

November 2, 2016

**Via Electronic Filing**

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

**Re: *In the Matter of Great Plains Natural Gas Company's 2015 Conservation Improvement Program Status Report and CIP Tracker and Demand Side Management Incentive, Docket No. G004/M-16-384***

Dear Mr. Wolf:

Great Plains Natural Gas Co., a Division of MDU Resources Group, Inc. ("Great Plains") hereby respectfully submits proposed revisions to the decision alternatives set forth in Staff's Briefing Papers for the Commission's November 3, 2016 meeting relating to Great Plains' 2015 Conservation Improvement Program Status Report and CIP Tracker and Demand Side Management Incentive. Great Plains provides such changes to give the Commission, its Staff and the Department time to consider the proposed revisions in advance of the meeting on November 3, 2016.

In particular, while Great Plains is largely in agreement with Staff's recommended decision alternatives, Great Plains suggests minor changes to propose that the implementation of any approved CCRA rate occur at the time final rates go into effect resulting from Great Plains' rate case in Docket No. G004/GR-15-879. Great Plains believes that implementing a revised CCRA and communicating such change in conjunction with the implementation of final rates will avoid customer confusion that could be caused with separate explanations/notices of rate changes within such a short period of time.

Please do not hesitate to contact me with any questions or concerns.

Respectfully submitted,

*/s/ Brian M. Meloy*

Brian M. Meloy

Enclosure

cc: Attached Service List

## GREAT PLAINS' PROPOSED DECISION ALTERNATIVES

### V. Commission Options

- A. Should the Commission approve an incentive of \$477,077 for Great Plain's 2015 CIP achievements?
  - 1. Approve Great Plains' 2015 financial incentive for CIP achievements.
  - 2. Do not approve Great Plains' 2015 financial incentive for CIP achievements.
- B. Should the Commission approve Great Plain's 2015 CIP tracker account?
  - 1. Approve Great Plains' 2015 CIP tracker account as indicated at page six of the DOC's August 8, 2016 comments.
  - 2. Do not approve Great Plains' 2015 CIP tracker account.
- C. Should the Commission require 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 as recommended by the DOC?
  - 1. Require Great Plains to use its short-term cost of debt approved by the Commission in the Company's most recent rate case.
  - 2. Require Great Plains to use some other rate to calculate the carrying charge.
- D. Should the Commission clarify that the CCRA should only be adjusted after a thorough review of Great Plain's CIP tracker as recommended by the DOC?
  - 1. Clarify that the CCRA be adjusted only after a thorough review of Great Plains' CIP tracker.
  - 2. Do not provide clarification.
- E. Should the Commission require Great Plains to use a CCRA calculation methodology that adequately accounts for carrying charges associated with the financial incentive as recommended by the DOC?
  - 1. Require Great Plains to use a CCRA calculation methodology that adequately accounts for carrying charges associated with the financial incentive.
  - 2. Do not require Great Plains to use a CCRA calculation methodology that adequately accounts for carrying charges associated with the financial incentive.

- F. Should the Commission 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 as recommended by the DOC?
1. 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.
  2. Do not 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
- G. At what level should the Commission set the conservation cost recovery adjustment (CCRA) for 2016/2017?
1. Approve the CCRA at \$0.2125/Dth.as recommended by the DOC to be effective with implementation of final rates in Docket No. G004/GR-15-879.
  2. Approve the CCRA at \$0.0954/Dth.as recommended by Great Plains to be effective with implementation of final rates in Docket No. G004/GR-15-879.
  3. Approve a CCRA rate at some other level to be effective with implementation of final rates in Docket No. G004/GR-15-879.
- H. Should the Commission approve Great Plain's proposed bill message for publication in ~~the billing month immediately following the date of the Order in this docket~~ conjunction with the implementation of final rates in Docket No. G004/GR-15-879 with the appropriate modifications to reflect an accurate base year, effective date and gas CIP Adjustment Factor as determined by the Commission?
1. Approve Great Plain's proposed bill message with the modifications that the effective date and gas CCRA listed in the bill message be updated in the compliance filing to reflect the Commission's determinations of the effective date and approved rate.
  2. Delegate authority to the executive secretary to approve customer notices for the duration of this proceeding.
  3. Do not approve Great Plains' proposed bill message.

