

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

Colorado Interstate Gas Company, L.L.C.) **Docket No. RP16-____-000**

Colorado Interstate Gas Company) **Docket No. RP11-2107-000**
(Not Consolidated)

STIPULATION AND AGREEMENT

Pursuant to Rule 207(a)(5) of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (“Commission”), 18 C.F.R. § 385.207(a)(5) (2014), and the “Petition for Approval” filed herewith, Colorado Interstate Gas Company, L.L.C. (“CIG”), on behalf of itself and the parties listed on Appendix A attached hereto (referred to herein as “Settling Party” or “Settling Parties”), respectfully requests that the Commission approve or accept this Stipulation and Agreement (“S&A”) without modification or condition. Approval of the accompanying petition and this S&A would amend the settlement approved in Docket No. RP11-2107-000 to relieve CIG of the requirement to file new system-wide rates and would establish new base settlement rates for the term of the S&A.

**Article I
Introduction**

On May 12, 2011, CIG petitioned for approval of a Stipulation and Agreement filed in Docket Nos. RP11-2107-000 and RP06-397-000 (“2011 Settlement”). On August 15, 2011, the Commission approved the 2011 Settlement as uncontested.¹ Under Article VI of the 2011 Settlement, the term extends through the earlier of the date new rates become

¹ *Colorado Interstate Gas Co.*, 136 FERC ¶ 61,103 (2011).

effective pursuant to a new general, system-wide rate change submitted by CIG pursuant to section 4 of the Natural Gas Act (“NGA”),² the date that rates become effective pursuant to action taken by the Commission under section 5 of the NGA,³ or October 1, 2016. Additionally, CIG is required to file a new, system-wide rate case proposing new base rates to become effective no later than October 1, 2016. CIG is permitted to anticipate a five-month suspension period in submitting any new general rate filing under section 4 of the NGA.⁴

On August 4, 2015, CIG convened a settlement conference to discuss the possibility of resolving the issues of its upcoming rate case filing and to eliminate the need for such a filing in its entirety. CIG posted a notice on its public electronic bulletin board inviting all interested parties to the conference and also sent an e-mail with that information to all entities on which CIG serves its initial filings in Commission proceedings. Over the past eight months, CIG provided information to its customers and engaged in further settlement discussions. In early March 2016, CIG and its participating shippers reached an agreement in principle. To allow for additional time to prepare and submit a pre-filing settlement document for the Commission’s review and approval, CIG filed a petition on March 24, 2016 to amend the 2011 Settlement.⁵ Specifically, CIG asked to amend the date for a

² See 15 U.S.C. § 717c (2012).

³ See 15 U.S.C. § 717d (2012).

⁴ 2011 Settlement at n.7 citing *El Paso Natural Gas Co.*, 114 FERC ¶ 61,305 at P 32-34 (2006).

⁵ Petition of Colorado Interstate Gas Company, L.L.C. to Amend Stipulation and Agreement, Motion to Consolidate and Request to Shorten the Response Period, Docket No. RP11-2107-001 (Mar. 24, 2016). Given the extension, CIG and its customers also agreed to modify the provisions in the 2011 Settlement related to the crediting of certain revenues from Qualifying Services as well as to amend the General Revenue Sharing and Surcharge Mechanism. Because these provisions had also been incorporated into Section 23 of the General Terms and Conditions of the Second Revised Volume No. 1 of CIG’s FERC Gas Tariff, CIG filed concurrently with the March 24, 2016 petition to revise its tariff records consistent with the proposed changes to the 2011 Settlement. CIG’s Revenue Sharing Mechanism Update Filing, Docket No. RP11-2107-002 (Mar. 24, 2016). The Commission approved the changes to the tariff records. *Colorado Interstate Gas Co.*, 155 FERC ¶ 61,083 at P 1 (2016).

general rate change provided in the 2011 Settlement from October 1, 2016 to January 1, 2017. On April 22, 2016, the Commission granted CIG's request.⁶

This S&A is the product of many discussions, significant information and data exchanges, and multiple compromises of the parties. Approval of this S&A and the accompanying petition would obviate the need to file a new rate case to be effective no later than January 1, 2017. Parties will enjoy rate certainty and avoid the expenses of a formal proceeding before the Commission. As described below, the S&A establishes rates and settlement terms to be effective on January 1, 2017 through the term of the S&A.

Article II **Issues Resolved**

It is stipulated and agreed that upon the approval and effectiveness of this S&A as set forth in Article VII, CIG's obligations under the settlement approved in Docket No. RP11-2107-000 shall be extinguished. Additionally, this S&A resolves all issues with respect to the matters discussed herein for each "Consenting Party" as defined in Article VII of this S&A. During the term of the S&A, CIG's rates for transportation and storage services shall be the rates established under the provisions of this S&A. The S&A further defines the rights of CIG and its shippers to file for changes to these rates during the term of this S&A. Finally, this S&A resolves all issues relating to whether the rates for CIG's transportation and storage services are lawful under the NGA⁷ for the term of the S&A for Consenting Parties.

⁶ See *Colorado Interstate Gas Co.*, 155 FERC ¶ 61,083 at PP 1 & 6 (2016).

⁷ 15 U.S.C. § 717a, et seq. (2012).

Article III
Settlement Rates and Other Provisions

3.1 Base Settlement Rates. Upon the effectiveness of this S&A as set forth in Article VII hereof, and for the term of this S&A as set forth in Article VI, CIG's maximum and minimum base settlement rates for its transportation and storage services shall be the base rates set forth on the pro forma tariff records attached hereto as Appendix B. These pro forma tariff records set forth and implement rates to be effective on January 1, 2017 for the term of this S&A. If the Effective Date as defined by Article VII occurs after January 1, 2017, CIG shall refund the net amounts collected beginning on January 1, 2017 that are above the rates reflected on the pro forma tariff records in Appendix B. Such refunds, if any, shall be made by invoice credit within sixty (60) days of the Effective Date and include interest pursuant to 18 C.F.R. § 154.501(d) (2015).⁸ Although this S&A is intended by the parties to be in the nature of a "black box" settlement as to rates, certain elements of the base settlement rates are enumerated by this S&A.

3.2 Depreciation and Amortization, and Miscellaneous Expenses. CIG's Commission depreciation rates for book purposes and for the settlement rates shall be as follows:

| | |
|---|--------|
| Transmission Plant | 1.85% |
| Spruce Hill Gas Quality Facilities | 6.67% |
| Negative Salvage (Transmission Plant) | 0.1% |
| Storage Plant | 1.95% |
| Production Extraction Plant | 1.85% |
| General and Intangible Plant ⁹ | |
| 302.0 – Franchises & Consents | 0.00% |
| 303.0 – Intangible Plant – Other | 11.54% |

⁸ CIG shall file a report on the refunds with the Commission within sixty (60) days of the date such refunds, if any, are made.

⁹ For each account that has a 0.00% depreciation rate, it is stipulated and agreed that CIG shall depreciate the subject asset by the use of a two percent rate, in the event the account reaches a net book value level in excess of \$1 million during the term of this S&A for book purposes.

| | |
|--|--------|
| 303.0 – Intangible Plant – Software | 23.0% |
| 303.0 – Intangible Plant – Gas Transportation System | 10.0% |
| 389.2 – Rights of Way – General Plant | 0.00% |
| 390.0 – Structures & Improvements – Leaseholds | 0.00% |
| 390.1 – Structures & Improvements | 5.00% |
| 391.1 – Computer Equipment – Mainframe | 0.00% |
| 391.2 – Office Furniture and Equipment | 0.00% |
| 391.3 – Computers Personal and Other | 25.00% |
| 392.0 – Autos & Light trucks | 15.00% |
| 392.1 – Aircraft | 9.23% |
| 392.2 – Heavy Trucks & Trailers | 20.00% |
| 393.0 – Stores Equipment | 3.00% |
| 394.0 – Tools, Shop & Garage Equipment | 3.00% |
| 395.0 – Laboratory Equipment | 8.00% |
| 396.0 – Power Operated Equipment | 4.00% |
| 397.0 – Communication Equipment | 4.00% |
| 398.0 – Miscellaneous Equipment | 5.00% |

3.3 Crediting of Revenues from Qualifying Services.

(a) Upon the effectiveness of the S&A in accordance with Article VII, the revenues from Rate Schedules PAL-1, APAL-1, IS-1, SS-1 and HUB-1 (collectively referred to as “Qualifying Services”) shall be subject to the following crediting requirements for each full calendar year during the term of the S&A and a partial calendar year during the term of the S&A, if any, caused by the termination or expiration of the S&A prior to December 31st of the applicable year¹⁰ (such full calendar years and any such partial calendar year are referred to as “Crediting Periods”):

(1) CIG shall retain all Qualifying Services revenues attributable to: (i) that portion of the applicable charges representing variable costs, and (ii) any applicable surcharges;

¹⁰ CIG and the Settling Parties agree that if the S&A becomes effective in accordance with Article VII after January 1, 2017, the Qualifying Services crediting contemplated in this Paragraph 3.3 shall be applicable for the full calendar year of 2017.

(2) CIG shall retain all other revenues received from the Qualifying Services up to and including \$2,200,000 for any Crediting Period that is a full calendar year, or a lesser amount prorated on a monthly basis of 1/12 of \$2,200,000 per month for the number of months in any partial calendar year. The \$2,200,000 or lesser prorated amount is referred to hereinafter as the “Threshold Amount;” and

(3) If CIG receives any such revenues in excess of the Threshold Amount during any of the Crediting Periods, then ninety-five percent (95%) of such excess revenues of the applicable amount shall be allocated proportionally among its Rate Schedule NNT-1 and NNT-2 shippers who have contracts in effect as of the date of the crediting based on the total revenues received from each such firm NNT shipper during the Crediting Period in proportion to the total revenues received from all such firm NNT shippers as a group during the Crediting Period. CIG shall credit the amount allocated to any such shipper as an invoice credit within sixty (60) days following such Crediting Period. CIG shall also retain five percent (5%) of such revenues from Qualifying Services exceeding the Threshold Amount for each Crediting Period.

(b) The pro forma tariff records reflecting this revenue crediting mechanism are included in Appendix B and, in accordance with Article IV, shall replace the current tariff records in Section 23.1 of the General Terms and Conditions (“GT&C”) of the Second Revised Volume 1 of CIG’s FERC Gas Tariff (“Tariff”).

3.4 North Raton Lateral Revenue Crediting. CIG’s obligation to credit revenues under the North Raton Lateral Revenue Crediting Mechanism included in Section 15.5 of the GT&C of the Tariff shall terminate on October 1, 2016. Shippers with a transportation service agreement that includes such a crediting mechanism agree to remove

that provision and either have executed or will execute an amended transportation service agreement within thirty (30) days of receiving the amended agreement from CIG removing that provision. For purposes of clarity only, CIG shall remain obligated to credit revenues if required under the North Raton Lateral Revenue Crediting Mechanism applicable from October 1, 2015 through September 30, 2016 and pay any such credits owed on or before April 15, 2017. The pro forma tariff records reflecting the removal of this revenue crediting mechanism are included in Appendix B and shall be filed in accordance with Article IV.

3.5 Accounting. Nothing in this Paragraph 3.5 is intended to limit the rights of CIG or any other party to advocate any position on the recovery of any costs, regulatory assets or regulatory liabilities in this Paragraph 3.5 in future CIG rate proceedings.

(a) Post-Retirement Benefits Other than Pensions.

(1) CIG projects it will have no funding obligation to the VEBA trust during the term of this S&A under the Financial Accounting Standards Board Financial Accounting Standards Codification Topic 715 (“ASC 715”) (formerly known as Financial Accounting Standard No. 106 – “Post Retirement Benefits Other than Pensions”). The rates provided by this S&A do not include recovery of any costs associated with ASC 715 expense amounts or any amounts to be funded to the ASC 715 VEBA trust during the period such rates are in effect.

(2) CIG has previously established external irrevocable VEBA Trust(s) pursuant to Internal Revenue Code (“IRC”) Section 501(c)(9) as a funding vehicle for the ASC 715 amounts. The investment advisors to the trust(s) are independent of CIG, its parent and its affiliates and are authorized to make only those investments which are consistent with sound investment policies for funds of this nature; however, employees of

CIG or its parent may notify the investment advisor of anticipated short-term cash requirements based on ongoing, pay-as-you-go benefit claims experienced (*i.e.*, medical, dental, and life).

(3) In addition, if amounts contributed to the trust(s) by CIG, plus interest thereon, are not required, CIG intends to use the VEBA trust assets to meet other employee welfare benefit obligations, as allowed by applicable laws including tax laws. If the VEBA trust assets are used to meet any employee welfare obligations other than ASC 715 post-retirement obligations, CIG shall record the amount of any such assets so used in a regulatory liability account. Such recorded amounts shall not be amortized during the term of this S&A. CIG may propose a treatment of this regulatory liability in its next general section 4 proceeding.

(b) Pension Service Costs and Contributions to the Third-Party Pension Trust Fund. The rates provided by this S&A do not include recovery of any costs associated with pension net periodic service costs or contributions to pension trusts.

3.6 Cost Recovery Mechanisms for Modernization of Natural Gas Facilities. On April 16, 2015, the Commission issued the *Cost Recovery Mechanisms for Modernization of Natural Gas Facilities* Policy Statement (“Policy Statement”) that required that certain standards be satisfied before the Commission would approve a proposal for a modernization cost tracker or surcharge.¹¹ One of those standards is that “the pipeline’s base rates must have been recently reviewed, either by means of an NGA general section 4 proceeding or a collaborative effort between the pipeline and its

¹¹ 151 FERC ¶ 61,047 at P. 2 (2015), *order denying clarification*, 152 FERC ¶ 61,046 (2015).

customers.”¹² CIG stipulates that this S&A does not constitute a recent review of its base rates for purposes of meeting that standard in the Policy Statement.

Article IV
Tariff Filings to Reflect Expiration of the 2011 Settlement
And Implement the Provisions of the Subject S&A

Appendix B hereof contains pro forma tariff records to implement the rates and the other tariff changes as part of the agreed upon terms of this S&A and pro forma tariff records that recognize the expiration of the 2011 Settlement. As soon as is practicable after the Effective Date as defined in Paragraph 7.1(b) of this S&A, and consistent with the Commission’s notice requirements,¹³ CIG shall file to implement such changes to its Tariff. If the time period between the Effective Date and January 1, 2017 is less than thirty (30) days, CIG shall seek waiver of the Commission’s 30-day minimum notice requirement¹⁴ to allow the pro forma tariff records to become effective January 1, 2017. The Settling Parties shall either support or not oppose such a waiver request. In the event of any conflict or inconsistency between this S&A and the effective tariff records filed in accordance with this S&A, the terms of such tariff records shall govern and control as to the point of conflict.

Article V
Rawlins Processing Plant

5.1 Abandonment Filing. CIG will file an application with the Commission to abandon the existing facilities commonly known as the Rawlins Processing Plant which include without limitation the Lean Oil Processing, the Sinclair loading facilities, and the

¹² 151 FERC ¶ 61,047 at P. 20 (2015).

¹³ See 18 C.F.R. § 154.207 (2015).

¹⁴ *Id.*

Fractionation Facilities (“the Rawlins Plant”).¹⁵ CIG will provide the Settling Parties a complete draft of its abandonment application at least ten (10) business days prior to filing the abandonment application with the Commission and use commercially reasonable efforts to accommodate any reasonable concerns raised by the Settling Parties. Subject to the foregoing, the Settling Parties will file in support of the abandonment and retirement of the Rawlins Plant from jurisdictional service. The Settling Parties may protest other aspects of the abandonment filing related to concerns raised to CIG but not addressed by it to the Settling Parties’ satisfaction. Any changes made by CIG to the draft abandonment application in response to the Settling Parties’ concerns will be provided to the Settling Parties prior to filing the application with the Commission.

5.2 Regulatory Asset. After the issuance of a Commission order ruling on the merits of the abandonment application, CIG shall establish a regulatory asset for any and all costs and expenses net of any salvage/sales proceeds associated with the proposed abandonment of the Rawlins Plant, in whole or in part, including, without limitation, the then remaining net book value and any incurred or accrued costs or expenses that relate to any removal, remediation, transfer, or restoration of the facilities. This regulatory asset will be amortized over a period up to sixty-three (63) months or the term of this S&A, whichever comes first (“Amortization Period”). All amounts included in the regulatory asset will be completely amortized at the end of the Amortization Period. The rates established by this S&A shall be deemed to reflect the inclusion and amortization of this regulatory asset and shall not be subject to change as a result of the filing for abandonment of the Rawlins Plant or the Commission’s decision on that filing. CIG shall be permitted

¹⁵ CIG may file to abandon the Rawlins Plant, by transfer (including without limit by sale), in place, or by removal.

to make any required accounting to ratably assign the cost of the Rawlins Plant to expense over the term of this S&A prior to the establishment of the regulatory asset and its amortization as described in this Article V. CIG shall include the accounting details of the regulatory asset and amortization for all known or estimated applicable costs in its abandonment application.

5.3 Future Impact.

(a) Now and in the future, regardless of the ultimate disposition of the Rawlins Plant, CIG's rate base for the Rawlins Plant shall be zero dollars (\$0) for ratemaking purposes in any future general rate filings under section 4 of the NGA or in any future proceeding instituted by the Commission under section 5 of the NGA.

(b) CIG assumes (now and in the future) all risk for any removal costs including but not limited to environmental costs, whether known today or identified in the future, which are attributable to the Rawlins Plant facilities as they now exist.

(c) If the Commission denies the abandonment of the Rawlins Plant in whole or in part:

(1) CIG assumes (now and in the future) all cost risk arising out of such a denial for return on, and depreciation of, any new capital investment required to return the Rawlins Plant or any portion thereof back to service; and

(2) In any proceeding to determine or analyze rates or cost recovery, CIG may seek to recover all costs not otherwise excluded by sub-Paragraphs 5.3(a) and (c)(1) in this Article V related to: (i) any portion of the Rawlins Plant required to be returned to service and (ii) any new capital investment for additional plant or facilities required to return the Rawlins Plant to service. Such costs include, but are not limited to,

operations and maintenance expenses, administrative and general expenses, maintenance capital, and all future removal costs (including without limitation environmental costs).

5.4 Operations. CIG anticipates no negative operational impacts due to the sale or abandonment of the Rawlins Plant and will continue to deliver gas to customers that complies with the applicable specifications of the tariff. For gas receipts into CIG's Segments 134, 136 and 138, as shown on CIG's electronic bulletin board, CIG may accept up to forty-five thousand (45,000) Mcf per day of gas with a hydrocarbon dew point in excess of twenty-five degrees (25°) Fahrenheit provided there is an adequate supply of flowing gas with a hydrocarbon dew point less than twenty-five degrees (25°) Fahrenheit available for commingling such that CIG, in its reasonable discretion and judgment, determines that the commingled gas stream will not interfere with CIG's obligations to: 1) maintain prudent and safe operation of CIG's pipeline system and storage facilities, 2) ensure that such gas does not adversely affect CIG's ability to provide service to others, and 3) ensure that such gas does not adversely affect CIG's ability to tender gas for delivery to a downstream pipeline or end-user. However, as an open-access transporter without the ability to control the amount of lower hydrocarbon dew point gas received into its system, CIG's ability to continue to accept such gas depends on the cooperation from its shippers to make this arrangement work. Absent adequate low hydrocarbon dew point gas feedstock, CIG will be unable to commingle the gas streams and will be forced to shut-in non-compliant receipt points in accordance with its Tariff. Appendix B includes tariff records that incorporate the terms of this Paragraph 5.4 and shall be filed in accordance with Article IV.

Article VI
Term of this S&A, Rate Moratorium, Section 4 Rights and

Allocation of Costs to NNT Services

6.1 Term. The term of this S&A shall extend from January 1, 2017, until the earlier of: 1) the date that new rates become effective pursuant to a new general, system-wide rate change applicable to Contesting and Consenting Parties (as defined by Article VII) submitted by CIG pursuant to section 4 of the NGA; 2) the date that rates become effective pursuant to action taken by the Commission under section 5 of the NGA; or 3) April 1, 2022. Notwithstanding anything herein, the following provisions shall survive expiration of this S&A: Paragraph 5.3 and Article VIII. For purposes of clarity only, sub-Paragraph 3.3(a)(3) of this S&A shall survive the expiration of this S&A only to the extent necessary to permit invoice crediting that has yet to occur for credits owed, if any, within the term of this S&A.

6.2 CIG's Section 4 Rights.

(a) Subject to Article VII, CIG may not file a new system-wide rate case proposing new base tariff rates to be effective prior to October 1, 2020 for Consenting Parties. CIG may, in its sole discretion, file a new system-wide rate case proposing new base tariff rates for Consenting and Contesting Parties to be effective on or after October 1, 2020.¹⁶ If CIG has not filed such a system-wide section 4 rate case sooner, CIG shall be obligated to file a new system-wide rate case proposing new base tariff rates for Consenting and Contesting Parties to be effective no later than April 1, 2022.¹⁷

(b) Notwithstanding anything in this S&A, CIG shall be permitted to make limited section 4 filings pursuant to the NGA including, but not limited to, the

¹⁶ CIG shall be allowed to anticipate a five-month suspension period in submitting any new general rate filing under section 4 of the NGA allowed under this Article VI. *See El Paso Natural Gas Co.*, 114 FERC ¶ 61,305 at P 32-34 (2006).

¹⁷ *See infra* note 16.

establishment of a rate for a new service, the recovery of the appropriate costs incurred for fuel, L&U, and ACA and to make any appropriate tariff filings for service modifications as needed over time, and such filings, if any, necessary to comply with Commission policy, rules, regulations or orders.¹⁸

(c) Except as limited by Paragraph 7.4 herein, nothing in this S&A is intended to affect the rights of any Consenting Party to advocate any position on any issues arising from section 4 filings made by CIG.

6.3 Allocation of Costs to the NNT Services. In its next system-wide rate filing referred to by Paragraph 6.2 in this Article VI, CIG shall file and support: 1) a reservation transportation component (the sum of the Delivery and Hourly Flow Option components) of Rate Schedule NNT-1 that is within fifty (50) to sixty-four (64) percent of the Rate Schedule TF-1 transportation reservation rate, based on a Btu factor of 1.000; 2) an NNT-1 commodity transportation component (Commodity Delivery Rate minus Quantity Injection Rate) that does not exceed the Rate Schedule TF-1 commodity rate by more than five percent (5%); and 3) a Rate Schedule NNT-2 rate based upon an approximately sixty percent (60%) load factor equivalent of the Rate Schedule NNT-1 reservation and commodity component rates. This filing requirement is without prejudice to any other participant advocating any position on this issue.

6.4 Waiver of Section 5 Rights. In consideration for the provisions of this S&A, the Consenting Parties as defined in Paragraph 7.2 agree to waive prior to October 1, 2020 any right they might otherwise have during the term of this S&A to challenge or allege in any manner or forum that the level of the rates established under this S&A or any

¹⁸ For purposes of clarity only, this provision does not preclude a filing under section 7 of the NGA to establish initial rates for new facilities.

other provision of this S&A is unjust, unreasonable, unduly discriminatory or preferential, or otherwise unlawful, within the meaning of section 5 of the NGA,¹⁹ but this S&A does not otherwise affect such parties NGA section 5 rights.

6.5 Standard of Review. During the term of this S&A as defined by this Article VI, the Commission shall review any and all changes, amendments or alterations of any manner to this S&A in accordance with the appropriate standards established by sections 4 and 5 of the NGA.²⁰ For purposes of clarity only, the filings submitted under section 4 of the NGA as permitted and contemplated by Paragraphs 6.2 and 7.3 of this S&A shall not be considered a change, amendment or alteration to this S&A.

Article VII **Effectiveness**

7.1 Except as described in this Article VII, the various provisions of the instant S&A are not severable, and neither this S&A, nor any of the provisions hereof, shall become effective unless and until each of the following has occurred:

(a) the Commission shall have entered an order no longer subject to rehearing approving this S&A, without any condition, clarification or modification, or, in the event of a condition, clarification or modification, neither CIG nor any Settling Party shall have exercised its right under Paragraph 7.2 of this S&A to withdraw its consent within the prescribed time, and the Commission shall have denied any request for rehearing of the order modifying, clarifying or conditioning this S&A; and

¹⁹ 15 U.S.C. § 717d (2012).

²⁰ 15 U.S.C. §§ 717c, 717d (2012).

(b) a Commission order approving the instant S&A shall have waived, if necessary, compliance by CIG with the requirements of the Commission's rules and regulations in order to carry out the provisions of this S&A.

The first day of the month following the month in which both of these conditions (a) and (b) have been satisfied, shall constitute the "Effective Date" of this S&A.

7.2 Any party that: 1) supports without any qualification, or 2) does not oppose this S&A as filed, or 3) that does not file any comments on this S&A shall be deemed to be a "Consenting Party." If the Commission approves (approval shall also include acceptance) the instant S&A but with any condition, clarification or modification, including, but not limited to, the severance of any issue, or party, then CIG or any Consenting Party shall have the right, to be exercised in good faith, to withdraw its consent to this S&A within fifteen (15) days from the date of the order setting forth the condition, clarification or modification. If either CIG or any Settling Party exercises such a right, this S&A shall thereafter be null and void.

7.3 Any party that: 1) opposes this S&A, in whole or in part, or that proposes any condition, clarification or modification to this S&A, and 2) for whom the Commission does not approve (or does not accept) the S&A over their opposition or proposal shall be deemed to be a "Contesting Party" for purposes of this Article VII. The Commission may approve the S&A only for the Consenting Parties. Contesting Parties, however, shall forego any and all rights or obligations under this S&A. For example, CIG shall retain all rights to file section 4 base rate changes applicable to all Contesting Parties notwithstanding anything in this S&A. Any Commission orders during the term of this S&A related to section 4 filings that are otherwise precluded by the S&A shall only become

effective as to Contesting Parties. Further, no rate, surcharge, or allocation of costs applicable to any Consenting Party shall be modified as a result of the election of any other party to be a Contesting Party.

7.4 In the event that: 1) the Commission severs one or more issues for a Contesting Party or severs a Contesting Party and establishes additional proceedings to resolve matters in either circumstances, and 2) this S&A does not become null and void pursuant to Paragraph 7.2 of this S&A, then Consenting Parties may intervene in such additional proceedings but may not challenge CIG's proposed cost of service, billing determinants or propose any changes to CIG's tariff or current cost allocation or rate design. Nothing in this S&A shall preclude Consenting Parties in such additional proceedings from challenging: 1) changes to cost allocation or rate design proposed by CIG or any other participant, or 2) changes proposed by CIG or any other participant to CIG's tariff, unless the Consenting Party's challenge in any manner or advocates for, or supports changes to the tariff records in Article IV of this S&A implementing its provisions. Further, any rate or tariff changes resulting from a Commission order addressing severed issues shall be applied to only Contesting Parties.

Article VIII **Reservations**

8.1 Unless the S&A shall have become effective in accordance with Article VII hereof, this S&A shall be privileged and CIG shall have the right to withdraw the same. All discussions held and materials provided by any party in reaching this S&A shall be treated as if it were subject to Rule 602 of the Commission's Rules of Practice and

Procedure²¹ and to the settlement privilege as determined by Commission precedent regardless of whether Rule 602 or that precedent applies.

8.2 The provisions of the instant S&A are intended to relate only to the specific matters referred to herein and, by agreeing to the instant S&A, no party waives any claim or right which it may otherwise have with respect to any matters not expressly provided for herein.

8.3 The instant S&A is made and entered into by CIG and the Settling Parties upon the express understanding that it constitutes a negotiated settlement, and except as otherwise expressly provided for herein, neither CIG nor any other party shall be deemed to have approved, accepted, agreed to, or consented to any ratemaking principle, or any allocation method or rate design formula, underlying or supposed to underlie any of the rates, charges, cost classifications, cost functionalization or cost of service provided for herein or relied upon in agreeing to the terms of this S&A, or to be prejudiced thereby in any future CIG rate proceeding, or in any other pending or future Commission or court proceedings.

8.4 This S&A constitutes the full and complete agreement of CIG and the Consenting Parties with respect to all provisions in this S&A.

8.5 This S&A has been negotiated and drafted through a collaborative process. Neither CIG nor any Consenting Party shall be deemed the drafter of this S&A, and this S&A shall not be construed against CIG or any Consenting Party as the drafter.

²¹ 18 C.F.R. § 385.602 (2015).

Article IX
Termination of Prior Obligations and Proceedings

It is stipulated and agreed that, upon effectiveness of the instant S&A, as defined in Article VII, any and all of CIG's obligations under the 2011 Settlement shall be extinguished, and the issues raised in the above-captioned proceedings (including all sub dockets) shall be deemed fully resolved if the S&A is uncontested in accordance with Article VII.

Respectfully submitted,

COLORADO INTERSTATE GAS COMPANY, L.L.C.

By: _____

William D. Wible
Vice President, Regulatory