

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

Proceeding No. 22N-0261GPS

IN THE MATTER OF THE NOTICE OF PROBABLE VIOLATION ISSUED TO ATMOS
ENERGY

**COMPREHENSIVE
STIPULATION AND SETTLEMENT AGREEMENT**

INTRODUCTION AND IDENTIFICATION OF PARTIES

This Comprehensive Stipulation and Settlement Agreement (“Settlement” or “Agreement”) is intended to resolve, on a comprehensive basis, all issues raised in this proceeding between Atmos Energy Corporation (“Atmos Energy” or “Company”) and Trial Staff of the Colorado Public Utilities Commission (“Staff”) (together, the “Settling Parties”).

BACKGROUND

On June 10, 2022, Staff initiated this proceeding by issuing the Notice of Probable Violation (“NPV”) in connection with a natural gas outage event affecting the town of Eaton, Colorado (the “Event”). On June 13, 2022, Trial Staff Counsel entered their appearance in the proceeding. On June 17, 2022, the Company provided a written explanation to the Pipeline Safety Program (“PSP”) Chief regarding Atmos Energy’s failure to report the Event to the Colorado Pipeline Emergency line within the required two hours. On July 8, 2022, Atmos Energy filed its written response to the NPV, including its written explanation from June 17, 2022. On August 26, 2022, Atmos Energy and Trial Staff Counsel had a settlement conference in which a settlement in principle was reached.

SETTLEMENT AGREEMENT

The Settling Parties agree to the following terms to resolve all issues that were raised or could have been raised in this proceeding:

1. The base violation of \$5,000 is appropriate, given the Company's failure to timely report the Event to the Colorado Pipeline Emergency line as required by 4 CCR 723-11102(b).
2. An Impact Factor of one (1) is appropriate for the Company's failure to timely report the Event to the Colorado Pipeline Emergency line, given (a) that the Company did diligently strive to provide prompt and thorough communications to all stakeholders, as reflected in its written response to the NPV filed on July 8, 2022 and (b) the violation of failing to timely report the Event to the Colorado Pipeline Emergency Line did not result in "public endangerment; non-operator property loss > \$10,000; or a loss of pipeline integrity."
3. The Company shall pay a civil penalty of five thousand dollars (\$5,000) in full within fifteen (15) business days of the Commission's approval of this Agreement.
4. The Settling Parties acknowledge that, as discussed in the Company's July 8 response to the NPV, subsequent to the Event the Company held meetings with its Colorado employees involved in field operations to inform them of the Commission's rules and updated its training and written processes. These actions, in addition to the payment of the civil penalty, represent satisfactory remedies to address the Company's violation.
5. This Agreement represents a negotiated resolution of all issues the Settling Parties either raised or could have raised in the Proceeding. This Settlement, as well as the negotiation process undertaken to reach this Settlement, are just, reasonable, and consistent with and not contrary to the public interest and should be approved and authorized by the Commission.

6. The discussions among the Settling Parties that produced this Agreement have been conducted in accordance with Rule 408 of the Colorado Rules of Evidence (“CRE”).
7. Nothing in this Agreement shall constitute a waiver by any Settling Party with respect to any matter not specifically addressed in this Agreement. In the event this Agreement becomes null and void or in the event the Commission does not approve this Agreement, then this Agreement, as well as the negotiations or discussions undertaken in conjunction with this Agreement, shall remain inadmissible into evidence in these or any other proceedings in accordance with CRE 408.
8. The Settling Parties will support all aspects of this Agreement embodied in this document in any hearing conducted or written responses to ALJ or Commission questions to determine whether the Commission should approve this Agreement, and/or in any other hearing, proceeding, or judicial review relating to this Agreement or the implementation or enforcement of its terms and conditions. Except as expressly provided in this Agreement, each Settling Party will take no action in any administrative or judicial proceeding, or otherwise, which would have the effect, directly or indirectly, of contravening the provisions or purposes of this Agreement. However, each Settling Party expressly reserves the right to advocate positions different from those stated in this Agreement in any proceeding other than one necessary to obtain approval of, or to implement or enforce, this Agreement or its terms and conditions. This Settlement Agreement may be modified by the express written agreement of both Settling Parties.
9. The Settling Parties do not believe any waiver or variance of Commission Rules is required to effectuate this Agreement, but the Settling Parties agree jointly to apply to the Commission for a waiver of compliance with any requirements of the Commission’s

current Rules and Regulations, if necessary, to permit all provisions of this Agreement to be approved, carried out, and effectuated.

10. This Agreement is an integrated agreement that may not be altered by the unilateral determination of any Settling Party. There are no terms, representations or agreements among the parties which are not set forth in this Agreement (including attachments and appendices thereto).
11. This Agreement shall not become effective until the Commission issues a final decision addressing the Agreement. In the event the Commission modifies this Agreement in a manner unacceptable to any Settling Party, that Settling Party may withdraw from the Agreement and shall so notify the Commission and the other Settling Parties in writing within ten (10) days of the date of the Commission order. In the event a Settling Party exercises its right to withdraw from the Agreement, this Agreement shall be null and void and of no effect in the Proceeding or any other proceeding.
12. All Settling Parties have had the opportunity to participate in the drafting of this Agreement. There shall be no legal presumption that any specific Settling Party was the drafter of this Agreement.
13. This Agreement may be executed in counterparts, all of which when taken together shall constitute the entire Agreement with respect to the issues addressed by this Agreement. This Agreement may be executed and delivered electronically, and the Settling Parties agree that such electronic execution and delivery, whether executed in counterparts or collectively, shall have the same force and effect as delivery of an original document with original signatures, and that each Settling Party may use such facsimile signatures as

evidence of the execution and delivery of this Agreement by the Settling Parties to the same extent that an original signature could be used.

[Signature Page Follows]

Executed this 1 day of September 2022.

Agreed on behalf of:

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