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August 19, 2016

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

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

Docket No. G004/M-16-384

Dear Mr. Wolf:

Great Plains Natural Gas Co., a Division of MDU Resources Group, Inc. (Great Plains) herewith electronically submits its Reply Comments to the Comments of the Department of Commerce, Division of Energy Resources (Department) filed on August 8, 2016 regarding Great Plains' 2015 Conservation Improvement Program (CIP) Tracker Account, Proposed Conservation Cost Recovery Adjustment (CCRA) and Demand Side Management (DSM) Financial Incentive. As discussed below, Great Plains agrees with many of the Department's recommendation, but highlights certain areas of disagreement. Great Plains respectfully requests the Commission accept the following comments that have been submitted one day past the 10 day required reply period.

Great Plains agrees with, and requests the Commission approve, the Department's recommendations identified as numbers 1, 2, 3, 5 and 6. Great Plains also requests that the Commission approve a slightly modified CCRA provided in Attachment A. Attachment A shows Great Plains' historic calculation, modified to reflect the Department's recommendation that the April 18, 2016 two-year U.S. Treasury Bond interest rate be applied as the carrying charge. This requires the December 2015 ending balance to be adjusted by \$377, and results in a total amount to be recovered of \$1,088,193. As shown, this minor modification does not change the originally requested CCRA rate of \$0.0954 per dekatherm (dk), to be effective upon Commission approval in this Docket.

CCRA and CCRC Rates

In its Comments, the Department alleges that Great Plains has been charging a CCRA rate not approved by the Commission. In particular, on Page 9, paragraph 2a of the Department's comments the Department states:

The Department notes that what Great Plains characterized as the current CCRA of (\$0.0079) is not the CCRA approved by the Commission in Docket No. G004/M-15-422. As was discussed above, Great Plains decreased its approved CCRA as of January 1, 2016 (when interim rates went into effect during the Company's ongoing rate case) commensurate with the increase in the CCRC. Great Plains' justification for adjusting its approved CCRA is unclear. Minnesota Stat. § 216B.16 states that 'no public utility shall change a rate which has been duly established under this chapter, except upon 60 days' notice to the commission. It is conceivable that Great Plains considers the CCRA combined with the CCRC as a single rate for the purposes of CIP cost recovery.

The Department's argument is flawed.

While the Department accurately quotes Minn. Stat. § 216B.16, Subdivision 1 that "*no public utility shall change a rate which has been duly established under this chapter, except upon 60 days' notice to the commission,*" the Department failed to include the first 5 words of the statute which read: "*Unless the commission otherwise orders,*". The CCRC and CCRA rates currently being charged, by tariff, were approved by Commission Order on November 30, 2015 in Docket No. G004/GR-15-879.

In particular, Great Plains' updated the base CIP included as part of distribution rates (CCRC) and the CCRA as part of its rate case in Docket No. G004/GR-15-879. The Commission approved new tariffs effective January 1, 2016 in implementing interim rates. The approved tariff sheet included a change in the CCRC and the CCRA as shown on 7th Revised Sheet No. 112, which is provided, along with the redline version submitted on September 30, 2015, as Attachment B to this filing. Importantly, the total of the two components, which must be considered together, equates to a charge of \$0.0484 as authorized in Docket No. G-004/M-15-422. A change in the CCRC requires a corresponding change in the CCRA, as the CCRA is established to adjust the amount that would otherwise be recovered through the CCRC. Table 1 below illustrates this fact:

Table 1

	CCRC	CCRA	Total
Docket No. G-004/M-15-422	\$0.0259	\$0.0225	\$0.0484
Docket No. G-004/GR-15-879	\$0.0563	(\$0.0079)	\$0.0484
Change	(\$0.0304)	\$0.0304	\$0

Therefore, Table 3 provided on Page 10 of the Department's comments, which purports to show the "Effects of Great Plains' Unapproved Rate Implementation, January-August 2016," is incorrect. Great Plains' under-recovered balance as of August 2016 would have been the same regardless of the movement between the CCRC and CCRA implemented

in Docket No. G004/GR-15-879 because an over or under recovery of expenses is predicated on the total per unit amount established for CIP recovery of \$0.0484.

DSM Incentive

In its initial filing, Great Plains’ proposed CCRA incorporates a 24-month amortization period for \$1,088,570, which reflects the August 2016 tracker balance of \$611,493 and the proposed financial incentive of \$477,077. In its comments, the Department expressed concern that the longer amortization period would increase carrying charges and prefers a 12-month amortization period.

Great Plains appreciates the Department’s attempt to reduce carry charges for customers, but does not agree with the Department’s suggestion to book the incentive over the same time frame it is recovered. This approach is a violation of Generally Accepted Accounting Principles (GAAP) Revenue Recognition Standard, ASC 980-605-25-4 that requires recognition of the incentive revenues at the time the Commission orders approval of the amount

Great Plains requested a 24-month recovery period in its initial filing because of the magnitude of the increase to customers associated with a 12-month recovery period. This was the primary and only objective for doing so, not to recover additional carrying charges as suggested by the Department on Page 17 of its comments. Because of the Department’s incorrect application of the CCRC/CCRA rates, Table 8 included on page 16 of the Department’s comments does not provide an accurate comparison of the CCRA under a 12-month or 24-month amortization schedule.

A comparison of Great Plains’ historical method of calculating CCRA for the two recovery periods and reflecting the correction in the carrying charge noted above is shown below in Table 2. The underlying schedules supporting the table are provided in Attachment C.

Table 2

	12-month	24-month
2016-2017 CCRA (\$/Dk)	0.1914	0.0954
2017-2018 CCRA (\$/Dk) 1/	0.1698	0.1332
2016-2017 Average CIP Annual Bill, both CCRA and CCRC (\$)	18.33	11.23
2017-2018 Average CIP Annual Bill, both CCRA and CCRC (\$)	16.73	14.02
Total Carry Charges (\$)	8,403	15,600
Total CCRC & CCRA Recovery (\$)	2,701,922	1,946,722

1/ 2017-2018 CCRA proposed rate reflects another 24-month recovery of the estimated tracker balance at August 2017 plus the estimated 2016 financial incentive in an effort to keep the combined CCRC/CCRA rate as affordable as possible.

CCRA Based on Projected Sales

In its comments, the Department recommends that the CCRA be based on the projected sales, expenditures and any pertinent adjustments over the period the CCRA will be in place (see Department recommendation number 5). Great Plains has updated its CCRA calculation to provide an additional alternative for the Commission’s consideration. This calculation is provided in Attachment D and reflects actual monthly charges and actual CCRC and CCRA recoveries through July 2016, along with the following assumptions:

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

A CCRA rate of \$0.1741 per dk would be required to recover a prorated share of the 2017 CIP total portfolio budgeted costs of \$885,396 assuming a 24-month recovery period. The CCRA rate, along with the recently approved CCRC of \$0.0556 represent an annual CIP cost increase of 374.6% over currently tariffed rates. This equates to a \$13.42 annual increase for an average residential customer using 74 Dk per year.

To recover 100% of the tracker balance by August 2017, or a 12-month recovery period, the CCRA rate would be \$0.2510. Along with the recently approved CCRC rate of \$0.0556, represents a 533.5% increase from current rates and a \$19.11 annual increase for an average residential customer using 74 Dk per year.

Conclusion

In summary, Great Plains agrees with and respectfully requests the Commission approve the Department's recommendations identified as numbers 1, 2, 3, 5 and 6. Great Plains does not agree with the Department's recommendation identified as number 4, as it would result in violation of GAAP. Great Plains also requests the Commission approve the proposed CCRA rate of \$0.0954 per dk, as this rate reduces the financial impact to Great Plains' customers, without unduly burdening customers with high carrying costs.

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

Sincerely,

/s/ Tamie A. Aberle

Tamie A. Aberle
Director of Regulatory Affairs

cc: Brian Meloy
Service List

**GREAT PLAINS NATURAL GAS CO.
CIP RATE TRUE-UP FILING
DOCKET NO. G004/M-16-384**

	Projected Dk 1/	Volumetric Allocation	CCRA Recovery	Proposed CCRA	Current CCRA 2/	Change
Residential	2,852,600	25.0070%	\$272,124	\$0.0954	(\$0.0079)	\$0.1033
Firm General	2,467,500	21.6311%	235,388	0.0954	(0.0079)	0.1033
Interruptible	1,904,800	16.6982%	181,709	0.0954	(0.0079)	0.1033
Transportation	4,182,300	36.6637%	398,972	0.0954	(0.0079)	0.1033
Total	11,407,200	100.0000%	\$1,088,193			

Rate change for the average customer using 74 Dk per year.

	Dk 3/	CCRC	CCRA	Total	Total CIP Cost
Current Rate	74	\$0.0563	(\$0.0079)	\$0.0484	\$3.58
Proposed Rate	74	0.0563	0.0954	0.1517	11.23
Change		\$0.0000	\$0.1033	\$0.1033	

The average residential customer will pay an annual CIP cost of \$11.23 per year.

1/ Docket No. G004/M-12-439 designates using projected dk throughput for the period in which the CCRA is proposed to be in effect.

The proposed time period is 24 months running from September 2016 - August 2018.

2/ Authorized in Docket No. G004/GR-15-879, effective January 1, 2016.

3/ Reflects average normalized 2015 residential dk per customer.

**GREAT PLAINS NATURAL GAS CO.
CCRA FILING AND DEMAND INCENTIVE
DOCKET NO. G004/M-16-384**

<u>CIP True-Up</u>	<u>Beginning Balance</u>	<u>Expenses</u>	<u>Carrying Charges 2/</u>	<u>Billed Recovery</u>	<u>Net Activity</u>	<u>Ending Balance</u>
2015 Activity	(\$49,755)	\$790,961	(\$1,094)	\$499,061	\$290,806	\$241,051
2016 Activity						
January - March Actual	241,051	\$104,517	\$444	\$119,159	(14,198)	
April - August 2016 Projected		442,822	802	59,361	384,263	
	<u>241,051</u>	<u>547,339</u>	<u>1,246</u>	<u>178,520</u>	<u>370,065</u>	
Projected Balance September 1, 2016	<u>\$241,051</u>	<u>\$547,339</u>	<u>\$1,246</u>	<u>\$178,520</u>	<u>\$370,065</u>	<u>\$611,116</u>
DSM Incentive						<u>477,077</u> 1/
Total Under/(Over) Recovered Balance						<u>\$1,088,193</u>

1/ Reflects 2015 savings achieved of 69,393 dk multiplied by the Incentive Cap of \$6.875 per dk.

2/ Adjusted to reflect application of U.S. Treasury Bond rate as of April 18, 2016 for determination of Carrying Costs.

**GREAT PLAINS NATURAL GAS CO.
CIP PROGRAM
2016**

Month	Beginning Balance	Carrying Charge 1/	Current Month Charges	Billed Recovery			Ending Balance 2/
				CCRC	CCRA	Total	
December 2015							\$241,051
January 2016	\$241,051	151	40,622	\$27,301	\$13,070	\$40,371	241,453
February	241,453	151	27,163	48,243	(6,614)	41,629	227,138
March	227,138	142	36,732	43,072	(5,913)	37,159	226,853
April - est.	226,853	142	35,749	23,432	(3,288)	20,144	242,600
May - est.	242,600	152	20,896	14,739	(2,068)	12,671	250,977
June - est.	250,977	157	27,521	9,931	(1,394)	8,537	270,118
July - est.	270,118	169	29,924	10,213	(1,433)	8,780	291,431
Aug. - est.	291,431	182	328,732 3/	10,736	(1,507)	9,229	611,116
Total 2016 YTD		<u>\$1,246</u>	<u>\$547,339</u>	<u>\$187,667</u>	<u>(\$9,147)</u>	<u>\$178,520</u>	

1/ Reflects interest at the two-year U.S. Treasury Bond rate as of April 18, 2016 of 0.75%, divided over 12 months.

2/ December 31, 2015 balance adjusted for \$377 for correction to U.S. Treasury Bond rate of 0.75%.

3/ Includes estimated costs of \$275,000 for large custom projects to be completed in 2016.



GREAT PLAINS NATURAL GAS CO.
A Division of MDU Resources Group, Inc.

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

Section No. 5
7th Revised Sheet No. 5-112
Canceling 6th Revised Sheet No. 5-112

**CONSERVATION IMPROVEMENT PROGRAM
ADJUSTMENT CLAUSE**

of the distribution delivery charge authorized in Docket No. G004/GR-04-1487. The CCRC is approved and applied on a per dk basis by dividing the test-year CIP expenses by the test-year sales volumes (net of CIP-exempt volumes).

Determination of Conservation Cost Recovery Adjustment:

The CCRA Factor shall be calculated for each customer class by dividing the allocated recoverable Conservation Improvement Program costs, not recovered through the Base Charge by the projected sales volumes, excluding CIP-exempt customer volumes, for a designated recovery period. The factor may be adjusted annually with approval of the Minnesota Public Utilities Commission.

The applicable rate that will be assessed to all non-CIP exempt customers in each rate class is:

Base Charge	Adjustment
CCRC	CCRA Factor
\$0.0563	(\$0.0079)

Exemption:

Any customer account determined by the Commissioner to qualify for a CIP exemption as a Large Customer Facility or a Commercial Gas Customer pursuant to Minnesota Statutes 216B.241 and 216B.2421, shall be exempt from the CCRC and the CCRA. Customer accounts granted exemption by a decision of the Commissioner after the beginning of the calendar year shall be credited for any CIP collections billed after January 1st of the year following the Commissioner's decision.

Any customer account determined by the MPUC to qualify for a CIP exemption as a Large Energy Facility pursuant to Minnesota Statutes 216B.16, subd. 6b(b) and 216B.2421, subd. 2(1), shall be exempt from the CCRC and the CCRA Factor.

For Large Customer Facilities, Commercial Gas Customers or Large Energy Facilities, determined to be CIP exempt, the Flexible Distribution Charge will be reduced by the CCRC for exempt customers served under a specific flexed contract. Exempt customers not served under a flexed contract will be billed a credit CCRC. Upon exemption from the conservation program charges, no exempted customer may participate in the Company's gas conservation improvement program unless the owner of the facility submits a filing with the Commissioner or the MPUC to withdraw its exemption.

Date Filed:	September 30, 2015	Effective Date:	Service rendered on and after January 1, 2016
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

Redline Version of Tariff Sheet Submitted 9/30/15

Section No. 5

6th Revised Sheet No. 5-112

Canceling 5th Revised Sheet No. 5-112

in GR1587

**CONSERVATION IMPROVEMENT PROGRAM
ADJUSTMENT CLAUSE**

of the distribution delivery charge authorized in Docket No. G004/GR-04-1487. The CCRC is approved and applied on a per dk basis by dividing the test-year CIP expenses by the test-year sales volumes (net of CIP-exempt volumes).

Determination of Conservation Cost Recovery Adjustment:

The CCRA Factor shall be calculated for each customer class by dividing the allocated recoverable Conservation Improvement Program costs, not recovered through the Base Charge by the projected sales volumes, excluding CIP-exempt customer volumes, for a designated recovery period. The factor may be adjusted annually with approval of the Minnesota Public Utilities Commission.

The applicable rate that will be assessed to all non-CIP exempt customers in each rate class is:

Base Charge CCRC	Adjustment CCRA Factor
<u>\$0.02590.0563</u>	<u>(\$0.02250.0079)</u>

Exemption:

Any customer account determined by the Commissioner to qualify for a CIP exemption as a Large Customer Facility or a Commercial Gas Customer pursuant to Minnesota Statutes 216B.241 and 216B.2421, shall be exempt from the CCRC and the CCRA. Customer accounts granted exemption by a decision of the Commissioner after the beginning of the calendar year shall be credited for any CIP collections billed after January 1st of the year following the Commissioner's decision.

Any customer account determined by the MPUC to qualify for a CIP exemption as a Large Energy Facility pursuant to Minnesota Statutes 216B.16, subd. 6b(b) and 216B.2421, subd. 2(1), shall be exempt from the CCRC and the CCRA Factor.

For Large Customer Facilities, Commercial Gas Customers or Large Energy Facilities, determined to be CIP exempt, the Flexible Distribution Charge will be reduced by the CCRC for exempt customers served under a specific flexed contract. Exempt customers not served under a flexed contract will be billed a credit CCRC. Upon exemption from the conservation program charges, no exempted customer may participate in the Company's gas conservation improvement program unless the owner of the facility submits a filing with the Commissioner or the MPUC to withdraw its exemption.

Date Filed:	December 19, 2014	Effective Date:	Service rendered on and after January 1, 2015
Issued By:	Tamie A. Aberle Director - Regulatory Affairs	Docket No.:	G-004.M-14-358

Great Plains CIP Tracker 2016-2017

Assumptions: 2015 Financial Incentive Booked in Sept, CCRA based on 12-Month Goal-Seek to Recover August 2016 Balance plus 2015 Incentive

Date	Beginning Balance	Carrying Charges	CIP Expenses	Total Volumes	CCRC Rate	CCRC Recovery	CCRA Rate	CCRA Recovery	Total Recovery	Ending Balance
Sep-16	611,116	382	504,016	278,400	0.0563	15,674	0.1914000	53,286	68,960	1,046,554
Oct-16	1,046,554	654	19,003	515,100	0.0563	29,000	0.1914000	98,590	127,590	938,621
Nov-16	938,621	587	90,584	652,500	0.0563	36,736	0.1914000	124,889	161,624	868,167
Dec-16	868,167	543	148,732	803,700	0.0563	45,248	0.1914000	153,828	199,076	818,366
Jan-17	818,366	511	43,198	823,400	0.0563	46,357	0.1914000	157,599	203,956	658,119
Feb-17	658,119	411	28,886	734,600	0.0563	41,358	0.1914000	140,602	181,960	505,456
Mar-17	505,456	316	39,061	646,300	0.0563	36,387	0.1914000	123,702	160,089	384,744
Apr-17	384,744	240	38,016	418,900	0.0563	23,584	0.1914000	80,177	103,762	319,239
May-17	319,239	200	22,221	262,900	0.0563	14,801	0.1914000	50,319	65,120	276,539
Jun-17	276,539	173	29,266	177,000	0.0563	9,965	0.1914000	33,878	43,843	262,135
Jul-17	262,135	164	31,822	182,100	0.0563	10,252	0.1914000	34,854	45,106	249,015
Aug-17	249,015	156	349,578	191,400	0.0563	10,776	0.1914000	36,634	47,410	551,339
	611,116	4,336	1,344,383	5,686,300		320,139		1,088,358	1,408,497	551,339

Sept 16 CIP Expenses Include: Projected CIP Expenses and Requested 2015 Financial Incentive

Great Plains CIP Tracker 2017-2018

Assumptions: 2016 Financial Incentive Booked in Sept, CCRA based on 12-Month Goal-Seek to Recover August 2017 Balance plus 2016 Incentive

Date	Beginning Balance	Carrying Charges	CIP Expenses	Total Volumes	CCRC Rate	CCRC Recovery	CCRA Rate	CCRA Recovery	Total Recovery	Ending Balance
Sep-17	551,339	345	448,647	279,300	0.0563	15,725	0.1698000	47,425	63,150	937,181
Oct-17	937,181	586	20,208	517,600	0.0563	29,141	0.1698000	87,888	117,029	840,945
Nov-17	840,945	526	96,328	656,900	0.0563	36,983	0.1698000	111,542	148,525	789,274
Dec-17	789,274	493	158,165	810,100	0.0563	45,609	0.1698000	137,555	183,164	764,768
Jan-18	764,768	478	43,784	827,500	0.0563	46,588	0.1698000	140,510	187,098	621,932
Feb-18	621,932	389	29,277	740,400	0.0563	41,685	0.1698000	125,720	167,404	484,194
Mar-18	484,194	303	39,591	651,000	0.0563	36,651	0.1698000	110,540	147,191	376,896
Apr-18	376,896	236	38,532	421,500	0.0563	23,730	0.1698000	71,571	95,301	320,363
May-18	320,363	200	22,523	264,000	0.0563	14,863	0.1698000	44,827	59,690	283,395
Jun-18	283,395	177	29,663	177,600	0.0563	9,999	0.1698000	30,156	40,155	273,080
Jul-18	273,080	171	32,253	182,900	0.0563	10,297	0.1698000	31,056	41,354	264,150
Aug-18	264,150	165	354,321	192,100	0.0563	10,815	0.1698000	32,619	43,434	575,202
	551,339	4,067	1,313,292	5,720,900		322,087		971,409	1,293,495	575,202

Sept 17 CIP Expenses Include: Projected CIP Expenses and Estimated 2016 Financial Incentive

2016-2017 CCRA (\$/Mcf)	2016-2017 Average CIP Annual Bill (\$)	2017-2018 CCRA (\$/Mcf)	2017-2018 Average CIP Annual Bill (\$)
0.191400	18.33	0.169800	16.73

Carrying Charges (\$)	CCRA Recovery (\$)	Total Recovery (\$)	Aug 2017 Ending Balance (\$)	Aug 2018 Ending Balance (\$)
8,403	2,059,767	2,701,992	551,339	575,202

Great Plains CIP Tracker 2016-2017

Assumptions: 2015 Financial Incentive Booked in Sept, CCRA based on 24-Month Goal-Seek to Recover August 2016 Balance plus 2015 Incentive

Date	Beginning Balance	Carrying Charges	CIP Expenses	Total Volumes	CCRC Rate	CCRC Recovery	CCRA Rate	CCRA Recovery	Total Recovery	Ending Balance
Sep-16	611,116	382	504,016	278,400	0.0563	15,674	0.0954000	26,559	42,233	1,073,281
Oct-16	1,073,281	671	19,003	515,100	0.0563	29,000	0.0954000	49,141	78,141	1,014,814
Nov-16	1,014,814	634	90,584	652,500	0.0563	36,736	0.0954000	62,249	98,984	1,007,048
Dec-16	1,007,048	629	148,732	803,700	0.0563	45,248	0.0954000	76,673	121,921	1,034,488
Jan-17	1,034,488	647	43,198	823,400	0.0563	46,357	0.0954000	78,552	124,910	953,423
Feb-17	953,423	596	28,886	734,600	0.0563	41,358	0.0954000	70,081	111,439	871,466
Mar-17	871,466	545	39,061	646,300	0.0563	36,387	0.0954000	61,657	98,044	813,028
Apr-17	813,028	508	38,016	418,900	0.0563	23,584	0.0954000	39,963	63,547	788,005
May-17	788,005	493	22,221	262,900	0.0563	14,801	0.0954000	25,081	39,882	770,836
Jun-17	770,836	482	29,266	177,000	0.0563	9,965	0.0954000	16,886	26,851	773,733
Jul-17	773,733	484	31,822	182,100	0.0563	10,252	0.0954000	17,372	27,625	778,414
Aug-17	778,414	487	349,578	191,400	0.0563	10,776	0.0954000	18,260	29,035	1,099,443
	611,116	6,556	1,344,383	5,686,300		320,139		542,473	862,612	1,099,443

Sept 16 CIP Expenses Include: Projected CIP Expenses and 2015 Requested Financial Incentive

Great Plains CIP Tracker 2017-2018

Assumptions: 2016 Financial Incentive Booked in Sept, CCRA based on 24-Month Goal-Seek to Recover August 2017 Balance plus 2016 Incentive

Date	Beginning Balance	Carrying Charges	CIP Expenses	Total Volumes	CCRC Rate	CCRC Recovery	CCRA Rate	CCRA Recovery	Total Recovery	Ending Balance
Sep-17	1,099,443	687	448,647	279,300	0.0563	15,725	0.1332000	37,203	52,927	1,495,850
Oct-17	1,495,850	935	20,208	517,600	0.0563	29,141	0.1332000	68,944	98,085	1,418,908
Nov-17	1,418,908	887	96,328	656,900	0.0563	36,983	0.1332000	87,499	124,483	1,391,640
Dec-17	1,391,640	870	158,165	810,100	0.0563	45,609	0.1332000	107,905	153,514	1,397,161
Jan-18	1,397,161	873	43,784	827,500	0.0563	46,588	0.1332000	110,223	156,811	1,285,007
Feb-18	1,285,007	803	29,277	740,400	0.0563	41,685	0.1332000	98,621	140,306	1,174,781
Mar-18	1,174,781	734	39,591	651,000	0.0563	36,651	0.1332000	86,713	123,365	1,091,742
Apr-18	1,091,742	682	38,532	421,500	0.0563	23,730	0.1332000	56,144	79,874	1,051,082
May-18	1,051,082	657	22,523	264,000	0.0563	14,863	0.1332000	35,165	50,028	1,024,234
Jun-18	1,024,234	640	29,663	177,600	0.0563	9,999	0.1332000	23,656	33,655	1,020,882
Jul-18	1,020,882	638	32,253	182,900	0.0563	10,297	0.1332000	24,362	34,660	1,019,113
Aug-18	1,019,113	637	354,321	192,100	0.0563	10,815	0.1332000	25,588	36,403	1,337,668
	1,099,443	9,044	1,313,292	5,720,900		322,087		762,024	1,084,111	1,337,668

Sept 17 CIP Expenses Include: Projected CIP Expenses and Estimated 2016 Financial Incentive

2016-2017 CCRA (\$/Mcf)	2016-2017 Average CIP Annual Bill (\$)	2017-2018 CCRA (\$/Mcf)	2017-2018 Average CIP Annual Bill (\$)
0.095400	11.23	0.133200	14.02

Carrying Charges (\$)	CCRA Recovery (\$)	Total Recovery (\$)	Ending Balance (\$)	Aug 2018 Ending Balance (\$)
15,600	1,304,497	1,946,722	1,099,443	1,337,668

**GREAT PLAINS NATURAL GAS CO.
CIP RATE TRUE-UP FILING
DOCKET NO. G004/M-16-384**

	<u>Projected Dk 1/</u>	<u>Volumetric Allocation</u>	<u>CCRA Recovery</u>	<u>Proposed CCRA</u>	<u>Current CCRA 2/</u>	<u>Change</u>
Residential	1,424,000	25.0426%	\$247,892	\$0.1741	(\$0.0079)	\$0.1820
Firm General	1,217,600	21.4129%	211,962	0.1741	(0.0079)	0.1820
Interruptible	953,600	16.7701%	166,004	0.1741	(0.0079)	0.1820
Transportation	2,091,100	36.7744%	364,023	0.1741	(0.0079)	0.1820
Total	<u>5,686,300</u>	<u>100.0000%</u>	<u>\$989,882</u>			

Rate change for the average customer using 74 Dk per year.

	<u>Dk 3/</u>	<u>CCRC</u>	<u>CCRA</u>	<u>Total</u>	<u>Total CIP Cost</u>
Current Rate	74	\$0.0563	(\$0.0079)	\$0.0484	\$3.58
Proposed Rate	74	0.0556 4/	0.1741	0.2297	17.00
Change		\$0.0000	\$0.1820	\$0.1813	

The average residential customer will pay an annual CIP cost of \$17.00 per year.

1/ Docket No. G004/M-12-439 designates using projected dk throughput for the period in which the CCRA is proposed to be in effect.

2/ Authorized in Docket No. G004/GR-15-879, effective January 1, 2016.

3/ Reflects average normalized 2015 residential dk per customer.

4/ Authorized in Docket No. G004/GR-15-879, effective on and after October 1, 2016.

**GREAT PLAINS NATURAL GAS CO.
CIP PROGRAM
2016 - 2017**

Month	Beginning Balance	Carrying Charge 1/	Incentive	Current Month Charges	Billed Recovery			Ending Balance 2/
					CCRC	CCRA	Total	
December 2015								\$241,051
January 2016	241,051	\$323		\$40,568	\$27,301	\$13,070	\$40,371	241,571
February	241,571	324		27,109	48,243	(6,614)	41,629	227,375
March	227,375	305		36,681	43,072	(5,913)	37,159	227,202
April	227,202	305		24,465	36,129	(5,060)	31,069	220,903
May	220,903	296		31,156	28,454	(3,994)	24,460	227,895
June	227,895	306		29,657	17,901	(2,509)	15,392	242,466
July	242,466	325		136,698	11,599	(1,658)	9,941	369,548
Aug. - est.	369,548	496		44,298	10,736	(1,507)	9,229	405,113
PROJECTED:								
September 2016	\$405,113	\$544	\$477,077 3/	\$22,225	\$15,674	\$48,469 4/	\$64,143	840,816
October	840,816	1,128		15,644	28,640 5/	89,679	118,319	739,269
November	739,269	992		177,749	36,279	113,600	149,879	768,131
December	768,131	1,031		246,347	44,686	139,924	184,610	830,899
January 2017	830,899	1,115		43,141 6/	45,781	143,354	189,135	686,020
February	686,020	920		28,828 6/	40,844	127,894	168,738	547,030
March	547,030	734		39,007 6/	35,934	112,521	148,455	438,316
April	438,316	588		26,016 6/	23,291	72,930	96,221	368,699
May	368,699	495		33,132 6/	14,617	45,771	60,388	341,938
June	341,938	459		31,538 6/	9,841	30,816	40,657	333,278
July	333,278	447		145,367 6/	10,125	31,704	41,829	437,263
August	437,263	587		47,107 6/	10,642	33,323	43,965	440,992 7/
		<u>\$9,040</u>	<u>\$477,077</u>	<u>\$856,101</u>	<u>\$316,354</u>	<u>\$989,985</u>	<u>\$1,306,339</u>	

1/ Carrying charge updated to reflect short-term cost of debt of 1.61% approved by the Commission on August 5, 2016, effective October 1, 2016.

2/ December 2015 Ending Balance adjusted for \$377 as noted by the Department.

3/ 2015 Incentive Award booked during September 2016; assumes Commission approval during August 2016.

4/ Proposed CCRA rate change effective on and after September 1, 2016.

5/ Approved CCRC rate effective on and after October 1, 2016 per Commission Order on August 5, 2016.

6/ Reflects prorated share of proposed 2017 CIP Program total portfolio costs for 2017 of \$885,396. Monthly allocation based on actuals: January - July 2016 and August - December 2015.

7/ Ending Balance is approx. 50% of August 2016 balance plus 2015 incentive tracker - both to be recovered in 12 additional months.
(August 2016 Balance \$405,113 + 2015 incentive \$477,077) /2 = \$441,095.

**GREAT PLAINS NATURAL GAS CO.
CIP PROGRAM
DK VOLUMES
PROJECTED APRIL 2016 THROUGH AUGUST 2017**

	Total Volumes 1/	CCRC	CCRA
April 2016	641,919	\$36,129	(\$5,060)
May	505,784	28,454	(3,994)
June	317,844	17,901	(2,509)
July	205,199	11,599	(1,658)
August	190,700	10,736	(1,507)
September	278,400	15,674	48,469
October	515,100	28,640	89,679
November	652,500	36,279	113,600
December	803,700	44,686	139,924
January 2017	823,400	45,781	143,354
February	734,600	40,844	127,894
March	646,300	35,934	112,521
April	418,900	23,291	72,930
May	262,900	14,617	45,771
June	177,000	9,841	30,816
July	182,100	10,125	31,704
August	191,400	10,642	33,323

CCRC

Eff. January 1, 2016	\$0.0563	
Eff. Oct. 1, 2016	\$0.0556	Per Rate Case

CCRA

Eff. January 1, 2016	(\$0.0079)	
Eff. Sept. 1, 2016	\$0.1741	Proposed

1/ Excludes projected throughput for CIP-exempt customers.