powers of a Member of the Company with respect to the Membership Interest transferred.

(b)      To the fullest extent permitted by law, any purported transfer of any Membership Interest in violation of the provisions of this LLC Agreement shall be wholly void and shall not effectuate the transfer contemplated thereby. Notwithstanding anything contained herein to the contrary and to the fullest extent permitted by law, the Member may not transfer any Membership Interest in violation of any provision of this LLC Agreement or in violation of any applicable federal or state securities laws.

SECTION 6.07      Admission of Transferee as Member.

(a)      A transferee of a Membership Interest desiring to be admitted as a Member must execute a counterpart of, or an agreement adopting, this LLC Agreement and, except as permitted by paragraph (b) below, shall not be admitted without unanimous affirmative vote of the Managers, which vote must include the affirmative vote of each Independent Manager. Upon admission of the transferee as a Member, the transferee shall have the rights, powers and duties and shall be subject to the restrictions and liabilities of the Member under this LLC Agreement and the LLC Act. The transferee shall also be liable, to the extent of the Membership Interest transferred, for the unfulfilled obligations, if any, of the transferor Member to make capital contributions to the Company, but shall not be obligated for liabilities unknown to the transferee at the time such transferee was admitted as a Member and that could not be ascertained from this LLC Agreement. Except as set forth in paragraph (b) below, whether or not the transferee of a Membership Interest is admitted to the Company as a Member, the Member transferring the Membership Interest is not released from any liability to the Company under this LLC Agreement or the LLC Act.

(b)      The approval of the Managers, including each Independent Manager, shall not be required for the transfer of the Membership Interest from the Member to any successor pursuant to the Sale Agreement or the admission of such Person as a Member. Once the transferee of a Membership Interest pursuant to this paragraph (b) is admitted to the Company as a Member, the prior Member shall cease to be a member of the Company and shall be released from any liability to the Company under this LLC Agreement and the LLC Act to the fullest extent permitted by law and the Company shall continue without dissolution.

ARTICLE VII  
MANAGERS

SECTION 7.01      Managers.

(a) Subject to Sections 1.07 and 1.08, the business and affairs of the Company shall be managed by or under the direction of three or more Managers designated by the Member. Subject to the terms of this LLC Agreement, the Member may determine at any time in its sole and absolute discretion the number of Managers. Subject in all cases to the terms of this LLC Agreement, the authorized number of Managers may be increased or decreased by the Member at any time in its sole and absolute discretion, upon notice to all Managers; provided, that, except as provided in Section 7.06, at all times the Company shall have at least one Independent Manager. The initial number of Managers shall be three, one of which shall be an Independent Manager. Each Manager designated by the Member shall hold office until a successor is elected and qualified or until such Manager's earlier death, resignation, expulsion or removal. Each Manager shall execute and deliver the Management Agreement in the form attached hereto as Exhibit A. Managers need not be a Member. The Managers designated by the Member as of the date hereof are listed on Schedule B hereto.

(b) Each Manager shall be designated by the Member and shall hold office for the term for which designated and until a successor has been designated.

(c) The Managers shall be obliged to devote only as much of their time to the Company's business as shall be reasonably required in light of the Company's business and objectives. Except as otherwise provided in Section 7.02 with respect to an Independent Manager, a Manager shall perform his or her duties as a Manager in good faith, in a manner he or she reasonably believes to be in the best interests of the Company, and with such care as an ordinarily prudent Person in a like position would use under similar circumstances.

(d) Except as otherwise provided in this LLC Agreement, the Managers shall act by the affirmative vote of a majority of the Managers. Each Manager shall have the authority to sign duly authorized agreements and other instruments on behalf of the Company without the joinder of any other Manager.

(e) Subject to the terms of this LLC Agreement, any action may be taken by the Managers without a meeting and without prior notice if authorized by the written consent of a majority of the Managers (or such greater number as is required by this LLC Agreement), which written consent shall be filed with the records of the Company.

(f) Every Manager is an agent of the Company for the purpose of its business, and the act of every Manager, including the execution in the Company name of any instrument for carrying on the business of the Company, binds the Company, unless such act is in contravention of this LLC Agreement or unless the Manager so acting otherwise lacks the authority to act for the Company and the Person with whom he or she is dealing has knowledge of the fact that he or she has no such authority.

(g) To the extent permitted by law, the Managers shall not be personally liable for the Company's debts, obligations or liabilities.

SECTION 7.02 Powers of the Managers. Subject to the terms of this LLC Agreement, the Managers shall have the right and authority to take all actions which the Managers deem incidental, necessary, suitable or convenient for the management and conduct of the Company's business.

An Independent Manager may not delegate their duties, authorities or responsibilities hereunder. If an Independent Manager resigns, dies or becomes incapacitated, or such position is otherwise vacant, no action requiring the unanimous affirmative vote of the Managers shall be taken until a successor Independent Manager is appointed by the Member and qualifies and approves such action.

To the fullest extent permitted by law, including Section 18-1101(c) of the LLC Act, and notwithstanding any duty otherwise existing at law or in equity, each Independent Manager shall consider only the interests of the Company, including its creditors, in acting or otherwise voting on the matters referred to in Section 1.08. Except for duties to the Company as set forth in the immediately preceding sentence (including duties to the Member and the Company's creditors solely to the extent of their respective economic interests in the Company but excluding (i) all other interests of the Member, (ii) the interests of other Affiliates of the Company, and (iii) the interests of any group of Affiliates of which the Company is a part), the Independent Manager(s) shall not have any fiduciary duties to the Member, any Manager or any other Person bound by this LLC Agreement; provided, however, the foregoing shall not eliminate the implied contractual covenant of good faith and fair dealing. To the fullest extent permitted by law, including Section 18-1101(e) of the LLC Act, an Independent Manager shall not be liable to the Company, the Member or any other Person bound by this LLC Agreement for breach of contract or breach of duties (including fiduciary duties), unless such Independent Manager acted in bad faith or engaged in willful misconduct.

No Independent Manager shall at any time serve as trustee in bankruptcy for any Affiliate of the Company.

Subject to the terms of this LLC Agreement, the Managers may exercise all powers of the Company and do all such lawful acts and things as are not prohibited by the LLC Act, other applicable law or this LLC Agreement directed or required to be exercised or done by the Member. All duly authorized instruments, contracts, agreements and documents providing for the acquisition or disposition of property of the Company shall be valid and binding on the Company if executed by one or more of the Managers.

Notwithstanding the terms of Section 7.01, 7.07 or 7.09 or any provision of this LLC Agreement to the contrary, (x) no meeting or vote with respect to any action described in clauses (b), (c) or (g) of Section 1.08 or any amendment to any of the Special Purpose Provisions shall be conducted unless each Independent Manager is present and (y) neither the Company nor the Member, any Manager or any officer on behalf of the Company shall (i) take any action described in clauses (b), (c) or (g) of Section 1.08 unless each Independent Manager has consented thereto or (ii) adopt any amendment to any of the Special Purpose Provisions unless each Independent Manager has consented thereto. The vote or consent of an Independent Manager with respect to any such action or amendment shall not be dictated by the Member or any other Manager or officer of the Company.

SECTION 7.03      Reimbursement. To the extent permitted by applicable law, the Company may reimburse any Manager, directly or indirectly, for reasonable out-of-pocket expenses incurred by such Manager in connection with its services rendered to the Company. Such reimbursement shall be determined by the Managers without regard to the income of the Company, shall not be deemed to constitute distributions to the recipient of any profit, loss or capital of the Company and shall be considered an Operating Expense.

SECTION 7.04      Removal of Managers.

(a)      Subject to Section 4.01, the Member may remove any (i) Manager (other than an Independent Manager) with or without cause at any time, and (ii) Independent Manager with Cause at any time.

(b)      Subject to Sections 4.01 and 7.05, any removal of a Manager shall become effective on such date as may be specified by the Member and in a notice delivered to any remaining Managers or the Manager designated to replace the removed Manager (except that it shall not be effective on a date earlier than the date such notice is delivered to the remaining Managers or the Manager designated to replace the removed Manager). Should a Manager be removed who is also the Member, the Member shall continue to participate in the Company as the Member and receive its share of the Company's income, gains, losses, deductions and credits pursuant to this LLC Agreement.

SECTION 7.05      Resignation of Manager. A Manager other than an Independent Manager may resign as a Manager at any time by thirty (30) days' prior notice to the Member. An Independent Manager may not withdraw or resign as a Manager of the Company without the consent of the Member. No resignation or removal of an Independent Manager, and no appointment of a successor Independent Manager, shall be effective until such successor (i) shall have accepted his or her appointment as an Independent Manager by a written instrument, which may be a counterpart signature page to the Management Agreement, and (ii) shall have executed a counterpart to this LLC Agreement.

SECTION 7.06      Vacancies. Subject to Section 4.01, any vacancies among the Managers may be filled by the Member. In the event of a vacancy in the position of an Independent Manager, the Member shall, as soon as practicable, appoint a successor Independent Manager. Notwithstanding anything to the contrary contained in this LLC Agreement, no Independent Manager shall be removed or replaced unless the Company provides the Indenture Trustee with no less than two (2) Business Days' prior written notice of (a) any proposed removal of such Independent Manager, and (b) the identity of the proposed replacement Independent Manager, together with a certification that such replacement satisfies the requirements for an Independent Manager set forth in this LLC Agreement.

SECTION 7.07      Meetings of the Managers. The Managers may hold meetings, both regular and special, within or outside the State of Delaware. Regular meetings of the Managers may be held without notice at such time and at such place as shall from time to time be determined by the Managers. Special meetings of the Managers may be called by the President on not less than one day's notice to each Manager by telephone, facsimile, mail, email or any other means of communication, and special meetings shall be called by the President or Secretary in like manner and with like notice upon the written request of any one or more of the Managers.

SECTION 7.08      Electronic Communications. Managers, or any committee designated by the Managers, may participate in meetings of the Managers, or any committee, by means of telephone or video conference or similar communications equipment that allows all Persons participating in the meeting to hear each other, and such participation in a meeting shall constitute presence in Person at the meeting. If all the participants are participating by telephone conference or similar communications equipment, the meeting shall be deemed to be held at the principal place of business of the Company.

SECTION 7.09      Committees of Managers.

(a)      The Managers may, by resolution passed by a majority of the Managers, designate one or more committees, each committee to consist of one or more of the Managers. The Managers may designate one or more Managers as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee.

(b)      In the absence or disqualification of a member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not such members constitute a quorum, may unanimously appoint another Manager to act at the meeting in the place of any such absent or disqualified member.

(i)      Any such committee, to the extent provided in the resolution of the Managers, shall have and may exercise all the powers and authority of the Managers in the management of the business and affairs of the Company. Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the Managers. Each committee shall keep regular minutes of its meetings and report the same to the Managers when required.

SECTION 7.10      Limitations on Independent Manager(s). All right, power and authority of each Independent Manager shall be limited to the extent necessary to exercise those rights and perform those duties specifically set forth in this LLC Agreement.

ARTICLE VIII

EXPENSES

SECTION 8.01      Expenses. Except as otherwise provided in this LLC Agreement or the Basic Documents, the Company shall be responsible for all expenses and the allocation thereof including without limitation:

(a)      all expenses incurred by the Member or its Affiliates in organizing the Company;

(b)      all expenses related to the business of the Company and all routine administrative expenses of the Company, including the maintenance of books and records of the Company, the preparation and dispatch to the Member of checks, financial reports, tax returns and notices required pursuant to this LLC Agreement;



(c) all expenses incurred in connection with any litigation or arbitration involving the Company (including the cost of any investigation and preparation) and the amount of any judgment or settlement paid in connection therewith;

(d) all expenses for indemnity or contribution payable by the Company to any Person;

(e) all expenses incurred in connection with the collection of amounts due to the Company from any Person;

(f) all expenses incurred in connection with the preparation of amendments to this LLC Agreement;

(g) all expenses incurred in connection with the liquidation, dissolution and winding up of the Company; and

(h) all expenses otherwise allocated in good faith to the Company by the Managers.

## ARTICLE IX

### PERPETUAL EXISTENCE; DISSOLUTION, LIQUIDATION AND WINDING-UP

#### SECTION 9.01 Existence.

(a) The Company shall have a perpetual existence, unless dissolved in accordance with this LLC Agreement. So long as any of the Securitized Utility Tariff Bonds are Outstanding, to the fullest extent permitted by law, the Member shall not be entitled to consent to the dissolution of the Company.

(b) Notwithstanding any provision of this LLC Agreement, the Bankruptcy of the Member or Special Member will not cause such Member or Special Member, respectively, to cease to be a member of the Company, and upon the occurrence of such an event, the Company shall continue without dissolution. To the fullest extent permitted by law, the dissolution of the Member will not cause the Member to cease to be a member of the Company, and upon the occurrence of such an event, the Company shall, to the fullest extent permitted by law, continue without dissolution. For purposes of this Section 9.01(b), “Bankruptcy” means, with respect to any Person (A) if such Person (i) makes an assignment for the benefit of creditors, (ii) files a voluntary petition in bankruptcy, (iii) is adjudged a bankrupt or insolvent, or has entered against it an order for relief, in any bankruptcy or insolvency proceedings, (iv) files a petition or answer seeking for itself any reorganization, arrangement, composition, readjustment, liquidation or similar relief under any statute, law or regulation, (v) files an answer or other pleading admitting or failing to contest the material allegations of a petition filed against it in any proceeding of this nature, or (vi) seeks, consents to or acquiesces in the appointment of a trustee, receiver or liquidator of the Person or of all or any substantial part of its properties, or (B) if 120 days after the commencement of any proceeding against the Person seeking reorganization, arrangement, composition, readjustment, liquidation or similar relief under any statute, law or regulation, the proceeding has not been dismissed or if within 90 days after the appointment without such Person’s consent or

acquiescence of a trustee, receiver or liquidator of such Person or of all or any substantial part of its properties, the appointment is not vacated or stayed, or within 90 days after the expiration of any such stay, the appointment is not vacated. The foregoing definition of “Bankruptcy” is intended to replace and shall supersede and replace the definition of “Bankruptcy” set forth in Sections 18-101(1) and 18-304 of the LLC Act. Upon the occurrence of any event that causes the last remaining member of the Company to cease to be a member of the Company or that causes the Member to cease to be a member of the Company (other than upon continuation of the Company without dissolution upon an assignment by the Member of all of its limited liability company interest in the Company and the admission of the transferee pursuant to Sections 6.06 and 6.07), to the fullest extent permitted by law, the personal representative of such member is hereby authorized to, and shall, within ninety (90) days after the occurrence of the event that terminated the continued membership of such member in the Company, agree in writing (i) to continue the Company and (ii) to the admission of the personal representative or its nominee or designee, as the case may be, as a substitute member of the Company, effective as of the occurrence of the event that terminated the continued membership of the last remaining member of the Company or the Member in the Company.

SECTION 9.02        Dissolution. The Company shall be dissolved and its affairs shall be wound up upon the occurrence of the earliest of the following events:

(a)        subject to Section 1.07, the election to dissolve the Company made in writing by the Member and each Manager, including each Independent Manager, as permitted under the Basic Documents and after the discharge in full of the Securitized Utility Tariff Bonds;

(b)        the termination of the legal existence of the last remaining member of the Company or the occurrence of any event that causes the last remaining member of the Company to cease to be a member of the Company unless the Company is continued without dissolution in a manner permitted by the LLC Act or this LLC Agreement; or

(c)        the entry of a decree of judicial dissolution of the Company pursuant to Section 18-802 of the LLC Act.

SECTION 9.03        Accounting. In the event of the dissolution, liquidation and winding-up of the Company, a proper accounting shall be made of the Capital Account of the Member and of the net income or net loss of the Company from the date of the last previous accounting to the date of dissolution.

SECTION 9.04        Certificate of Cancellation. As soon as possible following the occurrence of any of the events specified in Section 9.02 and the completion of the winding up of the Company, the Person winding up the business and affairs of the Company, as an authorized person, shall cause to be executed a Certificate of Cancellation of the Certificate of Formation and file the Certificate of Cancellation of the Certificate of Formation as required by the LLC Act.

SECTION 9.05        Winding Up. Upon the dissolution of the Company, the Company shall continue solely for the purpose of winding up its affairs in an orderly manner, liquidating its assets, and satisfying the claims of its creditors. The Member, or if there is no Member, the Managers, shall be responsible for overseeing the winding up and liquidation of the Company, shall take full account of the liabilities of the Company and its assets, shall either cause

its assets to be sold or distributed, and if sold as promptly as is consistent with obtaining the fair market value thereof, shall cause the proceeds therefrom, to the extent sufficient therefor, to be applied and distributed as provided in Section 9.06.

SECTION 9.06 Order of Payment of Liabilities Upon Dissolution. After determining that all debts and liabilities of the Company, including all contingent, conditional or unmatured liabilities of the Company, in the process of winding-up, including, without limitation, debts and liabilities to the Member in the event it is a creditor of the Company to the extent otherwise permitted by law, have been paid or adequately provided for, the remaining assets shall be distributed in cash or in kind to the Member.

SECTION 9.07 Limitations on Payments Made in Dissolution. Except as otherwise specifically provided in this LLC Agreement, the Member shall only be entitled to look solely to the assets of Company for the return of its positive Capital Account balance and shall have no recourse for its Capital Contribution and/or share of net income (upon dissolution or otherwise) against any Manager.

SECTION 9.08 Limitation on Liability. Except as otherwise provided by the LLC Act and except as otherwise characterized for tax and financial reporting purposes, the debts, obligations and liabilities of the Company, whether arising in contract, tort or otherwise, shall be solely the debts, obligations and liabilities of the Company, and no Member or Manager shall be obligated personally for any such debt, obligation or liability of the Company solely by reason of being a Member or a Manager.

## ARTICLE X

### INDEMNIFICATION

SECTION 10.01 Indemnity. Subject to the provisions of Section 10.04 hereof, to the fullest extent permitted by law, the Company shall indemnify any Person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, except an action by or in the right of the Company, by reason of the fact that such Person is or was a Manager, Member, officer, controlling Person, legal representative or agent of the Company, or is or was serving at the request of the Company as a member, manager, director, officer, partner, shareholder, controlling Person, legal representative or agent of another limited liability company, partnership, corporation, joint venture, trust or other enterprise, against expenses, including attorneys' fees, judgments, fines and amounts paid in settlement actually and reasonably incurred by such Person in connection with the action, suit or proceeding if such Person acted in good faith and in a manner which such Person reasonably believed to be in or not opposed to the best interests of the Company, and, with respect to a criminal action or proceeding, had no reasonable cause to believe such Person's conduct was unlawful; provided that such Person shall not be entitled to indemnification if such judgment, penalty, fine or other expense was directly caused by such Person's fraud, gross negligence or willful misconduct or, in the case of an Independent Manager, bad faith or willful misconduct.

SECTION 10.02 Indemnity for Actions By or In the Right of the Company. Subject to the provisions of Section 10.04 hereof, to the fullest extent permitted by law, the Company shall indemnify any Person who was or is a party or is threatened to be made a party to

any threatened, pending or completed action or suit by or in the rights of the Company to procure a judgment in its favor by reason of the fact that such Person is or was a Member, Manager, officer, controlling Person, legal representative or agent of the Company, or is or was serving at the request of the Company as a member, manager, director, officer, partner, shareholder, controlling Person, legal representative or agent of another limited liability company, corporation, partnership, joint venture, trust or other enterprise, against expenses, including amounts paid in settlement and attorneys' fees actually and reasonably incurred by such Person in connection with the defense or settlement of the actions or suit if such Person acted in good faith and in a manner which such Person reasonably believed to be in or not opposed to the best interests of the Company; provided that such Person shall not be entitled to indemnification if such judgment, penalty, fine or other expense was directly caused by such Person's fraud, gross negligence or willful misconduct or, in the case of an Independent Manager, bad faith or willful misconduct. Indemnification may not be made for any claim, issue or matter as to which such Person has been adjudged by a court of competent jurisdiction, after exhaustion of all appeals therefrom, to be liable to the Company or for amounts paid in settlement to the Company, unless and only to the extent that the court in which the action or suit was brought or other court of competent jurisdiction determines upon application that in view of all the circumstances of the case, the Person is fairly and reasonably entitled to indemnity for such expenses as the court deems proper.

SECTION 10.03 Indemnity If Successful. To the fullest extent permitted by law, the Company shall indemnify any Person who is or was a Manager, Member, officer, controlling Person, legal representative or agent of the Company, or is or was serving at the request of the Company as a member, manager, director, officer, partner, shareholder, controlling Person, legal representative or agent of another limited liability company, corporation, partnership, joint venture, trust or other enterprise against expenses, including reasonable attorneys' fees, actually and reasonably incurred by him or her in connection with the defense of any action, suit or proceeding referred to in Sections 10.01 and 10.02 or in defense of any claim, issue or matter therein, to the extent that such Person has been successful on the merits.

SECTION 10.04 Expenses. Any indemnification under Sections 10.01 and 10.02, as well as the advance payment of expenses permitted under Section 10.05 unless ordered by a court or advanced pursuant to Section 10.05 below, must be made by the Company only as authorized in the specific case upon a determination that indemnification of the Manager, Member, officer, controlling Person, legal representative or agent is proper in the circumstances. The determination must be made:

- (a) by the Member if the Member was not a party to the act, suit or proceeding;
- or
- (b) if the Member was a party to the act, suit or proceeding by independent legal counsel in a written opinion.

SECTION 10.05 Advance Payment of Expenses. To the fullest extent permitted by law, the expenses of each Person who is or was a Manager, Member, officer, controlling Person, legal representative or agent, or is or was serving at the request of the Company as a member, manager, director, officer, partner, shareholder, controlling Person, legal representative or agent of another limited liability company, corporation, partnership, joint

venture, trust or other enterprise, incurred in defending a civil or criminal action, suit or proceeding may be paid by the Company as they are incurred and in advance of the final disposition of the action, suit or proceeding, upon receipt of an undertaking by or on behalf of such Person to repay the amount if it is ultimately determined by a court of competent jurisdiction that such Person is not entitled to be indemnified by the Company. The provisions of this Section 10.05 shall not affect any rights to advancement of expenses to which personnel other than the Member or the Managers (other than each Independent Manager) may be entitled under any contract or otherwise by law.

SECTION 10.06 Other Arrangements Not Excluded. The indemnification and advancement of expenses authorized in or ordered by a court pursuant to this Article X:

(a) does not exclude any other rights to which a Person seeking indemnification or advancement of expenses may be entitled under any agreement, decision of the Member or otherwise, for either an action of any Person who is or was a Manager, Member, officer, controlling Person, legal representative or agent, or is or was serving at the request of the Company as a member, manager, director, officer, partner, shareholder, controlling Person, legal representative or agent of another limited liability company, corporation, partnership, joint venture, trust or other enterprise, in the official capacity of such Person or an action in another capacity while holding such position, except that indemnification and advancement, unless ordered by a court pursuant to Section 10.05 above, may not be made to or on behalf of such Person if a final adjudication established that its acts or omissions involved intentional misconduct, fraud or a knowing violation of the law and were material to the cause of action; and

(b) continues for a Person who has ceased to be a Member, Manager, officer, legal representative or agent and inures to the benefit of the successors, heirs, executors and administrators of such a Person.

## ARTICLE XI

### MISCELLANEOUS PROVISIONS

SECTION 11.01 No Bankruptcy Petition; Dissolution.

(a) To the fullest extent permitted by law, the Member, each Special Member and each Manager hereby covenant and agree (or shall be deemed to have hereby covenanted and agreed) that, prior to the date which is one year and one day after the termination of the Indenture and the payment in full of all Securitized Utility Tariff Bonds and any other amounts owed under the Indenture, it will not acquiesce, petition or otherwise invoke or cause the Company to invoke the process of any court or Governmental Authority for the purpose of commencing or sustaining an involuntary case against the Company under any federal or state bankruptcy, insolvency or similar law or appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official of the Company or any substantial part of the property of the Company, or ordering the winding up or liquidation of the affairs of the Company; provided, however, that nothing in this Section 11.01 shall constitute a waiver of any right to indemnification, reimbursement or other payment from the Company pursuant to this LLC Agreement. This Section 11.01 is not intended to apply to the filing of a voluntary bankruptcy petition on behalf of the Company which is governed by Section 1.08 of this LLC Agreement.

(b) To the fullest extent permitted by law, the Member, each Special Member and each Manager hereby covenants and agrees (or shall be deemed to have hereby covenanted and agreed) that, until the termination of the Indenture and the payment in full of all Securitized Utility Tariff Bonds and any other amounts owed under the Indenture, the Member, such Special Member and such Manager will not consent to, or make application for, or institute or maintain any action for, the dissolution of the Company under Section 18-801 or 18-802 of the LLC Act or otherwise or any division of the Company under Section 18-217 of the Act or otherwise.

(c) In the event that the Member, any Special Member or any Manager takes action in violation of this Section 11.01, the Company agrees that it shall file an answer with the court or otherwise properly contest the taking of such action and raise the defense that the Member, the Special Member or Manager, as the case may be, has agreed in writing not to take such action and should be estopped and precluded therefrom and such other defenses, if any, as its counsel advises that it may assert.

(d) The provisions of this Section 11.01 shall survive the termination of this LLC Agreement and the resignation, withdrawal or removal of the Member, any Special Member or any Manager. Nothing herein contained shall preclude participation by the Member, any Special Member or a Manager in assertion or defense of its claims in any such proceeding involving the Company.

#### SECTION 11.02 Amendments.

(a) The power to alter, amend or repeal this LLC Agreement shall be only on the consent of the Member, provided, that: the Company shall not alter, amend or repeal any provision of Sections 1.02(b) and (c), 1.05, 1.07, 1.08, 3.01(b), 3.02, 6.06, 6.07, 7.02, 7.05, 7.06, 9.01, 9.02, 11.02 and 11.07 of this LLC Agreement or the definition of “Independent Manager” contained herein or the requirement that at all times the Company have at least one Independent Manager (collectively, the “Special Purpose Provisions”) without, in each case, the affirmative vote of a majority of the Managers, which vote must include the affirmative vote of each Independent Manager.

So long as any of the Securitized Utility Tariff Bonds are Outstanding, the Company and the Member shall give written notice to each applicable Rating Agency and to the Indenture Trustee of any amendment to this LLC Agreement. The effectiveness of any amendment of the Special Purpose Provisions shall be subject to the Rating Agency Condition (other than an amendment which is necessary: (i) to cure any ambiguity or (ii) to correct or supplement any such provision in a manner consistent with the intent of this LLC Agreement).

(b) The Company’s power to alter or amend the Certificate of Formation shall be vested in the Member. Upon obtaining the approval of any amendment, supplement or restatement as to the Certificate of Formation, the Member on behalf of the Company shall cause a Certificate of Amendment or Amended and Restated Certificate of Formation to be prepared, executed and filed in accordance with the LLC Act.

(c) Notwithstanding anything in this LLC Agreement to the contrary, including Sections 11.02(a) and (b), unless and until any Securitized Utility Tariff Bonds are Outstanding, the Member may, without the need for any consent or action of, or notice to, any other Person,

including any Manager, any officer, the Indenture Trustee or any Rating Agency, alter, amend or repeal this LLC Agreement in any manner.

SECTION 11.03 Counterparts. This LLC Agreement may be executed in any number of counterparts, each of which shall be deemed an original of this LLC Agreement and all of which together shall constitute one and the same instrument.

SECTION 11.04 Governing Law. THIS LLC AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF DELAWARE, WITHOUT REFERENCE TO ITS CONFLICT OF LAW PROVISIONS, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

SECTION 11.05 Headings. The headings of the various Articles and Sections herein are for convenience of reference only and shall not define or limit any of the terms or provisions hereof.

SECTION 11.06 Severability. Any provision of this LLC Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remainder of such provision (if any) or the remaining provisions hereof (unless such construction shall be unreasonable), and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

SECTION 11.07 Assigns. Each and all of the covenants, terms, provisions and agreements contained in this LLC Agreement shall be binding upon and inure to the benefit of the Member, and its permitted successors and assigns.

SECTION 11.08 Enforcement by each Independent Manager. Notwithstanding any other provision of this LLC Agreement, the Member agrees that this LLC Agreement constitutes a legal, valid and binding agreement of the Member, and is enforceable against the Member by each Independent Manager in accordance with its terms.

SECTION 11.09 Waiver of Partition; Nature of Interest. Except as otherwise expressly provided in this LLC Agreement, to the fullest extent permitted by law, each of the Member and the Special Member hereby irrevocably waives any right or power that such Person might have to cause the Company or any of its assets to be partitioned, to cause the appointment of a receiver for all or any portion of the assets of the Company, to compel any sale of all or any portion of the assets of the Company pursuant to any applicable law or to file a complaint or to institute any proceeding at law or in equity to cause the dissolution, division, liquidation, winding up or termination of the Company. The Member shall not have any interest in any specific assets of the Company, and the Member shall not have the status of a creditor with respect to any distribution pursuant to this LLC Agreement.

SECTION 11.10 Benefits of Agreement; No Third-Party Rights. Except for the Indenture Trustee with respect to the Special Purpose Provisions and Persons entitled to indemnification hereunder, none of the provisions of this LLC Agreement shall be for the benefit

of or enforceable by any creditor of the Company or by any creditor of the Member or Special Member. Nothing in this LLC Agreement shall be deemed to create any right in any Person (other than the Indenture Trustee with respect to the Special Purpose Provisions and Persons entitled to indemnification hereunder) not a party hereto, and this LLC Agreement shall not be construed in any respect to be a contract in whole or in part for the benefit of any third Person.

**[SIGNATURE PAGE FOLLOWS]**



IN WITNESS WHEREOF, this LLC Agreement is hereby executed by the undersigned and is effective as of the date first above written.

MEMBER:

ATMOS ENERGY CORPORATION

By: \_\_\_\_\_

Name:

Title:

INDEPENDENT MANAGER:

\_\_\_\_\_  
Name:

SCHEDULE A

SCHEDULE OF CAPITAL CONTRIBUTIONS OF MEMBER

| MEMBER'S NAME            | CAPITAL CONTRIBUTION | MEMBERSHIP INTEREST PERCENTAGE | CAPITAL ACCOUNT |
|--------------------------|----------------------|--------------------------------|-----------------|
| Atmos Energy Corporation | [\$●]                | 100%                           | [\$●]           |

SCHEDULE B

INITIAL MANAGERS

- 1.
- 2.
3. [            ], as Independent Manager<sup>1</sup>

---

<sup>1</sup> An Independent Manager should be appointed at the time this Amended and Restated Limited Liability Company Agreement is entered into.

SCHEDULE C

INITIAL OFFICERS

Name

Office

President

Treasurer

Secretary

EXHIBIT A

MANAGEMENT AGREEMENT

[DATE]

[Name of Atmos SPE]  
[Address of Atmos SPE]  
[Address of Atmos SPE]  
[Address of Atmos SPE]

Re: Management Agreement — [Name of Atmos SPE].

Ladies and Gentlemen:

For good and valuable consideration, each of the undersigned Persons, who have been designated as managers of [Name of Atmos SPE], a Delaware limited liability company (the “Company”), in accordance with the Amended and Restated Limited Liability Company Agreement of the Company, dated as of [●] (as it may be amended, restated, amended and restated, supplemented or otherwise modified from time to time, the “A&R LLC Agreement”), hereby agree as follows:

1. Each of the undersigned accepts such Person’s rights and authority as a Manager under the A&R LLC Agreement and agrees to perform and discharge such Person’s duties and obligations as a Manager under the A&R LLC Agreement, and further agrees that such rights, authorities, duties and obligations under the A&R LLC Agreement shall continue until such Person’s successor as a Manager is designated or until such Person’s resignation or removal as a Manager in accordance with the A&R LLC Agreement. Each of the undersigned agrees and acknowledges that it has been designated as a “manager” of the Company within the meaning of the Delaware Limited Liability Company Act.

2. Until a year and one day has passed since the date that the last obligation under the Basic Documents was paid, to the fullest extent permitted by law, each of the undersigned agrees, solely in its capacity as a creditor of the Company on account of any indemnification or other payment owing to the undersigned by the Company, not to acquiesce, petition or otherwise invoke or cause the Company to invoke the process of any court or governmental authority for the purpose of commencing or sustaining an involuntary case against the Company under any federal or state bankruptcy, insolvency or similar law or appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official of the Company or any substantial part of the property of the Company, or ordering the winding up or liquidation of the affairs of the Company.

3. THIS MANAGEMENT AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF DELAWARE, AND ALL RIGHTS AND REMEDIES SHALL BE GOVERNED BY SUCH LAWS WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAWS.

Capitalized terms used and not otherwise defined herein have the meanings set forth in the A&R LLC Agreement.

This Management Agreement may be executed in any number of counterparts, each of which shall be deemed an original of this Management Agreement and all of which together shall constitute one and the same instrument.

[Signature Pages Follow]

IN WITNESS WHEREOF, the undersigned have executed this Management Agreement as of the day and year first above written.

\_\_\_\_\_,  
as a Manager

\_\_\_\_\_,  
as a Manager

\_\_\_\_\_,  
as an Independent Manager

## APPENDIX A

### DEFINITIONS

A. Defined Terms. As used in this LLC Agreement, the following terms have the following meanings:

“Administration Agreement” means the Administration Agreement, dated as of the Closing Date, by and between the Administrator and the Company, as the same may be amended, restated, supplemented or otherwise modified from time to time.

“Administrator” means Atmos Energy, as Administrator under the Administration Agreement, or any successor Administrator to the extent permitted under the Administration Agreement.

“Affiliate” means, with respect to any specified Person, any other Person controlling or controlled by or under common control with such specified Person. For the purposes of this definition, “control” when used with respect to any specified Person means the power to direct the management and policies of such specified Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms “controlling” and “controlled” have meanings correlative to the foregoing.

“Bankruptcy” has the meaning specified in Section 9.01(b) of this LLC Agreement.

“Bankruptcy Code” means Title 11 of the United States Code (11 U.S.C. §§ 101 et seq.), as amended from time to time.

“Basic Documents” means the Indenture, the Administration Agreement, the Sale Agreement, the Bill of Sale, the Certificate of Formation, this LLC Agreement, the Servicing Agreement, the Series Supplement, the Letter of Representations, the Underwriting Agreement, any intercreditor agreement, and any amendments to the foregoing, and all other documents and certificates delivered in connection therewith.

“Bill of Sale” means (i) the Bill of Sale, dated as of the Closing Date, by and between the Seller and the Company, as the same may be amended, restated, supplemented or otherwise modified from time to time.

“Book-Entry Form” means, with respect to any Securitized Utility Tariff Bond, that the ownership and transfers such Securitized Utility Tariff Bond shall be made through book entries by a Clearing Agency as described in the Indenture and the Series Supplement pursuant to which such Securitized Utility Tariff Bond was issued.

“Book-Entry Securitized Utility Tariff Bonds” means any Securitized Utility Tariff Bonds issued in Book-Entry Form; provided, however, that after the occurrence of a condition whereupon book-entry registration and transfer are no longer permitted and Definitive Securitized Utility Tariff Bonds are to be issued to the Holder of such Securitized Utility Tariff Bonds, such Securitized Utility Tariff Bonds shall no longer be “Book-Entry Securitized Utility Tariff Bonds”.



“Business Day” means any day other than a Saturday, a Sunday or a day on which banking institutions in Dallas, Texas or New York, New York are, or DTC or the Corporate Trust Office is, authorized or obligated by law, regulation or executive order to be closed.

“Capital Account” has the meaning specified in Section 2.03.

“Capital Contribution” has the meaning specified in Section 2.01.

“Cause” means, with respect to an Independent Manager, (i) acts or omissions by such Independent Manager that constitute willful disregard of, or willful misconduct, bad faith or gross negligence with respect to, such Independent Manager’s duties under or in connection with this LLC Agreement, (ii) that such Independent Manager has engaged in or has been charged with, or has been indicted or convicted for, any crime or crimes of fraud or other acts constituting a crime under any law applicable to such Independent Manager, (iii) that such Independent Manager has breached its fiduciary duties of loyalty or care as and to the extent of such duties in accordance with the terms of the Company’s organizational documents, (iv) there is a material increase in the fees charged by such Independent Manager or a material change to such Independent Manager’s terms of service, (v) such Independent Manager is unable to perform his or her duties as Independent Manager due to death, disability, incapacity or other cause, or (vi) such Independent Manager no longer meets the criteria specified in the definition of Independent Manager.

“Certificate of Formation” means the Certificate of Formation of the Company filed with the Secretary of State of the State of Delaware on [●], as amended, restated or amended and restated from time to time.

“Clearing Agency” means an organization registered as a “clearing agency” pursuant to Section 17A of the Exchange Act.

“Closing Date” means the date on which the Securitized Utility Tariff Bonds are to be originally issued in accordance with the terms of the Indenture and the Series Supplement.

“Code” means the Internal Revenue Code of 1986, as amended.

“Collection Account” means the account established and maintained by the Indenture Trustee in accordance with the Indenture and any subaccounts contained therein.

“Corporate Trust Office” means the office of the applicable Indenture Trustee at which, at any particular time, its corporate trust business shall be administered.

“Definitive Securitized Utility Tariff Bonds” means certificated, fully registered Securitized Utility Tariff Bonds issued in definitive form in accordance with the Indenture.

“DTC” means The Depository Trust Company or any successor thereto.

“Eligible Investments” has the meaning specified in the Indenture.

“Exchange Act” means the Securities Exchange Act of 1934, as amended.

“Federal Book-Entry Regulations” means 31 C.F.R. Part 357 et seq. (Department of Treasury).

“Financing Order” means Financing Order No. [●] issued by the Kansas Commission on [ ], 2022 in Docket No. 22-ATMG-538-TAR pursuant to the Securitization Law, authorizing the creation of the Securitized Utility Tariff Property and the issuance by the Company, as issuer, of Securitized Utility Tariff Bonds under the related Indenture.

[“Fitch” means Fitch Ratings, Inc., or any successor in interest.]

“Governmental Authority” means any nation or government, any federal, state, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative function of government.

“Holder” or “Bondholder” means the Person in whose name a Securitized Utility Tariff Bond is registered on the Securitized Utility Tariff Bond Register.

“Indenture” means the Indenture, dated as of the Closing Date, by and between the Company and [U.S. Bank National Association, a national banking association], as Indenture Trustee and as Securities Intermediary as originally executed and, as from time to time supplemented or amended by the Series Supplement or indentures supplemental thereto entered into pursuant to the applicable provisions of the Indenture, as so supplemented or amended, or both, and shall include the forms and terms of the Securitized Utility Tariff Bonds established thereunder, in each case as the same may be amended, restated, supplemented or otherwise modified from time to time.

“Indenture Trustee” means [U.S. Bank National Association, a national banking association], as indenture trustee for the benefit of the Secured Parties, or any successor indenture trustee under the Indenture.

“Independent Manager” has the meaning specified in Section 4.01(a) of this LLC Agreement.

“Internal Revenue Service” means the Internal Revenue Service of the United States of America.

“Kansas Commission” means the State Corporation Commission of the State of Kansas, or any Governmental Authority succeeding to the duties of such agency.

“Letter of Representations” means any applicable agreement between the Company, as issuer, and the applicable Clearing Agency, with respect to such Clearing Agency’s rights and obligations (in its capacity as a Clearing Agency) with respect to any Book-Entry Securitized Utility Tariff Bonds, as the same may be amended, supplemented, restated or otherwise modified from time to time.

“LLC Act” means the Delaware Limited Liability Company Act, 6 Del. C. § 18-101 et seq., as amended from time to time.

“LLC Agreement” has the meaning specified in the preamble hereto.

“Manager” means each person selected to be a manager of the Company from time to time by the Member, including each Independent Manager, each in such person’s capacity as a “manager” of the Company. Each Manager is designated as a “manager” of the Company within the meaning of Section 18-101(12) of the LLC Act.

“Member” has the meaning specified in the preamble to this LLC Agreement.

“Membership Interest” has the meaning specified in Section 6.01 of this LLC Agreement.

[“Moody’s” means Moody’s Investors Service, Inc. or any successor thereto. References to Moody’s are effective so long as Moody’s is a Rating Agency.]

“NY UCC” means the Uniform Commercial Code as in effect on the date hereof in the State of New York.

“Operating Expenses” means (i) all unreimbursed fees, costs and out-of-pocket expenses of the Company, including all amounts owed by the Company to the Indenture Trustee (including indemnities, legal, audit fees and expenses), or to any Manager, (ii) the Servicing Fee and other amounts owed to the Servicer pursuant to the Servicing Agreement, (iii) administration fees owed to Atmos Energy, or a successor administrator, pursuant to the Administration Agreement, (iv) legal and accounting fees, costs and expenses of the Company and Atmos Energy, (v) Rating Agency fees, costs and expenses of the Company and Atmos Energy, (vi) the return equity on Atmos Energy for its Capital Contribution and (viii) any franchise or other taxes owed by the Company or by Atmos Energy with respect to the Company.

“Original LLC Agreement” has the meaning specified in the preamble to this LLC Agreement.

“Outstanding” means, as of the date of determination, all Securitized Utility Tariff Bonds theretofore authenticated and delivered under the Indenture, except:

(a) Securitized Utility Tariff Bonds theretofore canceled by the related Securitized Utility Tariff Bond Registrar or delivered to the Securitized Utility Tariff Bond Registrar for cancellation;

(b) Securitized Utility Tariff Bonds or portions thereof the payment for which money in the necessary amount has been theretofore deposited with the Indenture Trustee or any Paying Agent in trust for the Holders of such Securitized Utility Tariff Bonds; and

(c) Securitized Utility Tariff Bonds in exchange for or in lieu of other Securitized Utility Tariff Bonds which have been issued pursuant to the Indenture unless proof satisfactory to the related Indenture Trustee is presented that any such Securitized Utility Tariff Bonds are held by a Protected Purchaser;

provided, that, in determining whether the Holders of the requisite Outstanding Amount of the Securitized Utility Tariff Bonds have given any request, demand, authorization, direction, notice,

consent or waiver hereunder or under any Basic Document, Securitized Utility Tariff Bonds owned by the Company, any other obligor upon the Securitized Utility Tariff Bonds, the Member, the Seller, the Servicer or any Affiliate of any of the foregoing Persons shall be disregarded and deemed not to be Outstanding (unless one or more such Persons owns 100% of such Securitized Utility Tariff Bonds), except that, in determining whether the Indenture Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Securitized Utility Tariff Bonds that the Indenture Trustee actually knows to be so owned shall be so disregarded. Securitized Utility Tariff Bonds so owned that have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the satisfaction of such Indenture Trustee the pledgee's right so to act with respect to such Securitized Utility Tariff Bonds and that the pledgee is not the Company, any other obligor upon the Securitized Utility Tariff Bonds, the Member, the Seller, the Servicer or any Affiliate of any of the foregoing Persons.

“Outstanding Amount” means the aggregate principal amount of all Securitized Utility Tariff Bonds that are Outstanding at the date of determination under the Indenture.

“Paying Agent” means, with respect to the Indenture, the Indenture Trustee and any other Person appointed as a paying agent for the Securitized Utility Tariff Bonds pursuant to the Indenture.

“Payment Date” means, with respect to the Securitized Utility Tariff Bonds, the dates specified in the Series Supplement; provided, that if any such date is not a Business Day, the Payment Date shall be the Business Day immediately succeeding such date.

“Person” means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

“Protected Purchaser” has the meaning specified in Section 8-303 of the NY UCC.

“Rating Agency” means, with respect to the Securitized Utility Tariff Bonds, any of [Fitch or Moody's]<sup>2</sup> which provides a rating with respect to the Securitized Utility Tariff Bonds. If no such organization or successor is any longer in existence, “Rating Agency” shall be a nationally recognized statistical rating organization or other comparable Person designated by the Company, notice of which designation shall be given to the Indenture Trustee and the Servicer.

“Rating Agency Condition” means, with respect to any action, not less than ten (10) Business Days' prior written notification to each Rating Agency of such action, and written confirmation from each Rating Agency to the Indenture Trustee and the Company that such action will not result in a suspension, reduction or withdrawal of the then current rating by such Rating Agency of the Securitized Utility Tariff Bonds and that prior to the taking of the proposed action no other Rating Agency shall have provided written notice to the Company that such action has resulted or would result in the suspension, reduction or withdrawal of the then current rating of the Securitized Utility Tariff Bonds; provided, that if within such ten (10) Business Day period, any Rating Agency has neither replied to such notification nor responded in a manner that indicates that such Rating Agency is reviewing and considering the notification, then (i) the Company shall

---

<sup>2</sup> **Note to Draft:** Subject to selection of Rating Agency.

be required to confirm that such Rating Agency has received the Rating Agency Condition request, and if it has, promptly request the related Rating Agency Condition confirmation and (ii) if the Rating Agency neither replies to such notification nor responds in a manner that indicates it is reviewing and considering the notification within five (5) Business Days following such second (2<sup>nd</sup>) request, the applicable Rating Agency Condition requirement shall not be deemed to apply to such Rating Agency. For the purposes of this definition, any confirmation, request, acknowledgment or approval that is required to be in writing may be in the form of electronic mail or a press release (which may contain a general waiver of a Rating Agency's right to review or consent).

“Sale Agreement” means the Securitized Utility Tariff Property Purchase and Sale Agreement, dated as of the Closing Date, between the Company and Atmos Energy, and acknowledged and accepted by the Indenture Trustee, as the same may be amended, restated, supplemented or otherwise modified from time to time.

“Secretary of State” means the Secretary of State of the State of Delaware or the Secretary of State of the State of Kansas, as the case may be, or any Governmental Authority succeeding to the duties of such offices.

“Secured Parties” means the Indenture Trustee, the Bondholders and any credit enhancer described in the Series Supplement.

“Securities Act” means the Securities Act of 1933, as amended.

“Securities Intermediary” means the Indenture Trustee or any other eligible financial institution, solely in the capacity of a “securities intermediary,” as defined in the NY UCC and Federal Book-Entry Regulations, and an account bank, or any successor securities intermediary or account bank under the related Indenture.

“Securitization Law” means the Kansas Utility Financing and Securitization Act, K.S.A. §§ 66-1,240 – 66-1,253.

“Securitized Utility Tariff Bond Charges” means the nonbypassable amounts to be charged to any existing or future sales customer located within Atmos Energy's service area, approved by the Kansas Commission in the Financing Order that may be collected by the Seller, its successors, assignees or other collection agents as provided for in the Financing Order.

“Securitized Utility Tariff Bond Collateral” means (a) the Securitized Utility Tariff Property created under and pursuant to the Financing Order and the Securitization Law and transferred by Atmos Energy to the Company pursuant to the Sale Agreement, (b) all Securitized Utility Tariff Bond Charges related to the Securitized Utility Tariff Property, (c) the Sale Agreement and all property and interests in property transferred under the Sale Agreement with respect to the Securitized Utility Tariff Property and the Securitized Utility Tariff Bonds, (d) the Servicing Agreement, the Administration Agreement, and any intercreditor agreement, subservicing, agency, administration, or collection agreements executed in connection therewith, if any, to the extent related to the Securitized Utility Tariff Property and the Securitized Utility Tariff Bonds, (e) the Collection Account, all subaccounts thereof and all amounts of cash, instruments, investment property or other assets on deposit therein or credited thereto from time

to time and all financial assets and securities entitlements carried therein or credited thereto, (f) all rights to compel the Servicer to file for and obtain adjustments to the Securitized Utility Tariff Bond Charges in accordance with the Securitization Law, the Financing Order and any tariff filed in connection therewith, (g) all present and future claims, demands, causes and choses in action in respect of any or all of the foregoing, whether such claims, demands, causes and choses in action constitute Securitized Utility Tariff Property, accounts, general intangibles, instruments, contract rights, chattel paper or proceeds of such items or any other form of property with respect to the Securitized Utility Tariff Bonds, (h) all accounts, chattel paper, deposit accounts, documents, general intangibles, goods, instruments, investment property, letters of credit, letters-of-credit rights, money, commercial tort claims and supporting obligations with respect to the Securitized Utility Tariff Bonds related to the foregoing and (i) all payments on or under, and all proceeds in respect of, any or all of the foregoing with respect to the Securitized Utility Tariff Bonds.

“Securitized Utility Tariff Bond Register” means the register maintained pursuant to the Indenture, providing for the registration of the Securitized Utility Tariff Bonds and transfers and exchanges thereof.

“Securitized Utility Tariff Bond Registrar” means the registrar at any time of the Securitized Utility Tariff Bond Register, appointed pursuant to the Indenture.

“Securitized Utility Tariff Bonds” means the security utility tariff bonds authorized by the Financing Order and issued under the Indenture.

“Securitized Utility Tariff Property” means all of Atmos Energy’s rights and interest under the Financing Order (including, without limitation, rights to impose, collect and receive the “securitized utility tariff charges” (as defined in the Securitization Law) approved in such Financing Order) issued by the Kansas Commission on [            ], 2022 (Docket No. 22-ATMG-538-TAR) pursuant to the Securitization Law, except the rights of Atmos Energy to earn and receive a rate of return on its invested capital in the Company, to receive administration and servicer fees, or to use Atmos Energy’s remaining portion of those proceeds, and all revenue, collections, payments, money and proceeds arising out of those rights and interests.

“Seller” has the meaning specified in the preamble to the Sale Agreement.

“Series Supplement” means the Series Supplement, dated as of the Closing Date, between the Company and the Indenture Trustee.

“Servicer” means Atmos Energy, as Servicer under the relevant Servicing Agreement, or any successor Servicer to the extent permitted under the relevant Servicing Agreement.

“Servicing Agreement” means the Securitized Utility Tariff Property Servicing Agreement, dated as of the Closing Date, between the Company and Atmos Energy, and acknowledged and accepted by the Indenture Trustee, as the same may be amended, restated, supplemented or otherwise modified from time to time.

“Servicing Fee” means the fee payable to the Servicer on each Payment Date for services rendered during the period from, but not including, the preceding Payment Date (or from the

closing date specified in the relevant Indenture in the case of the first Payment Date) to and including the current Payment Date, determined pursuant to any Servicing Agreement.

“Special Member” has the meaning specified in Section 1.02(b) of this LLC Agreement.

“Special Purpose Provisions” has the meaning specified in Section 11.02(a) of this LLC Agreement.

“State” means any one of the fifty states of the United States of America or the District of Columbia.

“Treasury Regulations” means the regulations, including proposed or temporary regulations, promulgated under the Code. References herein to specific provisions of proposed or temporary regulations shall include analogous provisions of final Treasury Regulations or other successor Treasury Regulations.

“UCC” means, unless the context otherwise requires, the Uniform Commercial Code, as in effect in the relevant jurisdiction, as amended from time to time.

“Underwriting Agreement” means the Underwriting Agreement, dated as of [●], by and among the Company, Atmos Energy and the representatives of the several underwriters named therein, as the same may be amended, supplemented or modified from time to time.

B. Other Terms. All accounting terms not specifically defined herein shall be construed in accordance with United States generally accepted accounting principles. To the extent that the definitions of accounting terms in any Basic Document are inconsistent with the meanings of such terms under generally accepted accounting principles or regulatory accounting principles, the definitions contained in such Basic Document shall control. As used in the Basic Documents, the term “including” means “including without limitation,” and other forms of the verb “to include” have correlative meanings. All references to any Person shall include such Person’s permitted successors.

C. Computation of Time Periods. Unless otherwise stated in any of the Basic Documents, as the case may be, in the computation of a period of time from a specified date to a later specified date, the word “from” means “from and including” and the words “to” and “until” each means “to but excluding”.

D. Reference; Captions. The words “hereof”, “herein” and “hereunder” and words of similar import when used in any Basic Document shall refer to such Basic Document as a whole and not to any particular provision of such Basic Document; and references to “Section”, “subsection”, “Schedule” and “Exhibit” in any Basic Document are references to Sections, subsections, Schedules and Exhibits in or to such Basic Document unless otherwise specified in such Basic Document. The various captions (including the tables of contents) in each Basic Document are provided solely for convenience of reference and shall not affect the meaning or interpretation of any Basic Document.

E. Terms Generally. The definitions contained in this Appendix A are applicable to the singular as well as the plural forms of such terms and to the masculine as well as to the feminine and neuter forms of such terms.



**APPENDIX J**

**GLOSSARY OF TERMS**

**Appendix J**

GLOSSARY OF TERMS

|                                  |  |
|----------------------------------|--|
| <b>Adjustment Mechanism</b>      | Has the meaning set forth in the Act. <sup>80</sup>  |
| <b>Ancillary Agreement</b>       | Has the meaning set forth in the Act. <sup>81</sup>  |
| <b>Assignee</b>                  | Has the meaning set forth in the Act. <sup>82</sup>  |
| <b>Cost of Capital</b>           | Atmos Energy's weighed average cost of capital authorized from time to time by the Commission in Atmos Energy's rate proceedings.  |
| <b>Customer</b>                  | As set out in Schedule 1 of the General Terms and Conditions for Service of the Commission-approved Tariff of Atmos Energy Corporation, Section 1.B, "Any person, partnership, association, firm, public or private corporation, or governmental agency applying for or using natural gas service supplied by [Atmos]," and who receives Natural Gas Service as set out in Section 1.D of the same Schedule, which is "the sale, delivery, and providing natural gas by [Atmos] to the Customer in accordance with and established by, (a) [Atmos] applicable rate schedules, (b) [Atmos] Rules and Regulations in effect and on file with the Commission and, (c) the Commission applicable orders." Except as provided in this Financing Order, Customer includes any current or future Customer, receiving natural gas service from Atmos, but excludes Transportation Customers. |
| <b>Designated Representative</b> | A representative from Commission Staff, who may be advised by financial and legal advisors contracted with the Commission to review and observe all facets of the process undertaken by the public utility to place the Securitized Utility Tariff Bonds to market so the Commission's representative can be prepared, if requested, to provide the Commission with an opinion on the  |

---

<sup>80</sup> K.S.A. § 66-1,240(b)(2).

<sup>81</sup> K.S.A. § 66-1240(b)(3).

<sup>82</sup> K.S.A. § 66-1,240(b)(4).

reasonableness of the pricing, terms and conditions of Securitized Utility Tariff Bonds on an expedited basis.<sup>83</sup>

|   |   |
|---|---|
| <b>Financing Costs</b>                  | Has the meaning set forth in the Act. <sup>84</sup>   |
| <b>Financing Order</b>                  | Has the meaning set forth in the Act. <sup>85</sup>   |
| <b>Financing Party</b>                  | Has the meaning set forth in the Act. <sup>86</sup>   |
| <b>Issuance Advice Letter</b>           | Document setting out the terms for the issuance of the Securitized Utility Tariff Bonds submitted to the Commission to demonstrate Atmos Energy's compliance with this Financing Order as described in the Act. |
| <b>Nonbypassable</b>                    | Has the meaning set forth in the Act. <sup>87</sup>   |
| <b>Ongoing Financing Costs</b>          | Any Financing Costs, as defined in the Act, incurred after the issuance of the Securitized Utility Tariff Bonds.  |
| <b>Periodic Payment Requirement</b>     | Semi-annual adjustments made to the Securitized Utility Tariff Bonds by the Servicer of the Securitized Utility Tariff Bonds pursuant to the Adjustment Mechanism described in the Act.                         |
| <b>Qualified Extraordinary Costs</b>    | Has the meaning set forth in the Act. <sup>88</sup>   |
| <b>Retail Customer</b>                  | An end-use customer who purchases natural gas or electricity for consumption.   |
| <b>Securitized Utility Tariff Bonds</b> | Has the meaning set forth in the Act. <sup>89</sup>   |

---

<sup>83</sup> K.S.A. § 66-1,241(h)(4).

<sup>84</sup> K.S.A. § 66-1,240(b)(10).

<sup>85</sup> K.S.A. § 66-1,240(b)(11).

<sup>86</sup> K.S.A. § 66-1,240(b)(12).

<sup>87</sup> K.S.A. § 66-1,240(b)(15).

<sup>88</sup> K.S.A. § 66-1,240(b)(18).

<sup>89</sup> K.S.A. § 66-1,240(b)(19)(A).

|  |  |
|--|--|
| <b>Securitized Utility Tariff Charges</b>  | Has the meaning set forth in the Act. <sup>90</sup>  |
| <b>Securitized Utility Tariff Costs</b>    | Has the meaning set forth in the Act. <sup>91</sup>  |
| <b>Securitized Utility Tariff Property</b> | Has the meaning set forth in the Act. <sup>92</sup>  |
| <b>Servicer</b>                            | The entity responsible for performing the servicing obligations under any Servicing Agreement.   |
| <b>Servicing Agreement</b>                 | Document detailing the servicing obligations. <i>See</i> Appendix D.   |
| <b>Special Purpose Entity (SPE)</b>        | A wholly owned, subsidiary, which is a Delaware LLC that is bankruptcy-remote, with Atmos Energy as its sole member, formed for the limited purpose of acquiring Securitized Utility Tariff Property and issuing Securitized Utility Tariff Bonds in one or more tranches or classes, and performing other activities relating thereto or otherwise authorized by the Financing Order. The Special Purpose Entity will not be permitted to engage in any other activities and will have no assets other than Securitized Utility Tariff Property and related assets to support its obligations under the Securitized Utility Tariff Bonds. Obligations relating to the Securitized Utility Tariff Bonds will be the Special Purpose Entity's only significant liabilities. The Special Purpose Entity will act as an Assignee as defined in the Act. |
| <b>Substitute Servicer</b>                 | Any subsequent Servicer, taking the place of the original Servicer.  |
| <b>Transportation Customers</b>            | Customers who elect to receive Transportation Service or Transportation, as set out in Schedule 1 of the General Terms and Conditions of the Commission-approved tariff of Atmos Energy Corporation, Section 1.D, and maintain a contractual right to have natural gas transported by Atmos on demand, and who are not pursuant to the terms of the Financing Order, responsible for paying Securitized Utility Tariff Charges.  |

---

<sup>90</sup> K.S.A. § 66-1,240(b)(20).

<sup>91</sup> K.S.A. § 66-1,240(b)(21).

<sup>92</sup> K.S.A. § 66-1,240(b)(22)(A)-(B).

**Upfront  
Financing Costs** Financing Costs, as defined in the Act, incurred by Atmos Energy, the Commission, and third parties in applying for a Financing Order and obtaining the issuance of the Securitized Utility Tariff Bonds.

**CERTIFICATE OF SERVICE**

22-ATMG-538-TAR

I, the undersigned, certify that a true copy of the attached Order has been served to the following by means of electronic service on 10/13/2022.

JAMES G. FLAHERTY, ATTORNEY  
ANDERSON & BYRD, L.L.P.  
216 S HICKORY  
PO BOX 17  
OTTAWA, KS 66067  
jflaherty@andersonbyrd.com

ASHLEY BURTON, ASSOCIATE GENERAL COUNSEL  
ATMOS ENERGY CORPORATION  
5420 LBJ FWY STE 1600 (75240)  
P O BOX 650205  
DALLAS, TX 75265-0205  
ashley.burton@atmosenergy.com

KATHLEEN R OCANAS, DIVISION VP OF RATES &  
REGULATORY AFFAIRS  
ATMOS ENERGY CORPORATION  
25090 W 110TH TERR  
OLATHE, KS 66061  
kathleen.ocanas@atmosenergy.com

JOSEPH R. ASTRAB, ATTORNEY  
CITIZENS' UTILITY RATEPAYER BOARD  
1500 SW ARROWHEAD RD  
TOPEKA, KS 66604  
j.astrab@curb.kansas.gov

TODD E. LOVE, ATTORNEY  
CITIZENS' UTILITY RATEPAYER BOARD  
1500 SW ARROWHEAD RD  
TOPEKA, KS 66604  
t.love@curb.kansas.gov

DAVID W. NICKEL, CONSUMER COUNSEL  
CITIZENS' UTILITY RATEPAYER BOARD  
1500 SW ARROWHEAD RD  
TOPEKA, KS 66604  
d.nickel@curb.kansas.gov

SHONDA RABB  
CITIZENS' UTILITY RATEPAYER BOARD  
1500 SW ARROWHEAD RD  
TOPEKA, KS 66604  
s.rabb@curb.kansas.gov

DELLA SMITH  
CITIZENS' UTILITY RATEPAYER BOARD  
1500 SW ARROWHEAD RD  
TOPEKA, KS 66604  
d.smith@curb.kansas.gov

MARK DAVIS, PARTNER  
DUCERA PARTNERS LLC  
11 TIMES SQUARE  
36TH FLOOR  
NEW YORK, NY 10036  
mdavis@ducerapartners.com

MICHAEL FEINBERG, GENERAL COUNSEL  
DUCERA PARTNERS LLC  
11 TIMES SQUARE  
36TH FLOOR  
NEW YORK, NY 10036  
mfeinberg@ducerapartners.com

**CERTIFICATE OF SERVICE**

22-ATMG-538-TAR

TYLER KIM, ASSOCIATE  
DUCERA PARTNERS LLC  
11 TIMES SQUARE  
36TH FLOOR  
NEW YORK, NY 10036  
tkim@ducerapartners.com

SEAN LANCASTER  
DUCERA PARTNERS LLC  
11 TIMES SQUARE  
36TH FLOOR  
NEW YORK, NY 10036  
slancaster@ducerapartners.com

JAMNAH MORTON, ASSOCIATE  
DUCERA PARTNERS LLC  
11 TIMES SQUARE  
36TH FLOOR  
NEW YORK, NY 10036  
jmorton@ducerapartners.com

SARAH BUCHANAN  
FOULSTON SIEFKIN LLP  
1551 N. Waterfront Parkway  
Suite 100  
Wichita, KS 67206  
sbuchanan@foulston.com

RACHEL SCHOLL, PARALEGAL  
FOULSTON SIEFKIN LLP  
1551 N. Waterfront Parkway  
Suite 100  
Wichita, KS 67206  
rscholl@foulston.com

HARVEY R SORENSEN  
FOULSTON SIEFKIN LLP  
1551 N. Waterfront Parkway  
Suite 100  
Wichita, KS 67206  
hsorensen@foulston.com

C. EDWARD WATSON, ATTORNEY  
FOULSTON SIEFKIN LLP  
1551 N. Waterfront Parkway  
Suite 100  
Wichita, KS 67206  
cewatson@foulston.com

BRIAN G. FEDOTIN, GENERAL COUNSEL  
KANSAS CORPORATION COMMISSION  
1500 SW ARROWHEAD RD  
TOPEKA, KS 66604  
b.fedotin@kcc.ks.gov

WALKER HENDRIX, LITIGATION COUNSEL  
KANSAS CORPORATION COMMISSION  
1500 SW ARROWHEAD RD  
TOPEKA, KS 66604  
w.hendrix@kcc.ks.gov

CARLY MASENTHIN, LITIGATION COUNSEL  
KANSAS CORPORATION COMMISSION  
1500 SW ARROWHEAD RD  
TOPEKA, KS 66604  
c.masenthin@kcc.ks.gov

MICHAEL NEELEY, LITIGATION COUNSEL  
KANSAS CORPORATION COMMISSION  
1500 SW ARROWHEAD RD  
TOPEKA, KS 66604  
m.neeley@kcc.ks.gov

**CERTIFICATE OF SERVICE**

22-ATMG-538-TAR

/S/ KCC Docket Room  
KCC Docket Room

---