

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO**

PROCEEDING NO. 17AL-0429G

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IN THE MATTER OF ADVICE LETTER NO. 530 FILED BY ATMOS ENERGY CORPORATION TO INCREASE THE BASE RATES AND THE PROPOSED RECOVERY OF RATE CASE EXPENSES TO BE EFFECTIVE JULY 27, 2017

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**PARTIAL STIPULATION AND SETTLEMENT AGREEMENT BETWEEN ATMOS ENERGY, ENERGY OUTREACH COLORADO, AND THE COLORADO OFFICE OF CONSUMER COUNSEL AND MOTION TO APPROVE PARTIAL STIPULATION AND SETTLEMENT AGREEMENT**

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This Partial Stipulation and Settlement Agreement (“Partial Settlement”) is entered into by and between Atmos Energy Corporation (“Atmos Energy” or the “Company”), Energy Outreach Colorado (“EOC”), and the Colorado Office of Consumer Counsel (“OCC”), each of which is a “Settling Party” and collectively are the “Settling Parties.” The Settling Parties submit this Partial Settlement in resolution of issues specifically described below and respectfully move that the Colorado Public Utilities Commission (“Commission”) approve this Partial Settlement for the purpose of resolving some of the issues in this Proceeding.

**Procedural Background**

1. On June 26, 2017, Atmos Energy filed Advice Letter No. 530 with an effective date of July 27, 2017. Atmos Energy proposed to increase annual base revenues through a General Rate Schedule Adjustment (“GRSA”) rider and to extend the existing System Safety and Integrity Rider to recover additional capital investment for accelerated replacement of aging pipeline facilities for five years. Atmos Energy also proposed to consolidate its four Gas Cost Adjustment (“GCA”) divisions into two GCA divisions as well as various other non-rate related proposals.

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2. On July 12, 2017, the Commission found good cause to suspend the effective date by 120 days and to set the matter for hearing pursuant to § 40-6-111(1), C.R.S. By Decision No. C17-0564, the Commission suspended Advice Letter No. 530 until November 24, 2017, and referred the matter to an Administrative Law Judge (“ALJ”) for a Recommended Decision.

3. Interventions in this docket were filed by Staff, EOC, and the Office of Consumer Counsel (“OCC”). Decision No. R17-0597-I, issued on July 21, 2017, granted the interventions, further suspended the effective date of Advice Letter No. 530 until February 22, 2018, established a procedural schedule, and if a Commission Decision is not issued within the 210-day suspension, approved the rates and tariffs filed with Advice Letter No. 530 may become effective prospectively.

4. On September 25, 2017, Staff, EOC, and OCC filed answer testimony. On October 16, 2017, Atmos Energy filed rebuttal testimony and OCC filed cross-answer testimony. At that time, Atmos Energy revised its proposed Colo. P.U.C. No. 7 Gas First Revised Sheet No. R29 to reflect certain positions taken by Staff. Atmos Energy also modified its GCA consolidation proposal to only combine its four divisions into three divisions.

5. The Settling Parties arrived at this Partial Settlement which resolves the issues described herein for the purposes of this Proceeding.

### **Settlement Terms and Conditions**

6. Atmos Energy agrees to file a class cost of service study in conjunction with its next rate case, i.e. a consolidated Phase I and Phase II filing.

7. The Settling Parties agree that any incremental GRSA due to a rate increase from Proceeding No. 17AL-0429G will be recovered through volumetric-only charges for Residential and Small Commercial Classes, i.e. asymmetrical incremental GRSA. For other customer classes, any incremental GRSA will be recovered pro-ratably based on current charges.

8. EOC waives cross examination of all witnesses.

9. The Settling Parties stipulate to the admission of Hearing Exhibit 301, the Answer Testimony of Sanders Arnold, and waive cross examination of Mr. Arnold. Mr. Arnold will be available and plans to testify at the hearing concerning the Partial Stipulation and Settlement Agreement.

#### **General Terms and Conditions**

10. The Settling Parties agree that this Partial Settlement is in the public interest and will be supported by the Settling Parties' testimony, statements of counsel in this proceeding, and/or statements of position. The Settling Parties agree to support this Partial Settlement as being in the public interest in proceedings before the Commission and to advocate in good faith that the Commission approve this Partial Settlement in its entirety.

11. The Settling Parties agree that this Partial Settlement represents a compromise in the positions of all Settling Parties and has been negotiated as a partial settlement. As such, the Settling Parties acknowledge that their support and advocacy of the Partial Settlement is based upon the Partial Settlement as a whole and not based upon its individual components viewed in isolation. Additionally, evidence of conduct or statements made in the negotiation and discussion phases of this Partial Settlement will not be admissible as evidence in any proceeding before the Commission or any court.

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12. The Settling Parties agree that all negotiations relating to this Partial Settlement are privileged and confidential, and that no party will be bound by any position asserted in the negotiations, except to the extent expressly stated in this Partial Settlement.

13. The Settling Parties agree that except as otherwise expressly noted in this Partial Settlement: (a) the execution of this Partial Settlement will not be deemed to constitute an acknowledgment of any Settling Party of the validity or invalidity of any particular method, theory or principle of ratemaking or regulation, and no Settling Party will be deemed to have agreed that any principle, method or theory of regulation employed in arriving at this Partial Settlement is appropriate for resolving any issue in any other proceeding; (b) the execution of the Partial Settlement will not constitute the basis of estoppel or waiver in future proceedings by any Settling Party; and (c) no Settling Party will be deemed to be bound by any position asserted by any other Settling Party, and no finding of fact or conclusion of law other than those expressly stated will be deemed to be implicit in this Partial Settlement. Any specific reservation of future litigation rights contained in the Partial Settlement should not be deemed to waive the applicability of this general reservation of litigation rights in future proceedings as to all matters contained in the Partial Settlement.

14. The Settling Parties acknowledge that their support and advocacy of the Partial Settlement may be compromised by material alterations thereto. In the event the Commission rejects or materially alters the Partial Settlement, the Settling Parties agree that within seven days of such Commission Decision any Settling Party may provide notice to the other Settling Parties of its objection to the Partial Settlement as modified. Upon such objection, the Settling Parties will no longer be bound by its terms and will not be deemed to have waived any of their

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respective procedural or due process rights under Colorado law. If a Settling Party objects to the Partial Settlement as modified, it may withdraw from the Partial Settlement.

15. If the Commission chooses to adopt and approve this Partial Settlement, any settled matters will be deemed resolved to the extent that the Partial Settlement is not compromised by material alterations.

16. Except as otherwise expressly provided in this Partial Settlement, the issuance of a Decision approving this Partial Settlement will not be deemed to work as an estoppel upon the Settling Parties or the Commission, or otherwise establish, or create any limitation on or precedent of the Commission, in future proceedings.

17. This Partial Settlement will not become effective and will be given no force and effect until the issuance of a final written Commission decision that accepts and approves this Partial Settlement.

18. This Partial Settlement may be executed in one or more counterparts and each counterpart will have the same force and effect as an original document and as if all the Settling Parties had signed the same document. Any signature page of this Partial Settlement may be detached from any counterpart of this Partial Settlement without impairing the legal effect of any signatures thereon, and may be attached to another counterpart of the Partial Settlement identical in form hereto but having attached to it one or more signature page(s). The Settling Parties agree that “pdf” signature pages exchanged by e-mail will satisfy the requirements for execution.

**Motion to Approve Partial Stipulation and Settlement Agreement**

19. For the reasons stated above, the Settling Parties move that the Commission approve this Partial Settlement for the purpose of resolving some of the issues in this Proceeding.

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20. Pursuant to Commission Rule 1400(a), the Settling Parties have conferred with the other parties to the proceeding and are authorized to state as follows. The Trial Staff of the Colorado Public Utilities Commission (“Staff”) does not oppose paragraphs 6, 8, and 9 of this Partial Settlement Agreement. Staff takes no position at this time regarding paragraph 7 of this Partial Settlement Agreement and reserves the right to take a position on paragraph 7 of this Partial Settlement Agreement through the course of the proceeding including in its statement of position. The Settling Parties reserve their right to address all paragraphs of the Partial Settlement Agreement in their statements of position.

BASED ON THE FOREGOING, the Settling Parties respectfully request that the Commission issue a Decision approving this Partial Settlement and adopting the terms and conditions of this Partial Settlement.

DATED this 1st day of November, 2017.

RESPECTFULLY SUBMITTED,

ATMOS ENERGY CORPORATION

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Agree on behalf of:

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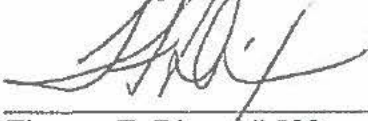
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