



705 West Fir Ave.
PO Box 176
Fergus Falls, MN 56538-0176
1-877-267-4764

March 8, 2019

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

**Re: Revenue Decoupling Mechanism Rates Update
Docket No. G-004/M-19-198**

Dear Mr. Wolf:

Great Plains Natural Gas Co. (Great Plains), a Division of Montana-Dakota Utilities Co., herewith electronically submits updated Revenue Decoupling Mechanism 2nd Revised Sheet Nos. 5-125 and 5-126 and Original Sheet No. 5-127, attached hereto as Exhibit A, reflecting updated Revenue Decoupling Mechanism (RDM) rates to be effective April 1, 2019, hereby replacing those tariffs submitted in the Company's March 1, 2019 filing in this docket. Great Plains is also submitting updated tables C-1a and C-8 and Attachment A, page 1, replacing those tables and page included in the Company's second Decoupling Evaluation Report filed on March 1, 2019. The updated tables are provided herein as Exhibit B.

On September 30, 2015, Great Plains filed a General Rate Case in Docket No. G-004/GR-15-879. On September 6, 2016, the Minnesota Public Utilities Commission (Commission) issued its Findings of Fact, Conclusions, and Order. On December 22, 2016, the Commission issued its Order Approving Final Revenue Apportionment and Rate Design, Updated Cost of Gas, and Interim Rate Refund Plan.

On December 3, 2018, the Department of Commerce, Division of Energy Resources, Energy Regulation and Planning Unit (the Department) requested the Commission issue an order to show cause in Great Plains' rate case docket, regarding the Company's alleged failure to disclose a customer during the rate case proceeding. On December 6, 2018, the Commission issued its Notice of Comment Period regarding the Department's request for show cause. Through the Comment Period process, the Department and Great Plains reached an agreement to resolve the issues raised in the the Department's request, including a 2016 revenue refund to Great Plains customers of \$54,456.

At its March 5, 2019 meeting, the Commission moved to accept Decision Options 1, 4 and 7, as presented on page 9 in the Staff's Briefing Papers filed in this matter. Decision Option 4 directs the refund to be implemented in an amendment to the Company's 2019 RDM filing, submitted on March 1, 2019. The Company is complying with this Decision Option by amending tables C-1a and C-8 and Attachment A, page 1 of its 2019 Decoupling Evaluation Report with the updated tables and attachment included herein as Exhibit B. The RDM rates included in the 2019 RDM filing submitted March 1, 2019 have been updated to include the 2016 revenue refund of \$54,456, as included in Table 1 on page 7 of the Staff's Briefing Papers. The updated rates, reflecting the 2016 revenue refund, will go into effect on April 1, 2019.

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

Sincerely,

/s/ Tamie A. Aberle

Tamie A. Aberle
Director of Regulatory Affairs

cc: Brian M. Meloy

Exhibit A

Exhibit A



GREAT PLAINS NATURAL GAS CO.

A Division of MDU Resources Group, Inc.

State of Minnesota Gas Rate Schedule – MNPUC Volume 2

Section No. 5

2nd Revised Sheet No. 5-125

Canceling 1st Revised Sheet No. 5-125

REVENUE DECOUPLING MECHANISM

Applicability:

This rate schedule represents a Revenue Decoupling Mechanism (RDM) that serves to reduce the Company's financial disincentive to the promotion of energy efficiency and conservation by separating the link between the Company's revenues from changes in the volume of gas sales. This mechanism complies with the legislative intent and language of Minnesota Statute, Section 216B.2412 Decoupling of Energy Sales from Revenue.

The RDM is applicable to all rate classes with the exception of customers served under a flexible distribution rate agreement.

Revenue Decoupling Mechanism:

- a. The RDM will compare the level of non-gas revenues authorized in the last general rate case (excluding those revenues associated with the CCRC), adjusted for customer growth, to the level of non-gas revenues collected by rate class to determine either a revenue shortfall or surplus of each calendar year. An adjustment per Dk per rate class will be calculated if either a revenue shortfall or surplus exists.
- b. An RDM adjustment per Dk will be calculated annually for each class of customers to which the RDM applies. The adjustment shall be calculated in the following manner per rate class:
- c. Authorized Margin per Customer: the non-gas revenues divided by the number of customers per rate class as authorized in the Company's last general rate case.
- d. Designed Revenues: authorized margin per customer multiplied by the greater of the (1) authorized customers or (2) actual customers per rate class of each calendar year.
- e. RDM Adjustment per Dk = (Designed Revenues less actual non-gas revenues) divided by forecasted volumes for each rate class of customers. The RDM is symmetrical in form and can result in either a bill surcharge or credit for each rate class of customers. Bill surcharges applicable to the RDM shall be capped at ten percent of non-gas margin revenues (excluding revenues for the Conservation Cost Recovery charge) by rate class.

Date Filed: March 1, 2019

Effective Date: Service rendered on and after April 1, 2019

Issued By: Tamie A. Aberle
Director – Regulatory Affairs

Docket No.:



GREAT PLAINS NATURAL GAS CO.

A Division of MDU Resources Group, Inc.

State of Minnesota Gas Rate Schedule – MNPUC Volume 2

Section No. 5

2nd Revised Sheet No. 5-126

Canceling 1st Revised Sheet No. 5-126

REVENUE DECOUPLING MECHANISM

Pilot Program:

The RDM established under this tariff is new to the Company's rate design and was not included in any prior rate structure of the Company. The RDM will be effective for a pilot period of 36 months from the date the program is authorized to become effective. The Company may request approval from the Commission to extend the RDM beyond the pilot period.

Annual RDM Adjustment:

- a. No later than March 1st of the calendar year following the Commission's approval of the RDM tariff, and each March 1st thereafter, the Company shall file with the Commission a report that specifies the RDM adjustments to be effective for each rate class. The initial report shall reflect a 12-month period beginning January 1, 2017, the first day of the month following the final order of the Commission in Docket G004/GR-15-879.
- b. The applicable rate adjustment under the RDM shall be effective with service rendered on or after April 1 of the year in which the evaluation report was filed. Any over or under collection will be added to or subtracted from the Annual RDM Adjustment for the next RDM filing.
- c. In the event any portions of the proposed rate adjustments are modified by the Commission, the proposed rate adjustments shall be adjusted in accordance with the Commission's order.
- d. The Company shall record its best estimate of the amounts to be recognized under the RDM so as to reflect in its books and records a fair representation of the impact of this rider in actual earnings. Such estimate shall be adjusted, if necessary, upon filing the RDM calculations with the Commission, and again upon final Commission approval.

Revenue Decoupling Mechanism:

	<u>Rate per Dk</u>
Residential	
North District Rate N60	(\$0.3816)
South District Rate S60	(\$0.3050)
Firm General	
North District Rate N70	(\$0.2312)
South District Rate S70	(\$0.0742)

Date Filed: March __, 2019

Effective Date: Service rendered on and after April 1, 2019

Issued By: Tamie A. Aberle
Director – Regulatory Affairs

Docket No.:



GREAT PLAINS NATURAL GAS CO.

A Division of MDU Resources Group, Inc.

State of Minnesota Gas Rate Schedule – MNPUC Volume 2

Section No. 5
Original Sheet No. 5-127

REVENUE DECOUPLING MECHANISM

Small Interruptible Sales & Transportation	
North District Rates N71 and N81	(\$0.1360)
South District Rates S71 and S81	(\$0.0896)
Large Interruptible Sales & Transportation	
North District Rates N82 and N85	(\$0.4005)
South District Rates S82 and S85	\$0.0151

Date Filed: March __, 2019

Effective Date: Service rendered on and
after April 1, 2019

Issued By: Tamie A. Aberle
Director – Regulatory Affairs

Docket No.:

Tariffs Reflecting Proposed Changes



GREAT PLAINS NATURAL GAS CO.

A Division of MDU Resources Group, Inc.

State of Minnesota Gas Rate Schedule – MNPUC Volume 2

Section No. 5

1st Revised Sheet No. 5-125

Canceling Original Sheet No. 5-125

REVENUE DECOUPLING MECHANISM

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This rate schedule represents a Revenue Decoupling Mechanism (RDM) that serves to reduce the Company's financial disincentive to the promotion of energy efficiency and conservation by separating the link between the Company's revenues from changes in the volume of gas sales. This mechanism complies with the legislative intent and language of Minnesota Statute, Section 216B.2412 Decoupling of Energy Sales from Revenue.

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- a. The RDM will compare the level of non-gas revenues authorized in the last general rate case (excluding those revenues associated with the CCRC), adjusted for customer growth, to the level of non-gas revenues collected by rate class to determine either a revenue shortfall or surplus for the 12-month period beginning October 1 of each calendar year. An adjustment per Dk per rate class will be calculated if either a revenue shortfall or surplus exists.
- b. An RDM adjustment per Dk will be calculated annually for each class of customers to which the RDM applies. The adjustment shall be calculated in the following manner per rate class:
- c. Authorized Margin per Customer: the non-gas revenues divided by the number of customers per rate class as authorized in the Company's last general rate case.
- d. Designed Revenues: authorized margin per customer multiplied by the greater of the (1) authorized customers or (2) actual customers per rate class for the 12-month period beginning October 1 of each calendar year.
- e. RDM Adjustment per Dk = (Designed Revenues less actual non-gas revenues) divided by forecasted volumes for each rate class of customers. The RDM is symmetrical in form and can result in either a bill surcharge or credit for each rate class of customers. Bill surcharges applicable to the RDM shall be capped at ten percent of non-gas margin revenues (excluding revenues for the Conservation Cost Recovery charge) by rate class.

Date Filed: December 1, 2017

Effective Date: January 1, 2018

Issued By: Tamie A. Aberle
Director – Regulatory Affairs

Docket No.: G004/GR-15-879



GREAT PLAINS NATURAL GAS CO.

A Division of MDU Resources Group, Inc.

State of Minnesota Gas Rate Schedule – MNPUC Volume 2

Section No. 5

1st Revised Sheet No. 5-126

Canceling Original Sheet No. 5-126

REVENUE DECOUPLING MECHANISM

Pilot Program:

The RDM established under this tariff is new to the Company's rate design and was not included in any prior rate structure of the Company. The RDM will be effective for a pilot period of 36 months from the date the program is authorized to become effective. The Company may request approval from the Commission to extend the RDM beyond the pilot period.

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- b. The applicable rate adjustment under the RDM shall be effective with service rendered on or after April 1 of the year in which the evaluation report was filed. Any over or under collection will be added to or subtracted from the Annual RDM Adjustment for the next RDM filing.
- c. In the event any portions of the proposed rate adjustments are modified by the Commission, the proposed rate adjustments shall be adjusted in accordance with the Commission's order.
- d. The Company shall record its best estimate of the amounts to be recognized under the RDM so as to reflect in its books and records a fair representation of the impact of this rider in actual earnings. Such estimate shall be adjusted, if necessary, upon filing the RDM calculations with the Commission, and again upon final Commission approval.

Revenue Decoupling Mechanism:

Rate per Dk

Residential

North District Rate N60

~~\$0.2842~~ (\$0.3816)

South District Rate S60

~~\$0.2003~~ (\$0.3050)

Firm General

North District Rate N70

~~\$0.2454~~ (\$0.2312)

South District Rate S70

~~\$0.2008~~ (\$0.0742)

Date Filed: December 1, 2017

Effective Date: January 1, 2018

Issued By: Tamie A. Aberle
Director – Regulatory Affairs

Docket No.: G004/GR-15-879



GREAT PLAINS NATURAL GAS CO.

A Division of MDU Resources Group, Inc.

State of Minnesota Gas Rate Schedule – MNPUC Volume 2

Section No. 5

1st Revised Sheet No. 5-126

Canceling Original Sheet No. 5-126

REVENUE DECOUPLING MECHANISM

Small Interruptible Sales & Transportation	
North District Rates N71 and N81	\$0.1059 (\$0.1360)
South District Rates S71 and S81	\$0.0472 (\$0.0896)
Large Interruptible Sales & Transportation	
North District Rates N82 and N85	\$0.1178 (\$0.4005)
South District Rates S82 and S85	\$0.1568 \$0.0151

Date Filed: December 1, 2017

Effective Date: January 1, 2018

Issued By: Tamie A. Aberle
Director – Regulatory Affairs

Docket No.: G004/GR-15-879

Table C-1a - Decoupling Adjustment balance thru December 31, 2018 1/

Rate Class	Calendar Year 2018 Decoupling Adjustment	Adjustment to Reflect 10% Cap	Under/(Over) Prior Period Adjustment 2/	Adj. for Show Cause Order 3/	Net Balance
Residential Rate - N60	(\$94,696)	\$0	(\$155,471)	(\$13,394)	(\$263,561)
Residential Rate - S60	(116,591)	-	(108,779)	(12,735)	(238,105)
Firm General - N70	(32,236)	-	(77,949)	(7,496)	(117,681)
Firm General - S70	13,460	-	(60,097)	(8,730)	(55,367)
Small Interruptible - N71 & N81	(29,879)	-	(27,218)	(3,538)	(60,635)
Small Interruptible - S71 & S81	7,817	-	(39,596)	(3,486)	(35,265)
Large Interruptible - N85 & N82	(35,194)	-	(106,966)	(2,615)	(144,775)
Large Interruptible - S85 & S82	(41,588)	-	55,827	(2,462)	11,777
Total Under / (Over) Collection	(\$328,907)	\$0	(\$520,249)	(\$54,456)	(\$903,612)

1/ Excluding flexible rate contract customers as authorized in Docket No. G004/GR-15-879.

2/ Balance as of March 31, 2019.

3/ Refund agreed to as part of resolution of the Department's request for the issuance of a show cause order in Docket No. G-004/GR-15-879.

Table C-8: RDM Adjustment Factors 1/

Rate Class	Decoupling Adjustment	Forecast Volumes	Projected Customers	Decoupling Adjustment / Dk	Average Monthly Use (Dk)	Average Monthly Decoupling Adjustment
Residential Rate - N60	\$ (263,561)	690,665	8,560	\$ (0.3816)	6.7	(\$2.56)
Residential Rate - S60	(238,105)	780,689	10,329	\$ (0.3050)	6.3	(\$1.92)
Firm General - N70	(117,681)	509,034	1,273	\$ (0.2312)	33.3	(\$7.70)
Firm General - S70	(55,367)	746,584	1,764	\$ (0.0742)	35.3	(\$2.62)
Small Interruptible - N71 & N81	(60,635)	445,772	70	\$ (0.1360)	530.7	(\$72.18)
Small Interruptible - S71 & S81	(35,265)	393,768	73	\$ (0.0896)	449.5	(\$40.28)
Large Interruptible - N85 & N82	(144,775)	361,479	6	\$ (0.4005)	5,020.5	(\$2,010.71)
Large Interruptible - S85 & S82	11,777	777,923	6	\$ 0.0151	10,804.5	\$163.15

1/ Excluding flexible rate contract customers as authorized in Docket No. G004/GR-15-879.

Decoupling Adjustment Factor Calculations Summary 1/

Rate Class	Decoupling Adjustment as Filed 3/1/19	Forecast Volumes	Decoupling Adjustment / Dk	Decoupling Adjustment with 2016 Revenue Refund	Forecast Volumes	Decoupling Adjustment / Dk with 2016 Revenue Refund
Residential Rate - N60	\$ (250,167)	690,665	\$ (0.3622)	\$ (263,561)	690,665	\$ (0.3816)
Residential Rate - S60	(225,370)	780,689	\$ (0.2887)	(238,105)	780,689	\$ (0.3050)
Firm General - N70	(110,185)	509,034	\$ (0.2165)	(117,681)	509,034	\$ (0.2312)
Firm General - S70	(46,637)	746,584	\$ (0.0625)	(55,367)	746,584	\$ (0.0742)
Small Interruptible - N71 & N81	(57,097)	445,772	\$ (0.1281)	(60,635)	445,772	\$ (0.1360)
Small Interruptible - S71 & S81	(31,779)	393,768	\$ (0.0807)	(35,265)	393,768	\$ (0.0896)
Large Interruptible - N85 & N82	(142,160)	361,479	\$ (0.3933)	(144,775)	361,479	\$ (0.4005)
Large Interruptible - S85 & S82	14,239	777,923	\$ 0.0183	11,777	777,923	\$ 0.0151

1/ Excluding flexible rate contract customers as authorized in Docket No. G004/GR-15-879.