

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

IN THE MATTER OF THE APPLICATION
OF COLORADO NATURAL GAS, INC.
FOR RECOVERY OF EXTRAORDINARY
GAS COSTS RELATED TO THE
EXTREME WEATHER EVENT OF
FEBRUARY 13-16, 2021

Proceeding No. 21A-0188G

**COMPREHENSIVE JOINT STIPULATION AND
SETTLEMENT AGREEMENT**

This Joint Stipulation and Settlement Agreement (“Settlement”) is entered into by and between Colorado Natural Gas, Inc. (“CNG” or the “Company”), Trial Staff of the Colorado Public Utilities Commission (“Staff”) and the Colorado Office of the Utility Consumer Advocate (“UCA”) (each a “Settling Party” and collectively the “Settling Parties”) to resolve all issues which were raised or could have been raised regarding CNG’s application to recover \$7,076,906 of extraordinary gas costs (“ECG”) incurred during the extreme weather event of February 13-16, 2021 (“the Extreme Weather Event”).

Procedural Background

1. On May 17, 2021, CNG filed its application seeking to recover the ECG incurred to meet customer demands during the Extreme Weather Event. Staff and the UCA timely intervened and are the only other parties to this proceeding.
2. On July 12, 2021, by Decision No. R21-0407-I, Administrative Law Judge Robert I. Garvey (“ALJ”) scheduled this matter for a pre-hearing conference on July 19, 2021.
3. The Settling Parties appeared before the ALJ at the pre-hearing conference and presented a consensus procedural schedule for consideration by the ALJ. By Decision No. R21-

0480-I, the ALJ adopted the Settling Parties' proposed procedural schedule and also scheduled a remote public comment hearing regarding the Company's application for September 16, 2021.

4. Pursuant to the procedural schedule, Answer Testimony was filed by Staff and UCA on October 1, 2021. The Company filed its Rebuttal Testimony on October 22, 2021. Following the filing of the Company's Rebuttal Testimony, the Settling Parties engaged in settlement discussions which were productive and resulted in the Settling Parties reaching an agreement in principle.

5. The Settling Parties developed a Term Sheet reflecting their agreement on the issues raised in this proceeding. On November 8, 2021, the Settling Parties informed the ALJ of the agreement in principle and shared a copy of the Term Sheet with him. The Settling Parties requested that the ALJ hold November 18, 2021 as a potential hearing date for hearing on the Settlement Agreement, if necessary. The Settling Parties set forth below their agreement on the issues which were raised, or could have been raised in this proceeding.

Settlement Terms and Conditions

The Settling Parties agree that the Commission should approve CNG's application for recovery of the EGC, subject to the following modifications and conditions:

6. CNG will implement the Extraordinary Gas Cost Recovery Rider ("EGCRR") which will recover the Extreme Weather Event EGC, as defined below.

a. The EGC will be recovered through a separate volumetric EGCRR rate for each of the Company's rate areas and will be implemented by advice letter and tariff sheets.

b. Other rate elements that are assessed on volumes or gas costs will not be impacted.

c. The EGCRR will be collected over a period of two (2) years for all CNG rate areas.

d. The total amount collected through the EGCRB will be the extraordinary cost of gas, \$7,076,906.

| It is estimated that the proposed residential customer impact will be as follows: Rate Area | Average Monthly Bill | Estimated Monthly Increase | Average Percentage Increase |
|--|----------------------|----------------------------|-----------------------------|
| Cripple Creek | \$ 115.19 | \$5.01 | 4.35% |
| Bailey | \$ 140.70 | \$8.36 | 5.94% |
| Pueblo West | \$ 102.07 | \$7.96 | 7.79% |
| Eastern | \$ 72.91 | \$18.76 | 25.73% |

e. The EGCRB will commence on first day of the first month after a final Commission decision approving the Settlement but no sooner than April 1, 2022.

f. No carrying cost will be applied to the EGC.

g. Any over or under collection of the net gas costs to be recovered through the EGCRB will be put into Account 191 and flowed through the normal operation of the GCA following the end of the applicable EGCRB recovery period.

h. The Company will evaluate the EGCRB every twelve months and determine whether an interim true-up is needed based on the deferred balance at that time. The Company will make appropriate filings with the Commission to implement an interim true-up if it is determined to be necessary by the Company.

i. In the calculation of customer bills, the EGCRB will be applied last, after application of the Demand Side Management Cost Adjustment and any other percentage-based riders.

j. The Company will extinguish the bad debt deferral authorized in 20V-0159EG and also agrees not to seek any extension of the COVID-19 bad debt deferral.

k. Low-income Energy Assistance Program (“LEAP”) and Percentage of Income Payment Programs (“PIPP”) recipients will be exempt from being charged the EGCRB rate.

l. CNG will e-mail all customers it has email addresses for and will send bill inserts to all customers providing notice of the EGCR and PIPP eligibility during the billing cycle for one month prior to the EGCR effective date.

m. The Company will not seek recovery of legal fees incurred from preparing and litigating this proceeding.

7. CNG will work with the Parties to this Settlement through a stakeholder process to conduct a survey and gather information around conservation messaging and interest in interruptible services as discussed below.

8. Before and throughout the 2021-2022 heating season, the Company will engage in customer outreach through email, social media and other outlets, as set forth below, to educate customers on the potential for higher fuel prices throughout the heating season and provide actionable information for how customers can reduce natural gas use. CNG will include Staff and UCA on all customer email distribution of conservation messaging.

a. CNG will initiate interim conservation messaging when the forecast would indicate at least 75% of the highest design day on the Company's system.

b. Interim conservation messaging will be delivered to customers as soon as practicable but no later than 12 hours after the Company becomes aware that the forecasts exceed the trigger established above.

c. Messaging will be distributed via email to CNG customers that have provided the Company with an email address and through social media outlets.

d. Messaging will continue thereafter no less than daily until the forecast trigger is no longer met.

e. Prior to the end of 2021, the Company will hold stakeholder meetings with the Parties to this Settlement to discuss the implementation of

conservation messaging for the remainder of the 2021-2022 heating season.

- f. Discussion will cover internal procedures, specific conservation messaging implemented upon reaching the trigger described above, tracking and reporting the resulting impact from the conservation messaging efforts.

9. CNG will record the difference between the forecasted gas demand and actual gas demand on a daily basis for each delivery point during the 2021-2022 heating season. CNG will also track the days when conservation messaging is delivered during the 2021-2022 heating season. CNG will provide these data in the proceeding discussed below.

- a. The Company will include conservation messaging during the 2022-2023 heating season and beyond as a topic in either its next Demand Side Management (“DSM”) filing or a stand-alone filing made on or before May 29, 2022. The Settling Parties will discuss the appropriate forum to address this issue in the stakeholder meeting discussed above. The Settling Parties may address those topics as they deem appropriate in that future filing. CNG will continue conservation messaging until a final decision in its next DSM Plan is effective; or upon subsequent mutual agreement of the Settling Parties to this Stipulation; or until ordered to do otherwise by the Commission.

10. CNG will conduct a stakeholder meeting with the Parties to this Settlement before the Company’s next DSM filing, but no later than May 29, 2022 to discuss interruptible services. The parties to the stakeholder meeting will determine if it is appropriate to modify the Company’s interruptible tariff. Nothing in this Settlement precludes CNG from seeking to implement any interruptible tariff changes.

11. If the Company wishes to seek recovery of any additional costs associated with the Extreme Weather Event it will either file a separate application to request recovery of those incremental costs or amend and re-notice its Application in this proceeding.

12. If the Company seeks to recover additional costs associated with the Extreme Weather Event, the Company agrees not to seek a carrying charge on any such costs, (e.g., operational flow order penalty amounts).

13. If the Company seeks to recover additional costs associated with the Extreme Weather Event, the Company agrees to recover those costs over 24-months.

14. The Parties to this Settlement reserve the right to take any position regarding the prudence of any additional costs associated with the Extreme Weather Event that are brought forward for cost recovery in a future filing.

15. Prior to the Company's next filed Securities or other such financial Application, the Parties to this Settlement commit to meet at least twice to discuss CNG's management, corporate structure, financing, and gas purchasing.

a. At least one of those meetings shall include the Company's Chief Executive Officer.

b. Staff and the UCA will make a good faith effort to provide a meeting agenda prior to the meeting.

16. Between now and the filing of a Securities or other such financial Application, the Company shall deliver for review to Staff any approved minutes of the meetings of the Company's Board of Directors' within 10 days of being approved by the Board, subject to customary confidentiality protections.

The Public Interest

17. The Settling Parties agree that this Settlement Agreement is in the public interest and is supported by the Settling Parties testimony in this proceeding. CNG will file Settlement Testimony in support of this Settlement Agreement. Unless otherwise ordered, Staff and UCA will be available to answer questions from the ALJ at the hearing on the Settlement, if a hearing is held. The Settling Parties agree to support the Settlement as being in the public interest in proceedings before the Commission and to advocate in good faith that the Commission approve the Settlement in its entirety.

18. Specifically, the Settling Parties agree that the Settlement is in the public interest because it provides for an efficient and comprehensive resolution of the issues raised in this proceeding, including: (a) ensuring timely recovery of the extraordinary gas costs incurred by the Company on behalf of its customers; (b) spreading the recovery of the extraordinary gas costs over a reasonable period of time to mitigate rate impacts; (c) providing for conservation messaging during the 2021-2022 heating season; and (d) establishing a path for other issues to be resolved in future proceedings.

General Terms and Conditions

19. The Settling Parties agree that this Settlement represents a compromise of their positions and has been negotiated as a comprehensive settlement. As such, the Settling Parties acknowledge that their support and advocacy for the Settlement is based upon the Settlement as a whole and not based upon its individual components viewed in isolation.

20. The Settling Parties agree that all negotiations relating to this Settlement are subject to CRE 408, and that no party will be bound by any position asserted in the negotiations, except to the extent expressly stated in this Settlement.

21. The Settling Parties agree that except as otherwise expressly noted in this Settlement: (a) the execution of this 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 Settlement is appropriate for resolving any issue in any other proceeding; (b) the execution of the 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.

22. The Settling Parties acknowledge that their support and advocacy of the Settlement maybe compromised by material alterations thereto. If the Commission rejects or materially alters the 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 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 respective procedural or due process rights under Colorado law. If a Settling Party objects to the Settlement as modified, it may withdraw from the Settlement.

23. If the Commission adopts and approves the Settlement, this Settlement resolves all disputed matters relative to this proceeding between the Settling Parties. Any disputed matters will be deemed resolved to the extent that the Settlement is not compromised by material alterations.

24. Except as otherwise expressly provided in this Settlement, the issuance of a decision approving this 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.

25. This 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 Settlement.

26. This 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 Settlement may be detached from any counterpart of this Settlement without impairing the legal effect of any signatures thereon and may be attached to another counterpart of the 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 and electronic signatures will satisfy the requirements for execution.

[Signature Page Follows]

Dated this 16th day of November, 2021

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Dated this 16th day of November, 2021

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Dated this 16th day of November, 2021

AGREED ON BEHALF OF:

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CERTIFICATE OF SERVICE

I hereby certify that on this 16th day of November, 2021, the foregoing **COMPREHENSIVE JOINT STIPULATION AND SETTLEMENT AGREEMENT** was served via email on the following:

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