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UNITED STATES BANKRUPTCY COURT

EASTERN DISTRICT OF CALIFORNIA, SACRAMENTO DIVISION

In re Highlands Community Charter and Technical Schools, Debtor and Debtor in Possession.	Case No. 26-25868 Chapter 11 DCN SMR-6 Judge: Hon. Christopher D. Jaime Date: October 8, 2026 Time: 11:00am (Pacific Time) Place: Courtroom 32 501 I Street Sacramento, California 95814

~~PROPOSED~~ INTERIM ORDER: (I) APPROVING DEBTOR'S ADEQUATE ASSURANCE OF PAYMENT FOR UTILITY SERVICES; (II) PROHIBITING UTILITY PROVIDERS FROM ALTERING, REFUSING, OR DISCONTINUING SERVICE; (III) APPROVING DEBTOR'S PROPOSED PROCEDURES; AND (IV) GRANTING RELATED RELIEF

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Upon the *Debtor's Emergency Motion for Entry of an Order: (I) Approving Debtor's Adequate Assurance of Payment for Utility Services; (II) Prohibiting Utility Providers from Altering, Refusing, or Discontinuing Service; (III) Approving the Debtor's Proposed Procedures for Resolving Additional Assurance Requests; and (IV) Granting Related Relief* (the "Motion") of the above-captioned debtor and debtor in possession filed on October 4, 2026; and upon the First Day Declaration and this Court, having jurisdiction over this matter pursuant to 28 U.S.C. § 1334; and this Court, having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and this Court, having found that it may enter a final order consistent with Article III of the United States Constitution; and this Court, having found that venue of this proceeding and the Motion in this district is permissible pursuant to 28 U.S.C. §§ 1408 and 1409; and this Court, having found that the relief requested in the Motion is in the best interests of the Debtor's estates, their creditors, and other parties in interest; and this Court, having found that the Debtor's notice of the Motion and hearing on the Motion (the "Interim Hearing") were appropriate under the circumstances and no other notice need be provided; and this Court, having reviewed the Motion and having heard the statements in support of the relief requested therein at the Interim Hearing; and this Court, having determined that the legal and factual bases set forth in the Motion and at the Interim Hearing establish just cause for the relief granted herein and is necessary to avoid immediate and irreparable harm pursuant to Bankruptcy Rule 6003; and after due deliberation and sufficient cause appearing therefor,

IT IS HEREBY ORDERED THAT

1. The Motion is granted on an interim basis as set forth in this Order.

2. A final hearing to consider the relief requested in the Motion shall be held on November 10, 2026, at 11:00am. (the "Final Hearing"). Any objections or responses to the Motion shall be filed on or prior to October 22, 2026, and served on: (i) counsel for the Debtor Sheppard, Mullin, Richter & Hampton LLP, 4 Embarcadero Center, Floor 17, San Francisco, CA 94111, Attn Ori Katz (okatz@sheppard.com); (ii) the office of the United States Trustee; (iii) the holders of the twenty (20) largest unsecured claims against the Debtor filed in accordance with Bankruptcy Rule 1007(d); (iv) the State of California through the Attorney General for the State of California; (vii)

the United States of America through the United States Attorney for the Eastern District of California; (viii) the Utility Providers; (ix) parties that file with the Court and serve upon the Debtor requests for notice of all maters in accordance with Bankruptcy Rule 2002(i); and (x) all other parties who have filed a request for special notice and service of papers with the clerk of this Court.

3. The Debtor shall serve the Motion and this Order on each Utility Provider listed on the Utility Providers List, attached as **Exhibit C** to this Exhibit List, no later than three (3) business days after the date that this Order is entered.

4. The Debtor is authorized, but not directed, to cause the Adequate Assurance Deposit to be held in the Adequate Assurance Account.

5. The Adequate Assurance Deposit, together with the Debtor's ability to pay for future Utility Services in the ordinary course of business subject to the Adequate Assurance Procedures shall constitute adequate assurance of future payment in satisfaction of section 366 of the Bankruptcy Code.

6. The following Adequate Assurance Procedures are hereby approved, and the terms thereof are in full force and effect:

a. Subject to paragraphs (b)-(i) herein, the Debtor will deposit the Adequate Assurance Deposit, in the aggregate amount of $301,667.82, in the Adequate Assurance Account within five (5) business days after entry of the order granting this Motion.

b. A Utility Provider may make an adequate assurance request if the Debtor has not satisfied their postpetition payment obligation with respect to the applicable Utility Services in accordance with the terms and conditions of such service, and such payment obligation remains unpaid past any applicable grace period for the Utility Service. No disbursement will be made for an adequate assurance request unless the requesting Utility Provider provides notice to the following parties (the "Utility Notice Parties"): (i) the Debtor, (ii) proposed counsel to the Debtor, (iii) the Office of the United States Trustee; (iv) the 20 largest unsecured creditors or counsel for the official committee of unsecured creditors (if any) appointed in this Chapter 11 Case; (v) and any applicable governmental entities. The Debtor shall honor such request within five (5) business days after the date they receive such adequate assurance request, subject to the Debtor's and the requesting Utility Provider reaching an alternative resolution. A court order is not required to honor the adequate assurance request in accordance with the Adequate Assurance Procedures or to settle a postpetition payment dispute related to Utility Services.

c. If the Debtor makes a disbursement to a Utility Provider from the Adequate Assurance Account, the Debtor shall replenish the Adequate Assurance Account in the amount so disbursed.

d. The portion of the Adequate Assurance Deposit attributable to each Utility Provider shall be returned to the Debtor or the Reorganized Debtor, as applicable, on the earlier of (i) the Debtor's reconciling and paying the Utility Provider's final invoice in accordance with applicable nonbankruptcy law following the Debtor's termination of Utility Services from such Utility Provider and (ii) the effective date of any chapter 11 plan confirmed in this chapter 11 case.

e. A Utility Provider desiring additional assurances of payment in the form of deposits, prepayments, increases in the proposed allocable Adequate Assurance amount, or otherwise must serve a request for additional assurance (an "Additional Assurance Request") on the Utility Notice Parties within thirty (30) days of the Petition Date.

f. All Additional Assurance Requests and Adequate Assurance Requests must set forth in writing the following: (i) the location(s) for which Utility Services are provided and the account number(s) for such location(s); (ii) the outstanding balance for each such account and a summary of the Debtor's payment history relevant to the affected account(s); (iii) an explanation as to why the Utility Provider believes the Adequate Assurance Deposit is not adequate assurance of payment under section 366 of the Bankruptcy Code or the basis for seeking the Adequate Assurance Deposit, each as applicable; and (iv) list all Prepetition Deposits or surety bonds that the Utility Provider holds for the Utility Services related to the Additional Assurance Request.

g. The Debtor may, without further order from the Court, resolve an Additional Assurance Request by mutual agreement with a Utility Provider, and the Debtor may, in connection with any such agreement, provide a Utility Provider with additional adequate assurance of payment, including cash deposits, prepayments, or other forms of security if the Debtor believes that such adequate assurance is reasonable. The Debtor shall maintain a summary record of such agreements and their respective terms, and such summary record and the agreements themselves shall be available to any official committee appointed in these cases, and the U.S. Trustee upon request.

h. The Debtor may reduce or remove a Utility Provider's portion of the Adequate Assurance Deposit with the consent of such Utility Provider at any time during the chapter 11 cases.

i. If the Debtor and the Utility Provider are not able to reach a resolution within fourteen (14) days of receipt of the Additional Assurance Request, the Debtor may request a hearing before the Court to determine the adequacy of assurances of payment with respect to a particular Utility Provider (the

> "Determination Hearing") pursuant to section 366(c)(3) of the Bankruptcy Code. Pending final resolution of the Determination Hearing, the Utility Provider filing such Additional Assurance Request shall be prohibited from altering, refusing, or discontinuing Utility Services to the Debtor on account of unpaid charges for prepetition services or on account of any objections to the Proposed Adequate Assurance.

7. The Utility Providers are prohibited from requiring additional adequate assurance of payment other than pursuant to the Adequate Assurance Procedures.

8. Unless and until a Utility Provider files and serves an Additional Assurance Request in accordance with the Adequate Assurance Procedures and the Court rules otherwise at a Determination Hearing, the Utility Provider shall be (a) deemed to have received "satisfactory" adequate assurance of payment in compliance with § 366 and (b) forbidden from (i) discontinuing, altering, or refusing Utility Services to or discriminating against the Debtor on account of any unpaid prepetition charges, the commencement of these Chapter 11 Cases, or any perceived inadequacy of the Proposed Adequate Assurance, or (ii) requiring additional assurance of payment other than the Proposed Adequate Assurance.

9. The Debtor is authorized to (a) add any Utility Provider to the Utility Providers List (each a, "Subsequently Identified Utility Provider"), (b) remove any Utility Provider from the Utility Providers List, and (c) add to or subtract from the Adequate Assurance Account the portion of such deposit allocated to any Utility Provider(s); or Subsequently Identified Utility Provider(s); provided that the Debtor may only add Subsequently Identified Utility Provider(s) to the Utility Providers List and deposit funds in the Adequate Assurance Account in the sum of the "Proposed Adequate Assurance" allocated to such Subsequently Identified Utility Provider(s) within thirty (30) days from the Petition date, provided further that the Debtor shall provide fourteen (14) days' notice to any Utility Provider that it is being removed from the Utility Providers List and that its respective Adequate Assurance Deposit will be deducted from the Adequate Assurance Account. If an objection is received from such Utility Provider(s), the Debtor may request a hearing before this Court regarding such objection. The Debtor shall not deduct the Adequate Assurance Deposit allocated to any such Utility Provider that the Debtor seeks to terminate or delete from the Utility

Providers List unless and until the fourteen (14) day notice period has expired without objection from the respective Utility Provider(s).

10. The Debtor must (a) serve any Subsequently Identified Utility Provider a copy of the Motion and Order within three (3) business days of such provider being added to the list, (b) allocate additional amounts to the Adequate Assurance Deposit in accordance with the Motion, and (c) provide notice to the Subsequently Identified Utility Provider of its proposed Adequate Assurance. Any Subsequently Identified Utility Provider shall (a) be bound to the Adequate Assurance Procedures and (b) have twenty-one (21) days from the date of service of the Motion and the Order to make a request for additional adequate assurance of payment in accordance with the Adequate Assurance Procedures.

11. Any Utility Provider that fails to timely provide the Debtor with an Additional Assurance Request in accordance with the procedures set forth here shall be deemed to have consented to the Adequate Assurance Procedures and shall be bound by this Order.

12. The Adequate Assurance Procedures set forth herein are for all Utility Providers providing Utility Services to the Debtor in either their capacity as landlords or tenants and are not limited to those entities listed on the Utility Providers List.

13. The Debtor's service of the Motion upon the Utility Services List shall not constitute an admission or concession that each such entity is a "utility" within the meaning of § 366, and the Debtor reserves all rights and defenses with respect thereto.

14. The contents of the Motion satisfy the requirements of Bankruptcy Rule 6003(b).

15. Notice of the Motion as provided therein shall be deemed good and sufficient notice of the Motion and the requirements of Bankruptcy Rule 6004(a) are satisfied by such notice.

16. Notwithstanding Bankruptcy Rule 6004(h), this Interim Order is immediately effective and enforceable upon its entry.

17. The Debtor is authorized to take all actions necessary to effectuate the relief granted in this Interim Order in accordance with the Motion.

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18. This Court retains exclusive jurisdiction with respect to all matters arising from or related to the implementation, interpretation, and enforcement of this Interim Order.

Dated: October 12, 2026

Christopher D. Jaime, Chief Judge
United States Bankruptcy Court