GREAT PLAINS
NATURAL GAS CO.
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October 3, 2016

Daniel P. Wolf
Executive Secretary
Minnesota Public Utilities Commission
121 East Seventh Place, Suite 350
St. Paul, MN 55101-2147

RE: ***In the Matter of Great Plains Natural Gas Company's 2015 Conservation Improvement Program Status Report and CIP Tracker and Demand Side Management Incentive***

Docket No. G004/M-16-384

Dear Mr. Wolf:

Great Plains Natural Gas Co., a Division of MDU Resources Group, Inc. (Great Plains) herewith electronically submits its Response to the Response to Reply Comments of the Department of Commerce, Division of Energy Resources (Department) filed on September 23, 2016 regarding Great Plains' 2015 Conservation Improvement Program (CIP) Tracker Account, Proposed Conservation Cost Recovery Adjustment (CCRA) and Demand Side Management (DSM) Financial Incentive.

Great Plains agrees with and respectfully requests the Commission approve the Department's recommendations identified as 1, 2, 3, 5, 6, and 8 as set forth in its September 23, 2016 Response Comments submitted in this Docket.

With regard to Recommendation No. 4 relating to the CCRA rate Great Plains submitted to the Commission and implemented as part of its interim rate adjustment in Docket No. GR-15-879; the total amount collected between the CCRC and CCRA was computed to be the same as the amount collected on a total per unit basis before the implementation of interim rates. Great Plains agrees that direction from the Commission would be appropriate for clarification in future general rate case filings.

With respect to the CCRA rate of $0.2125 per dk recommended by the Department in its Recommendation No. 7, Great Plains agrees with the assumptions used in the Department's calculation based on a true-up of expenses, the addition of the incentive proposed in this Docket and projected expenditures and collections through August 2017.

As noted previously, Great Plains has historically based the CCRA on actual expenditures and recoveries for the calendar year, with projected expenses and recoveries through the anticipated date the new CCRA would be effective to arrive at the projected under or over recovered balance as the basis for the CCRA. This methodology has been approved by the Commission. However, in this docket the very large DSM incentive based on actual 2015 results causes a significantly higher under recovered balance, and it is not the result of errors, as characterized by the Department on page 9 of its Response comments. The effect of the large DSM incentive caused the Company to propose a longer amortization period of two years to lessen the impact of the CCRA to customers.

In summary, Great Plains' agrees with the calculation of the Department's recommended CCRA based on the underlying assumptions provided in its Response Comments. The sole reasoning for Great Plains' proposed CCRA calculation and its request for a longer recovery period was to minimize the rate impact to customers, specifically large volume customers that may have alternatives available, causing a need for additional flexed pricing which in the long run could impact all other customers.

If you have any questions regarding this filing, please contact me at (701) 222-7856, or Brian M. Meloy, at (612) 335-1451.

Sincerely,

/s/ *Tamie A. Aberle*

Tamie A. Aberle
Director of Regulatory Affairs

cc: Brian Meloy
Service List