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April 13, 2018

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

**Re: Gas Utility Infrastructure Cost Adjustment Tariff  
True-up Report for 2017, 2018 Revenue Requirement and Revised  
Adjustment Factors  
Docket No. G004/M-17-858.**

Dear Mr. Wolf:

Great Plains Natural Gas Co. (Great Plains), a Division of MDU Resources Group, Inc., herewith electronically submits its Annual Report and Petition for approval of recovery of updated Gas Utility Infrastructure Costs (GUIC) under its GUIC Adjustment Tariff for 2018. The annual report presents the projected 2018 revenue requirement to be recovered through the GUIC, including a true-up of the prior year's revenue requirement with actual costs for the period ending December 31, 2017 and projected recoveries from January through September 2018 in compliance with the Minnesota Public Utilities Commission Order issued on March 21, 2018 in the above referenced Docket.

#### **GUIC Costs and Recoveries**

2017 Actual Costs	\$395,916
Less: Actual Recoveries (Nov 2017 – Mar 2018)	305,130
Less: 2018 Projected Recoveries (Apr – Sep 2018)	96,649
Net Over Recovery	<u>(\$5,863)</u>
2018 Revenue Requirement	<u>\$726,120</u>
Total Required Recovery - Oct 2018 to Sep 2019	<u><u>\$720,257</u></u>

The Company proposes the following rates to be effective October 1, 2018.

	<u>Proposed Rate</u>	<u>Current Rate</u>	<u>Change</u>
<u>Sales:</u>			
Residential	\$0.2494	\$0.1485	\$0.1009
Firm General	\$0.1792	\$0.1117	\$0.0675
Small Interruptible	\$0.1519	\$0.0861	\$0.0658
Large Interruptible	\$0.1103	\$0.0632	\$0.0471
<u>Transportation:</u>			
Small Interruptible	\$0.0791	\$0.0657	\$0.0134
Large Interruptible	\$0.0105	\$0.0315	(\$0.0210)

Great Plains respectfully requests this filing be accepted as being in full compliance with the filing requirements of this Commission and that the Commission approve the Annual Report and Petition as consistent with the public interest.

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 Aberle  
Director of Regulatory Affairs

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STATE OF MINNESOTA  
BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Nancy Lange	Chair
Dan Lipschultz	Commissioner
Matthew Schuerger	Commissioner
Katie J. Sieben	Commissioner
John A. Tuma	Commissioner

In the Matter of the Petition of Great Plains )  
Natural Gas Co., a Division of MDU )  
Resources Group Inc., for Approval of a ) Docket No. G004/M-17-858  
Gas Utility Infrastructure Cost Adjustment )  
True-up Report for 2017, 2018 Revenue )  
Requirement and Revised Adjustment )  
Factors )

**SUMMARY OF FILING**

Great Plains Natural Gas Co., (Great Plains) a Division of MDU Resources Group, Inc., established a Gas Utility Infrastructure Cost (GUIC) adjustment tariff in 2017 pursuant to Minn. Stat. § 216B.1635. Great Plains now submits a Petition for approval of the True-Up Report for 2017, a 2018 revenue requirement of \$726,120 and a true up of over recovered costs of \$5,863 to be effective with service rendered on and after October 1, 2018.

STATE OF MINNESOTA  
BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

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Gas Utility Infrastructure Cost Adjustment )  
True-up Report for 2017, 2018 Revenue )  
Requirement and Revised Adjustment )  
Factors )

**PETITION**

**I. INTRODUCTION AND SUMMARY**

Great Plains Natural Gas Co., (Great Plains) a Division of MDU Resources Group, Inc., established a Gas Utility Infrastructure Cost (GUIC) adjustment tariff in 2017 pursuant to Minn. Stat. § 216B.1635. Great Plains hereby petitions the Minnesota Public Utilities Commission (Commission) for approval of the annual update to its Gas Utility Infrastructure Cost (GUIC) tariff adjustment to be effective with service rendered on and after October 1, 2018<sup>1</sup>. Exhibit A lists the matrix of information required by Minnesota Statute § 216B.1635 and identifies where the required information is contained in the filing.

As discussed below, Great Plains' authorized GUIC tariff allows Great Plains to continue to recover costs and expenses that will be incurred to comply with federal

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<sup>1</sup> The effective date is consistent with the timing outlined in the GUIC tariff and the process changes as authorized in the Minnesota Public Utilities Commission Order issued March 21, 2018 in the above captioned proceedings.

regulations, specifically costs associated with the Distribution Integrity Management Program (DIMP). Great Plains respectfully requests to recover a 2018 revenue requirement of \$726,120 and a true up of the over recovery of \$5,863 of costs and expenses associated with the authorized 2017 PVC pipe mains and services replacement in 2017 and projected 2018 expenditures for PVC mains and services replacements in its Minnesota communities. There are no operation and maintenance expenses associated with the projects.

## **II. BACKGROUND**

Minnesota Statute § 216B.1635 allows utilities to seek rider recovery of gas utility infrastructure costs. Gas utility infrastructure costs are those that are not included in the gas utility's rate base in its most recent general rate case, and that are incurred in projects involving: (1) the replacement of natural gas facilities required by road construction or other public work by or on behalf of a government agency or (2) the replacement or modification of existing facilities required by a federal or state agency, including surveys, assessments, reassessment, and other work necessary to determine the need for replacement or modification of existing infrastructure.

In December of 2003, PHMSA published the Transmission Integrity Management Rule or the "TIMP Rule" (49 C.F.R. 192, Subpart O). The TIMP Rule specifies how operators must identify, prioritize, assess, evaluate, repair, and validate the safety and integrity of its transmission pipelines that could affect High Consequence Areas or "HCAs". HCAs are highly populated buildings or outdoor areas of population. As required by the rule, Great Plains implemented its TIMP program in December of 2004.

Since its inception, several revisions have been made to the program. The latest revision (Rev. 4) was made in September of 2013. Great Plains' TIMP program consists of Fifteen Sections along with three associated appendices.

In December 2006, the President signed into law the Pipeline Inspection, Protection, Enforcement and Safety Act or the "PIPES Act". As a result of the PIPES Act, PHMSA's regulatory and enforcement authority was strengthened. The PIPES Act also mandates PHMSA to prescribe minimum standards for pipeline safety and integrity management programs for distribution pipelines. As a result, the law requires operators of distribution pipelines to continually identify and assess risks on their distribution systems to remediate conditions that present a potential threat to the integrity of their pipeline system. Operators must also monitor the program's effectiveness.

As prescribed in the PIPES Act, PHMSA published the Integrity Management Program for Gas Distribution Pipelines Rule or the "DIMP Rule" (49 CFR Part 192, Subpart P) in December of 2009. DIMP requires operators to know the make-up of their distribution system along with the written development of a distribution pipeline safety and integrity management program. The objective of the plan is to develop a model to assist in determining which areas of the gas distribution system to focus operation, maintenance and repair efforts and resources due to known or predicted threats to the distribution system. As required by the rule, Great Plains implemented their DIMP program and is currently operating under the latest revision effective in March of 2014.

On December 21, 2016, Great Plains proposed a GUIC rider to recover costs incurred to comply with federal regulations that set standards governing the safety, reliability, and integrity of natural gas distribution assets and infrastructure. Great

Plains' DIMP program identified two capital projects for replacing polyvinyl chloride (PVC) pipe mains and services throughout the Company's service territory. In that filing, Great Plains proposed to recover the costs following the rate design approved by the Commission in the Company's most recent general rate case, excluding flexible rate customers. These customers are subject to competition and are therefore price-sensitive, meaning that changes in rates could persuade them to leave the system and obtain service elsewhere.

On October 6, 2017, the Commission issued an Order in Docket No. G004/M-16-1066 approving Great Plains' tracker and true-up mechanism as filed. On December 8, 2017, Great Plains' filed an Informational Update to request a change in the filing date from December 1 to April 15, to include a true-up calculation covering the twelve months ending December 31 of each year and rates to be effective 150 days following the date of filing. The Commission issued an Order approving the process changes on March 21, 2018.

Exhibit B provides an overview of the replacement projects along with details of each capital project.

**III. General Filing Information**

Pursuant to Minn. Rules Part 7825.1300, Subpart 3, Great Plains provides the following general information:

Utility:	Great Plains Natural Gas Co. A Division of MDU Resources Group, Inc.
Company's Attorneys:	Brian M. Meloy Stinson Leonard Street LLP 50 South Sixth Street, Suite 2600



	Minneapolis, MN 55402 Telephone: 612-335-1451
Date of Filing	April 13, 2018
Proposed Effective Date	October 1, 2018
Controlling Statute for Time in Processing the Filing	Minnesota Statute §216B.1635 does not establish a time for processing.
Utility personnel authorizing the filing and to whom copies of correspondence, pleadings and notices should be sent:	Tamie A. Aberle Director of Regulatory Affairs Great Plains Natural Gas Co. 400 North 4 <sup>th</sup> Street Bismarck, ND 58501

#### IV. Description of Filing

##### A. Petitioner

Great Plains is a Minnesota public utility as defined in Minn. Stat. §216B.02, Subd. 4 and operates as a Division of MDU Resources Group, Inc. Great Plains is engaged in business as a natural gas local distribution company serving 18 communities in Minnesota and one in North Dakota. Great Plains currently provides natural gas utility service to approximately 21,000 customers in Minnesota and approximately 2,200 customers in North Dakota.

##### B. The GUIC Adjustment Tariff and True-Up Mechanism

Great Plains is proposing to update its gas utility infrastructure cost (GUIC) adjustment tariff and implement a GUIC adjustment to be effective with service rendered on and after October 1, 2018 in accordance with the terms of the Gas Utility Infrastructure Cost Adjustment tariff<sup>2</sup>. The updated tariff, including the process

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<sup>2</sup> The effective date is consistent with the timing outlined in the GUIC tariff and the process changes as authorized in the Minnesota Public Utilities Commission Order issued March 21, 2018.

changed authorized in the March 21 Order and proposed changes to be effective October 1, 2018, are provided in Exhibit C. Great Plains is also proposing to modify the tariff to clarify the adjustment factors do not apply to flexible rate contracts as authorized in Docket No. G004/M-16-1066.

The calculation of the revenue requirement to be recovered through the GUIC is shown on Exhibit D and includes the authorized return on investment, depreciation, ad valorem taxes and income taxes related to the projects. The rate of return is that authorized in Docket No. G004/GR-15-879 effective January 1, 2017.

The projected 2018 costs take into account the 2017 Tax Cuts and Jobs Act (TCJA). The TCJA changes the corporate income tax rate from 35% to 21% for 2018, and also requires the re-measurement of the accumulated deferred income tax balance to determine the amount of excess deferred income tax to be returned to the customers over the remaining life of the asset. Excess deferred income taxes on the GUIC additions were calculated as of December 31, 2017, however, tax depreciation still exceeds book depreciation. Therefore, the amortization of the excess deferred income tax balance will take place in future periods when book depreciation exceeds tax depreciation.

Exhibit E is the proposed GUIC adjustment proposed to be effective with service rendered on and after October 1, 2018. The total GUIC adjustment amount of \$720,257 will be allocated to the rate classes (residential, firm general, small interruptible and large interruptible sales and transportation excluding the flexed transportation service agreements) based on the non-gas revenues authorized in Docket No. G004/GR-15-879.

The allocated revenue requirement was then divided by projected dk volumes for the period October 2018 – September 2019 to arrive at the adjustment per dk, with the proposed GUIC adjustment shown in the table below.

	Proposed Rate	Current Rate	Change
<u>Sales:</u>			
Residential	\$0.2494	\$0.1485	\$0.1009
Firm General	\$0.1792	\$0.1117	\$0.0675
Small Interruptible	\$0.1519	\$0.0861	\$0.0658
Large Interruptible	\$0.1103	\$0.0632	\$0.0471
<u>Transportation:</u>			
Small Interruptible	\$0.0791	\$0.0657	\$0.0134
Large Interruptible	\$0.0105	\$0.0315	(\$0.0210)

A copy of the customer notice bill insert has been provided in Exhibit G.

#### **V. THE GUIC ADJUSTMENT IS IN THE PUBLIC INTEREST**

The GUIC adjustment is in the public interest as it fully complies with the requirements of Minn. Stat. § 216B.1635 in reflecting prudently incurred costs. The replacement of facilities for safety and reliability purposes benefits customers, as does the avoidance of a general rate case and the adjustment is consistent with the revenue allocation authorized in the last rate case (Docket No. G004/GR-15-879).

#### **VI. FILING COMPLIANCE**

The list of requirements set forth in Minn. Stat. §216B.1635 and Great Plains compliance with the requirements is contained in Exhibit A.

## VII. CONCLUSION

Based on all of the information provided in this Petition, Great Plains respectfully requests that the Commission approve the Gas Utility Infrastructure Cost adjustment tariff and authorize the GUIC adjustment as set forth on Exhibit C effective with service rendered on and after October 1, 2018.

Respectfully submitted,

Great Plains Natural Gas Co.,  
A Division of MDU Resources Group, Inc.

By: */s/ Tamie A. Aberle*

Tamie A. Aberle

**INFORMATION REQUIRED BY MINNESOTA PUBLIC UTILITIES  
MINNESOTA STATUTE §216B.1635**

**Minnesota  
Statute**

**Information Requested**

**Section and page of Application**

<p><b>216B.1635 Subp. 2</b></p>	<p><b>Gas Infrastructure Filing</b> A public utility submitting a petition to recover gas infrastructure costs under this section must submit to the commission, the department, and interested parties a gas infrastructure project plan report and a petition for rate recovery of only incremental costs associated with projects under subdivision 1, paragraph (c). The report and petition must be made at least 150 days in advance of implementation of the rate schedule, provided that the rate schedule will not be implemented until the petition is approved by the commission pursuant to subdivision 5. The report must be for a forecast period of one year.</p>	<p>Application</p>
<p><b>Subp. 3</b></p>	<p><b>Gas infrastructure project plan report</b> The gas infrastructure project plan report required to be filed under subdivision 2 shall include all pertinent information and supporting data on each proposed project including, but not limited to, project description and scope, estimated project costs, and project in-service date.</p>	<p>Exhibit B</p>
<p><b>Subp. 4</b></p>	<p><b>Cost recovery petition for utility's facilities</b> Notwithstanding any other provision of this chapter, the commission may approve a rate schedule for the automatic annual adjustment of charges for gas utility infrastructure costs net of revenues under this section, including a rate of return, income taxes on the rate of return, incremental property taxes, incremental depreciation expense, and any incremental operation and maintenance costs. A gas utility's petition for approval of a rate schedule to recover gas utility infrastructure costs outside of a general rate case under section <u>216B.16</u> is subject to the following:</p>	

**INFORMATION REQUIRED BY MINNESOTA PUBLIC UTILITIES  
MINNESOTA STATUTE §216B.1635**

**Minnesota  
Statute**

**Information Requested**

**Section and page of Application**

- |       |  |                         |
|-------|--|-------------------------|
| (1)   | a gas utility may submit a filing under this section no more than once per year; and   |                         |
| (2)   | a gas utility must file sufficient information to satisfy the commission regarding the proposed GUIC. The information includes, but is not limited to:   |                         |
| (i)   | the information required to be included in the gas infrastructure project plan report under subdivision 3;   | Exhibit B               |
| (ii)  | the government entity ordering or requiring the gas utility project and the purpose for which the project is undertaken;   | Exhibit B               |
| (iii) | a description of the estimated costs and salvage value, if any, associated with the existing infrastructure replaced or modified as a result of the project;   | Exhibit B               |
| (iv)  | a comparison of the utility's estimated costs included in the gas infrastructure project plan and the actual costs incurred, including a description of the utility's efforts to ensure the costs of the facilities are reasonable and prudently incurred; | Exhibit B               |
| (v)   | calculations to establish that the rate adjustment is consistent with the terms of the rate schedule, including the proposed rate design and an explanation of why the proposed rate design is in the public interest;                                     | Exhibit E and Exhibit F |
| (vi)  | the magnitude and timing of any known future gas utility projects that the utility may seek to recover under this section;   | Exhibit B               |
| (vii) | the magnitude of GUIC in relation to the gas utility's base revenue as approved by the commission in the gas utility's most recent general rate case, exclusive of gas purchase costs and transportation charges;  | Exhibit F               |

INFORMATION REQUIRED BY MINNESOTA PUBLIC UTILITIES  
MINNESOTA STATUTE §216B.1635

Minnesota  
Statute

Information Requested

Section and page of Application

<p>(viii)</p>	<p>the magnitude of GUIC in relation to the gas utility's capital expenditures since its most recent general rate case; and</p>	<p>Exhibit F</p>
<p>(ix)</p>	<p>the amount of time since the utility last filed a general rate case and the utility's reasons for seeking recovery outside of a general rate case.</p>	<p>Exhibit F</p>
<p><b>Subp. 6</b></p>	<p><b>Rate of return</b> The return on investment for the rate adjustment shall be at the level approved by the commission in the public utility's last general rate case, unless the commission determines that a different rate of return is in the public interest.</p>	<p>Exhibit D</p>

**GREAT PLAINS NATURAL GAS CO.  
GAS UTILITY INFRASTRUCTURE COST ADJUSTMENT  
PROJECT DETAIL**

TIMP Overview

Great Plains' TIMP plan assesses the integrity of transmission pipelines by the following criteria: High Consequence Areas (HCAs), threat and risk assessment. The integrity plan encompasses this information into three plans; the baseline assessment plan, direct assessment plan and remediation plan.

Once the pipeline has a baseline, there needs to be continuing evaluation of the pipeline integrity based on existing threats and new threats to the pipeline. The performance of the pipeline and assessment is updated periodically.

Great Plains TIMP plan requires the Company to conduct a direct assessment of its transmission line located in high consequence areas. Due to location of the transmission line and results of the Company's assessment, a remediation action is necessary to relocate the pipeline and eliminate the high consequence area.

TIMP Projects

Great Plains has no TIMP projects forecasted for 2018. Two projects were included in Great Plains most recent rate case, Docket No. G004/GR-15-879. The projects reflected in the filing were to replace the 6" transmission line in Fergus Falls, which is a HCA and to install pig launchers/receivers at both ends of the replaced line section.

DIMP Overview

Great Plains' DIMP model assesses eight different threat categories: Corrosion,



Natural Forces, Equipment Failure, Excavation, Incorrect Operation, Joint Failure, Outside Force, and Other, all equally weighted.

A detailed geographical information system (GIS) map, with every piece or component that makes up the gas distribution system, both above and below ground, and with as much information about each piece as is available is used as the basis of the model. Scores for various factors were determined by a group of subject matter experts including office engineers, field engineers and field technicians.

The model sets a 50 foot by 50 foot grid to analyze all components. Each grid is then analyzed by eight individual sub-models with up to 150 calculations in each sub-model. This in turn produces a very comprehensive look at the entire system. In Minnesota, 4.49 million feet of pipe was analyzed with approximately 870,000 calculations to support the risk model.

The results obtained from the DIMP modeling are consistent with what was expected by the Company's subject matter experts. The top three risks identified by the DIMP model for Great Plains were:

1. Excavation Damage (driven by PVC)
2. Material Failure (driven by PVC)
3. Corrosion (driven by older vintage steel systems)

The DIMP results are used as an operational tool to aid in directing resources to reduce pipeline risks. The results are consistently analyzed to determine accelerated actions to the pipeline so that changes to resource planning and budgeting can be made to carry out the reduction in risks from pipeline threats.

DIMP Projects

Great Plains included in its GUIC the 2016 and 2017 projects submitted in Docket No. G004/M-16-1066, and the projects to be completed in 2018. Great Plains has two capital budget projects that are includable in the GUIC; replacing PVC pipe mains and services in its Minnesota communities. The two funding project orders and associated amounts for 2016 and 2017, as well as the projected 2018 costs are shown below. The costs include the capital costs of replacing the mains and services as there is no salvage associated with the PVC mains and services. In future years, it is expected approximately \$3 million will be spent annually in continuing the PVC replacement throughout the system.

	Actual 2016	Actual 2017	Projected 2018
Replace PVC mains	\$956,526	\$1,710,848	\$1,275,000
Replace PVC services	883,018	1,166,692	1,054,000
Total capital expenditure	\$1,839,544	\$2,877,540	\$2,329,000

Great Plains ensures that the costs of the projects are reasonable through 1) using a competitive bidding process with multiple contractors on larger projects and 2) closely watching costs to stay within the budgeted amounts or determine why expenditures were different from the budget. Overall, the projected expenditures are relatively stable over time.

The 2016 GUIC projects were included in the Company's December 21, 2016 Initial Filing in Docket No. G004/M-16-1066 with actual costs through November and estimated December expenditures. The actual expenditures in December 2016 were less than estimated in the Initial Filing, primarily the result of a refund of an overpayment to a contractor, which was received in December 2016. Below is a summary of the

costs as submitted in the Initial Filing compared to actual costs for main replacement and service line replacements.

	2016 Actual	2016 Estimated As Filed	Variance	% Capital Variance
Replace PVC mains	956,526	1,038,400	(81,874)	-7.88%
Replace PVC services	883,018	1,164,763	(281,745)	-24.19%
Total capital expenditure	1,839,544	2,203,163	(363,619)	-16.50%

In 2017, mains and services were replaced in Clarkfield, Breckenridge, Pelican Rapids, and Echo. A comparison of year end costs for the jobs completed in 2017, as included in this update filing, is compared to the 2017 estimated costs from the costs projected in Docket No. G004/M-16-1066 below.

	2017 Actual	2017 Estimated As Filed	Variance	% Capital Variance
Replace PVC mains	\$1,710,848	\$975,652	\$735,196	75.35%
Replace PVC services	1,166,692	853,574	313,118	36.68%
Total capital expenditure	\$2,877,540	\$1,829,226	\$1,048,314	57.31%
Mains (feet)	81,817	55,000	26,817	48.76%
Number of Services	669	604	65	10.76%

The significant variance in costs is due to the use of a preliminary estimate based on PVC footages identified on Great Plains' GIS. The estimate did not account for the total feet of mains required to replace the targeted PVC system. The estimate also excluded the cost of the following items that became necessary components of the 2017 projects:

- Mandatory sewer lateral camera investigation charges;
- Loop lines installed in order to provide alternate feeds that were determined necessary to ensure the reliability of the system;
- Main installation required to be parallel to the street rather than through

the alley way causing increased restoration costs and additional pipe footage;

- Replacement of obsolete pipe sizes upon discovery through the replacement project; and
- Replacement of existing system components where adequate DOT information was not available in the system but was needed to be removed and replaced.

While the actual 2017 capital costs exceeded the costs projected in Docket No. G004/M-16-1066, the revenue requirement for 2017 is less than what was projected due to the actual timing of the completion of the projects and close outs to plant in service. Also, the additional footages installed in 2017 represent prudent and necessary investment in infrastructure that will offset amounts that would need to be installed in 2018 and future years.

The list of planned PVC replacements by year is shown below. Great Plains is requesting an update to the GUIC rates to continue the recovery of the 2016 and 2017 projects, as well as include recovery for the projected 2018 projects.

Year	Location	Budget 1/		Actual	
		Mains	Services	Mains	Services
2017	Breckenridge	4,000	54	7,099	84
	Pelican Rapids	15,000	225	22,613	268
	Clarkfield	15,000	100	16,815	104
	Echo	11,000	125	19,903	117
	Montevideo	9,000	90	12,379	86
	Fergus Falls	1,000	10	3,008	10
2018	Pelican Rapids 2/	18,200	126		
	Clarkfield 2/	22,450	263		
	Miscellaneous 3/ 8,000-10,000		100		

1/ Based on an early budget prior to receipt of detailed replacement footages and costs in bids as awarded.

2/ Pelican Rapids and Clarkfield will have a final phase which will be bid and completed in 2019.

3/ Projects within a town that have street projects where the PVC pipe is replaced at the same time as the road project.

The 2018 projects identified were bid through a Request for Proposal (RFP) process. The bid process began in February and was finalized in March. The change in filing date authorized in the Minnesota Public Utilities Commission Order issued March 21, 2018 allows for the projected 2018 costs to be based on a better estimate than would be available prior to the bid process. The costs and footages shown above are based on the quantities bid and the cost to replace in accordance with the contracts awarded for the 2018 projects.

# Exhibit C



# GREAT PLAINS NATURAL GAS CO.

A Division of MDU Resources Group, Inc.

## State of Minnesota Gas Rate Schedule – MNPUC Volume 2

Section No. 5  
1<sup>st</sup> Revised Sheet No. 5-130  
Canceling Original Sheet No. 5-130

### GAS UTILITY INFRASTRUCTURE COST ADJUSTMENT

#### Applicability:

This rate schedule constitutes provision to recover the costs of investment and associated expenses for the replacement of natural gas distribution facilities required to comply with state and federal pipeline safety programs. It specifies the procedure to be utilized to adjust the rates for natural gas sold or transported under Great Plains' rate schedules in order to reflect: (a) the projected revenue requirement for the period the adjustment will be in effect and (b) a true-up of the prior year adjustment.

#### Effective Date

The effective dates of the Gas Utility Infrastructure Cost Adjustment (GUIC) shall be service rendered on and after October 1 each year with a filing date of April 15, which is at least 150 days before the proposed effective date.

#### Adjustment:

1. The Projected Revenue Requirement shall include:
  - a. The return on investment on the rate base reflecting the eligible projects shall be based on the twelve month average of the projected investment and the authorized rate of return authorized in the most recent general rate case, unless otherwise determined by the Commission.
  - b. The operation and maintenance, depreciation expense and ad valorem tax expense associated with the eligible projects.
  - c. The revenue requirement shall be apportioned to each rate class based on the authorized non-gas costs (margin) apportionment.
  - d. The revenue requirement for each rate class shall be divided by projected annual dk sales and transportation volumes, excluding flexible rate contracts, to derive a cost per dk for each rate class.
2. The true-up
  - a. For each annual period ending December 31 a true-up will be calculated for each rate class and will be applied effective with the change in the GUIC. This adjustment shall include:
    1. The balance in the (over) under recovered account as of December 31.
    2. The difference between the revenue requirement based on actual project costs and recovered costs for each customer class for the

<b>Date Filed:</b>	April 13, 2018	<b>Effective Date:</b>	Service rendered on and after October 1, 2018
<b>Issued By:</b>	Tamie A. Aberle Director – Regulatory Affairs	<b>Docket No.:</b>	G004/M-17-858



# GREAT PLAINS NATURAL GAS CO.

A Division of MDU Resources Group, Inc.

## State of Minnesota Gas Rate Schedule – MNPUC Volume 2

Section No. 5

1<sup>st</sup> Revised Sheet No. 5-13

Canceling Original Sheet No. 5-13

### GAS UTILITY INFRASTRUCTURE COST ADJUSTMENT

twelve months ending December 31. The amount may be an under recovery or (over) recovery.

- b. The resulting balance is divided by the projected annual dk sales and transportation volumes.
3. When the Company files its next general rate case, all project costs shall be removed from the GUIC tracker and included in base rates. Only the true-up component (remaining GUIC tracker balance) shall remain in the GUIC Rider to be either collected or refunded to customers over a subsequent period.
4. The current GUIC adjustment for each rate class is (excluding flexible rate contracts):

	<u>Adjustment Per Dk</u>
<u>Sales</u>	
Residential	\$0.2494
Firm General	0.1792
Small Interruptible	0.1519
Large Interruptible	0.1103
<u>Transportation</u>	
Small Interruptible	0.0791
Large Interruptible	0.0105

**Date Filed:** April 13, 2018

**Effective Date:** Service rendered on and after October 1, 2018

**Issued By:** Tamie A. Aberle  
Director – Regulatory Affairs

**Docket No.:** G004/M-17-858





# 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. 5-130

### GAS UTILITY INFRASTRUCTURE COST ADJUSTMENT

#### Applicability:

This rate schedule constitutes provision to recover the costs of investment and associated expenses for the replacement of natural gas distribution facilities required to comply with state and federal pipeline safety programs. It specifies the procedure to be utilized to adjust the rates for natural gas sold or transported under Great Plains' rate schedules in order to reflect: (a) the projected revenue requirement for the period the adjustment will be in effect and (b) a true-up of the prior year adjustment.

#### Effective Date

The effective dates of the Gas Utility Infrastructure Cost Adjustment (GUIC) shall be service rendered on and after ~~May-October~~ 1 each year with a filing date of ~~December-April 15~~, which is at least 150 days before the proposed effective date.

#### Adjustment:

1. The Projected Revenue Requirement shall include:
  - a. The return on investment on the rate base reflecting the eligible projects shall be based on the twelve month average of the projected investment and the authorized rate of return authorized in the most recent general rate case, unless otherwise determined by the Commission.
  - b. The operation and maintenance, depreciation expense and ad valorem tax expense associated with the eligible projects.
  - c. The revenue requirement shall be apportioned to each rate class based on the authorized non-gas costs (margin) apportionment.
  - d. The revenue requirement for each rate class shall be divided by projected annual dk sales and transportation volumes, excluding flexible rate contracts, to derive a cost per dk for each rate class.
2. The true-up
  - a. For each annual period ending ~~October-December~~ 31 a true-up will be calculated for each rate class and will be applied effective with the change in the GUIC. This adjustment shall include:
    1. The balance in the (over) under recovered gas ~~cost~~ account as of ~~October-December~~ 31.
    2. The difference between the revenue requirement based on actual project costs and recovered costs for each customer class for the

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Issued By: Tamie A. Aberle  
Director – Regulatory Affairs

Docket No.: G004/M-16-10667-858



# 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. 5-131

### GAS UTILITY INFRASTRUCTURE COST ADJUSTMENT

twelve months ending ~~October~~ December 31. The amount may be an under recovery or (over) recovery.

- b. The resulting balance is divided by the projected annual dk sales and transportation volumes.
- 3. When the Company files its next general rate case, all project costs shall be removed from the GUIC tracker and included in base rates. Only the true-up component (remaining GUIC tracker balance) shall remain in the GUIC Rider to be either collected or refunded to customers over a subsequent period.
- 4. The current GUIC adjustment for each rate class is (excluding flexible rate contracts):

	<u>Adjustment Per Dk</u>
<u>Sales</u>	
Residential	<del>\$0.1485</del> <u>\$0.2494</u>
Firm General	<del>0.1117</del> <u>0.1792</u>
Small Interruptible	<del>0.0864</del> <u>0.1519</u>
Large Interruptible	<del>0.0632</del> <u>0.1103</u>
 <u>Transportation</u>	
Small Interruptible	<del>0.0657</del> <u>0.0791</u>
Large Interruptible	<del>0.0345</del> <u>0.0105</u>

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**GREAT PLAINS NATURAL GAS CO.  
GUIC REVENUE REQUIREMENT  
OVERALL REVENUE REQUIREMENT**

**GUIC Costs and Recoveries**

2017 Revenue Requirement	\$395,916	1/
Less: Actual Recoveries (Nov 2017 - Mar 2018)	305,130	
Less: 2018 Projected Recoveries (Apr - Sep 2018)	<u>96,649</u>	
Net Over Recovery	(\$5,863)	
2018 Revenue Requirement	<u>\$726,120</u>	1/
Total Required Recovery - Oct 2018 - Sep 2019	<u>\$720,257</u>	

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**GREAT PLAINS NATURAL GAS CO.  
GUIC REVENUE REQUIREMENT  
ACTUAL 2017  
FOR TRUE UP**

	<u>Total</u>	<u>Mains 1/</u>	<u>Services 2/</u>
Depreciation Expense	\$73,514	\$35,112	\$38,402
Ad Valorem Taxes	83,964	47,479	36,485
Return	162,751	87,653	75,098
Income Taxes	(88,104)	(46,532)	(41,572)
Gross up for Taxes	163,791	87,293	76,498
Total	<u>\$395,916</u>	<u>\$211,005</u>	<u>\$184,911</u>
2016 Plant Additions	\$1,839,544	\$956,526 3/	\$883,018 4/
2017 Plant Additions	2,877,540	1,710,848 5/	1,166,692 6/
Total Plant Dec 2017	<u>\$4,717,084</u>	<u>\$2,667,374</u>	<u>\$2,049,710</u>

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**PROJECTED 2018**

	<u>Total</u>	<u>Mains 7/</u>	<u>Services 8/</u>
Depreciation Expense	\$166,473	\$84,721	\$81,752
Ad Valorem Taxes	125,420	70,174	55,246
Return	343,029	193,489	149,540
Income Taxes	(117,502)	(63,476)	(54,026)
Gross up for Taxes	208,700	114,917	93,783
Total	<u>\$726,120</u>	<u>\$399,825</u>	<u>\$326,295</u>
Total Plant Dec 2017	\$4,717,084	\$2,667,374	\$2,049,710
Plant Investment	2,329,000	1,275,000 9/	1,054,000 9/
Total Plant Projected 2018	<u>\$7,046,084</u>	<u>\$3,942,374</u>	<u>\$3,103,710</u>

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**GREAT PLAINS NATURAL GAS CO.  
GUIC PLANT ADDITIONS - MAINS  
2016 REVENUE REQUIREMENT**

<b>Mains</b>	<b>2016 ACTUAL</b>												
	January	February	March	April	May	June	July	August	September	October	November	December	
Plant in Service	0	4,061	4,173	4,173	4,173	4,173	4,173	4,173	306,559	307,251	317,039	956,526	
Accumulated Reserve	0	0	10	20	30	40	50	60	70	834	1,600	2,390	
ADIT	1,154	2,308	3,462	4,616	5,770	6,924	8,078	9,232	10,386	11,540	12,694	13,851	
Rate Base	(1,154)	1,753	701	(463)	(1,627)	(2,791)	(3,955)	(5,119)	296,103	294,877	302,745	940,285	
	<u>Total</u>												
Return @ 7.032% 1/	\$10,672	(7)	10	4	(3)	(10)	(16)	(23)	(30)	1,735	1,728	1,774	5,510
Expenses													
O&M	0												
Depreciation	2,390	0	0	10	10	10	10	10	10	10	764	766	790
Ad Valorem Taxes	17,026	0	6	6	6	6	6	6	6	455	456	470	15,603
Total Expenses	19,416	0	6	16	16	16	16	16	16	465	1,220	1,236	16,393
Income before taxes	(19,416)	0	(6)	(16)	(16)	(16)	(16)	(16)	(16)	(465)	(1,220)	(1,236)	(16,393)
Interest expense	3,638	(2)	4	1	(1)	(3)	(6)	(8)	(10)	591	589	605	1,878
	(23,054)	2	(10)	(17)	(15)	(13)	(10)	(8)	(6)	(1,056)	(1,809)	(1,841)	(18,271)
Income Taxes	9,536	(1)	4	7	6	5	4	3	2	437	748	762	7,559
Operating Income	(9,880)	(1)	(2)	(9)	(10)	(11)	(12)	(13)	(14)	(28)	(472)	(474)	(8,834)
Revenue Requirement	\$35,053	(\$10)	\$20	\$22	\$12	\$2	(\$7)	(\$17)	(\$27)	\$3,007	\$3,752	\$3,834	\$24,465

1/ Authorized in Docket No. G004/GR-15-879.

**GREAT PLAINS NATURAL GAS CO.  
GUIC PLANT ADDITIONS - SERVICES  
2016 REVENUE REQUIREMENT**

	2016 ACTUAL												
	January	February	March	April	May	June	July	August	September	October	November	December	
<b>Services</b>													
Plant in Service	0	487	599	599	599	599	608	608	398,912	420,790	421,045	883,018	
Accumulated Reserve	0	0	2	4	6	8	10	12	14	1,377	2,815	4,254	
ADIT	995	1,990	2,985	3,980	4,975	5,970	6,965	7,960	8,955	9,950	10,945	11,939	
Rate Base	(995)	(1,503)	(2,388)	(3,385)	(4,382)	(5,379)	(6,367)	(7,364)	389,943	409,463	407,285	866,825	
	<u>Total</u>												
Return @ 7.032% 1/	\$11,964	(6)	(9)	(14)	(20)	(26)	(32)	(37)	(43)	2,285	2,399	2,387	5,080
Expenses													
O&M	0												
Depreciation	4,254	0	0	2	2	2	2	2	2	1,363	1,438	1,439	
Ad Valorem Taxes	15,718	0	1	1	1	1	1	1	1	592	624	625	13,870
Total Expenses	19,972	0	1	3	3	3	3	3	3	594	1,987	2,063	15,309
Income before taxes	(19,972)	0	(1)	(3)	(3)	(3)	(3)	(3)	(3)	(594)	(1,987)	(2,063)	(15,309)
Interest expense	4,077	(2)	(3)	(5)	(7)	(9)	(11)	(13)	(15)	779	818	814	1,731
	(24,049)	2	2	2	4	6	8	10	12	(1,373)	(2,805)	(2,877)	(17,040)
Income Taxes	9,948	(1)	(1)	(1)	(2)	(2)	(3)	(4)	(5)	568	1,160	1,190	7,049
Operating Income	(10,024)	(1)	(2)	(4)	(5)	(5)	(6)	(7)	(8)	(26)	(827)	(873)	(8,260)
Revenue Requirement	\$37,502	(\$9)	(\$12)	(\$17)	(\$26)	(\$36)	(\$44)	(\$51)	(\$60)	\$3,942	\$5,502	\$5,560	\$22,753

1/ Authorized in Docket No. G004/GR-15-879.

**GREAT PLAINS NATURAL GAS CO.  
GUIC PLANT ADDITIONS - MAINS  
2017 REVENUE REQUIREMENT**

<b>Mains</b>	<b>2017 TRUE UP</b>												
	January	February	March	April	May	June	July	August	September	October	November	December	
Plant in Service	956,526	956,526	956,526	956,526	956,526	956,526	956,526	1,039,590	1,668,284	1,770,196	1,776,407	2,667,374	
Accumulated Reserve	4,805	7,220	9,635	12,050	14,465	16,880	19,295	21,710	24,335	28,547	33,017	37,502	
ADIT	17,233	20,615	23,997	27,379	30,761	34,143	37,525	40,907	44,289	47,671	51,053	54,434	
Rate Base	934,488	928,691	922,894	917,097	911,300	905,503	899,706	976,973	1,599,660	1,693,978	1,692,337	2,575,438	
	<u>Total</u>												
Return @ 7.032% 1/	87,653	5,476	5,442	5,408	5,374	5,340	5,306	5,272	5,725	9,374	9,927	9,917	15,092
Expenses													
O&M	0												
Depreciation	35,112	2,415	2,415	2,415	2,415	2,415	2,415	2,415	2,415	2,625	4,212	4,470	4,485
Ad Valorem Taxes	47,479	1,419	1,419	1,419	1,419	1,419	1,419	1,419	1,542	2,475	2,626	2,635	28,268
Total Expenses	82,591	3,834	3,834	3,834	3,834	3,834	3,834	3,834	3,957	5,100	6,838	7,105	32,753
Income before taxes	(82,591)	(3,834)	(3,834)	(3,834)	(3,834)	(3,834)	(3,834)	(3,834)	(3,957)	(5,100)	(6,838)	(7,105)	(32,753)
Interest expense	29,878	1,867	1,855	1,843	1,832	1,820	1,809	1,797	1,952	3,195	3,384	3,380	5,144
	(112,469)	(5,701)	(5,689)	(5,677)	(5,666)	(5,654)	(5,643)	(5,631)	(5,909)	(8,295)	(10,222)	(10,485)	(37,897)
Income Taxes	46,532	2,359	2,354	2,349	2,344	2,339	2,335	2,330	2,445	3,432	4,229	4,338	15,678
Operating Income	(36,059)	(1,475)	(1,480)	(1,485)	(1,490)	(1,495)	(1,499)	(1,504)	(1,512)	(1,668)	(2,609)	(2,767)	(17,075)
Revenue Requirement	\$211,005	\$11,856	\$11,806	\$11,757	\$11,707	\$11,658	\$11,607	\$11,557	\$12,344	\$18,833	\$21,382	\$21,634	\$54,864

1/ Authorized in Docket No. G004/GR-15-879.

**GREAT PLAINS NATURAL GAS CO.  
GUIC PLANT ADDITIONS - SERVICES  
2017 REVENUE REQUIREMENT**

	2017 TRUE UP											
	January	February	March	April	May	June	July	August	September	October	November	December
<b>Services</b>												
Plant in Service	883,018	883,018	883,018	883,018	883,018	883,018	883,018	927,934	1,362,206	1,447,458	1,453,376	2,049,710
Accumulated Reserve	7,021	9,788	12,555	15,322	18,089	20,856	23,623	26,390	29,298	33,566	38,102	42,656
ADIT	14,321	16,703	19,085	21,467	23,849	26,231	28,613	30,995	33,377	35,759	38,141	40,523
Rate Base	861,676	856,527	851,378	846,229	841,080	835,931	830,782	870,549	1,299,531	1,378,133	1,377,133	1,966,531
	<u>Total</u>											
Return @ 7.032% 1/	75,098	5,049	5,019	4,989	4,959	4,929	4,899	4,868	5,101	7,615	8,076	11,524
Expenses												
O&M	0											
Depreciation	38,402	2,767	2,767	2,767	2,767	2,767	2,767	2,767	2,908	4,268	4,536	4,554
Ad Valorem Taxes	36,485	1,310	1,310	1,310	1,310	1,310	1,310	1,377	2,021	2,147	2,156	19,614
Total Expenses	74,887	4,077	4,077	4,077	4,077	4,077	4,077	4,077	4,144	4,929	6,415	24,168
Income before taxes	(74,887)	(4,077)	(4,077)	(4,077)	(4,077)	(4,077)	(4,077)	(4,077)	(4,144)	(4,929)	(6,415)	(24,168)
Interest expense	25,599	1,721	1,711	1,701	1,690	1,680	1,670	1,659	1,739	2,596	2,753	3,928
	(100,486)	(5,798)	(5,788)	(5,778)	(5,767)	(5,757)	(5,747)	(5,736)	(5,883)	(7,525)	(9,168)	(28,096)
Income Taxes	41,572	2,399	2,394	2,390	2,386	2,382	2,378	2,373	2,434	3,113	3,793	11,623
Operating Income	(33,315)	(1,678)	(1,683)	(1,687)	(1,691)	(1,695)	(1,699)	(1,704)	(1,710)	(1,816)	(2,622)	(12,545)
Revenue Requirement	<u>\$184,911</u>	<u>\$11,474</u>	<u>\$11,431</u>	<u>\$11,387</u>	<u>\$11,342</u>	<u>\$11,298</u>	<u>\$11,254</u>	<u>\$11,209</u>	<u>\$11,617</u>	<u>\$16,086</u>	<u>\$18,247</u>	<u>\$41,052</u>

1/ Authorized in Docket No. G004/GR-15-879.



**GREAT PLAINS NATURAL GAS CO.  
GUIC PLANT ADDITIONS - MAINS  
2018 REVENUE REQUIREMENT**

	2018 PROJECTED												
	January	February	March	April	May	June	July	August	September	October	November	December	
<b>Mains</b>													
Plant in Service	2,667,374	2,670,052	2,670,179	2,670,179	2,670,179	2,670,179	2,670,179	2,701,162	3,136,957	3,175,334	3,184,132	3,942,374	
Accumulated Reserve	44,237	50,972	57,714	64,456	71,198	77,940	84,682	91,424	98,244	106,165	114,183	122,223	
ADIT	57,743	60,775	63,501	65,930	68,053	69,880	71,401	72,617	73,535	74,148	74,464	74,474	
Rate Base	2,565,394	2,558,305	2,548,964	2,539,793	2,530,928	2,522,359	2,514,096	2,537,121	2,965,178	2,995,021	2,995,485	3,745,677	
	Total												
Return @ 7.032% 1/	193,489	15,033	14,992	14,937	14,883	14,831	14,781	14,733	14,868	17,376	17,551	17,554	21,950
Expenses													
O&M	\$0												
Depreciation	84,721	6,735	6,735	6,742	6,742	6,742	6,742	6,742	6,742	6,820	7,921	8,018	8,040
Ad Valorem Taxes	70,174	3,957	3,961	3,961	3,961	3,961	3,961	3,961	4,007	4,654	4,710	4,724	24,356
Total Expenses	154,895	10,692	10,696	10,703	10,703	10,703	10,703	10,703	10,749	11,474	12,631	12,742	32,396
Income before taxes	(154,895)	(10,692)	(10,696)	(10,703)	(10,703)	(10,703)	(10,703)	(10,703)	(10,749)	(11,474)	(12,631)	(12,742)	(32,396)
Interest expense	65,954	5,124	5,110	5,092	5,073	5,056	5,038	5,022	5,068	5,923	5,983	5,983	7,482
	(220,849)	(15,816)	(15,806)	(15,795)	(15,776)	(15,759)	(15,741)	(15,725)	(15,817)	(17,397)	(18,614)	(18,725)	(39,878)
Income Taxes	63,476	4,546	4,543	4,540	4,534	4,529	4,524	4,520	4,546	5,000	5,350	5,382	11,462
Operating Income	(91,419)	(6,146)	(6,153)	(6,163)	(6,169)	(6,174)	(6,179)	(6,183)	(6,203)	(6,474)	(7,281)	(7,360)	(20,934)
Revenue Requirement	\$399,825	\$29,722	\$29,674	\$29,611	\$29,543	\$29,477	\$29,414	\$29,352	\$29,570	\$33,470	\$34,848	\$34,963	\$60,181

1/ Authorized in Docket No. G004/GR-15-879.

**GREAT PLAINS NATURAL GAS CO.  
GUIC PLANT ADDITIONS - SERVICES  
2018 REVENUE REQUIREMENT**

<b>Services</b>	<b>2018 PROJECTED</b>												
	January	February	March	April	May	June	July	August	September	October	November	December	
Plant in Service	2,049,710	2,050,026	2,050,132	2,050,132	2,050,132	2,050,132	2,050,132	2,070,368	2,504,300	2,555,841	2,558,687	3,103,710	
Accumulated Reserve	49,079	55,502	61,926	68,350	74,774	81,198	87,622	94,046	100,534	108,381	116,390	124,408	
ADIT	42,743	44,777	46,606	48,237	49,662	50,888	51,908	52,723	53,339	53,750	53,962	53,969	
Rate Base	1,957,888	1,949,747	1,941,600	1,933,545	1,925,696	1,918,046	1,910,602	1,923,599	2,350,427	2,393,710	2,388,335	2,925,333	
	<b>Total</b>												
Return @ 7.032% 1/	149,540	11,473	11,426	11,378	11,331	11,285	11,240	11,196	11,272	13,774	14,027	13,996	17,142
Expenses													
O&M	0												
Depreciation	81,752	6,423	6,423	6,424	6,424	6,424	6,424	6,424	6,424	6,488	7,847	8,009	8,018
Ad Valorem Taxes	55,246	3,041	3,041	3,042	3,042	3,042	3,042	3,042	3,072	3,715	3,792	3,796	19,579
Total Expenses	136,998	9,464	9,464	9,466	9,466	9,466	9,466	9,466	9,496	10,203	11,639	11,805	27,597
Income before taxes	(136,998)	(9,464)	(9,464)	(9,466)	(9,466)	(9,466)	(9,466)	(9,466)	(9,496)	(10,203)	(11,639)	(11,805)	(27,597)
Interest expense	50,972	3,911	3,895	3,878	3,862	3,847	3,831	3,816	3,842	4,695	4,781	4,771	5,843
	(187,970)	(13,375)	(13,359)	(13,344)	(13,328)	(13,313)	(13,297)	(13,282)	(13,338)	(14,898)	(16,420)	(16,576)	(33,440)
Income Taxes	54,026	3,844	3,840	3,835	3,831	3,826	3,822	3,818	3,834	4,282	4,719	4,764	9,611
Operating Income	(82,972)	(5,620)	(5,624)	(5,631)	(5,635)	(5,640)	(5,644)	(5,648)	(5,662)	(5,921)	(6,920)	(7,041)	(17,986)
Revenue Requirement	\$326,295	\$23,987	\$23,927	\$23,870	\$23,809	\$23,752	\$23,694	\$23,638	\$23,764	\$27,639	\$29,396	\$29,522	\$49,297

1/ Authorized in Docket No. G004/GR-15-879.

**GREAT PLAINS NATURAL GAS CO.  
GUIC PLANT ADDITIONS - MAINS  
2016 ADDITIONS - ACTUAL 2016 TRUE UP**

	2016												
	Total	January	February	March	April	May	June	July	August	September	October	November	December
Replace PVC Main Expenditures 1/	\$956,526	\$0	\$4,061	\$112	\$13,489	\$48,987	\$194,341	\$243,851	\$162,179	\$136,844	\$6,844	\$151,832	(\$6,014)
Close to Plant (cumulative)	956,526	0	4,061	4,173	4,173	4,173	4,173	4,173	4,173	306,559	307,251	317,039	956,526
Depreciation	2,390	0	0	10	10	10	10	10	10	10	764	766	790
Accumulated Reserve	2,390	0	0	10	20	30	40	50	60	70	834	1,600	2,390
ADIT - see page 16	13,851	1,154	2,308	3,462	4,616	5,770	6,924	8,078	9,232	10,386	11,540	12,694	13,851
Net Plant	<u>\$940,285</u>	<u>(\$1,154)</u>	<u>\$1,753</u>	<u>\$701</u>	<u>(\$463)</u>	<u>(\$1,627)</u>	<u>(\$2,791)</u>	<u>(\$3,955)</u>	<u>(\$5,119)</u>	<u>\$296,103</u>	<u>\$294,877</u>	<u>\$302,745</u>	<u>\$940,285</u>
Ad Valorem Taxes	\$17,026	0	6	6	6	6	6	6	6	455	456	470	15,603

1/ December 2016 expenditures and closure to plant amounts revised to actual.

**GREAT PLAINS NATURAL GAS CO.  
GUIC PLANT ADDITIONS - MAINS  
2016 ADDITIONS - 2017 GUIC**

	2017												
	Total	January	February	March	April	May	June	July	August	September	October	November	December
Replace PVC Main Expenditures	\$0												
Close to Plant (cumulative)	956,526	956,526	956,526	956,526	956,526	956,526	956,526	956,526	956,526	956,526	956,526	956,526	956,526
Depreciation	28,980	2,415	2,415	2,415	2,415	2,415	2,415	2,415	2,415	2,415	2,415	2,415	2,415
Accumulated Reserve	31,370	4,805	7,220	9,635	12,050	14,465	16,880	19,295	21,710	24,125	26,540	28,955	31,370
ADIT - see page 16	30,429	15,233	16,615	17,997	19,379	20,761	22,143	23,525	24,907	26,289	27,671	29,053	30,429
Net Plant	<u>\$894,727</u>	<u>\$936,488</u>	<u>\$932,691</u>	<u>\$928,894</u>	<u>\$925,097</u>	<u>\$921,300</u>	<u>\$917,503</u>	<u>\$913,706</u>	<u>\$909,909</u>	<u>\$906,112</u>	<u>\$902,315</u>	<u>\$898,518</u>	<u>\$894,727</u>
Ad Valorem Taxes	\$17,026	1,419	1,419	1,419	1,419	1,419	1,419	1,419	1,419	1,419	1,419	1,419	1,419

GREAT PLAINS NATURAL GAS CO.  
 GUIC PLANT ADDITIONS - MAINS  
 2016 ADDITIONS - 2018 GUIC

	PROJECTED 2018												
	Total	January	February	March	April	May	June	July	August	September	October	November	December
Replace PVC Main Expenditures	\$0												
Close to Plant (cumulative)	956,526	956,526	956,526	956,526	956,526	956,526	956,526	956,526	956,526	956,526	956,526	956,526	956,526
Depreciation	28,980	2,415	2,415	2,415	2,415	2,415	2,415	2,415	2,415	2,415	2,415	2,415	2,415
Accumulated Reserve	60,350	33,785	36,200	38,615	41,030	43,445	45,860	48,275	50,690	53,105	55,520	57,935	60,350
ADIT - see page 16 1/	35,075	31,196	31,899	32,531	33,094	33,586	34,010	34,363	34,645	34,858	35,000	35,073	35,075
<b>Net Plant</b>	<b>\$861,101</b>	<b>\$891,545</b>	<b>\$888,427</b>	<b>\$885,380</b>	<b>\$882,402</b>	<b>\$879,495</b>	<b>\$876,656</b>	<b>\$873,888</b>	<b>\$871,191</b>	<b>\$868,563</b>	<b>\$866,006</b>	<b>\$863,518</b>	<b>\$861,101</b>
Ad Valorem Taxes	\$17,026	1,419	1,419	1,419	1,419	1,419	1,419	1,419	1,419	1,419	1,419	1,419	1,417

1/ Balances based on monthly proration methodology.

GREAT PLAINS NATURAL GAS CO.  
 GUIC PLANT ADDITIONS - SERVICES  
 2016 ADDITIONS - ACTUAL 2016 TRUE UP

	2016												
	Total	January	February	March	April	May	June	July	August	September	October	November	December
<b>Replace PVC Services</b>													
Expenditures 1/	\$883,018	\$0	\$487	\$112	\$3,379	\$19,321	\$207,468	\$162,822	\$231,746	\$252,096	\$45,223	\$181,017	(\$220,653)
Close to Plant (cumulative)	883,018	0	487	599	599	599	599	608	608	398,912	420,790	421,045	883,018
Depreciation	4,254	0	0	2	2	2	2	2	2	2	1,363	1,438	1,439
Accumulated Reserve	4,254	0	0	2	4	6	8	10	12	14	1,377	2,815	4,254
ADIT - see page 16	11,939	995	1,990	2,985	3,980	4,975	5,970	6,965	7,960	8,955	9,950	10,945	11,939
Net Plant	\$866,825	(\$995)	(\$1,503)	(\$2,388)	(\$3,385)	(\$4,382)	(\$5,379)	(\$6,367)	(\$7,364)	\$389,943	\$409,463	\$407,285	\$866,825
Ad Valorem Taxes	\$15,718	0	1	1	1	1	1	1	1	592	624	625	13,870

1/ December 2016 expenditures and close to plant amounts revised to actual.

GREAT PLAINS NATURAL GAS CO.  
 GUIC PLANT ADDITIONS - SERVICES  
 2016 ADDITIONS - 2017 GUIC

	2017												
	Total	January	February	March	April	May	June	July	August	September	October	November	December
<b>Replace PVC Services</b>													
Expenditures	\$0												
Close to Plant (cumulative)	883,018	883,018	883,018	883,018	883,018	883,018	883,018	883,018	883,018	883,018	883,018	883,018	883,018
Depreciation	33,204	2,767	2,767	2,767	2,767	2,767	2,767	2,767	2,767	2,767	2,767	2,767	2,767
Accumulated Reserve	37,458	7,021	9,788	12,555	15,322	18,089	20,856	23,623	26,390	29,157	31,924	34,691	37,458
ADIT - see page 16	24,574	12,992	14,045	15,098	16,151	17,204	18,257	19,310	20,363	21,416	22,469	23,522	24,574
Net Plant	\$820,986	\$863,005	\$859,185	\$855,365	\$851,545	\$847,725	\$843,905	\$840,085	\$836,265	\$832,445	\$828,625	\$824,805	\$820,986
Ad Valorem Taxes	\$15,718	1,310	1,310	1,310	1,310	1,310	1,310	1,310	1,310	1,310	1,310	1,310	1,308

GREAT PLAINS NATURAL GAS CO.  
 GUIC PLANT ADDITIONS - SERVICES  
 2016 ADDITIONS - 2018 GUIC

	PROJECTED 2018												
	Total	January	February	March	April	May	June	July	August	September	October	November	December
<b>Replace PVC Services</b>													
Expenditures	\$0												
Close to Plant (cumulative)	883,018	883,018	883,018	883,018	883,018	883,018	883,018	883,018	883,018	883,018	883,018	883,018	883,018
Depreciation	33,204	2,767	2,767	2,767	2,767	2,767	2,767	2,767	2,767	2,767	2,767	2,767	2,767
Accumulated Reserve	70,662	40,225	42,992	45,759	48,526	51,293	54,060	56,827	59,594	62,361	65,128	67,895	70,662
ADIT - see page 16 1/	28,004	25,140	25,659	26,126	26,542	26,905	27,218	27,478	27,686	27,843	27,948	28,002	28,004
<b>Net Plant</b>	<b>\$784,352</b>	<b>\$817,653</b>	<b>\$814,367</b>	<b>\$811,133</b>	<b>\$807,950</b>	<b>\$804,820</b>	<b>\$801,740</b>	<b>\$798,713</b>	<b>\$795,738</b>	<b>\$792,814</b>	<b>\$789,942</b>	<b>\$787,121</b>	<b>\$784,352</b>
Ad Valorem Taxes	\$15,718	1,310	1,310	1,310	1,310	1,310	1,310	1,310	1,310	1,310	1,310	1,310	1,308

1/ Balances based on monthly proration methodology.

GREAT PLAINS NATURAL GAS CO.  
 GUIC PLANT ADDITIONS - MAINS  
 2017 ADDITIONS - ACTUAL 2017 TRUE UP

	2017												
	Total	January	February	March	April	May	June	July	August	September	October	November	December
<b>Replace PVC Main Expenditures</b>	\$1,778,279	\$0	\$0	\$1,058	\$8,915	\$249,194	\$379,516	\$294,405	\$310,776	\$57,775	\$384,381	\$150,316	(\$58,057)
Close to Plant (cumulative)	1,710,848	0	0	0	0	0	0	0	83,064	711,758	813,670	819,881	1,710,848
Depreciation	6,132	0	0	0	0	0	0	0	0	210	1,797	2,055	2,070
Accumulated Reserve	6,132	0	0	0	0	0	0	0	0	210	2,007	4,062	6,132
ADIT - see page 17	\$24,005	2,000	4,000	6,000	8,000	10,000	12,000	14,000	16,000	18,000	20,000	22,000	24,005
Net Plant	\$1,680,711	(2,000)	(4,000)	(6,000)	(8,000)	(10,000)	(12,000)	(14,000)	67,064	693,548	791,663	793,819	1,680,711
Ad Valorem Taxes	\$30,453	0	0	0	0	0	0	0	123	1,056	1,207	1,216	26,851

GREAT PLAINS NATURAL GAS CO.  
 GUIC PLANT ADDITIONS - MAINS  
 2017 ADDITIONS - GUIC 2018

	PROJECTED 2018												
	Total	January	February	March	April	May	June	July	August	September	October	November	December
<b>Replace PVC Main Expenditures</b>	\$0												
Close to Plant (cumulative)	\$1,710,848	1,710,848	1,710,848	1,710,848	1,710,848	1,710,848	1,710,848	1,710,848	1,710,848	1,710,848	1,710,848	1,710,848	1,710,848
Depreciation	51,840	4,320	4,320	4,320	4,320	4,320	4,320	4,320	4,320	4,320	4,320	4,320	4,320
Accumulated Reserve	57,972	10,452	14,772	19,092	23,412	27,732	32,052	36,372	40,692	45,012	49,332	53,652	57,972
ADIT - see page 17 1/	\$33,549	25,581	27,025	28,323	29,480	30,491	31,361	32,085	32,664	33,101	33,393	33,544	33,549
Net Plant	\$1,619,327	1,674,815	1,669,051	1,663,433	1,657,956	1,652,625	1,647,435	1,642,391	1,637,492	1,632,735	1,628,123	1,623,652	1,619,327
Ad Valorem Taxes	\$30,453	2,538	2,538	2,538	2,538	2,538	2,538	2,538	2,538	2,538	2,538	2,538	2,535

1/ Balances based on monthly proration methodology.

**GREAT PLAINS NATURAL GAS CO.  
GUIC PLANT ADDITIONS - SERVICES  
2017 ADDITIONS - ACTUAL 2017 TRUE UP**

	2017												
	Total	January	February	March	April	May	June	July	August	September	October	November	December
<b>Replace PVC Services</b>													
Expenditures	\$1,172,305	\$0	\$0	\$0	\$425	\$49,578	\$261,974	\$169,750	\$234,467	\$61,195	\$382,569	\$27,820	(\$15,473)
Close to Plant (cumulative)	1,166,692	0	0	0	0	0	0	0	44,916	479,188	564,440	570,358	1,166,692
Depreciation	5,198	0	0	0	0	0	0	0	0	141	1,501	1,769	1,787
Accumulated Reserve	5,198	0	0	0	0	0	0	0	0	141	1,642	3,411	5,198
ADIT - see page 17	\$15,949	1,329	2,658	3,987	5,316	6,645	7,974	9,303	10,632	11,961	13,290	14,619	15,949
Net Plant	\$1,145,545	(1,329)	(2,658)	(3,987)	(5,316)	(6,645)	(7,974)	(9,303)	34,284	467,086	549,508	552,328	1,145,545
Ad Valorem Taxes	\$20,767	0	0	0	0	0	0	0	67	711	837	846	18,306

**GREAT PLAINS NATURAL GAS CO.  
GUIC PLANT ADDITIONS - SERVICES  
2017 ADDITIONS - GUIC 2018**

	PROJECTED 2018												
	Total	January	February	March	April	May	June	July	August	September	October	November	December
<b>Replace PVC Services</b>													
Expenditures	\$0												
Close to Plant (cumulative)	\$1,166,692	1,166,692	1,166,692	1,166,692	1,166,692	1,166,692	1,166,692	1,166,692	1,166,692	1,166,692	1,166,692	1,166,692	1,166,692
Depreciation	43,872	3,656	3,656	3,656	3,656	3,656	3,656	3,656	3,656	3,656	3,656	3,656	3,656
Accumulated Reserve	49,070	8,854	12,510	16,166	19,822	23,478	27,134	30,790	34,446	38,102	41,758	45,414	49,070
ADIT - see page 17 1/	\$21,325	16,837	17,650	18,381	19,033	19,603	20,093	20,501	20,827	21,073	21,237	21,322	21,325
Net Plant	\$1,096,297	1,141,001	1,136,532	1,132,145	1,127,837	1,123,611	1,119,465	1,115,401	1,111,419	1,107,517	1,103,697	1,099,956	1,096,297
Ad Valorem Taxes	\$20,767	1,731	1,731	1,731	1,731	1,731	1,731	1,731	1,731	1,731	1,731	1,731	1,726

1/ Balances based on monthly proration methodology.



**GREAT PLAINS NATURAL GAS CO.  
GUIC PLANT ADDITIONS - MAINS  
2018 ADDITIONS**

	PROJECTED 2018												
	Total	January	February	March	April	May	June	July	August	September	October	November	December
<b>Replace PVC Main Expenditures</b>	\$1,275,000	\$0	\$2,678	\$510	\$12,240	\$122,018	\$265,328	\$268,133	\$219,555	\$111,945	\$142,418	\$155,040	(\$24,865)
Close to Plant (cumulative)	1,275,000	0	2,678	2,805	2,805	2,805	2,805	2,805	33,788	469,583	507,960	516,758	1,275,000
Depreciation	3,901	0	0	7	7	7	7	7	7	85	1,186	1,283	1,305
Accumulated Reserve	3,901	0	0	7	14	21	28	35	42	127	1,313	2,596	3,901
ADIT- see page 18 1/	\$5,850	966	1,851	2,647	3,356	3,976	4,509	4,953	5,308	5,576	5,755	5,847	5,850
<b>Net Plant</b>	<b>\$1,265,249</b>	<b>(\$966)</b>	<b>\$827</b>	<b>\$151</b>	<b>(\$565)</b>	<b>(\$1,192)</b>	<b>(\$1,732)</b>	<b>(\$2,183)</b>	<b>\$28,438</b>	<b>\$463,880</b>	<b>\$500,892</b>	<b>\$508,315</b>	<b>\$1,265,249</b>
Ad Valorem Taxes	\$22,695	\$0	\$4	\$4	\$4	\$4	\$4	\$4	\$50	\$697	\$753	\$767	\$20,404

**GREAT PLAINS NATURAL GAS CO.  
GUIC PLANT ADDITIONS - SERVICES  
2018 ADDITIONS**

	PROJECTED 2018												
	Total	January	February	March	April	May	June	July	August	September	October	November	December
<b>Replace PVC Services Expenditures</b>	\$1,054,000	\$0	\$316	\$105	\$2,003	\$32,147	\$222,921	\$159,049	\$223,132	\$155,570	\$194,990	\$104,451	(\$40,684)
Close to Plant (cumulative)	1,054,000	0	316	422	422	422	422	422	20,658	454,590	506,131	508,977	1,054,000
Depreciation	4,676	0	0	1	1	1	1	1	1	65	1,424	1,586	1,595
Accumulated Reserve	4,676	0	0	1	2	3	4	5	6	71	1,495	3,081	4,676
ADIT- see page 18 1/	\$4,640	766	1,468	2,099	2,662	3,154	3,577	3,929	4,210	4,423	4,565	4,638	4,640
<b>Net Plant</b>	<b>\$1,044,684</b>	<b>(\$766)</b>	<b>(\$1,152)</b>	<b>(\$1,678)</b>	<b>(\$2,242)</b>	<b>(\$2,735)</b>	<b>(\$3,159)</b>	<b>(\$3,512)</b>	<b>\$16,442</b>	<b>\$450,096</b>	<b>\$500,071</b>	<b>\$501,258</b>	<b>\$1,044,684</b>
Ad Valorem Taxes	\$18,761	\$0	\$0	\$1	\$1	\$1	\$1	\$1	\$31	\$674	\$751	\$755	\$16,545

1/ Balances based on monthly proration methodology.

**GREAT PLAINS NATURAL GAS CO.  
GUIC PLANT ADDITIONS - MAINS AND SERVICE  
DEFERRED TAXES CALCULATION  
GAS UTILITY - MINNESOTA  
2016 ADDITIONS**

	<b>Mains 1/</b>		<b>Service 1/</b>	
	<u>2016 Year 1</u>	<u>2017 GUIC</u>	<u>2016 Year 1</u>	<u>2017 GUIC</u>
Year end Plant Bal.:	\$956,526	\$956,526	\$883,018	\$883,018
Tax Depreciation Rate:	3.7500%	7.2190%	3.7500%	7.2190%
	35,870	69,052	33,113	63,745
Book Depreciation:	2,390	28,980	4,254	33,204
Remainder:	33,480	40,072	28,859	30,541
Income Tax Rate:	41.3700%	41.3700%	41.3700%	41.3700%
Deferred Income Tax:	13,851	16,578	11,939	12,635
Monthly Increment:	1,154	1,382	995	1,053

1/ Year 2017 will not use the proration method as actual plant additions are known.

2016 Plant additions - 2018 GUIC 2/

Month	Weighting for Projection	Monthly Increments	Balance/ Increments	Balance	Weighting for Projection	Monthly Increments	Balance/ Increments	Balance
December 2017	100.00%			30,429	100.00%			24,574
January 2018	91.78%	836	767	31,196	91.78%	617	566	25,140
February	84.11%	836	703	31,899	84.11%	617	519	25,659
March	75.62%	836	632	32,531	75.62%	617	467	26,126
April	67.40%	836	563	33,094	67.40%	617	416	26,542
May	58.90%	836	492	33,586	58.90%	617	363	26,905
June	50.68%	836	424	34,010	50.68%	617	313	27,218
July	42.19%	836	353	34,363	42.19%	617	260	27,478
August	33.70%	836	282	34,645	33.70%	617	208	27,686
September	25.48%	836	213	34,858	25.48%	617	157	27,843
October	16.99%	836	142	35,000	16.99%	617	105	27,948
November	8.77%	836	73	35,073	8.77%	617	54	28,002
December	0.27%	831	2	35,075	0.27%	616	2	28,004
Total		10,027	4,646			7,403	3,430	

	<b>Mains</b>	<b>Services</b>
	<u>2016 Year 3</u>	<u>2016 Year 3</u>
Year end Plant Bal.:	\$956,526	\$883,018
Tax Depreciation Rate:	6.6770%	6.6770%
	63,867	58,959
Book Depreciation:	28,980	33,204
Remainder:	34,887	25,755
Income Tax Rate:	28.7420%	28.7420%
Deferred Income Tax:	10,027	7,403
Monthly Increment:	836	617

2/ Year 2018 will use the proration method for deferred taxes as an estimate is used for plant additions.

Calculation of Proration Method:

Derivation of monthly %	Days in Month	Days Remaining	Factor
December	31	365	100.00%
January	30	335	91.78%
February	28	307	84.11%
March	31	276	75.62%
April	30	246	67.40%
May	31	215	58.90%
June	30	185	50.68%
July	31	154	42.19%
August	31	123	33.70%
September	30	93	25.48%
October	31	62	16.99%
November	30	32	8.77%
December	31	1	0.27%

**GREAT PLAINS NATURAL GAS CO.  
GUIC PLANT ADDITIONS - MAINS AND SERVICE  
DEFERRED TAXES CALCULATION  
GAS UTILITY - MINNESOTA  
2017 ADDITIONS**

	<u>Mains 1/</u> <u>2017 Year 1</u>	<u>Service 1/</u> <u>2017 Year 1</u>
Year end Plant Bal.:	1,710,848	1,166,692
Tax Depreciation Rate:	3.7500%	3.7500%
	64,157	43,751
Book Depreciation:	6,132	5,198
Remainder:	58,025	38,553
Income Tax Rate:	41.3700%	41.3700%
Deferred Income Tax:	24,005	15,949
Monthly Increment:	2,000	1,329

1/ Year 2017 will not use the proration method as actual plant additions are known.

2017 Plant additions - 2018 GUIC 2/

Month	Weighting for Projection	Monthly Increments	Balance/ Increments	Balance	Weighting for Projection	Monthly Increments	Balance/ Increments	Balance
December 2017	100.00%			24,005	100.00%			15,949
January 2018	91.78%	1,717	1,576	25,581	91.78%	967	888	16,837
February	84.11%	1,717	1,444	27,025	84.11%	967	813	17,650
March	75.62%	1,717	1,298	28,323	75.62%	967	731	18,381
April	67.40%	1,717	1,157	29,480	67.40%	967	652	19,033
May	58.90%	1,717	1,011	30,491	58.90%	967	570	19,603
June	50.68%	1,717	870	31,361	50.68%	967	490	20,093
July	42.19%	1,717	724	32,085	42.19%	967	408	20,501
August	33.70%	1,717	579	32,664	33.70%	967	326	20,827
September	25.48%	1,717	437	33,101	25.48%	967	246	21,073
October	16.99%	1,717	292	33,393	16.99%	967	164	21,237
November	8.77%	1,717	151	33,544	8.77%	967	85	21,322
December	0.27%	1,711	5	33,549	0.27%	961	3	21,325
Total		20,598	9,544			11,598	5,376	

	<u>Mains</u> <u>2017 Year 2</u>	<u>Service</u> <u>2017 Year 2</u>
Year end Plant Bal.:	\$1,710,848	\$1,166,692
Tax Depreciation Rate:	7.2190%	7.2190%
	123,506	84,223
Book Depreciation:	51,840	43,872
Remainder:	71,666	40,351
Income Tax Rate:	28.7420%	28.7420%
Deferred Income Tax:	20,598	11,598
Monthly Increment:	1,717	967

2/ Year 2018 will use the proration method for deferred taxes as an estimate is used for plant additions.

GREAT PLAINS NATURAL GAS CO.  
GUIC PLANT ADDITIONS - MAINS  
DEFERRED TAXES CALCULATION  
GAS UTILITY - MINNESOTA  
PROJECTED 2018 ADDITIONS

2018 Plant additions	Mains				Service			
	Month	Weighting for Projection	Monthly Increments	Balance/ Increments Balance	Month	Weighting for Projection	Monthly Increments	Balance/ Increments Balance
December 2017	100.00%			\$0	December 2017	100.00%		\$0
January 2018	91.78%	\$1,052	966	966	January 2018	91.78%	\$835	766
February	84.11%	\$1,052	885	1,851	February	84.11%	835	702
March	75.62%	\$1,052	796	2,647	March	75.62%	835	631
April	67.40%	\$1,052	709	3,356	April	67.40%	835	563
May	58.90%	\$1,052	620	3,976	May	58.90%	835	492
June	50.68%	\$1,052	533	4,509	June	50.68%	835	423
July	42.19%	\$1,052	444	4,953	July	42.19%	835	352
August	33.70%	\$1,052	355	5,308	August	33.70%	835	281
September	25.48%	\$1,052	268	5,576	September	25.48%	835	213
October	16.99%	\$1,052	179	5,755	October	16.99%	835	142
November	8.77%	\$1,052	92	5,847	November	8.77%	835	73
December	0.27%	\$1,049	3	5,850	December	0.27%	831	2
Total		\$12,621	\$5,850		Total		\$10,016	\$4,640

	2018 Yr 1
Year end Plant Bal.:	1,275,000
Tax Depreciation Rate:	3.7500%
	47,813
Book Depreciation:	3,901
Remainder:	43,912
Income Tax Rate:	28.74%
Deferred Income Tax:	12,621
Monthly Increment:	1,052

	2018 Yr 1
Year end Plant Bal.:	1,054,000
Tax Depreciation Rate:	3.7500%
	39,525
Book Depreciation:	4,676
Remainder:	34,849
Income Tax Rate:	28.74%
Deferred Income Tax:	10,016
Monthly Increment:	835

**GREAT PLAINS NATURAL GAS CO.  
AVERAGE UTILITY CAPITAL STRUCTURE  
AUTHORIZED - MINNESOTA**

	<u>Balance</u>	<u>Ratio</u>	<u>Cost</u>	<u>Required Return</u>	
<b><u>Authorized 2016</u></b> <sup>1/</sup>					
Long Term Debt	\$555,451,153	41.712%	5.492%	2.291%	
Short Term Debt	87,302,622	6.556%	1.610%	0.106%	2.397%
Preferred Stock	15,258,600	1.146%	4.562%	0.052%	
Common Equity	673,616,423	50.586%	9.060%	4.583%	
Total	<u>\$1,331,628,798</u>	<u>100.000%</u>		<u>7.032%</u>	

1/ Authorized in Docket No. G004/GR-15-879.

**GREAT PLAINS NATURAL GAS CO.  
ALLOCATION OF GUIC BASED ON  
AUTHORIZED REVENUE ALLOCATION  
PROJECTED 2018**

	Authorized 1/ Rev. Alloc	%	2017 GUIC Rev. Req.	GUIC Recovery	GUIC Net Over-Recovery	2018 GUIC Projected Rev. Req.	GUIC Necessary Recovery	Projected Dk 2/	Proposed Per Dk
<b>Residential</b>									
North	\$2,184,051	24.2038%	\$95,826			\$175,749			
South	2,126,981	23.5714%	93,323			171,157			
Total	<u>4,311,032</u>	<u>47.7752%</u>	<u>\$189,149</u>	<u>(\$184,133)</u>	<u>\$5,016</u>	<u>\$346,906</u>	<u>\$351,922</u>	<u>1,410,983</u>	<u>\$0.2494</u>
<b>Firm General</b>									
North	1,245,547	13.8032%	\$54,649			\$100,228			
South	1,494,511	16.5623%	65,573			120,262			
Total	<u>2,740,058</u>	<u>30.3655%</u>	<u>\$120,222</u>	<u>(\$119,141)</u>	<u>\$1,081</u>	<u>\$220,490</u>	<u>\$221,571</u>	<u>1,236,156</u>	<u>0.1792</u>
<b>Small IT Sales</b>									
North	540,099	5.9854%	\$23,697			\$43,461			
South	549,521	6.0898%	24,110			44,219			
Total	<u>1,089,620</u>	<u>12.0752%</u>	<u>\$47,807</u>	<u>(\$44,314)</u>	<u>\$3,493</u>	<u>\$87,680</u>	<u>\$91,173</u>	<u>600,162</u>	<u>0.1519</u>
<b>Large IT Sales</b>									
North	344,558	3.8184%	\$15,118			\$27,726			
South	27,707	0.3071%	1,216			2,230			
Total	<u>372,265</u>	<u>4.1255%</u>	<u>\$16,334</u>	<u>(\$14,484)</u>	<u>\$1,850</u>	<u>\$29,956</u>	<u>\$31,806</u>	<u>288,464</u>	<u>0.1103</u>
<b>Small IT Transportation</b>									
North	49,538	0.5490%	\$2,174			\$3,986			
South	32,152	0.3563%	1,411			2,587			
Total	<u>81,690</u>	<u>0.9053%</u>	<u>\$3,585</u>	<u>(\$4,530)</u>	<u>(\$945)</u>	<u>\$6,573</u>	<u>\$5,628</u>	<u>71,164</u>	<u>0.0791</u>
<b>Large IT Transportation</b>									
North Flex	745,730		\$0			\$0		2,279,010	
North & South	428,919	4.7533%	18,819			34,515		1,726,323	0.0105
South Flex	118,913		0			0		533,595	
Total	<u>1,293,562</u>	<u>4.7533%</u>	<u>18,819</u>	<u>(35,177)</u>	<u>(\$16,358)</u>	<u>34,515</u>	<u>\$18,157</u>	<u>4,538,928</u>	<u>0.0040</u>
Total	<u>\$9,888,227</u>	<u>100.0000%</u>	<u>\$395,916</u>	<u>(\$401,779)</u>	<u>(\$5,863)</u>	<u>\$726,120</u>	<u>\$720,257</u>	<u>8,145,857</u>	<u>\$0.0884</u>
Excluding Flex	\$9,023,584		3/	3/	3/	3/	3/		

1/ Docket No. G004/GR-15-879, Final Order Compliance Filing, Exhibit 3b, p. 1.

2/ Projected dk for the period October 2018-September 2019 for retail sales.

3/ Exhibit D, page 1.

**GREAT PLAINS NATURAL GAS CO.  
GAS UTILITY INFRASTRUCTURE COST ADJUSTMENT  
INFORMATION REQUIRED PURSUANT TO  
MINN. STAT. §216b.1635 SUBP. 4**

**(2)(vii) The magnitude of GUIC in relation to the gas utility's base revenue as approved by the commission in the gas utility's most recent general rate case, exclusive of gas purchase costs and transportation charges**

Authorized margin - Docket no. G004/GR-15-879	\$9,888,227
GUIC Revenue Requirement	\$726,120
% of margin	7.3%

**(2)(viii) The magnitude of GUIC in relation to the gas utility's capital expenditures since its most recent general rate case**

	<u>2016</u>	<u>2017</u>	<u>2018</u>
Capital Expenditures	1,839,544	2,877,540	2,329,000
Capital expenditures - rate case 1/	3,844,559		
% of rate case expenditures	47.8%	74.8%	60.6%

1/ Docket No. G004/GR-15-879.

**(2)(ix) The amount of time since the utility last filed a general rate case and the utility's reasons for seeking recovery outside of a general rate case.**

The last general rate case was filed September 30, 2015 in Docket No. G004/GR-15-879 using a projected 2016 test period. The final order was issued September 6, 2016 with final rates effective January 1, 2017.

The capital investments included in this filing were not reflected in the most recent rate case and therefore are eligible for recovery under the statute. Great Plains will avoid filing a rate case and the costs associated with filing a general rate case through the use of a GUIC tariff and adjustment, especially when the amount sought, while critical to Great Plains, is not a significant increase to customers.

**Gas Utility Infrastructure Cost Adjustment  
Rate Effective October 1, 2018**

On April 13, 2018, Great Plains Natural Gas Co. (Great Plains) filed with the Minnesota Public Service Commission (MNPU) to update its Gas Utility Infrastructure Cost (GUIC) tariff, which allows Great Plains to recover the cost of infrastructure investments mandated by federal and state agencies associated with Great Plains' pipeline integrity and safety programs such as the cost of assessments, modifications and replacement of natural gas facilities that are not included in the base rate. The GUIC was initially approved by the MNPU on October 6, 2017.

The per dekatherm adjustment charge approved in the GUIC filing is shown by customer class in the table below. The GUIC is reflected as a separate line item on your monthly gas service statement and will be effective with service rendered on or after October 1, 2018.

	<u>Rate per Dekatherm (Dk)</u>
<u>Sales</u>	
Residential	\$0.2494
Firm General	\$0.1792
Small Interruptible	\$0.1519
Large Interruptible	\$0.1103
 <u>Transportation (excluding flexible rate contracts)</u>	
Small Interruptible	\$0.0791
Large Interruptible	\$0.0105

Questions? Contact us at 1-800-638-3278