

September 23, 2016

Daniel P. Wolf  
Executive Secretary  
Minnesota Public Utilities Commission  
121 7th Place East, Suite 350  
St. Paul, Minnesota 55101-2147

RE: **Response Comments of the Minnesota Department of Commerce, Division of Energy Resources**  
Docket No. G004/M-16-384

Dear Mr. Wolf:

Attached is the *Response to Reply Comments* of the Minnesota Department of Commerce, Division of Energy Resources (Department), in the following matter:

Great Plains Natural Gas Company's 2015 Conservation Improvement Program Status Report and CIP Tracker and Demand Side Management Incentive (*Petition*).

The *Petition* was filed on May 2, 2016 by:

Tamie A. Aberle  
Director of Regulatory Affairs  
Great Plains Natural Gas Co.  
400 North Fourth Street  
Bismarck, ND 58501

As discussed in greater detail in the attached *Response Comments*, the Department recommends that the Minnesota Public Utilities Commission **approve Great Plains Natural Gas Co.'s *Petition* with modifications**. The Department is available to answer any questions that the Commission may have in this matter.

Sincerely,

/s/ DANIELLE WINNER  
Rates Analyst

DW/lt  
Attachment

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

RESPONSE COMMENTS OF THE  
MINNESOTA DEPARTMENT OF COMMERCE  
DIVISION OF ENERGY RESOURCES

DOCKET No. G004/M-16-384

I. BACKGROUND

On May 2, 2016, Great Plains Natural Gas Co., a Division of MDU Resources Group, Inc. (Great Plains or the Company), submitted its 2015 Conservation Improvement Program Status Report and CIP Tracker and Demand Side Management Incentive (*Petition*) to the Minnesota Public Utilities Commission (Commission or PUC). Included in the Petition was a request to set a Conservation Cost Recovery Adjustment (CCRA) of \$0.0954, based on a 24-month recovery of the Company's existing Conservation Improvement Program (CIP) tracker balance and proposed financial incentive.

On August 8, 2016, the Minnesota Department of Commerce, Division of Energy Resources (Department) filed comments recommending that the Commission:

1. approve Great Plains' 2015 financial incentive of \$477,077 to be included in the Company's CIP tracker no sooner than the issue date of the Commission's Order in the present docket;
2. approve Great Plains' 2015 CIP Tracker account activity, as amended by applying the April 18, 2016 two-year U.S Treasury Bond interest rate as the carrying charge;
3. require Great Plains, in future petitions for approval of its CIP Tracker and demand side management financial incentive, to update the interest rate used to calculate carrying charges based on the short-term cost of debt approved by the Commission in the Company's most recent rate case;
4. require Great Plains to use a CCRA calculation methodology that adequately accounts for carrying charges associated with the financial incentive;
5. require Great Plains, in future filings, to calculate the CCRA based on the projected sales, expenditures, and any pertinent adjustments, over the period the CCRA will be in place;
6. require Great Plains to include the following bill message (with the appropriate rate) in the billing month immediately following the date of the Order in the present docket:

Great Plains recovers the costs changes in its energy conservation programs from the base established in 2007 through a Conservation Cost Recovery Adjustment (CCRA) subject to MN Public Utilities Commission approval. A CCRA of [insert rate] per dk as shown in the Resource Adjustment above is effective. Learn more about reducing your energy use by visiting our website at [www.gpng.com](http://www.gpng.com) or calling us at 1-877-267-4764.

Further, the Department noted that Great Plains appeared to have implemented an unapproved CCRA rate and asked the Company to explain its justification for the rate.

On August 19, 2016, the Company filed reply comments agreeing with all of the Department's recommendations except for #4, and including a recalculation of the CCRA to incorporate the correct U.S. Treasury Bond interest rate.<sup>1</sup> Great Plains also provided, in its Attachment D, a recalculation of the CCRA incorporating the following changes:

- 1) Adjust the December 2015 ending balance by \$377 to reflect the April 18, 2016 two year U.S. Treasury bond interest rate of 0.75%.
- 2) Calculate carrying charges for 2016, and beyond, at 1.61%, the short-term cost of debt from Great Plains [sic] most recent Rate Case, Docket No. G-004/GR-15-879 approved in deliberations on August 6, 2016.
- 3) Book the 2015 financial incentive of \$477,077 the month following Commission approval. Great Plains estimated the Commission would approve the incentive in August 2016. Therefore, the incentive was booked to the tracker balance in September 2016, with carrying charges on the incentive commencing in October 2016.
- 4) The latest approved CCRC [Conservation Cost Recovery Charge] rate of \$0.0556<sup>2</sup> per dk per Docket No. G-004/GR-15-879 approved in deliberations on August 5, 2016, is effective for service rendered on, and after October 1, 2016. The CCRC rate changed to reflect the new level of approved volumes in the most recent rate case.

Further, Great Plains indicated that the current CCRA is not an unapproved rate, but was approved during the course of the Company's most recent rate case proceedings. The Company continued to request that the Commission approve its originally proposed CCRA rate.

The Department has reviewed the Company's reply comments, and makes a final set of recommendations below.

---

<sup>1</sup> The recalculation did not result in a change to the proposed CCRA.

<sup>2</sup> The final CCRC approved in the Company's last rate case is \$0.0556 per dk. Great Plains appeared to mistakenly use the interim rate of \$0.563 in in Attachment C, but used the correct rate in Attachment D.

## II. CARRYING CHARGES ASSOCIATED WITH THE FINANCIAL INCENTIVE

In its comments, the Department proposed to recommend that the Commission “require Great Plains to use a CCRA calculation methodology that adequately accounts for carrying charges associated with the financial incentive.”<sup>3</sup> This recommendation is consistent with the Commission’s decision in Great Plains’ previous annual CIP docket (Docket No. G004/M-15-422) which approved a CCRA based upon the Department’s recommended methodology that includes consideration of the CIP expenses expected to be incurred over the recovery period. The Company indicated that it does not support this recommendation because, it claimed, doing so would violate Generally Accepted Accounting Principles (GAAP). However, the Company’s Attachment D does incorporate the Department’s recommendation to realistically book the anticipated financial incentive in a specific month (rather than a “monthless” addition of the incentive) which results in inclusion of expected carrying charges. Further, assuming that the financial incentive will be incorporated into the tracker in a certain month does not violate GAAP; the other utilities with CIP trackers follow the Department’s recommended methodology. The Department concludes that Great Plains’ disagreement with the Department may not concern the Department’s recommendation #4; rather, Great Plains appears to be responding to the Department’s request for input regarding the appropriateness of amortizing the financial incentive over the 12-month recovery period.

The Department clarifies that the discussion in the Department’s initial comments was specifically referring to the booking of the financial incentive within the CIP tracker, not within the Company’s official accounting record. The CIP tracker is a ratemaking tool, not an accounting tool, and is not subject to Generally Accepted Accounting Principles. That being said, the Department is not making a recommendation regarding the amortized booking of the financial incentive at this time, but rather offers the concept to the Commission for further discussion, if deemed appropriate.

In summary, none of the Department’s recommendations to the Commission would result in a violation of GAAP. Recommendation #4 was made in order to ensure that Great Plains would account for carrying charges affiliated with the financial incentive by properly booking it within a CIP tracker projection, which the Company now appears to have agreed to do going forward. The Department maintains its original recommendation that the Commission require Great Plains to use a CCRA calculation methodology that adequately accounts for carrying charges associated with booking the financial incentive in a particular month.

---

<sup>3</sup> Department Comments, Page 17.

### III. THE COMPANY'S IMPLEMENTATION OF AN INTERIM CCRA

In its initial comments, the Department concluded that by implementing an interim CCRA within the course of the Company's rate case proceeding, the Company had implemented an unapproved rate. In its reply comments, the Company stated that both the Conservation Cost Recovery Charge (CCRC) and CCRA were approved by Commission's Order on November 30, 2015 in Docket No G004/GR-15-879.

Great Plains stated that, "Importantly, the total of the two components, which must be considered together, equates to a charge of \$0.0484 as authorized in Docket No. G-004/M-15-422. A change in the CCRC requires a corresponding change in the CCRA, as the CCRA is established to adjust the amount that would otherwise be recovered through the CCRC."<sup>4</sup> From this comment, it is apparent that the Company treated the combined CCRC and CCRA as a singular rate of \$0.0484.

The Department notes, however, that the CCRC and CCRA should not be treated as a singular rate, because they function very differently. The CCRC is a rate set based on the approved CIP budget for the test year: thus, a utility sets the CCRC based on projected CIP *expenditures*. The CCRA, on the other hand, is a rate set based on the projected *tracker balance*: a utility projects the tracker balance based on a number of factors (existing balance, projected expenditures, recoveries, carrying charges, financial incentives, and adjustments), and sets the CCRA to make up for any over- or under- recoveries.

The Company's explanation assumes that the purpose of the CCRA is to work with the CCRC to produce an overall approved recovery, but doing so mischaracterizes the purpose of the CCRA. The purpose of the CCRA is to act as a true-up mechanism, and help the utility align expenses and recoveries by bringing the utility's tracker balance to zero. It is set in relation to the overall activities of the CIP tracker, not in direct relation to the rate of the CCRC. Therefore, while it is appropriate to implement an interim CCRC during a rate case proceeding, the CCRA should only be adjusted after a thorough review of the Company's CIP tracker.

In this instance, the CCRA rate approved in Docket No. G004/M-15-422 was set to chip away at the utility's large, unrecovered, growing tracker balance, and put the utility on course to bring its tracker balance closer to zero. When the utility then set interim rates assuming that both rates must equal \$0.0484, it was not factoring in the existing tracker balance, as the CCRA is supposed to. As a result, the CCRA was set at a negative rate, and money was returned to ratepayers. This moved the utility further from the zero-ending-tracker-balance goal, and now ratepayers owe even more money to the utility.

---

<sup>4</sup> GPNG Reply Comments, page 2.

In its initial comments, the Department calculated the total impact that the interim CCRA had on the CIP tracker, compared to the activity that would have transpired had the utility been using the previously approved rate of \$0.0225/Dth. To calculate a more accurate figure, the Department requested that the Company provide updated sales and recovery information, using the correct carrying charge rate and approved CCRA.<sup>5</sup>

The Department has used the updated information, as well as the 0.75% carrying charge rate, to re-calculate the total impact of the unapproved CCRA rate.

**Table 1: Effects of Great Plains' Unapproved Rate Implementation, January-August 2016**

	Unapproved Rate	Approved Rate	Unapproved-Approved Difference
CCRA Rate (\$/Dth)	(0.0079)	0.0225	
CIP-Applicable Sales Volumes charged at Unapproved Rate Jan-Aug 2016 (Dth)	4,321,963	4,321,963	
Carrying Charge (\$)	1,246	957	289
CCRA Recovery (\$)	(14,185)	97,244	(111,429)
<b>Total Impact<sup>6</sup></b>			<b>\$111,718</b>

As shown in Table 1, Great Plains' ratepayers would have saved \$289 in carrying charges, and the unrecovered CIP tracker balance would be decreased by \$111,718 (reducing the CCRA to be collected in 2017) had the Company maintained its approved CCRA.

Great Plains' Reply Comments included a copy of a tariff page submitted on September 30, 2015 in Docket No. G004/GR-15-879 that indicates a change in both the CCRC and CCRA. This was filed as part of the Company's initial rate case filing and again on November 17, 2015 in a compliance filing after the Commission's September 30, 2015 Agenda Meeting authorizing Great Plains to implement interim rates beginning November 30, 2015. Consistent with the Department's explanation of the different purposes of the CCRC and the

<sup>5</sup> The utility's response appears to have used the newly approved short term cost of debt for each month of 2016; however, the new carrying charge rate should only be used for the months after the Commission Order approving the new rate. In the months prior to the date of the Commission's Order, the Company should use the previously-approved carrying charge rate, which is the two-year U.S. Treasury Bond interest rate at the time of the utility's filing. This treatment of carrying charge rates in the CIP tracker was affirmed recently in Docket No. G008/M-16-366, in which the Commission found that CenterPoint Energy should use the previously approved carrying charge rate (equal to the short-term cost of debt approved in CenterPoint Energy's last rate case) in its CIP tracker, and may begin using the new rate after the Commission's Order approving final rates in the 2015 rate case.

<sup>6</sup> In its CIP Tracker, Great Plains reports both CCRC and CCRA recovery as positive numbers, then subtracts total recovery from total expenses. The Department used this same method here, although doing so reverses the sign of the total CCRA Recovery. To account for this in Table 1, the Department added the absolute value of CCRA Recovery to Carrying Charges. The full impact forecast can be found in Attachment A.

CCRA, the Commission's *Findings of Fact, Conclusions, and Order* dated September 6, 2016<sup>7</sup> requires the Company to submit, within 30 days of the date of the Order:

- d. *A computation of the CCRC based upon the decisions made herein for inclusion in the final Order. A schedule detailing the CIP tracker balance at the beginning of interim rates, the revenues (CCRC and CIP Adjustment Factor) and costs recorded during the period of interim rates, and the CIP tracker balance at the time final rates become effective. [Emphasis added.]*

The rate case record does not contain an explicit approval of a particular CCRC or CCRA other than a tacit approval on an interim basis.<sup>8</sup> As noted in the Order, a final CCRC is to be calculated and submitted within a compliance filing by October 6, 2016. The Commission has determined<sup>9</sup> that final approved rates are appropriate for use in CIP trackers. Since the CCRA has not been specifically addressed in the Commission's September 6, 2016 Order, it is clear that no final CCRA will be set in the rate case. Therefore, the Department continues to be concerned that Great Plains changed the CCRA without explicit Commission approval. The Department recommends that the Commission direct Great Plains to implement revised CCRA factors only through the annual CIP tracker and demand side management financial incentive dockets (or as otherwise ordered by the Commission), and not at the time of a general rate case (through which the CCRC may be revised).

#### IV. DEPARTMENT'S REVIEW OF CCRA OPTIONS

Great Plains has traditionally calculated its CCRA by adding the existing balance and proposed financial incentive, then dividing the sum by the projected sales for the upcoming year. It does not account for any projected CIP activities. Great Plains' methodology differs from how other utilities calculate their CCRA, and results in a CCRA that is not likely to recover the future projected ending tracker balance.

In its initial comments, the Department recommended that the Company use a methodology that accounts for projected CIP activities. The primary reason for this is because under the Company's current methodology, the Company's projected unrecovered tracker balance is expected to continue to grow.<sup>10</sup> The Department made this same recommendation last year, and in that filing the Company agreed to use the Department's preferred methodology. Last year, the Commission approved a CCRA based on the Department's methodology.

---

<sup>7</sup> Great Plains' Reply Comments, Attachment D, page 2 of 3, footnote 5 indicates that the new CCRC rate will be "effective on and after October 1, 2016 per Commission Order on August 5, 2016." However, August 5, 2016 is not the date of the Commission's Order, but rather the date of the Agenda Meeting at which the Company's rate case was deliberated upon and decided.

<sup>8</sup> The Department notes that it does not typically analyze or assess the appropriateness of utilities' interim rate proposals; rather, our analysis is focused on final rates.

<sup>9</sup> See Docket No. G008/M-16-366.

<sup>10</sup> For a more in-depth discussion of this, please see the Department's initial comments.

**A. GREAT PLAINS' PREFERRED CCRA**

Although the Company complied with the Department's request to calculate a CCRA based on the updated methodology, the Company continued to recommend its originally proposed CCRA rate of \$0.0954, which assumes a 24-month amortization period and does not fully account for the expected costs that will be incurred over those 24 months. The Company also projected a 2017-2018 CCRA of \$0.1332/Dth based on this methodology, but is not requesting approval for this rate. The Department summarizes the effects of these projections below in Table 2, and full projections can be found in Attachment B.

**Table 2: Projected CIP Tracker and Bill Impacts of Great Plains' Proposed CCRA**

Description	2016-2017	2017-2018
Beginning Tracker Balance (Sept 1)	\$403,679	\$899,728
CCRA (\$/Dth)	0.0954	0.1332
CCRA Recovery	\$542,473	\$762,024
Carrying Charges	\$10,492	\$16,271
Ending Tracker Balance (Aug 31)	\$899,728	\$1,149,185
Average Annual CCRA Bill	\$7.06	\$9.86
Average Annual CIP Bill (CCRA + CCRC)	\$11.17	\$13.97

The Department appreciates that the Company is concerned about rate shock. However, as noted in our initial comments, recovering those expenses closer to the time they were incurred will help avoid ratepayers paying unnecessary carrying charges, will help align CIP payment responsibilities, and will help bring the tracker balance back to zero. Under the utility's proposal, the ending tracker balance by August 31 would be \$889,728 in 2017 and \$1,149,185 in 2018. In other words, the Company's proposal results in a growing tracker balance rather than a balance moving closer to zero. Unfortunately, the Company's implementation of the negative CCRA rate has only exacerbated this problem. While acknowledging the potential rate shock, the Department supports a CCRA that will minimize carrying charges and will allow costs to be recovered from the customer base most similar to the customer base existing at the time the costs were incurred.

**B. GREAT PLAINS' ALTERNATIVE CCRA<sub>s</sub> USING THE DEPARTMENT'S RECOMMENDED METHODOLOGY**

Per the Department's request in the instant docket, Great Plains calculated alternative 12-month and 24-month CCRA<sub>s</sub> using a methodology that incorporated projected CIP activities, as well as the existing balance and proposed financial incentive.

The utility's proposed alternatives updated the estimated 2016 numbers through July 2016 with actual figures. As noted above, the utility stated that it used the following assumptions in calculating the alternative CCRA<sub>s</sub>:<sup>11</sup>

<sup>11</sup> GPNG Reply Comments, Page 4



1. Adjust the December 2015 ending balance by \$377 to reflect the April 18, 2016 two year U.S. Treasury bond interest rate of 0.75%.
2. Calculate carrying charges for 2016, and beyond, at 1.61%, the short-term cost of debt from Great Plains' most recent Rate Case, Docket No. G-004/GR-15-879 approved in deliberations on August 5, 2016.
3. Book the 2015 financial incentive of \$477,077 the month following Commission approval. Great Plains estimated the Commission would approve the incentive in August 2016. Therefore, the incentive was booked to the tracker balance in September 2016, with carrying charges on the incentive commencing in October 2016.
4. The latest approved CCRC rate of \$0.0556 per dk per Docket No. G-004/GR-15-879 approved in deliberations on August 5, 2016, is effective for service rendered on, and after October 1, 2016. The CCRC rate changed to reflect the new level of approved volumes in the most recent rate case.

Under these assumptions, a CCRA set to get the tracker balance to zero by the end of August 2017 (a 12-month amortization period) would be \$0.2510 per dk. The Company notes that in conjunction with the new CCRC, this equates to an annual increase of \$19.11 for the average CIP customer for 2016-2017. Great Plains also calculated a CCRA that amortized the financial incentive and August 2016 ending tracker balance over 24 months, and added this to the projected 2016-2017 CIP activities. The Company calculated this rate to be \$0.1741. In conjunction with the new CCRC, this equates to an annual increase of \$13.42 in total CIP charges for the average residential customer. The Department has verified these figures.<sup>12</sup>

Using these rates, the Department projected two years of CIP activities assuming a goal of a zero-ending tracker balance by August of 2018. Full projections can be found in Attachment C and C1 and results are summarized below.

---

<sup>12</sup> However, the Department notes that Assumption #2 above is incorrect, as the carrying charge rate should be changed in the tracker at the time of Commission approval of the new rates. The interim period should continue to use the previously approved rate. Since final rates were approved in G004/GR-15-879 on September 6, 2016, the 0.75% carrying charge rate should be used through August 2016, and updated to the 1.61% carrying charge rate in September 2016. This results in an August 2016 "year-end" tracker balance of \$403,679, the derivation of which can be found in Attachment A. The Department recalculated the Company's proposed CCRA's using the correct carrying charge rate and concludes that the difference is not material. However, the Company will still need to correct its tracker to accurately record carrying charges.

**Table 3: Projected CIP Tracker and Bill Impacts of Great Plains' 12-Month Alternative CCRA**

Description	2016-2017	2017-2018
Beginning Tracker Balance (Sept 1)	\$403,679	\$0
CCRA (\$/Dth)	0.251	0.1739
CCRA Recovery	\$1,425,409	\$994,872
Carrying Charges	\$4,906	(339)
Ending Tracker Balance (Aug 31)	\$0	\$0
Average Annual CCRA Bill	\$18.57	\$12.87
Average Annual CIP Bill (CCRA +CCRC)	\$22.69	\$16.98

**Table 4: Projected CIP Tracker and Bill Impacts Great Plains' 24-Month Alternative CCRA**

Description	2016-2017	2017-2018
Beginning Tracker Balance (Sept 1)	\$403,679	\$439,230
CCRA (\$/Dth)	0.1741	0.2512
CCRA Recovery	\$989,985	\$1,437,349
Carrying Charges	\$8,711	\$2,909
Ending Tracker Balance (Aug 31)	\$439,230	\$0
Average Annual CCRA Bill	\$12.88	\$18.59
Average Annual CIP Bill (CCRA +CCRC)	\$17.00	\$22.70

Due to the fact that using the correct CCRA calculation methodology significantly increases the Company's proposed CCRA, which is already a significant increase from the most recently approved CCRA, the Department agrees with Great Plains' proposed 24-month amortization period. The Department expects that Great Plains will not repeat past errors contributing to this unusually high CCRA increase, thus, extended amortization periods will not be needed in the future.

The Department notes that while the \$0.2510 rate is projected to bring the CIP tracker balance back to zero within 12 months, the \$0.1741 rate will not bring the CIP tracker balance back to zero within 24 months if it remains in place during the second 12 months. This is because the 24-month amortization rate only accounts for the first 12 months' worth of CIP activities, not the full 24 months' worth of CIP activities. If the Company wishes to achieve a zero-ending tracker balance by August of 2018, the Department expects that an additional increase in the CCRA will be needed in the second 12-month period if a \$0.1741 CCRA is approved in the instant docket.

The Department's objective is to avoid a situation where the Company is carrying a balance for many years on end. Carrying a balance not only results in payment responsibility mismatch, but also results in greater carrying charges to ratepayers. The Department would prefer a scenario that brings the tracker balance to zero as quickly as possible, without the need for multiple rate hikes or multiple extended amortization schedules. Therefore, while

not strongly supportive of either of these proposed alternatives, the Department prefers them to the Company's preferred proposal.

**C. DEPARTMENT'S PREFERRED CCRA**

The Department proposes an alternative that is intended to bring the tracker balance to zero by August 2018 and to stabilize the CCRA rate over the 24-month amortization period. The results are summarized in Table 5 below, and full projections can be found in Attachment D.

**Table 5: Projected CIP Tracker and Bill Impacts of Department's Preferred CCRA**

Description	2016-2017	2017-2018
Beginning Tracker Balance (Sept 1)	\$403,679	\$219,084
CCRA (\$/Dth)	0.2125	0.2125
CCRA Recovery	\$1,208,223	\$1,215,575
Carrying Charges	\$6,804	\$1,281
Ending Tracker Balance (Aug 31)	\$219,084	\$0
Average Annual CCRA Bill	\$15.73	\$15.73
Average Annual CIP Bill (CCRA +CCRC)	\$19.84	\$19.84

To be clear, the Department does not propose that the Commission approve a CCRA that will be effective for 2 years; rather, the expectation is that a 2016-2017 CCRA of \$0.2125 will reduce the likelihood that an additional CCRA rate increase will be needed in 2017-2018.

Therefore, the Department recommends that the Commission approve a CCRA of \$0.2125/Dth. Additionally, the Department recommends that the Commission require the Company to, in future filings, calculate the CCRA based on the Company's projected CIP tracker activity over the time period for which the CCRA will be in place, including the previous year's CIP tracker balance.

**IV. CONCLUSIONS AND RECOMMENDATIONS**

The Department recommends that the Commission:

- 1) approve Great Plains' 2015 financial incentive of \$477,077 to be included in the Company's CIP tracker no sooner than the issue date of the Commission's Order in the present docket;
- 2) approve Great Plains' 2015 CIP Tracker account activity, as amended by applying the April 18, 2016 two-year U.S Treasury Bond interest rate as the carrying charge in the months prior to approval of the new short term cost of debt;
- 3) require Great Plains, in future petitions for approval of its CIP Tracker and demand side management financial incentive, to update the interest rate used

- to calculate carrying charges based on the short-term cost of debt approved by the Commission in the Company's most recent rate case;
- 4) clarify that the CCRA should only be adjusted after a thorough review of Great Plains' CIP tracker;
  - 5) require Great Plains to use a CCRA calculation methodology that adequately accounts for carrying charges associated with the financial incentive;
  - 6) require Great Plains, in future filings, to calculate the CCRA based on the existing tracker balance, as well as the projected sales, expenditures, financial incentive(s), and any pertinent adjustments that may occur over the period the CCRA will be in place;
  - 7) approve a CCRA of \$0.2125 per Dth for all customer classes and require that the CCRA approved by the Commission be effective in the billing month immediately following the issue date of this Order, conditioned on the Company submitting, within 10 days of this Order, a compliance filing with the relevant tariff sheets and necessary calculations that comply with the Commission's determinations.
  - 8) require Great Plains to include the following bill message (with the appropriate rate) in the billing month immediately following the date of the Order in the present docket:

Great Plains recovers the costs changes in its energy conservation programs from the base established in 2007 through a Conservation Cost Recovery Adjustment (CCRA) subject to MN Public Utilities Commission approval. A CCRA of [insert rate] per dk as shown in the Resource Adjustment above is effective. Learn more about reducing your energy use by visiting our website at [www.gpng.com](http://www.gpng.com) or calling us at 1-877-267-4764.

/lt

Great Plains' January 2016-August 2016 CIP Activity with Company-Implemented CCRA Rate

Date	Beginning Balance	Carrying Charges	CIP Expenses	CCRC Recovery	CCRA Rate	CCRA Recovery	CIP-Applicable Volumes	Total Recovery	Ending Balance
Dec-15									241,051
Jan-16	241,051	151	40,568	27,301	(-0.0079) and 0.02250	13,070	834,162	40,371	241,399
Feb-16	241,399	151	27,109	48,243	(0.00790)	(6,614)	860,101	41,629	227,030
Mar-16	227,030	142	36,681	43,072	(0.00790)	(5,913)	766,254	37,159	226,693
Apr-16	226,693	142	24,465	36,129	(0.00790)	(5,060)	641,919	31,069	220,231
May-16	220,231	138	31,156	28,454	(0.00790)	(3,994)	505,784	24,460	227,065
Jun-16	227,065	142	29,657	17,901	(0.00790)	(2,509)	317,844	15,392	241,472
Jul-16	241,472	151	136,698	11,599	(0.00790)	(1,658)	205,199	9,941	368,380
Aug-16 (estimated)	368,380	230	44,298	10,736	(0.00790)	(1,507)	190,700	9,229	403,679
		1,246	370,632	223,435		(14,185)	4,321,963	209,250	403,679

Great Plains' January 2016-August 2016 CIP Activity with Approved CCRA Rate

Date	Beginning Balance	Carrying Charges	CIP Expenses	CCRC Recovery	CCRA Rate	CCRA Recovery	CIP-Applicable Volumes	Total Recovery	Ending Balance
Dec-15									241,051
Jan-16	241,051	151	40,568	27,301	0.02250	18,769	834,162	46,070	235,700
Feb-16	235,700	147	27,109	48,243	0.02250	19,352	860,101	67,595	195,361
Mar-16	195,361	122	36,681	43,072	0.02250	17,241	766,254	60,313	171,851
Apr-16	171,851	107	24,465	36,129	0.02250	14,443	641,919	50,572	145,852
May-16	145,852	91	31,156	28,454	0.02250	11,380	505,784	39,834	137,265
Jun-16	137,265	86	29,657	17,901	0.02250	7,151	317,844	25,052	141,955
Jul-16	141,955	89	136,698	11,599	0.02250	4,617	205,199	16,216	262,526
Aug-16 (estimated)	262,526	164	44,298	10,736	0.02250	4,291	190,700	15,027	291,961
		957	370,632	223,435		97,244	4,321,963	320,679	291,961

<b>Unapproved-Approved Difference</b>		289				(111,429)		(111,429)	<b>111,718</b>
---------------------------------------	--	-----	--	--	--	-----------	--	-----------	----------------

Note: December 2015 ending balance reflects Company's projected 2015 CIP Tracker ending balance, updated for more recent carrying charge rate.

Note: January 2016 CIP-Exempt Volume of 834,162: 646,776 Dth from December billed at approved rate of 0.0225 and 187,386 Dth from January billed at interim rate of (0.0079).

CIP-exempt volumes billed at negative interim CCRA in January was provided to the Department through emails with the Company.

Note: February and March 2016 CCRA Recovery provided by the Company do not appear to match CIP-applicable volumes provided by the Company.

Here, the Department used provided Company information even though it appears mismatched.

Note: Jan-July 2016 Sales and Expenses are Actual figures, Aug 2016 Sales and Expenses are Estimates.

**Great Plains CIP Tracker 2016-2017**

CCRA set to recover beginning tracker balance and financial incentive over 12 months (Table 2, Company's preferred rate and methodology)

Date	Beginning Balance	Carrying Charges	CIP Expenses	Total Volumes	CCRC Rate	CCRC Recovery	CCRA Rate	CCRA Recovery	Total Recovery	Ending Balance
Sep-16	403,679	252	504,016	278,400	0.0563	15,674	0.0954000	26,559	42,233	865,714
Oct-16	865,714	1,160	19,003	515,100	0.0556	28,640	0.0954000	49,141	77,780	808,097
Nov-16	808,097	1,083	90,584	652,500	0.0556	36,279	0.0954000	62,249	98,528	801,236
Dec-16	801,236	1,074	148,732	803,700	0.0556	44,686	0.0954000	76,673	121,359	829,683
Jan-17	829,683	1,112	43,198	823,400	0.0556	45,781	0.0954000	78,552	124,333	749,660
Feb-17	749,660	1,005	28,886	734,600	0.0556	40,844	0.0954000	70,081	110,925	668,626
Mar-17	668,626	896	39,061	646,300	0.0556	35,934	0.0954000	61,657	97,591	610,991
Apr-17	610,991	819	38,016	418,900	0.0556	23,291	0.0954000	39,963	63,254	586,572
May-17	586,572	786	22,221	262,900	0.0556	14,617	0.0954000	25,081	39,698	569,881
Jun-17	569,881	764	29,266	177,000	0.0556	9,841	0.0954000	16,886	26,727	573,184
Jul-17	573,184	768	31,822	182,100	0.0556	10,125	0.0954000	17,372	27,497	578,277
Aug-17	578,277	775	349,578	191,400	0.0556	10,642	0.0954000	18,260	28,901	899,728
	403,679	10,492	1,344,383	5,686,300		316,353		542,473	858,826	899,728

Sept 16 CIP Expenses Include: Projected CIP Expenses, 2015 Financial Incentive

**Great Plains CIP Tracker 2017-2018**

CCRA set to recover beginning tracker balance and financial incentive over 12 months (Table 2, Company's preferred methodology)

Date	Beginning Balance	Carrying Charges	CIP Expenses	Total Volumes	CCRC Rate	CCRC Recovery	CCRA Rate	CCRA Recovery	Total Recovery	Ending Balance
Sep-17	899,728	1,206	448,647	279,300	0.0556	15,529	0.133200	37,203	52,732	1,296,849
Oct-17	1,296,849	1,738	20,208	517,600	0.0556	28,779	0.133200	68,944	97,723	1,221,072
Nov-17	1,221,072	1,636	96,328	656,900	0.0556	36,524	0.133200	87,499	124,023	1,195,014
Dec-17	1,195,014	1,601	158,165	810,100	0.0556	45,042	0.133200	107,905	152,947	1,201,833
Jan-18	1,201,833	1,610	43,784	827,500	0.0556	46,009	0.133200	110,223	156,232	1,090,995
Feb-18	1,090,995	1,462	29,277	740,400	0.0556	41,166	0.133200	98,621	139,788	981,947
Mar-18	981,947	1,316	39,591	651,000	0.0556	36,196	0.133200	86,713	122,909	899,945
Apr-18	899,945	1,206	38,532	421,500	0.0556	23,435	0.133200	56,144	79,579	860,104
May-18	860,104	1,153	22,523	264,000	0.0556	14,678	0.133200	35,165	49,843	833,936
Jun-18	833,936	1,117	29,663	177,600	0.0556	9,875	0.133200	23,656	33,531	831,185
Jul-18	831,185	1,114	32,253	182,900	0.0556	10,169	0.133200	24,362	34,532	830,021
Aug-18	830,021	1,112	354,321	192,100	0.0556	10,681	0.133200	25,588	36,268	1,149,185
	899,728	16,271	1,313,292	5,720,900		318,082		762,024	1,080,106	1,149,185

Sept 17 CIP Expenses Include: Projected CIP Expenses, 2016 Financial Incentive

Great Plains CIP Tracker 2016-2017  
 CCRA set to bring tracker balance to zero within 12 months (Table 3)

Date	Beginning Balance	Carrying Charges	CIP Expenses	Total Volumes	CCRC Rate	CCRC Recovery	CCRA Rate	CCRA Recovery	Total Recovery	Ending Balance
Sep-16	403,679	252	499,302	278,400	0.0563	15,674	0.2506743	69,788	85,462	817,772
Oct-16	817,772	1,096	15,644	515,100	0.0556	28,640	0.2506743	129,122	157,762	676,750
Nov-16	676,750	907	177,749	652,500	0.0556	36,279	0.2506743	163,565	199,844	655,561
Dec-16	655,561	878	246,347	803,700	0.0556	44,686	0.2506743	201,467	246,153	656,634
Jan-17	656,634	880	43,141	823,400	0.0556	45,781	0.2506743	206,405	252,186	448,469
Feb-17	448,469	601	28,828	734,600	0.0556	40,844	0.2506743	184,145	224,989	252,909
Mar-17	252,909	339	39,007	646,300	0.0556	35,934	0.2506743	162,011	197,945	94,310
Apr-17	94,310	126	26,016	418,900	0.0556	23,291	0.2506743	105,007	128,298	(7,846)
May-17	(7,846)	(11)	33,132	262,900	0.0556	14,617	0.2506743	65,902	80,520	(55,244)
Jun-17	(55,244)	(74)	31,538	177,000	0.0556	9,841	0.2506743	44,369	54,211	(77,991)
Jul-17	(77,991)	(105)	145,367	182,100	0.0556	10,125	0.2506743	45,648	55,773	11,499
Aug-17	11,499	15	47,107	191,400	0.0556	10,642	0.2506743	47,979	58,621	0
	403,679	4,906	1,333,178	5,686,300		316,353		1,425,409	1,741,762	0

Sept 16 CIP Expenses Include: Projected CIP Expenses, 2015 Financial Incentive

Great Plains CIP Tracker 2017-2018  
 CCRA set to bring tracker balance to zero within 12 months

Date	Beginning Balance	Carrying Charges	CIP Expenses	Total Volumes	CCRC Rate	CCRC Recovery	CCRA Rate	CCRA Recovery	Total Recovery	Ending Balance
Sep-17	0	0	448,647	279,300	0.0556	15,529	0.1739013	48,571	64,100	384,548
Oct-17	384,548	515	20,208	517,600	0.0556	28,779	0.1739013	90,011	118,790	286,481
Nov-17	286,481	384	96,328	656,900	0.0556	36,524	0.1739013	114,236	150,759	232,434
Dec-17	232,434	311	158,165	810,100	0.0556	45,042	0.1739013	140,877	185,919	204,991
Jan-18	204,991	275	43,784	827,500	0.0556	46,009	0.1739013	143,903	189,912	59,137
Feb-18	59,137	79	29,277	740,400	0.0556	41,166	0.1739013	128,757	169,923	(81,429)
Mar-18	(81,429)	(109)	39,591	651,000	0.0556	36,196	0.1739013	113,210	149,405	(191,353)
Apr-18	(191,353)	(256)	38,532	421,500	0.0556	23,435	0.1739013	73,299	96,735	(249,812)
May-18	(249,812)	(335)	22,523	264,000	0.0556	14,678	0.1739013	45,910	60,588	(288,212)
Jun-18	(288,212)	(386)	29,663	177,600	0.0556	9,875	0.1739013	30,885	40,759	(299,694)
Jul-18	(299,694)	(402)	32,253	182,900	0.0556	10,169	0.1739013	31,807	41,976	(309,819)
Aug-18	(309,819)	(415)	354,321	192,100	0.0556	10,681	0.1739013	33,406	44,087	(0)
	0	(339)	1,313,292	5,720,900		318,082		994,872	1,312,954	(0)

Sept 17 CIP Expenses Include: Projected CIP Expenses, 2016 Financial Incentive

Great Plains CIP Tracker 2016-2017

CCRA set to amortize beginning balance and financial incentive over 24 months with zero-ending tracker balance in August 2018 (Table 4)

Date	Beginning Balance	Carrying Charges	CIP Expenses	Total Volumes	CCRC Rate	CCRC Recovery	CCRA Rate	CCRA Recovery	Total Recovery	Ending Balance
Sep-16	403,679	252	499,302	278,400	0.0563	15,674	0.1741000	48,469	64,143	839,090
Oct-16	839,090	1,124	15,644	515,100	0.0556	28,640	0.1741000	89,679	118,318	737,540
Nov-16	737,540	988	177,749	652,500	0.0556	36,279	0.1741000	113,600	149,879	766,398
Dec-16	766,398	1,027	246,347	803,700	0.0556	44,686	0.1741000	139,924	184,610	829,162
Jan-17	829,162	1,111	43,141	823,400	0.0556	45,781	0.1741000	143,354	189,135	684,279
Feb-17	684,279	917	28,828	734,600	0.0556	40,844	0.1741000	127,894	168,738	545,286
Mar-17	545,286	731	39,007	646,300	0.0556	35,934	0.1741000	112,521	148,455	436,569
Apr-17	436,569	585	26,016	418,900	0.0556	23,291	0.1741000	72,930	96,221	366,949
May-17	366,949	492	33,132	262,900	0.0556	14,617	0.1741000	45,771	60,388	340,184
Jun-17	340,184	456	31,538	177,000	0.0556	9,841	0.1741000	30,816	40,657	331,521
Jul-17	331,521	444	145,367	182,100	0.0556	10,125	0.1741000	31,704	41,828	435,504
Aug-17	435,504	584	47,107	191,400	0.0556	10,642	0.1741000	33,323	43,965	439,230
	403,679	8,711	1,333,178	5,686,300		316,353		989,985	1,306,338	439,230

Sept 16 CIP Expenses Include: Projected CIP Expenses, 2015 Financial Incentive

Great Plains CIP Tracker 2017-2018

CCRA set to amortize beginning balance and financial incentive over 24 months with zero-ending tracker balance in August 2018 (Table 4)

Date	Beginning Balance	Carrying Charges	CIP Expenses	Total Volumes	CCRC Rate	CCRC Recovery	CCRA Rate	CCRA Recovery	Total Recovery	Ending Balance
Sep-17	439,230	589	448,647	279,300	0.0556	15,529	0.2512453	70,173	85,702	802,764
Oct-17	802,764	1,076	20,208	517,600	0.0556	28,779	0.2512453	130,045	158,823	665,224
Nov-17	665,224	891	96,328	656,900	0.0556	36,524	0.2512453	165,043	201,567	560,877
Dec-17	560,877	752	158,165	810,100	0.0556	45,042	0.2512453	203,534	248,575	471,218
Jan-18	471,218	631	43,784	827,500	0.0556	46,009	0.2512453	207,905	253,914	261,719
Feb-18	261,719	351	29,277	740,400	0.0556	41,166	0.2512453	186,022	227,188	64,159
Mar-18	64,159	86	39,591	651,000	0.0556	36,196	0.2512453	163,561	199,756	(95,921)
Apr-18	(95,921)	(129)	38,532	421,500	0.0556	23,435	0.2512453	105,900	129,335	(186,853)
May-18	(186,853)	(250)	22,523	264,000	0.0556	14,678	0.2512453	66,329	81,007	(245,587)
Jun-18	(245,587)	(329)	29,663	177,600	0.0556	9,875	0.2512453	44,621	54,496	(270,749)
Jul-18	(270,749)	(363)	32,253	182,900	0.0556	10,169	0.2512453	45,953	56,122	(294,981)
Aug-18	(294,981)	(395)	354,321	192,100	0.0556	10,681	0.2512453	48,264	58,945	0
	439,230	2,909	1,313,292	5,720,900		318,082		1,437,349	1,755,431	0

Sept 17 CIP Expenses Include: Projected CIP Expenses, 2016 Financial Incentive



Great Plains CIP Tracker 2016-2017

CCRA set to bring tracker balance to zero in 24 months (Table 5, Department's preferred rate and methodology)

Date	Beginning Balance	Carrying Charges	CIP Expenses	Total Volumes	CCRC Rate	CCRC Recovery	CCRA Rate	CCRA Recovery	Total Recovery	Ending Balance
Sep-16	403,679	252	499,302	278,400	0.0563	15,674	0.2124797	59,154	74,828	828,405
Oct-16	828,405	1,110	15,644	515,100	0.0556	28,640	0.2124797	109,448	138,088	707,071
Nov-16	707,071	947	177,749	652,500	0.0556	36,279	0.2124797	138,643	174,922	710,846
Dec-16	710,846	953	246,347	803,700	0.0556	44,686	0.2124797	170,770	215,456	742,690
Jan-17	742,690	995	43,141	823,400	0.0556	45,781	0.2124797	174,956	220,737	566,089
Feb-17	566,089	759	28,828	734,600	0.0556	40,844	0.2124797	156,088	196,931	398,744
Mar-17	398,744	534	39,007	646,300	0.0556	35,934	0.2124797	137,326	173,260	265,026
Apr-17	265,026	355	26,016	418,900	0.0556	23,291	0.2124797	89,008	112,299	179,098
May-17	179,098	240	33,132	262,900	0.0556	14,617	0.2124797	55,861	70,478	141,992
Jun-17	141,992	190	31,538	177,000	0.0556	9,841	0.2124797	37,609	47,450	126,270
Jul-17	126,270	169	145,367	182,100	0.0556	10,125	0.2124797	38,693	48,817	222,989
Aug-17	222,989	299	47,107	191,400	0.0556	10,642	0.2124797	40,669	51,310	219,084
	403,679	6,804	1,333,178	5,686,300		316,353		1,208,223	1,524,576	219,084

Sept 16 CIP Expenses Include: Projected CIP Expenses, 2015 Financial Incentive

Great Plains CIP Tracker 2017-2018

CCRA set to bring tracker balance to zero in 24 months (Table 5, Department's preferred rate and methodology)

Date	Beginning Balance	Carrying Charges	CIP Expenses	Total Volumes	CCRC Rate	CCRC Recovery	CCRA Rate	CCRA Recovery	Total Recovery	Ending Balance
Sep-17	219,084	294	448,647	279,300	0.0556	15,529	0.2124797	59,346	74,875	593,150
Oct-17	593,150	795	20,208	517,600	0.0556	28,779	0.2124797	109,979	138,758	475,395
Nov-17	475,395	637	96,328	656,900	0.0556	36,524	0.2124797	139,578	176,102	396,259
Dec-17	396,259	531	158,165	810,100	0.0556	45,042	0.2124797	172,130	217,171	337,783
Jan-18	337,783	453	43,784	827,500	0.0556	46,009	0.2124797	175,827	221,836	160,184
Feb-18	160,184	215	29,277	740,400	0.0556	41,166	0.2124797	157,320	198,486	(8,811)
Mar-18	(8,811)	(12)	39,591	651,000	0.0556	36,196	0.2124797	138,324	174,520	(143,751)
Apr-18	(143,751)	(193)	38,532	421,500	0.0556	23,435	0.2124797	89,560	112,996	(218,408)
May-18	(218,408)	(293)	22,523	264,000	0.0556	14,678	0.2124797	56,095	70,773	(266,950)
Jun-18	(266,950)	(358)	29,663	177,600	0.0556	9,875	0.2124797	37,736	47,611	(285,256)
Jul-18	(285,256)	(382)	32,253	182,900	0.0556	10,169	0.2124797	38,863	49,032	(302,417)
Aug-18	(302,417)	(405)	354,321	192,100	0.0556	10,681	0.2124797	40,817	51,498	1
	219,084	1,281	1,313,292	5,720,900		318,082		1,215,575	1,533,657	1

Sept 17 CIP Expenses Include: Projected CIP Expenses, 2016 Financial Incentive