

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

IN THE MATTER OF THE APPLICATION OF
ATMOS ENERGY CORPORATION FOR
APPROVAL OF ITS 2024-2028 CLEAN HEAT
PLAN.

Proceeding No. 23A-0632G

**UNANIMOUS AND COMPREHENSIVE
STIPULATION AND SETTLEMENT AGREEMENT**

This Unanimous and Comprehensive Stipulation and Settlement Agreement (“Stipulation”) is entered into by and between Atmos Energy Corporation (“Atmos Energy” or the “Company”), Trial Staff of the Colorado Public Utilities Commission (“Staff”), and the Office of Utility Consumer Advocate (“UCA”) (each a “Settling Party,” and collectively the “Settling Parties”). The Settling Parties submit that this Stipulation provides for a just and reasonable resolution of all issues that were raised in Atmos Energy’s initial Clean Heat Plan (“CHP”) proceeding.

Background

1. On December 29, 2023, Atmos Energy filed a verified application for approval of its 2024-2028 CHP in accordance with § 40-3.2-108 C.R.S., and Rule 4729(d), along with direct testimony and attachments from eight witnesses: Kathleen R. Ocanas (Hearing Exhibit 101), Ken Fogle (Hearing Exhibit 102), Jane L. Colby (Hearing Exhibit 103), Stephanie R. Engwall (Hearing Exhibit 104), Blake D. Barfield (Hearing Exhibit 105), John M. Willis (Hearing Exhibit 106), Matthew H. Nelson (Hearing Exhibit 107), and Dane A. Watson (Hearing Exhibit 108).¹

¹ Hearing Exhibit 100 was reserved for the application.

2. On January 17, 2024, the UCA filed its notice of intervention of right, request for hearing, and entry of appearances.

3. On February 2, 2024, Staff filed its notice of intervention as of right, entry of appearance, notice pursuant to Rule 1007(a) and Rule 1401, and request for hearing.

4. On March 7, 2024, the Commission issued Decision No. C24-0149-I requiring filing of supplemental direct testimony and referring this proceeding to an administrative law judge (“ALJ”).

5. On April 3, 2024, the ALJ issued Decision No. R24-0208-I, acknowledging the interventions of right from Staff and UCA, acknowledging Atmos Energy’s waiver of the statutory deadline for a Commission decision, adopting procedural schedule, scheduling remote evidentiary hearing, and providing instructions concerning exhibits and participating in remote hearing. As recognized in that decision, Atmos Energy, Staff, and UCA are the only parties to this proceeding.

6. On April 8, 2024, Atmos Energy filed supplemental direct testimony and attachments from five witnesses pursuant to Decision No. C24-0149-I: Kathleen R. Ocanas (Hearing Exhibit 109), Ken Fogle (Hearing Exhibit 110), Jane L. Colby (Hearing Exhibit 111), Stephanie R. Engwall (Hearing Exhibit 112), and Matthew H. Nelson (Hearing Exhibit 113).

7. On May 30, 2024, Staff filed the answer testimony and attachments of Eric Haglund (Hearing Exhibit 200) and Jack D. Turner (Hearing Exhibit 201), and UCA filed the answer testimony and attachments of Dr. Scott E. England (Hearing Exhibit 300).

8. On June 27, 2024, Atmos Energy filed the rebuttal testimony of Kathleen R. Ocanas (Hearing Exhibit 114) and Matthew H. Nelson (Hearing Exhibit 115).

9. After rebuttal testimony was filed, the Settling Parties engaged in discussions to see if the contested issues in this proceeding could be resolved through a settlement. Those discussions were productive and led to the terms of this Stipulation described below.

Stipulation Terms and Conditions

10. To resolve the issues raised in this CHP proceeding, the Settling Parties agree that the Company's application should be approved as modified in rebuttal testimony and subject to the following terms:

a. CHP Term: The term of Atmos Energy's initial CHP shall be through December 31, 2027.

b. Stipulated CHP Portfolio: The Stipulated CHP Portfolio shall consist of Atmos Energy's Preferred Portfolio, as modified below, plus incremental energy efficiency from the Emissions Target Portfolio (focused on the most cost-effective energy efficiency or conservation measures and Manufactured Home Early Retirement Pilot, as modified below). The Stipulated CHP Portfolio shall not include electrification, recovered methane, or thermal energy networks. The total estimated cumulative greenhouse gas emissions reductions from the Stipulated CHP Portfolio are approximately 40% higher than Atmos Energy's original Preferred Portfolio over the same 3.25-year period.²

c. Income Qualified ("IQ") Customers: At least 25% of overall residential CHP expenditures, including expenditures for IQ customers, shall be targeted to residential IQ customers.

² The total estimated cumulative greenhouse gas emissions reductions from the Stipulated CHP Portfolio are 4,343 Mt CO₂ compared to 3,103 Mt CO₂ cumulative greenhouse gas emissions reductions over the same 3.25-year time period under Atmos Energy's original Preferred Portfolio.

d. Community Based Organization (“CBO”) Outreach: The Stipulated CHP Portfolio budget includes \$50,000 per year for outreach to CBOs in Atmos Energy’s service territories.

e. CHP Pilots: The natural gas heat pump pilot shall not be included in the Stipulated CHP Portfolio. The Manufactured Home Early Retirement Pilot shall be included in the Stipulated CHP Portfolio, with the following modifications:

- i. Initial budget of \$200,000 per year in 2025, 2026, and 2027.
- ii. If Atmos Energy provides rebates for five home replacements in 2026 or 2027, then an additional \$200,000 is available for up to five additional home replacements in each of those years. If additional funding is available pursuant to this Stipulation, those amounts shall be recovered through a true-up to the CHP Rider or from other unused CHP funds but cannot cause the total expenditures contemplated in Section 10(f) below to increase.

f. CHP Expenditures: Total expenditures for the Stipulated CHP Portfolio shall not exceed \$11,907,500 divided roughly by year as follows:

- i. \$207,500 in 2024;
- ii. \$1,350,000 in 2025;
- iii. \$3,725,000 in 2026; and
- iv. \$6,625,000 in 2027.

CHP expenditures in 2027 shall not bind Atmos Energy to continue spending at those levels after 2027.

g. CHP Collections: Annual CHP cost recovery shall be within the statutory cost cap as calculated in Atmos Energy’s rebuttal testimony. The following amounts shall be recovered through the CHP Rider (discussed below) in each applicable year regardless of CHP expenditures in that year and shall not, cumulatively, exceed \$11,907,500:

- i. \$877,500 in 2024;
- ii. \$3.51 million in 2025;
- iii. \$3.76 million in 2026; and
- iv. \$3.76 million in 2027.

h. Relationship Between CHP Cost Recovery and CHP Expenditures: The stipulated budget amount shall be recovered from customers each year, with any excess collections recorded in a regulatory liability for future use on CHP resources. For this initial CHP, expenditures are expected to increase through 2027 as energy efficiency expenditures ramp up.

i. Cost Recovery: The CHP Rider proposed by Atmos Energy shall be approved with the CHP costs allocated between customer classes as recommended by Atmos Energy but recovered through volumetric charges only.

j. Lost Revenues: Atmos Energy shall be allowed to recover one year of lost revenues for new energy efficiency measures installed under the Stipulated CHP Portfolio, consistent with the stipulation in the Company's last DSM SI proceeding.³

k. CHP and Demand-Side Management Strategic Issues ("DSM SI"): Atmos Energy's next CHP and DSM SI filings shall be filed together by May 1, 2027. Under this approach, the sequence for future Atmos Energy DSM and CHP filings would be: 2026 DSM Plan (based on 2023 DSM SI and 2024 CHP); 2027 DSM SI and CHP application; 2028 DSM Plan (based on 2027 DSM SI & CHP application).

l. Miscellaneous: No miscellaneous proceeding shall be established to evaluate cost allocation and depreciation issues; those issues can be addressed in the next Atmos Energy rate case that includes a depreciation study.

³ Proceeding No. 23A-0216G.

11. The parties stipulate to the admission of all pre-filed testimony and attachments in this proceeding.

The Public Interest

12. The Settling Parties agree that this Stipulation is in the public interest. The Settling Parties shall file testimony in support of the Stipulation and will be available to answer questions from the ALJ at the hearing if a hearing is held. The Settling Parties agree to support the Stipulation as being in the public interest in proceedings before the Commission and to advocate in good faith that the Commission approve the Stipulation in its entirety without modification.

General Terms and Conditions

13. The Settling Parties agree that this Stipulation 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 Stipulation is based upon the Stipulation as a whole and not based upon its individual components viewed in isolation.

14. The Settling Parties agree that all negotiations relating to this Stipulation are confidential and 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 Stipulation.

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

16. The Settling Parties acknowledge that their support and advocacy of the Stipulation may be compromised by material alterations thereto. If the Commission rejects or materially alters the Stipulation, the Settling Parties agree that within seven days of such final Commission decision any Settling Party may provide notice to the other Settling Parties of its objection to the Stipulation 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 Stipulation as modified, it may withdraw from the Stipulation.

17. This Stipulation, if adopted and approved by the Commission, resolves all disputed matters related to this proceeding between the Settling Parties. Any disputed matters will be deemed resolved to the extent that the Stipulation is not compromised by material alterations.

18. Except as otherwise expressly provided in this Stipulation, the issuance of a decision approving this Stipulation 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.

19. This Stipulation 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 Stipulation.

20. This Stipulation 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 Stipulation may be detached from any counterpart of this Stipulation without impairing the legal effect of any signatures thereon and may be attached to another counterpart of the Stipulation 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 1st day of August 2024.

**FOR ATMOS ENERGY
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