

***AN ORDINANCE OF THE COUNCIL
FOR THE TOWN OF ABINGDON, VIRGINIA
TO ACCEPT THE HIGHEST BID AND ESTABLISH CRITERIA,
PROCEDURES AND STANDARDS BY WHICH THE TOWN WILL GRANT AND
ENFORCE A NATURAL GAS FRANCHISE
WITH ATMOS ENERGY CORPORATION***

WHEREAS, pursuant to Virginia Code § 15.2-2101, et seq., localities may accept the highest bid from a responsible bidder and shall adopt the ordinance as advertised; and

WHEREAS, Town Council wishes to accept the highest bid and adopt an ordinance to establish criteria, procedures and standards by which the Town will grant and enforce an ordinance for natural gas franchise with Atmos Energy Corporation;

NOW, THEREFORE BE IT ORDAINED by the Council of the Town of Abingdon that the following Ordinance be adopted:

FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (referred to herein as "Agreement") is made and executed on August 2, 2021 by and between the Town of Abingdon, Virginia (referred to herein as the "Town") and Atmos Energy Corporation, its successors and assigns (referred to herein as "Grantee").

WITNESSETH:

WHEREAS, the existing natural gas franchise between the Town and Grantee expired on May 7, 2021; and

WHEREAS, in order to protect the health, safety and welfare of the citizens of the Town, to protect and preserve the Town's public right-of-way and infrastructure and to provide for the orderly administration of the franchise contemplated herein, it is necessary and appropriate to require the Grantee to conduct its business and operations in a lawful manner in compliance with the terms and conditions set forth herein below; and,

WHEREAS, the Town duly advertised, in accordance with all applicable law, a public notice for consideration of bids for natural gas franchise, privilege, lease or right proposed to be granted and solicited sealed bids therefore; and,

WHEREAS, the Town has determined that Grantee's bid was the highest and best bid and is granting this franchise to Atmos Energy Corporation.

THEREFORE, FOR GOOD AND VALUABLE CONSIDERATION, THE

RECEIPT AND SUFFICIENCY OF WHICH IS HEREBY ACKNOWLEDGED, THE PARTIES AGREE AS FOLLOWS:

SECTION I: There is hereby granted to Atmos Energy Corporation, the right, authority, privilege and franchise to construct, maintain, replace, repair and operate a system of gas mains, service pipes, regulator stations and all other necessary and appropriate equipment and facilities for the transmission, distribution and sale of natural gas in, upon, under, along, across and over the highways, streets, avenues, roads, alleys, lanes, ways, utility easements, parkways and other public grounds in the present or future corporate limits and in the environs of the community and Town, for the supplying and selling of natural gas and its by-products to said Town and the inhabitants, industries, institutions and businesses thereof, and for such purposes to construct, lay down, maintain, replace, repair and operate all necessary gas mains, service pipes and other appliances, fixtures and facilities as may be necessary for the transmission, distribution and sale of such natural gas to said Town and the inhabitants thereof for domestic, commercial, industrial and institutional uses, and for other purposes for which it may hereafter be used, for a period of thirty (30) years from and after the passage and approval of this Agreement.

SECTION II: All gas mains, service pipes, fixtures, facilities and other appliances so laid, constructed and maintained by virtue of this Agreement, shall be so laid, constructed and maintained in accordance with the best, latest and most acceptable engineering practices and in full accord with any and all applicable engineering codes adopted or approved by the natural gas distribution industry and/or engineering profession and in accordance with any applicable statutes of the Commonwealth of Virginia and the Rules and Regulations of the Commonwealth of Virginia State Corporation Commission (hereinafter referred to as "State Corporation Commission") or of any other governmental regulatory commission, board or agency having jurisdiction over the Grantee. Said facilities shall be so constructed as not to interfere with the drainage of said Town or interfere with or injure any sewer or any other improvement which said Town has heretofore made or may hereafter make in, upon or along any highway, street, avenue, road, alley, lane, way, utility easement, parkway or other public ground, or unnecessarily impede or obstruct such highways, streets, avenues, roads, alleys, lanes, ways, utility easements, parkways and other public grounds of said Town.

SECTION III: When the streets, avenues, alleys and other public ways are opened, or any other opening is made by Grantee within the Town, whether the same be made for the purpose of

laying, constructing, replacing, maintaining or repairing the mains, pipes and other appliances and fixtures of Grantee, said Grantee will place and maintain all necessary safety devices, barriers, lights and warnings to properly notify all persons of any dangers resulting from such entrances, and will comply with all safety regulations required by federal, state and local laws.

SECTION IV: In the event it becomes necessary or expedient for the Town to change the course or grade of any public highway, street, avenue, road, alley, lane, way, utility easement, parkway, or other public ground in which Grantee is maintaining gas mains, pipes or other appliances and fixtures, upon notification by the Town, the Grantee will remove or change the location or depth of such mains, pipes or other appliances and fixtures as necessary to conform to the proposed street alteration at Grantee's own expense.

SECTION V: When any public highway, street, avenue, road, alley, lane, way, utility easement, parkway, or other public way is entered by Grantee, it shall, immediately following completion of work, restore the same to its former condition and to the reasonable satisfaction of the Town. In the event the Grantee shall fail to restore said streets, avenues, alleys or other public ways to their former state, the Town may, after giving Grantee reasonable written notice and failure by Grantee to make such restoration, make such restoration itself and charge the reasonable costs thereof to Grantee. All pavement cuts or excavations, except in response to an emergency, shall be performed only upon permission of the Director of Public Works or designee under such reasonable terms and conditions as the Director of Public Works or designee may prescribe. Grantee shall give notice to the Town of emergency work as soon as possible after the commencement of such work. Notice shall be given by contacting the Town personnel designated for this purpose.

SECTION VI: Grantee shall at all times indemnify and hold harmless the Town from and against any and all lawful claims for injury to any person or property by reason of said Grantee or its employees' failure to exercise due care and diligence in and about the installing and maintenance of said system, guarding trenches and excavations while said system is being installed or subsequent extensions, repairs or alterations are being made or generally in the operation and maintenance of said system, provided the Grantee shall have been notified in writing of any claim against the Town on account thereof, and shall have been afforded the opportunity fully to defend the same.

SECTION VII: Town and Grantee hereby agree that this Agreement shall from time to time be subject to rules and regulations adopted by Grantee and approved by the State Corporation

Commission or any other regulatory body having jurisdiction thereof during the term of this Agreement, and shall also be subject to all Rules and Regulations adopted and approved by the State Corporation Commission or any other regulatory body having jurisdiction over Grantee, and that all such Rules and Regulations shall be and become a part of this Agreement to the same extent and with the same effect as if said Rules and Regulations were herein set out in full. Grantee shall not be obligated or required to make any extension of distribution mains or service lines except in accordance with the provisions relating thereto adopted or approved by the State Corporation Commission.

SECTION VIII: Nothing herein contained shall be construed as preventing Grantee from installing, placing, replacing, taking up, repairing or removing gas pipes, mains, service pipes or other devices for furnishing gas services, from using any easements for gas service which are shown on any plat or plats of any portion of said Town heretofore or hereafter platted or recorded or any such easement which may hereafter be created, granted or dedicated for any such utility purposed by any person, firm or corporation whatsoever.

SECTION IX: Grantee shall execute a bond with good and sufficient security in favor of the Town, in the sum of Twenty-five Thousand Dollars (\$25,000.00), conditioned upon the proper performance of all the Grantee's obligations and agreements hereunder.

SECTION X: If any section or portion of any section of this Agreement shall hereafter be declared or determined by any court of competent authority to be invalid, Grantee at its election (to be given to the Town by notice in writing within thirty (30) days after such declaration or determination) may ratify or confirm the remaining portions of this Agreement and upon such ratification or confirmation the remaining portions of this Agreement shall remain in full force and effect.

SECTION XI: Grantee shall, within sixty (60) days after the passage of the Agreement, file with the Town Clerk of the Town its unconditional acceptance, signed by its authorized officer, of the terms and conditions of this Agreement and after filing of such acceptance, this Agreement shall constitute a contract between the parties thereto and shall, subject to the rights and powers vested in the State Corporation Commission or such other regulatory body of the Commonwealth of Virginia as may hereafter succeed to the rights and powers of the State Corporation Commission or as may exercise statutory jurisdiction of natural gas companies furnishing gas service in the Commonwealth of Virginia, be the measure of the rights, powers, obligations, privileges and

liabilities of said Town and of said Grantee.

SECTION XII: All rights herein granted or authorized shall be subject to and governed only by this Agreement, provided, however, that the Town expressly reserves unto itself all of its police powers to adopt general ordinances necessary to protect the safety and welfare of the general public in relation to the rights herein granted not inconsistent with the provisions of this Agreement. All the privileges given and obligations created by this Agreement shall be binding upon the successors and assigns of Grantee.

SECTION XIII: In consideration of the benefits which in the judgment of said Town will accrue to it by reason of the construction and operation of said gas system and as an inducement to Grantee proposing to construct, maintain and operate said system, the Town hereby agrees with Grantee that no franchise or pipe line tax, not now existing, shall be imposed or charged against Grantee by Town during the life of this franchise, but said Town hereby expressly reserves the right of assessing or charging any other valid tax of any nature, whether *ad valorem* or otherwise, which is now authorized or which may be hereafter authorized by the general laws of the Commonwealth of Virginia.

SECTION XIV: Grantee shall not be required to perform any covenant or obligation in this Agreement, or be liable in damages to the Town, so long as the performance or non-performance of the covenant or obligation is delayed, caused or prevented by an act of God, force majeure or by the other party. An "act of God" or "force majeure" is defined for purposes of this Agreement as strikes, lockouts, sit-downs, material or labor restrictions by any governmental authority, unusual transportation delays, riots, floods, washouts, explosions, earthquakes, fire, storms, weather (including wet grounds or inclement weather which prevents construction), acts of the public enemy, wars, terrorism, insurrections, and/or any other cause not reasonably within the control of Grantee or which by the exercise of due diligence Grantee is unable wholly or in part, to prevent or overcome.

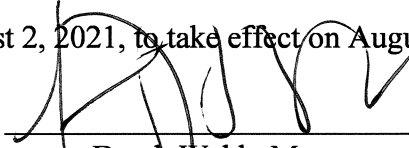
SECTION XV: This new Agreement shall take effect and be in force immediately upon passage by the Council for the Town of Abingdon directing the Town Manager to execute said Franchise Agreement. The existing franchise between the Town and Grantee which expired by its terms on May 7, 2021, is hereby mutually terminated by the parties as of the effective date of this Agreement.

CERTIFICATE

Pursuant to Section 2-100 of the Code of the Town of Abingdon, Virginia, I hereby certify that I have reviewed the foregoing proposed ordinance and find it to be in correct form, as set forth above, on August 2, 2021.

Cameron Bell, Counsel

This ordinance was adopted on August 2, 2021, to take effect on August 2, 2021.



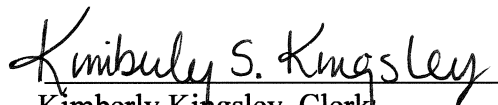
Derek Webb, Mayor

The undersigned Clerk of the Town of Abingdon, Virginia (the “Town”), hereby certifies that the foregoing constitutes a true and correct copy of an ordinance duly adopted at a meeting of the Council held on August 2, 2021. I hereby certify that such meeting was a regularly scheduled meeting and that, during the consideration of the foregoing ordinance, a quorum was present. I further certify that the minutes of meeting was a regularly scheduled meeting and that, during the consideration of the foregoing ordinance, a quorum was present. I further certify that the minutes of such meeting reflect the attendance of the members and the voting on the foregoing ordinance was as follows:

MEMBERS	ATTENDANCE	VOTE
Derek Webb, Mayor	Yes	Aye
Donna Quetsch, Vice Mayor	Yes	Aye
Amanda Pillion	Yes	Aye
James Anderson	Yes	Aye
Mike Owens	Yes	Aye

WITNESS MY HAND and the seal of the Town of Abingdon as of August 2, 2021.

(SEAL)



Kimberly Kingsley, Clerk