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March 7, 2007

Beth O'Donnell  
Executive Director  
Kentucky Public Service Commission  
211 Sower Boulevard  
P.O. Box 615  
Frankfort, Kentucky 40602

RECEIVED

MAR 8 2007

PUBLIC SERVICE  
COMMISSION

RE: Atmos Energy Corporation  
Application for Order Authorizing the Issuance of up to  
2,500,00 Shares of Common Stock

Dear Ms. O'Donnell:

*Case No. 7007-00098*

I am enclosing herewith an original, plus eleven (11) copies of Atmos' Application for Order Authorizing the Issuance of up to 2,500,00 Shares of Common Stock. Please return a file stamped copy to me. Thanks.

Very truly yours,

*Mark R. Hutchinson*

Mark R. Hutchinson

*(BK)*

MRH:bkk

Enclosures

RECEIVED

MAR 8 2007

PUBLIC SERVICE COMMISSION

BEFORE THE  
PUBLIC SERVICE COMMISSION OF KENTUCKY

IN THE MATTER OF THE APPLICATION )  
OF ATMOS ENERGY CORPORATION )  
FOR AN ORDER AUTHORIZING THE )  
ISSUANCE OF UP TO 2,500,000 )  
SHARES OF COMMON STOCK )  
THROUGH ITS 1998 LONG-TERM )  
INCENTIVE PLAN )

CASE NO. 2007-00098

**APPLICATION**

1. Pursuant to KRS 278.300, and all other applicable law, Atmos Energy Corporation ("Applicant" or "Atmos"), files its Application herein for an Order authorizing the issuance of up to 2,500,000 additional shares of Common Stock, no par value, of Applicant (the "Shares") through and pursuant to Applicant's 1998 Long-Term Incentive Plan for Management ("LTIP").

2. Atmos seeks an Order of the Commission granting it the authority to issue up to 2,500,000 additional shares of no par value Common Stock of the Company pursuant to the LTIP. The LTIP is to attract and retain the services of able persons as employees and non-employee directors, to provide such persons with a proprietary interest in Atmos through the granting of securities and to motivate employees and non-employee directors using performance related incentives linked to longer-range performance goals and the interest of Atmos' shareholders. LTIP grants, whether made singly, in combination or in tandem, will increase the interest of employees and non-employee directors in Applicant's welfare, furnish an incentive for such persons to continue their services to Atmos and provide a means through which Applicant may continue to attract and retain able persons as employees and non-employee directors. The types of awards that may be granted under the LTIP include incentive stock options, non-qualified stock options, stock appreciation rights, restricted stock, restricted stock

units, performance shares, bonus shares and other stock unit awards. Employees receiving cash bonuses pursuant to Applicant's Annual Incentive Plan for Management have the option to convert all or a portion of the cash bonus to shares of stock issued pursuant to the LTIP. The Commission has previously approved the issuance of securities pursuant to the LTIP in Case No. 98-509. A copy of the 1998 Long Term Incentive Plan was provided to the Commission in that docket.

3. The shares to be issued will be use solely for the LTIP. No proceeds will be generated by the issuance of these securities. All of the foregoing are lawful purposes and are appropriate or consistent with the proper performance by Atmos of its service to the public and will not impair its ability to perform that service and is reasonable, necessary and appropriate for such purposes.

4. The issuance of the Shares will be registered with the Securities and Exchange Commission ("SEC").

5. Applicant, a Virginia and Texas corporation, is duly qualified under the laws of Kentucky to carry on its business in the Commonwealth of Kentucky. Atmos operates as a public utility in the business of purchasing, transmitting and distributing natural gas to residential, commercial and industrial users in western and south central Kentucky. No transfer of ownership or control, or right to control, Applicant, by sale of assets, transfer of stock or otherwise, will occur as a result of this transaction.

6. Applicant's principal operating office and place of business in the Commonwealth of Kentucky is located at 2401 New Hartford Road, Owensboro, Kentucky 42303. The post office address of Applicant is P.O. Box 650205, Dallas, Texas 75265-0205.

7. A certified copy of Applicant's Amended and Restated Articles of Incorporation is already on file with the Commission in the Matter of: The Application of

Atmos Energy Corporation for An Order Authorizing a \$900,000,000 Universal Shelf Registration, Case No. 2006-00387.

8. Correspondence and communications with respect to this Application should be directed to:

Gary Smith  
Vice President, Marketing and Regulatory Affairs  
Atmos Energy Corporation, Kentucky/Mid-States Division  
2401 New Hartford Road  
Owensboro, Kentucky 42303

Douglas C. Walther  
Associate General Counsel  
Atmos Energy Corporation  
P.O. Box 650205  
Dallas, Texas 75265-0205

Mark R. Hutchinson  
Attorney at Law  
611 Frederica Street  
Owensboro, Kentucky 42301

9. Pursuant to KRS 278.300, the Applicant respectfully requests expedited consideration of this Application so that the Shares may be issued at an early date.

10. To comply with the requirements of 807 KAR 5:001, Section 6, 8 and 11 of the Commission's Administrative Regulations, there is attached hereto and incorporated herein by reference, Exhibit A, which contains all of the financial information therein required. A copy of the Board of Directors Resolutions authorizing the issuance of the Shares is attached as Exhibit B.

11. Pursuant to 807 KAR 5:001, Section 11(2)(b), true and correct copies of Applicant's outstanding deeds of trust and mortgages are on file in the records of the Commission and the same are incorporated herein by reference. *See, In Re The Matter of the Application of Atmos Energy Corporation for Authorization to Issue Additional Shares, Case No. 97-351.*


WHEREFORE, Atmos respectfully requests that the Commission authorize by appropriate order or certificate the issuance by Applicant of up to 2,500,000 shares of common stock through and pursuant to the LTIP as herein requested.

Respectfully submitted on this 8 day of March, 2007.

Douglas C. Walther  
Associate General Counsel  
Atmos Energy Corporation  
P.O. Box 650205  
Dallas, Texas 75265-0205

Mark R. Hutchinson  
Attorney at Law  
1700 Frederica Street, Ste. 201  
Owensboro, Kentucky 42301

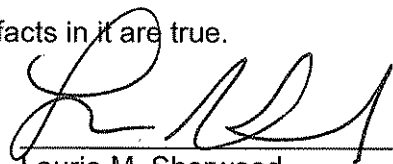
COUNSEL FOR ATMOS ENERGY CORPORATION

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

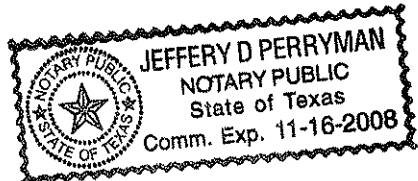
**VERIFICATION**

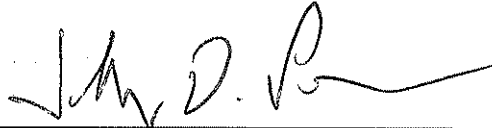
STATE OF TEXAS           §  
  §  
COUNTY OF DALLAS       §

The undersigned, being under oath, says that she is the Vice President and Treasurer of Atmos Energy Corporation, that she has read the above and foregoing Application, has personal knowledge and that the facts in it are true.

  
\_\_\_\_\_  
Laurie M. Sherwood  
Vice President and Treasurer  
Atmos Energy Corporation

Subscribed and sworn to before me this 27 day of Feb, 2007, by Laurie M. Sherwood, as Vice President and Treasurer of Atmos Energy Corporation, on behalf of the said corporation.



  
\_\_\_\_\_  
Notary Public, State of Texas

KENTUCKY  
EXHIBIT A

References preceding each subpart of this Exhibit pertain to subsections of Sections 6 and 11 of 807 KAR 5:001.

Atmos Energy Corporation operates in Kentucky through its Kentucky division. The following includes information for Atmos Energy Corporation (unless otherwise stated) since the Kentucky division does not have a separate capital structure or authorized stock.

6(1) **Amount and kinds of stock authorized**

As of December 31, 2006 Atmos Energy Corporation had 200,000,000 shares of common stock (no par value) authorized.

6(2) **Amount and kinds of stock issued and outstanding**

88,538,139 shares of common stock issued and outstanding.

6(3) **Terms of preference of preferred stock whether cumulative or participating, or on dividends or assets or otherwise.**

Atmos Energy Corporation has no preferred stock.

6(4) **Brief description of each mortgage on property of applicant, giving date of execution, name of mortgagor, name of mortgagee, or trustee, amount of indebtedness authorized to be secured thereby, and the amount of indebtedness actually secured, together with any sinking fund provisions.**

Atmos has one outstanding mortgage which is related to bonds assumed in the merger with United Cities on July 31, 1997. A copy of said mortgage is attached. The date of the Mortgage is October 1, 1987. The name of the Mortgagor is United Cities Gas Company (now Atmos Energy Corporation). The name of the original mortgagee is Continental Illinois National Bank and Trust Company of Chicago. The amount of indebtedness authorized by the mortgage is \$25,000,000.00 and the amount actually secured as of 12/31/06 is \$7,500,000. Interest accrued for the 12 months ending 12/31/06 was \$890,896.00.

6(5) **Amount of bonds authorized, and amount issued, giving the name of the public utility which issued the same, describing each class separately, and giving date of issue, face value, rate of interest, date of maturity and how secured, together with amount of interest paid thereon during the last fiscal year.**

The only bonds outstanding are those secured by the mortgage described in 6(4) above. These first mortgage bonds bear interest at 10.43% and mature on November 1, 2017. The bonds outstanding as of 12/31/06 was \$7,500,000 and the interest accrued for the 12 month period ending 12/31/06 was \$890,896.

6(6) **Each note outstanding, giving date of issue, amount, date of maturity, rate of interest, in whose favor, together with amount of interest paid thereon during the last fiscal year.**

See the attached schedule designated as Item 6(6) to Exhibit A.

6(7) **Other indebtedness, giving same by classes and describing security, if any, with a brief statement of the devolution or assumption of any portion of such indebtedness upon or by person or corporation if the original liability has been transferred, together with amount of interest paid thereon during the last fiscal year.**

See the attached schedule designated as Item 6(7) to Exhibit A. No portion of this indebtedness has been assumed or transferred.

6(8) **Rate and amount of dividends paid during the five (5) previous fiscal years and the amount of capital stock on which dividends were paid each year.**

See the attached schedule designated as Item 6(8) to Exhibit A.

6(9) **Detailed Income statement and Balance sheet.**

See the attached schedule designated as Item 6(9) to Exhibit A.

11(a) The Applicant's property is comprised primarily of gas utility plant and related facilities of a local distribution company operating in Illinois, Iowa, Georgia,



Tennessee, Virginia, Colorado, Kansas, Missouri, Kentucky, Texas, Mississippi and Louisiana. At December 31, 2006 the cost to the Applicant was \$5,671,014,000.

11(b) Atmos Energy proposes to issue up to 2,500,000 in additional shares of Common Stock, no par value under its Long-Term Incentive Plan.

11(c) The shares to be issued will be used solely for Atmos Energy Corporation's Long Term Incentive Plan and no proceeds will be generated by the issuance of these shares.

11(d) Please refer to 11(c) above.

11(e) Please refer to 11(c) above.

11(2) (a) Please refer to 6(1) through 6(9) above.

11(2) (b) The mortgage earlier described in 6(4) is attached hereto.

11(2) (c) Not applicable.

Unaudited  
**ATMOS ENERGY CORPORATION**  
Schedule of Notes as of December 31, 2006  
Item 6(6) to Exhibit A

Description	Date of Issue	Date of Maturity	Amount Authorized	Amount Issued	Amount Outstanding	Rate of Interest	In favor of	Interest Accrued 12 months ended 12/31/2006
Unsecured floating rate senior notes	10/18/04	10/15/07	300,000,000	300,000,000	300,000,000	5.749% (1)	SunTrust Bank, as trustee	\$ 18,912,822
Unsecured senior notes	10/18/04	10/15/09	400,000,000	400,000,000	400,000,000	4.00%	SunTrust Bank, as trustee	18,220,062
Unsecured senior notes	10/18/04	10/15/14	500,000,000	500,000,000	500,000,000	4.95%	SunTrust Bank, as trustee	28,184,189
Unsecured senior notes	10/18/04	10/15/24	200,000,000	200,000,000	200,000,000	5.95%	SunTrust Bank, as trustee	13,551,186
Unsecured senior notes	1/16/03	01/15/13	250,000,000	250,000,000	250,000,000	5.125%	SunTrust Bank, as trustee	13,862,681
Unsecured senior notes	5/15/01	05/15/11	350,000,000	350,000,000	350,000,000	7.375%	SunTrust Bank, as trustee	26,812,500
Unsecured notes	12/31/91	12/31/11	1,151,654	1,151,654	1,151,654	10.00%	Kingdom Foundation	115,166
Unsecured notes	12/31/91	12/31/11	1,151,654	1,151,654	1,151,654	10.00%	Michael D. Fredricks	115,165
Unsecured debentures	7/15/98	07/15/28	150,000,000	150,000,000	150,000,000	6.75%	US Bank as Trustee	10,224,938
Series A, 1995-1 Medium Term Note	12/15/95	12/15/25	10,000,000	10,000,000	10,000,000	6.67%	Cede & Co.	667,911
Series A, 1995-2 Medium Term Note	12/19/95	12/19/10	10,000,000	10,000,000	10,000,000	6.27%	Cede & Co.	627,857
					<u>\$ 2,172,303,308</u>			<u>\$ 131,294,497</u>

(1) - The unsecured floating rate senior notes bear interest at a rate equal to the three-month LIBOR rate plus 0.375% per year. The rate provided was as of December 31, 2006.

Unaudited  
**ATMOS ENERGY CORPORATION**  
*Schedule of Other Indebtedness as of December 31, 2006*  
Item 6(7) to Exhibit A

Description	Lender	Amount Outstanding 12/31/2006	Rate of Interest	Interest Accrued 12 months ended 12/31/2006
<b><u>Committed Lines of Credit:</u></b>				
One-year credit facility for up to \$18 million renegotiated effective April 1, 2006	Amarillo National Bank	\$0	Short-term rate based upon option chosen at time of borrowing	\$ 81,537
364-day Revolving Credit Agreement for up to \$300 million and Five Year revolver up to \$600 million	Suntrust Bank	\$0	Short-term rate based upon option chosen at time of borrowing	\$ 1,301,341
<b>Total Committed Lines of Credit</b>		<b>\$0</b>		<b>\$ 1,382,878</b>
<b><u>Uncommitted Money Market Lines of Credit:</u></b>				
Credit facility for up to \$25 million	KBC Bank	\$0	Short-term rate based upon option chosen at time of borrowing	\$ 57,048
\$600 Million Commercial Paper Program	Merrill Lynch & JP Morgan, as dealers	\$ 154,471,646	Money market rate, as quoted	\$ 12,848,398
<b>Total Uncommitted Lines of Credit</b>		<b>\$ 154,471,646</b>		<b>\$ 12,905,446</b>
<b>Total Lines of Credit</b>		<b>\$ 154,471,646</b>		<b>\$ 14,288,324</b>

**ATMOS ENERGY CORPORATION**  
**Rate of Dividends Declared and Paid For Last Five Fiscal Years**  
**Unaudited**  
**Item 6(8) to Exhibit A**

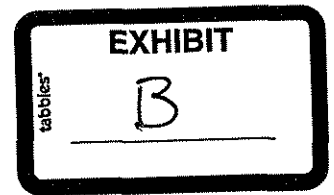
<b>Twelve Months Ending</b>	<b>Cash Dividends per Share</b>	<b>Common Stock</b>	<b>Average Shares</b>
September 30, 2002	1.18	\$ 48,646,766	41,250,000
September 30, 2003	1.20	\$ 55,290,627	46,496,000
September 30, 2004	1.22	\$ 66,736,243	54,416,000
September 30, 2005	1.24	\$ 98,977,652	79,012,000
September 30, 2006	1.26	\$ 102,275,352	81,669,000

**Unaudited**  
**ATMOS ENERGY CORPORATION**  
**Income Statement**  
**Twelve Months Ended December 31, 2006**  
**Item 6(9) to Exhibit A**  
(In thousands, except per share)

	Atmos Unconsolidated
Operating revenues	\$ 3,284,263
Purchased gas cost	2,231,783
Gross profit	1,052,479
Operating expenses:	
Operation and maintenance	598,639
Depreciation and amortization	188,257
Income Taxes	36,834
Total operating expenses	823,730
Operating income	228,750
Equity in earnings of unconsolidated non-regulated subsidiaries	96,129
Non-operating Income	11,970
Long Term Interest charges	131,185
Other expense	47,693
Net income	\$ 157,971
Diluted net income per share	\$ 1.93
Cash dividends per share	\$ 1.27
Average shares outstanding	
Basic	81,303
	81,748

**Unaudited**  
**ATMOS ENERGY CORPORATION**  
**Balance Sheet**  
**As of December 31, 2006**  
**Item 6(9) to Exhibit A**  
(In thousands)

	Before adjustments
<b>ASSETS</b>	
Property, plant and equipment	\$ 5,671,014
Accumulated depreciation and amortization	(2,056,741)
Net property, plant and equipment	\$ 3,614,273
Investments in & advances to subsidiaries	278,568
Current assets:	
Cash	16,142
Accounts receivable, net	462,503
Inventories and other current assets	40,330
Gas stored underground	384,608
Deferred gas costs	85,745
Intercompany-net	53,134
Total current assets	1,042,462
Goodwill	684,869
Deferred charges and other assets	208,723
	\$ 5,828,895
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>	
<b>Shareholders' equity</b>	
Common stock	\$ 442
Additional paid-in capital	1,670,487
Retained earnings	279,299
Accumulated other comprehensive income	(29,771)
Total shareholders' equity	1,920,457
Long-term debt	1,875,334
Total Capitalization	3,795,791
Current liabilities:	
Current maturities of long-term debt	301,250
Short-term debt	154,471
Accounts payable and accrued liabilities	489,692
Taxes payable	34,403
Customers' deposits	111,027
Other current liabilities	153,166
Total current liabilities	1,244,009
Deferred income taxes	329,406
Deferred credits and other liabilities	459,689
	\$ 5,828,895



**ATMOS ENERGY CORPORATION**

**SECRETARY'S CERTIFICATE**

The undersigned, being the Corporate Secretary of Atmos Energy Corporation, a Texas and Virginia corporation (the "Company"), does hereby certify that the following resolutions were duly adopted by the Board of Directors of the Company at a meeting of the Board held on November 7, 2006, and such resolutions have not been altered, amended, rescinded, or repealed and are now in full force and effect:

RESOLVED, that the Board of Directors of the Company considers it desirable and in the best interests of the Company and its shareholders that the term of the Atmos Energy Corporation 1998 Long-Term Incentive Plan (the "Plan") be extended for an additional three years to September 30, 2011, and that the Company be authorized and empowered to issue, from time to time, 2,500,000 shares of common stock, no par value, of the Company (the "Shares") for use in the Plan in addition to the Shares currently authorized and registered for use in the Plan; and

FURTHER RESOLVED, that the Board of Directors hereby recommends that, for purposes of meeting the requirements of Section 162(m) of the Internal Revenue Code and the rules of the New York Stock Exchange, the Plan, including the extension of the term of the Plan for an additional three years, as well as an increase of 2,500,000 Shares issuable under the Plan, all be submitted for approval to the shareholders of the Company at the 2007 annual meeting of shareholders, together with the recommendation of the Board of Directors to vote "For" the proposal; and

FURTHER RESOLVED, that the proper officers and directors of the Company, or any of them, be, and they hereby are, authorized and directed, for and on behalf of the Company, to prepare and file, or cause to be prepared and filed, with all applicable state regulatory commissions, applications for approval of the issuance of the Shares, and other such documents in connection therewith, as they may deem necessary, appropriate, or desirable, all in such form as may be approved by the proper officers and directors executing the same, the approval of such officers and directors to be conclusively evidenced by their execution thereof; and

FURTHER RESOLVED, that upon approval of the foregoing proposal by requisite vote of the shareholders of the Company, the proper officers and directors of the Company, or any of them, be, and they hereby are, authorized and directed, for and on behalf of the Company, to prepare, or cause to be prepared, and to execute, verify, and file, or cause to be filed, with the Securities and Exchange Commission (the "Commission"), a registration statement (the "Registration Statement") on Form S-8, pursuant to the Securities Act of 1933, as amended, together with any and all exhibits and documents or supplemental information relating thereto, in connection with the proposed issuance and sale by the Company of the Shares pursuant to the Plan, and that the form of such Registration Statement shall be as approved by the officers and directors of the Company executing the same, the approval of such officers and directors to be conclusively evidenced by their execution thereof, and that any actions heretofore taken in connection therewith be, and they hereby are, ratified, approved, and confirmed in all respects; and

FURTHER RESOLVED, that upon approval of the foregoing proposal by requisite vote of the shareholders of the Company, the proper officers and directors of the Company, or any of them, be, and they hereby are, authorized and directed, for and on behalf of the Company, to notify the New York Stock Exchange (the "NYSE") of the foregoing registration and to take or cause to be taken any and all such actions as may be necessary, appropriate, or desirable to comply with the requirements of such organization; and

FURTHER RESOLVED, that upon approval of the foregoing proposal by requisite vote of the shareholders of the Company, the proper officers of the Company be, and each hereby is, authorized and directed to take, or cause to be taken, all actions necessary or advisable to effect the listing and trading of the Shares on the NYSE, including the preparation, execution, and filing of all necessary applications, documents, forms, and agreements with the NYSE and the Commission, the payment by the Company of filing, listing, or application fees, the preparation of certificates for the Shares, and the appearance of any such officer before NYSE officials; and

FURTHER RESOLVED, that the transfer agent and registrar for the Shares continue to be American Stock Transfer & Trust Co. and

FURTHER RESOLVED, that the proper officers and directors of the Company, or any of them, be, and they hereby are, authorized and directed, for and on behalf of the Company, to prepare and file, or cause to be prepared and filed, with the



Commission such amendments (including, without limitation, post-effective amendments) and supplements to the Registration Statement and such other papers or documents in connection therewith as they may deem necessary, appropriate, or desirable, all in such form as may be approved by the proper officers and directors executing the same, the approval of such officers and directors to be conclusively evidenced by their execution thereof; and

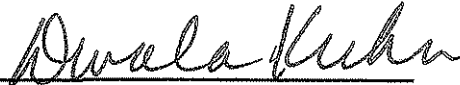
FURTHER RESOLVED, that each officer and director of the Company who may execute the Registration Statement or any amendment or supplement thereto, be and hereby is, authorized to execute a power of attorney appointing Robert W. Best or John P. Reddy, or either of them acting alone or together, as his true and lawful attorney-in-fact for him and in his name and stead and in his capacity as an officer or director to sign such Registration Statement, any and all amendments and supplements thereto, and all instruments, papers, or documents in connection therewith, and to file the same with the Commission, with full power and authority granted to said attorney-in-fact to do and perform in the name and on behalf of each of said officers or directors each and every act whatsoever necessary or appropriate in connection with the registration of the Shares to the same extent that such officer or director might or could do in person; and

FURTHER RESOLVED, that Louis P. Gregory, Senior Vice President and General Counsel of the Company, be, and hereby is, designated as the Company's agent to receive any letters of comment to the Registration Statement; and

FURTHER RESOLVED, that the proper officers and directors, or any of them, be, and they hereby are, authorized to do or cause to be done any and all acts and things and to execute and deliver any and all agreements, undertakings, consents, documents, instruments, and certificates as, in their opinion, may be necessary or appropriate or desirable in order to carry out the purposes and intent of the foregoing resolutions and to perform, or cause to be performed, any actions related to the Plan, the Registration Statement, or any other agreement referred to herein and to cause the Shares to become listed and admitted to trading on the NYSE; and

FURTHER RESOLVED, that all actions taken and expenses incurred by any officer or director heretofore in furtherance of any of the actions authorized by the foregoing resolutions hereby are expressly ratified, confirmed, and approved.

**IN WITNESS WHEREOF**, I have hereunto signed my name and affixed  
the seal of the Company this 23rd day of February, 2007.

  
Dwala Kuhn  
Dwala Kuhn  
Corporate Secretary

# Fifteenth Supplemental Indenture

Dated as of October 1, 1987

---

UNITED CITIES GAS COMPANY

to

CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST  
COMPANY OF CHICAGO

and

M. J. KRUGER  
TRUSTEES

---

Supplementing Indenture of Mortgage

Dated as of July 15, 1959

and

Creating First Mortgage Bonds, Series P,  
10.43%, Due November 1, 2017

---

**THIS FIFTEENTH SUPPLEMENTAL INDENTURE**, dated as of October 1, 1987, made by and between **UNITED CITIES GAS COMPANY**, a corporation organized under the laws of the State of Illinois and the Commonwealth of Virginia (hereinafter called the "Company"), whose address is 5300 Maryland Way, Brentwood, Tennessee 37027, party of the first part, and **CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO**, a national banking association having its office at 30 North LaSalle Street, Chicago, Illinois 60697 (hereinafter called the "Trustee"), and **M. J. KRUGER**, residing in the City of Chicago, Illinois (the Trustee and M. J. Kruger being hereinafter collectively referred to as the "Trustees"), parties of the second part.

RECITALS:

The background of this Fifteenth Supplemental Indenture is:

A. The Company heretofore executed and delivered to City National Bank and Trust Company of Chicago and R. Emmett Hanley, as Trustees, its Indenture of Mortgage dated as of July 15, 1959 (hereinafter sometimes referred to as the "Original Indenture"), providing for the issuance thereunder from time to time of First Mortgage Bonds of the Company, issuable in one or more series, and wherein and whereby the Company did grant, convey, mortgage, warrant to, the said Trustees, and each of them, and their respective successors and assigns, and create a security interest in, certain property of the Company in said Original Indenture more particularly described for the security of all First Mortgage Bonds issued and to be issued thereunder.

B. On September 1, 1961, City National Bank and Trust Company of Chicago was merged with Continental Illinois National Bank and Trust Company of Chicago, a national banking association, which thereupon became corporate trustee under the Indenture as provided therein, and on October 15, 1966, Ray F. Myers became individual trustee under the Indenture as successor to R. Emmett Hanley, resigned, and on March 15, 1981, M. J. Kruger became individual trustee under the Indenture as successor to Ray F. Myers, resigned.

C. The Company has heretofore executed and delivered fourteen supplemental indentures to the Original Indenture, designated as First through Fourteenth (the Original Indenture and all supplemental indentures, including this Fifteenth Supplemental Indenture, being herein called the "Indenture"), for the purpose of subjecting to the lien of the Indenture certain additional property heretofore and hereafter acquired by the Company, creating additional series of First Mortgage Bonds, and amending and supplementing the Indenture in certain respects.

D. There have been issued under the Indenture various series of First Mortgage Bonds designated as Series A through O, inclusive, of which \$37,578,866 in aggregate principal amount are outstanding as of September 30, 1987. The Series A bonds have been retired.

E. The Company desires to create a new series of bonds to be issued under and secured by the Indenture to be designated as "First Mortgage Bonds, Series P, 10.43%, due November 1, 2017", to be limited to \$25,000,000 in aggregate principal amount.

F. The Company also desires to subject to the lien of the Indenture certain additional property which is not of the type reserved and excepted from the lien of the Original Indenture.

G. All things necessary to make the Series P bonds, when duly executed by the Company and certified and delivered by the Trustee and issued, valid, binding and legal obligations of the Company entitled to the benefit and security of the Indenture, and to make this Fifteenth Supplemental Indenture a valid and binding instrument in accordance with its terms and for the purposes herein expressed, have been done and performed; and the issue of Series P bonds, as herein provided, has been in all respects duly authorized.

Now, THEREFORE, in consideration of the premises and of the sum of One Dollar (\$1.00) to the Company duly paid by the Trustees at or before the ensealing and delivery hereof and for other good and valuable considerations, the receipt whereof is hereby acknowledged, the Company hereby covenants to and with the Trustees and their successors in the trusts under the Indenture, for the equal and pro rata benefit of all present and future holders of all bonds issued and to be issued under the Indenture, and of the coupons, if any, thereto appertaining, without any preference, priority or distinction whatsoever, as follows:

## ARTICLE 1

### MORTGAGE OF ADDITIONAL PROPERTY

SECTION 1.01. The Company in order better to secure the principal of and interest (and premium, if any) on all of the bonds of the Company at any time outstanding under the Indenture according to their tenor and effect and the performance of and compliance with the covenants and conditions in the Indenture contained, has heretofore irrevocably granted, conveyed, mortgaged, warranted, and granted a security interest to, the Trustees, and by these presents does hereby irrevocably grant, convey, mortgage, warrant to, the Trustees and each of them, and to their successors in said trust forever, and grant a security interest in, the property described as follows:

I. All lands and rights and interests therein (including fixtures), both fee and leasehold, now owned or hereafter acquired by the Company, including, without limitation, those more specifically described in Schedule A hereto;

II. All gas distribution systems, pipelines, plants, buildings, machinery and equipment now owned or hereafter acquired by the Company, including without limitation, those more specifically described in Schedule A hereto and all improvements now owned or hereafter acquired by the Company;

III. All rights appertaining to any and all the foregoing property, and all gas purchase contracts and other contracts, rights and franchises, including without limitation, those more specifically described in Schedule A hereto, and all leases, indeterminate permits, certificates of convenience and necessity, rights of way, easements, privileges, tenements, appurtenances, licenses and permits used by or useful to the Company in the operation of its business, whether now owned or hereafter acquired, and, subject to the provisions of Section 7.01 of the Original Indenture, all income and earnings arising out of the mortgaged property, including rents, issues and profit arising during any period of redemption and prior to the execution of an absolute deed pursuant to a foreclosure or other proceedings to enforce the lien of the Indenture; and

IV. All property, real, personal and mixed, whether or not hereinabove or in Schedule A specifically described, which the Company now owns and all such property which it may hereafter acquire.

SUBJECT to such liens and encumbrances as are of the character specified in Section 3.09 of the Original Indenture;

BUT SPECIFICALLY RESERVING AND EXCEPTING from the foregoing grant:

- A. All cash, notes, bills and accounts receivable not specifically pledged under the Indenture;
- B. All stocks, bonds and securities not specifically pledged under the Indenture;
- C. All merchandise held for resale and consumable materials and supplies;
- D. The last day of the term of each leasehold estate;
- E. All automotive equipment; and
- F. All inventory of pipe, meters and equipment.

To HAVE AND TO HOLD all said properties, real, personal and mixed, mortgaged and conveyed by the Company, as aforesaid, or intended so to be, unto the Trustees and their successors forever; subject, however, to the exclusions, encumbrances, reservations, covenants, conditions, uses and trusts set forth in the Original Indenture.

IN TRUST, NEVERTHELESS, for the same purposes and upon the same conditions as are set forth in the Original Indenture, without preference or priority of any series of bonds or of any bonds within a series over any of the other bonds by reason of priority of time of maturity or of the negotiation thereof or otherwise.

## ARTICLE 2

### SERIES P BONDS

SECTION 2.01. *Creation of Series P Bonds.* There is hereby created for issuance under the Indenture a series of bonds, limited to the aggregate principal amount of \$25,000,000, to be designated as "First Mortgage Bonds, Series P, 10.43%, Due November 1, 2017" (herein called "Series P bonds"). The Series P bonds shall, subject to the provisions of Section 1.13 of the Original Indenture, be dated as of, and shall bear interest from the date of authentication and delivery, shall mature November 1, 2017, and shall bear interest at the rate of 10.43% payable semi-annually on May 1 and November 1 in each year until the principal thereof shall have become due and payable and shall bear interest on any overdue principal and (to the extent permitted by law) on any overdue installment of interest, at the rate of 11.43% per annum, the interest on each Series P bond to be payable at the principal office of the Trustee in Chicago, Illinois, or, at the option of the person entitled thereto, in accordance with the instructions of such person submitted in writing to the Company and the Trustee.

SECTION 2.02. *Form of Series P Bonds.* The Series P bonds shall be issued only as fully registered bonds without coupons, in denominations of \$100,000 and multiples thereof, to the extent practicable, substantially in the form set forth in Exhibit A hereto, with appropriate insertions, omissions and changes, approved by the President of the Company and the Trustee, as may be appropriate to reflect the terms of such bonds.

SECTION 2.03. *Redemption of Series P Bonds.* The Series P bonds shall be subject to redemption only as hereinafter provided:

(a) The Series P bonds are required to be redeemed on each Series P sinking fund payment date through application of cash deposited with the Trustee for the sinking fund for the Series P bonds provided for in Section 2.04 hereof, together with interest accrued thereon to the date fixed for redemption.

(b) At the option of the Company at any time on or after November 1, 2007, the Series P bonds may be redeemed at the following redemption prices (expressed as a percentage of the principal amount to be redeemed) together with interest accrued thereon to the date of redemption:

<u>If Redeemed During the 12 months Ending November 1</u>	<u>Redemption Price</u>
2008	103.24%
2009	102.88
2010	102.52
2011	102.16
2012	101.80
2013	101.44
2014	101.08
2015	100.72
2016	100.36
2017	100.00

(c) The Series P bonds may be redeemed by application of cash deposited with the Trustee in accordance with the provisions of Section 3.14 or 7.05 of the Original Indenture at the following redemption prices (expressed as a percentage of the principal amount to be redeemed) together with interest accrued thereon to the date of redemption:

<u>If Redeemed During the 12 months Ending November 1</u>	<u>Redemption Price</u>
1988	110.43%
1989	110.07
1990	109.71
1991	109.35
1992	108.99
1993	108.63
1994	108.27
1995	107.91
1996	107.55
1997	107.19
1998	106.83
1999	106.47
2000	106.11
2001	105.75
2002	105.39
2003	105.04
2004	104.68
2005	104.32
2006	103.96
2007	103.60
2008	103.24
2009	102.88
2010	102.52
2011	102.16
2012	101.80
2013	101.44
2014	101.08
2015	100.72
2016	100.36
2017	100.00

SECTION 2.04. *Series P Bond Sinking Fund.* (a) So long as any Series P bonds shall remain outstanding, the Company shall deposit with the Trustee as and for a sinking fund for the retirement of Series P bonds cash in the amount of \$1,250,000 on November 1 of each of the years 1998 through 2017, inclusive (each such date being herein called a "Series P sinking fund payment date").

(b) The Company may at its option increase the amount deposited in the Series P bond sinking fund on any Series P sinking fund payment date by an additional amount not exceeding the amount the Company is required to deposit on such Series P sinking fund payment date; provided, however, the aggregate principal amount of Series P bonds redeemed pursuant to this paragraph (b) shall not over the life of the Series P Bonds exceed \$6,250,000. The right of the Company to increase a sinking fund deposit on any Series P sinking fund payment date shall be noncumulative. All deposits made by the Company under this paragraph (b) shall be in units of \$100,000 or an integral multiple in excess thereof.

(c) The aggregate principal amount of Series P bonds redeemed pursuant to the foregoing paragraph (b) of this Section 2.04 shall be credited against the amount which the Company is required to deposit in the Series P bond sinking fund on each Series P sinking fund payment date in the inverse chronological order of such sinking fund dates.

SECTION 2.05. *Issuance of Series P Bonds.* Upon the execution and delivery of this Fifteenth Supplemental Indenture and upon compliance with the provisions of the Indenture, the Company may execute and deliver to the Trustee, and the Trustee shall certify and deliver to, or upon the written order of, the President or Treasurer of the Company, Series P bonds in an aggregate principal amount not exceeding \$25,000,000.

### ARTICLE 3

#### PROVISIONS APPLICABLE TO REDEMPTION OF SERIES P BONDS

SECTION 3.01. The provisions of this Article 3 shall be applicable to the Series P bonds. Except as hereinafter provided, Series P bonds shall be redeemed upon the notice, in the manner and with the effect provided in Article 4 of the Original Indenture.

SECTION 3.02. In the case of all sinking fund redemptions, on or before the thirtieth day prior to each sinking fund payment date, the Trustee shall proceed to select for redemption in the manner provided herein, bonds of the series for which a sinking fund payment is to be made in the aggregate principal amount which are redeemable with the cash to be deposited with the Trustee on the next following sinking fund payment date, and in the name of the Company shall give notice as may be required by Article 4 of the Indenture of the redemption for the sinking fund on such sinking fund payment date of the bonds so selected.

All sinking fund payments received by the Trustee shall be held by the Trustee as security for bonds of the series for which such sinking fund payment is made, and shall be applied by the Trustee on the respective sinking fund payment dates to the redemption of outstanding bonds of such series in the manner and with the effect specified herein; and the Company shall, in each case prior to the date fixed for redemption thereof, pay to the Trustee, in cash, all unpaid interest accrued on the bonds to be redeemed through the operation of said sinking fund to the date fixed for redemption.

SECTION 3.03. Notwithstanding any provisions of Article 1 and Article 4 of the Original Indenture:

(a) if less than all outstanding Series P bonds are to be redeemed, the aggregate principal amount of Series P bonds to be redeemed shall be apportioned by the Trustee pro rata among the holders of the bonds of the series to be redeemed, in the proportion that the aggregate principal amount of such bonds so to be redeemed held by each such holder bears to the aggregate principal amount of bonds of such series to be redeemed then outstanding with adjustments, to the extent practicable, to equalize for any prior redemptions not in such proportion, and

(b) in the event of the payment of a portion of the principal amount of any Series P bond, payment shall be made to or upon the order of the holder of such bond without requiring presentation or surrender of such bond if there shall be filed with the Trustee a certificate of the Treasurer of the Company stating that the holder of such bond (or the person for whom such holder is a nominee) and the Company have entered into a written agreement that payment of any portion of such bond may be made to the registered holder thereof without presentation or surrender thereof, that such holder will not sell, transfer or otherwise dispose of any such bond unless it shall have caused notation to be made thereon of the portion of the principal amount thereof which has been paid and the last interest payment date to which interest has been paid and prior to the delivery thereof such bond shall have been presented to the Trustee for inspection or surrendered in exchange for a new bond or bonds of the same series in aggregate principal amount equal to the unpaid portion of the bond presented to the Trustee.



## ARTICLE 4

### ADDITIONAL COVENANTS

SECTION 4.01. *Application of Section 1.15 of Original Indenture.* So long as any Series P bonds remain outstanding, the provision of Section 1.15 of the Original Indenture (relating to mutilated, lost, stolen, or destroyed bonds) which are expressed to be applicable to bonds of Series A shall also be applicable to the Series P bonds and the holders thereof.

SECTION 4.02. So long as any Series P bonds shall be outstanding under the Indenture, the Company covenants and agrees that moneys deposited with the Trustee pursuant to Sections 3.14, 7.02 or 7.03 of the Indenture will be withdrawn by the Company within, in the case of moneys deposited pursuant to Sections 7.02 and 7.03, two years, or in the case of moneys deposited pursuant to Section 3.14, twelve months, from the date of deposit of such moneys if the Company shall have a Gross Amount of Property Additions available for such purpose.

SECTION 4.03. *Restricted Payments.* So long as any Series P bonds remain outstanding, the Company will not declare or pay any dividends on shares of its common stock (except dividends payable solely in shares of common stock), or directly or indirectly purchase, redeem or otherwise acquire any shares of common stock (except out of the net cash proceeds derived from the issuance of other shares of common stock), or make any other distribution on shares of common stock (such non-excepted declarations, payments, purchases, redemptions or other acquisitions and distributions, being hereinafter called "Restricted Payments"), unless after giving effect thereto the aggregate amount of all such Restricted Payments made during the period from December 31, 1985 to and including the date of the making of the Restricted Payment in question does not exceed the sum of \$9,000,000 plus (or minus in case of a deficit) the amount of Consolidated Net Income Available for Common Stock Dividends for such period.

SECTION 4.04. *Certain Definitions.* As used in this Article 4, the following terms shall have the following meanings:

"Consolidated Net Income Available for Common Stock Dividends" for any period shall mean the net income of the Company and its Subsidiaries for such period available for dividends on capital stock, after deducting therefrom dividends paid and accrued during such period on preferred stock, determined on a consolidated basis in accordance with generally accepted accounting principles; provided, however, that no effect shall be given to any gains or losses or other additions or deductions arising by reason of the issue, purchase, sale, conversion or retirement by the Company or any Subsidiary of any of its or their securities, or arising by reason of any purchases, sales, write-ups, write-downs, increase or decrease in book value, or other transactions or changes in respect of capital assets, tangible or intangible, and deductions for income taxes shall be adjusted by giving effect to any change in the amount thereof resulting from the elimination of any of the capital transactions or changes referred to above.

"Subsidiary" shall mean any corporation of which more than 50% of the outstanding Voting Stock is owned by the Company. As used herein the term "Voting Stock" shall mean stock or similar interests of any class or classes (however designated) the holders of which are generally and ordinarily, in the absence of contingencies, entitled to vote for the election of the directors (or persons performing similar functions) of such corporation.

## ARTICLE 5

### MISCELLANEOUS

SECTION 5.01. *Incorporation of Original Indenture.* This Fifteenth Supplemental Indenture shall be construed in connection with and as a part of the Original Indenture and all terms, conditions and covenants contained in the Original Indenture, except as restricted in the Original Indenture to bonds

of another series or as herein otherwise provided, shall apply to and be deemed to be for the equal benefit, security and protection of the Series P bonds and the holders thereof. All terms used in this Fifteenth Supplemental Indenture which are defined in the Original Indenture shall, unless the context otherwise requires, have the meanings set forth in the Original Indenture.

SECTION 5.02. *Successors and Assigns.* Whenever in this Fifteenth Supplemental Indenture either of the parties hereto is named or referred to, this shall be deemed to include the successors or assigns of such party, and all the covenants and agreements in this Fifteenth Supplemental Indenture contained shall bind and inure to the benefit of the respective successors and assigns of such parties, whether so expressed or not.

SECTION 5.03. *Multiple Counterparts.* This Fifteenth Supplemental Indenture may be simultaneously executed in any number of counterparts and all said counterparts executed and delivered, each as an original, shall constitute but one and the same instrument.

IN WITNESS WHEREOF, said UNITED CITIES GAS COMPANY has caused its corporate name to be hereunto subscribed by its President or one of its Vice Presidents and its corporate seal to be hereunto affixed and attested by its Secretary or by an Assistant Secretary and the said Continental Illinois National Bank and Trust Company of Chicago, to evidence its acceptance of the trust hereby created and in it reposed, has caused its corporate name to be hereunto subscribed by one of its Vice Presidents and its corporate seal to be affixed and attested by a Trust Officer, and said M. J. Kruger, to evidence his acceptance of the trust hereby created and in him reposed, has hereunto subscribed his name and affixed his seal, all as of the day and year first above written.

[CORPORATE SEAL]

UNITED CITIES GAS COMPANY

ATTEST:

By           /s/ JAMES B. FORD            
*Senior Vice President and Treasurer*

          /s/ GLENN R. KING          

*Secretary*

Witnesses as to United Cities Gas  
Company:

          /s/ PAMELA J. TODD          

          /s/ BARBARA K. GIANOTTI          

[CORPORATE SEAL]

CONTINENTAL ILLINOIS NATIONAL BANK  
AND TRUST COMPANY OF CHICAGO,

*as Trustee*

ATTEST:

By           /s/ J. C. MULL, JR.            
*Vice President*

          /s/ GEORGE N. REAVES          

*Trust Officer*

Witnesses as to Continental Illinois  
National Bank and Trust Company  
of Chicago and M. J. Kruger:

          /s/ C. K. DUNCAN          

          /s/ DIANE T. B. SCHMIDT          

          /s/ M. J. KRUGER          

*M. J. Kruger*

STATE OF TENNESSEE }  
COUNTY OF WILLIAMSON } ss.

I, Teresa Church, a Notary Public in and for the County and State aforesaid, do hereby certify that on this 9th day of November, 1987, personally appeared before me James B. Ford and Glenn R. King, to me personally known, and personally known to me to be the same persons whose names are subscribed to the foregoing instrument, who, being by me duly sworn, did say that they are Senior Vice President and Treasurer and Secretary, respectively, of United Cities Gas Company, a corporation organized under the laws of the State of Illinois and the Commonwealth of Virginia, that the seal affixed to the above and foregoing instrument is the corporate seal of said corporation and that said instrument was signed by them and sealed and delivered in behalf of said corporation by authority of its Board of Directors duly given, and the said Senior Vice President and Treasurer and Secretary acknowledged said instrument to be their free and voluntary act and deed and the free and voluntary act and deed of said corporation for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal this 9th day of November, 1987.

/s/ TERESA CHURCH

*Notary Public in and for the  
County and State aforesaid*

[NOTARIAL SEAL]

My commission expires April 17, 1988

STATE OF ILLINOIS }  
COUNTY OF COOK } ss.

I, V. Washington, a Notary Public in and for the County and State aforesaid, do hereby certify that on this 10th day of November, 1987, personally appeared before me J. C. Mull, Jr. and George N. Reaves, to me personally known, and personally known to me to be the same persons whose names are subscribed to the foregoing instrument, who being by me duly sworn, did say that they are Vice President and Trust Officer, respectively, of Continental Illinois National Bank and Trust Company of Chicago, a national banking association organized and existing under the national banking laws of the United States of America, that the seal affixed to the above and foregoing instrument is the corporate seal of said association and that said instrument was signed by them and sealed and delivered in behalf of said association by authority of its Board of Directors duly given, and the said J. C. Mull, Jr. and George N. Reaves acknowledged said instrument to be their free and voluntary act and deed and the free and voluntary act and deed of said association for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal this 10th day of November, 1987.

/s/ V. WASHINGTON

*Notary Public in and for the  
County and State aforesaid*

[NOTARIAL SEAL]

My commission expires July 31, 1988

STATE OF ILLINOIS }  
COUNTY OF COOK } ss.

I, V. Washington, a Notary Public in and for the County and State aforesaid, do hereby certify that on this 10th day of November, 1987, personally appeared before me M. J. Kruger, personally known to me to be the person described in and who executed and whose name is subscribed to the foregoing instrument, and acknowledged that he signed and delivered the said instrument as his free and voluntary act and deed for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal this 10th day of November, 1987.

/s/ V. WASHINGTON

*Notary Public in and for the  
County and State aforesaid*

[NOTARIAL SEAL]

My commission expires July 31, 1988

STATE OF TENNESSEE }  
COUNTY OF WILLIAMSON } ss.

Personally appeared before me Pamela J. Todd, who, being duly sworn, says that she saw the corporate seal of UNITED CITIES GAS COMPANY affixed to the foregoing instrument and that she also saw James B. Ford, Senior Vice President and Treasurer, and Glenn R. King, Secretary of said United Cities Gas Company, sign and attest the same, and that she, with Barbara K. Giannotti, witnessed the execution and delivery thereof as the act and deed of said United Cities Gas Company.

/s/ PAMELA J. TODD

*Witness*

[NOTARIAL SEAL]

Sworn to before me this 9th day of  
November, 1987.

/s/ TERESA CHURCH

*Notary Public in and for the  
County and State aforesaid*

My commission expires April 17, 1988

STATE OF ILLINOIS }  
COUNTY OF COOK } ss.

Personally appeared before me C. K. Duncan, who, being duly sworn, says that he saw the corporate seal of the CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO affixed to the foregoing instrument and that he also saw J. C. Mull, Jr., Vice President, and George N. Reaves, Trust Officer of said Continental Illinois National Bank and Trust Company of Chicago, sign and attest the same, and that he, with Diane T. B. Schmidt, witnessed the execution and delivery thereof as the act and deed of the said Continental Illinois National Bank and Trust Company of Chicago.

/s/ C. K. DUNCAN

*Witness*

[NOTARIAL SEAL]

Sworn to before me this 10th day of  
November, 1987.

/s/ V. WASHINGTON

*Notary Public in and for the  
County and State aforesaid*

My commission expires July 31, 1988

STATE OF ILLINOIS }  
COUNTY OF COOK } ss.

Personally appeared before me C. K. Duncan, who, being duly sworn, says that he saw the within named M. J. Kruger sign, seal, and as his act and deed, deliver the foregoing instrument and that he, with Diane T. B. Schmidt, witnessed the execution thereof.

/s/ C. K. DUNCAN

*Witness*

[NOTARIAL SEAL]

Sworn to before me this 10th day of  
November, 1987.

/s/ V. WASHINGTON

*Notary Public in and for the  
County and State aforesaid*

My commission expires July 31, 1988

## Form of Series P Bonds and Trustee's Certificate

## UNITED CITIES GAS COMPANY

No. RP-

§

## FIRST MORTGAGE BOND, SERIES P, 10.43%, DUE NOVEMBER 1, 2017

For value received, UNITED CITIES GAS COMPANY, a corporation of the State of Illinois and the Commonwealth of Virginia (hereinafter, with its successors and assigns, generally called the "Company"), hereby promises to pay to

or registered assigns, on \_\_\_\_\_, or earlier as hereinafter referred to, the sum of

at the principal office in Chicago, Illinois, of CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO (hereinafter, with its successors in the trusts under the indenture mentioned below, generally called the "Trustee"), or at the principal office of its successor in said trusts, and to pay to said payee, or registered assigns, interest thereon, from the date hereof, at the rate of ten and forty-three one-hundredths percent (10.43%) per annum, at said office, semi-annually on May 1 and November 1 in each year until the principal sum hereof shall have become due and payable and to pay interest on any overdue principal and (to the extent permitted by law) on any overdue installment of interest, at the rate of eleven and forty-three one-hundredths percent (11.43%) per annum.

This bond is one of a duly authorized issue of First Mortgage Bonds of the Company, of a series designated First Mortgage Bonds, Series P, 10.43%, Due November 1, 2017, all such bonds of this series and all other series being issued or to be issued under and subject to the provisions of a certain Indenture of Mortgage, dated as of July 15, 1959 (hereinafter with all indentures supplemental thereto generally called the "Indenture"), by and between the Company and City National Bank and Trust Company of Chicago (which has been succeeded by Continental Illinois National Bank and Trust Company of Chicago as Corporate Trustee) and R. Emmett Hanley (who has been succeeded by M. J. Kruger), as Trustees, to which Indenture, an executed counterpart of which is on file with the Trustee, reference is hereby made for a description of the property mortgaged, a statement of the nature and extent of the security thereby afforded, the terms and conditions upon which release of property covered by the Indenture may be made, the terms and conditions upon which bonds of all series are or are to be issued and secured, the rights and remedies under the Indenture of the holders of said bonds, the terms and conditions upon which the Indenture may be modified or amended, and the rights and obligations under the Indenture of the Company and of said Trustees; but neither the foregoing reference to the Indenture, nor any provision of this bond or of the Indenture, shall affect or permit the impairment of the absolute, unconditional and unalterable obligation of the Company to pay, at the maturity date herein provided, the principal of and interest on this bond as herein provided.

The Company is obligated to redeem a portion of the principal amount of this bond pursuant to a sinking fund established for the benefit of the holders of the Bonds of Series P and certain optional redemptions of the Series P Bonds may be made by the Company upon the terms and conditions more fully set forth in the Indenture.

The Company, the Trustee and all other persons may for all purposes treat the registered owner hereof for the time being, as the absolute owner hereof, and neither the Company nor the Trustee shall be affected by any notice or knowledge to the contrary, whether any payment on this bond shall be overdue or not; and the Company, and every successive registered owner and assignee of this bond, by accepting or holding the same, consent and agree to the foregoing provisions and each invites the others, and all persons, to rely thereon.



In certain events, on the conditions, in the manner, at the times, to the extent and with that effect set forth in the Indenture, and all as more fully provided therein, (1) the principal of this bond may be declared and become due and payable before the stated maturity hereof, (2) this bond may be transferred or exchanged at the option of the registered owner hereof, and (3) this bond, either singly or together with all or less than all other bonds, may be called for redemption and payment prior to maturity, on notice given or waived as provided in the Indenture, at the applicable redemption price specified in the Indenture.

This bond is transferable by the registered owner either in person or by attorney duly authorized in writing at the office of the Trustee upon surrender and cancellation of this bond, all in the manner and upon the conditions prescribed in the Indenture.

Each holder of this bond by acceptance hereof, and the Trustee by its certification hereof, waives and releases all right of recourse to any personal, statutory or other liability of any past, present or future promoter, incorporator, stockholder, director or officer of the Company for the collection of any indebtedness evidenced by this bond, or for the enforcement of any right or claim under or in connection with this bond or the Indenture.

This bond shall not be valid or become obligatory for any purpose, or be entitled to any protection or benefit under the Indenture, until the certificate hereon shall have been signed by the Trustee.

IN WITNESS WHEREOF, United Cities Gas Company has caused this bond to be executed and its corporate seal to be hereunto affixed by its officers duly authorized thereunto, and this bond to be dated

UNITED CITIES GAS COMPANY

By \_\_\_\_\_  
President

ATTEST:

\_\_\_\_\_  
Secretary

[Form of Trustee's Certificate]

This is one of the bonds, of the series designated therein, referred to in the within-mentioned Indenture.

CONTINENTAL ILLINOIS NATIONAL BANK  
AND TRUST COMPANY OF CHICAGO,  
as Trustee

By \_\_\_\_\_  
Authorized Officer

## SCHEDULE A

### Description of Mortgaged Property

The properties referred to in the granting clauses of this Supplemental Indenture include the parcels of real estate or interest therein more specifically described below. Such description is not intended, however, to limit or impair the scope or intention of the general description in the granting clauses of the Original Indenture.

#### PART I—REAL ESTATE AND INTERESTS THEREIN

Those certain tracts, pieces or parcels of land and interests in real estate situate, lying and being in the respective counties and states set forth below and described as follows:

##### State of Illinois

###### *In Saline County, Illinois:*

(1) Lots One (1) and Two (2) of Block Four; Lots One (1) and Two (2) of Block Five; Lot Four (4) in Block Three; Lots Three (3) and Four (4) in Block Six; the West One Hundred Nineteen Feet and Four Inches of Lots One (1) and Two (2) in Block Six, and Lot Three (3) and the North Five Feet of Lot Two (2) of Block Three (3); together with a strip of land Ten (10) Feet in Width running East and West between the East Line of Lot One (1) in Block Four (4) and the East Line of Lot Four (4) in Block Three (3) and the West Line of Lot One (1) in Block Five (5) and Lot Four (4) in Block Six (6) and bordered on the North by Lot One (1) in Block Five (5) and by Lot One (1) in Block Four (4) and on the South by Lot Four (4) in Block Six (6) and by Lot Four (4) in Block Three (3), running from Jackson to Main Streets together with a strip of land Fifteen (15) in Width running North and South from the North Line of Lot Two (2) in Block Five (5) and the North line of Lot Two (2) in Block Four (4) and running South to the South Line of Lot Three (3) in Block Six (6) and Lot Three (3) in Block Three (3) being One Hundred Ninety (190) Feet more or less, all in Hardenia Micks Addition to the City of Harrisburg, Saline County, Illinois, except the coal, oil, gas, and all other minerals underlying same.

## PART II—DISTRIBUTION SYSTEMS AND PIPELINES DISTRIBUTION SYSTEMS

All gas distribution systems of the Company, together with all pipelines, mains, connection, service pipes, fittings, meters, regulators, regulator stations and buildings, tools, instruments, appliances, apparatus, facilities, machinery and other property used or provided for use in the construction, maintenance, repair or operation thereof and together also with all of the rights, privileges, rights-of-way, franchises, licenses, easements, grants and permits with respect to the construction, maintenance, repair and operation of such gas distribution systems, including, but not limited to, the plants and systems owned and operated by the Company for the distribution and sale of gas located in the following named cities, towns, or villages and environs thereof in the State of Tennessee and Commonwealth of Virginia:

### In the State of Tennessee

City	County
Jonesborough	Washington
Bluff City	Sullivan
—	Loudon

### In the Commonwealth of Virginia

City	County
Rural Retreat	Wythe

## PART III—CONTRACTS

### A. Gas Supply Contracts

The following described contracts, and all renewals, extensions, supplements or amendments thereof, between the Company (or a predecessor corporation) and the respective suppliers named below providing for the supply of natural gas to the Company for distribution and resale in the respective cities and towns and areas adjacent thereto set forth under the caption "Service Area."

Service Area	Supplier	Contract Date	Term or Expiration Date
Abingdon, Virginia	East Tennessee Natural Gas Company	November 1, 1984	November 1, 2000
Blacksburg, Virginia	East Tennessee Natural Gas Company	November 1, 1984	November 1, 2000
Bristol TN/VA	East Tennessee Natural Gas Company	November 1, 1984	November 1, 2000
Columbia, Tennessee	East Tennessee Natural Gas Company	November 1, 1984	November 1, 2000
Elizabethton, Tennessee	East Tennessee Natural Gas Company	November 1, 1984	November 1, 2000
Greenville, Tennessee	East Tennessee Natural Gas Company	November 1, 1984	November 1, 2000
Johnson City, Tennessee	East Tennessee Natural Gas Company	November 1, 1984	November 1, 2000

<u>Service Area</u>	<u>Supplier</u>	<u>Contract Date</u>	<u>Term or Expiration Date</u>
Kingsport, Tennessee	East Tennessee Natural Gas Company	November 1, 1984	November 1, 2000
Marion, Virginia	East Tennessee Natural Gas Company	November 1, 1984	November 1, 2000
Maryville, Tennessee	East Tennessee Natural Gas Company	November 1, 1984	November 1, 2000
Morristown, Tennessee	East Tennessee Natural Gas Company	November 1, 1984	November 1, 2000
Pulaski, Virginia	East Tennessee Natural Gas Company	November 1, 1984	November 1, 2000
Radford, Virginia	East Tennessee Natural Gas Company	November 1, 1984	November 1, 2000
Shelbyville, Tennessee	East Tennessee Natural Gas Company	November 1, 1984	November 1, 2000
Wytheville, Tennessee	East Tennessee Natural Gas Company	November 1, 1984	November 1, 2000
Vandalia, Illinois	Natural Gas Pipeline Co. of America	March 27, 1972 (effective December 1, 1971)	December 1, 1990
Virden, Illinois	Panhandle Eastern Pipe Line Company	May 28, 1985 (effective October 1, 1985)	October 31, 1993
Columbus, Georgia	Southern Natural Gas Company	August 29, 1969 (effective November 1, 1969)	November 1, 1989
Franklin, Tennessee	Texas Eastern Transmission Corp.	March 13, 1986 (effective January 1, 1986)	November 1, 1990
Harrisburg, Illinois	Texas Eastern Transmission Corp.	March 13, 1986 (effective January 1, 1986)	November 1, 1990
Murfreesboro, Tennessee	Texas Eastern Transmission Corp.	March 13, 1986 (effective January 1, 1986)	November 1, 1990
Union City, Tennessee	Texas Gas Transmission Corp.	September 1, 1970 (effective November 1, 1970)	November 1, 1989
Gaffney, South Carolina	Transcontinental Gas Pipe Line Corp.	September 21, 1970 (effective October 1, 1970)	October 1, 1990
Gainesville, Georgia	Transcontinental Gas Pipe Line Corp.	November 4, 1970 (effective November 16, 1970)	November 16, 1990
Metropolis, Illinois	Trunkline Gas Company	October 10, 1984 (effective February 1, 1986)	October 31, 1993

#### PART IV--FRANCHISES

The following franchises granted to the Company, or to its predecessors and assigned to the Company or acquired by the Company by merger of predecessors into the Company, authorizing the construction, operation and maintenance of gas distribution systems in the following cities or municipalities and all renewals, extensions or substitutions thereof or therefor:

<u>Town</u>	<u>Expiration Date</u>
<b>STATE OF ILLINOIS</b>	
Virden	May 28, 2004
Farmersville	July 12, 2015
Girard	June 1, 2004
New Holland	August 1, 2005
Middletown	April 2, 2013
Thayer	June 12, 2004
Waggoner	June 11, 2016
Vandalia	January 23, 2017
Harrisburg	August 18, 2016
Raleigh	February 9, 1989
Eldorado	October 15, 2016
Carrier Mills	October 11, 1997
Muddy	November 2, 1994
Galatia	December 5, 1994
Metropolis	September 6, 2016
Joppa	September 20, 1993
Brookport	March 13, 1997
<b>STATE OF TENNESSEE</b>	
Union City	April 27, 2000
Obion County	April 1, 1998
Woodland Mills	April 13, 1998
Columbia	October 18, 2004
Spring Hill	December 16, 2010
Maury County	July 21, 1999
Shelbyville	March 26, 2011
Lynchburg	June 1, 2006
Bedford County	July 8, 1998
Franklin	November 10, 2008
Williamson County	None (Granted 9/16/85)
Murfreesboro	May 24, 2000
Maryville	August 28, 2004
Alcoa	May 27, 2004
Loudon County	None (Granted 6/8/87)
Morristown	December 18, 1999
Hamblen County	April 8, 1998
Bristol	March 1, 2008
Sullivan County	January 15, 1998
Bluff City	September 3, 2017
Johnson City	September 1, 1988
Elizabethton	April 15, 2008
Washington County	None (Granted 2/24/86)
Jonesborough	May 18, 2007
Kingsport	November 30, 1999
Greeneville	June 19, 2005
Sullivan County	None (Granted 8/23/55)
Sullivan County	None (Granted 2/14/84)

Town

Expiration Date

**STATE OF SOUTH CAROLINA**

Gaffney December 13, 2013

**STATE OF GEORGIA**

Gainesville April 3, 2009  
Oakwood April 4, 1996  
Hall County March 21, 1996  
Columbus March 22, 2006  
Bibb City September, 2020  
Harris County August 4, 2017

**COMMONWEALTH OF VIRGINIA**

Abingdon May 31, 2001  
Glade Springs April 9, 2004  
Chilhowie October 12, 2003  
Marion May 17, 2001  
Rural Retreat July 20, 2017  
Wytheville May 7, 1991  
Pulaski October 19, 2001  
Dublin September 4, 2003  
Radford May 23, 2002  
Christiansburg July 1, 2005  
Blacksburg December 19, 2006

**RECORDING DATA FOR FIFTEENTH SUPPLEMENTAL INDENTURE  
OF  
UNITED CITIES GAS COMPANY**

<u>State</u>	<u>County</u>	<u>Date and Time Recorded--1987</u>	<u>Document#</u>	<u>Book</u>	<u>Pages</u>
Alabama	Russell	11-11-87, 2:46 pm		Mortgage 685	126-148
Georgia	Barrow	11-12-87, 10:15 am		Deed 94	220-239
Georgia	Chattahoochee	11-12-87, 8:00 am		Deed Q-1	273-291
Georgia	Hall	11-12-87, 12:30 pm		1160	94-113
Georgia	Jackson	11-12-87, 9:35 am		9-Y	321-340
Georgia	Muscogee	11-11-87, 4:15 pm		2885	41
Georgia	Oconee	11-12-87, 11:10 am		94	22-41
Illinois	Fayette	11-12-87, 3:45 pm	8703316	766	153-172
Illinois	Logan	11-13-87, 8:30 am	341462	Mortgages 68	235-254
Illinois	Macoupin	11-13-87, 8:30 am	254743	Records 105	5
Illinois	Massac	11-13-87, 3:30 pm	8702251	Records 261	205-224
Illinois	Montgomery	11-13-87, 10:15 am	305384	Mortgages 232	557
Illinois	Saline	11-17-87, 2:20 pm	89617	753	164-183
South Carolina	Cherokee	11-12-87, 9:50 am		Mortgage 330	287
South Carolina	Cherokee (UCC)	11-18-87, 3:05 pm	25314		
South Carolina	Secretary of State	11-19-87, 1:14 pm	87-061115		
Tennessee	Bedford	11-12-87, 11:27 am		Trust 250	955
Tennessee	Blount	11-16-87, 8:45 am		Trust 473	223
Tennessee	Carter	11-16-87, 11:20 am		Trust 364	231
Tennessee	City of Bristol	11-18-87, 4:45 pm		Deed 269	412
Tennessee	Greene	11-16-87, 12:10 pm		Trust 409	214
Tennessee	Hamblen	11-16-87, 4:55 pm		Trust 406	347
Tennessee	Maury	11-13-87, 11:28 am		Trust 982	43
Tennessee	Moore	11-13-87, 10:00 am		Trust 48	436
Tennessee	Obion	11-16-87, 11:00 am		Trust 45-P	814-833
Tennessee	Rutherford	11-12-87, 2:50 pm		Trust A564	749
Tennessee	Sullivan	11-17-87, 12:20 pm		Trust 590-C	722
Tennessee	Washington	11-18-87, 9:00 am		Trust 800	506
Tennessee	Weakley	11-17-87, 8:30 am		Trust 340	569
Tennessee	Williamson	11-12-87, 3:35 pm		Trust 702	526
Tennessee	Secretary of State	11-19-87, 3:05 pm	487180, 487181		
Virginia	City of Bristol	11-24-87, 9:00 am		Deed 265	753
Virginia	Montgomery	11-19-87, 10:31 am	9377	Deed 592	578
Virginia	Pulaski	11-19-87, 12:13 pm	4694	440	97
Virginia	City of Radford	11-19-87, 11:17 am	1566	129	885
Virginia	Smyth	11-20-87, 3:16 pm	3394		
Virginia	Washington	11-23-87, 8:30 am	6142	753	177
Virginia	Wythe	11-18-87, 2:15 pm	2563	Deed 342	83