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September 6, 2019

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

Re: *In the Matter of the Petition by Great Plains Natural Gas Company, a Division of MDU Resources Group, Inc., for Authority to Increase Natural Gas Rates in Minnesota, Docket No. G004/GR-15-879*

Great Plains Natural Gas Co.'s Request for Approval of a One-Year Extension of its Revenue Decoupling Pilot Program

Dear Mr. Wolf:

Pursuant to Minn. Stat. § 216B.2412, Subd. 3, Great Plains Natural Gas Co. ("Great Plains"), a Division of Montana-Dakota Utilities Co., respectfully requests that the Minnesota Public Utilities Commission ("Commission") grant a one-year extension of Great Plains' three-year Revenue Decoupling Mechanism Pilot Program ("RDM Pilot Program") approved in the above-referenced proceeding.¹ As discussed below, good cause exists to grant a short extension of the existing RDM Pilot Program.

On September 6, 2016, the Commission issued its Findings of Fact, Conclusions of Law, and Order in Great Plains' 2015 general rate case in Docket No. G004/GR-15-879.² In its September 6 Order, the Commission authorized Great Plains to implement a three-year RDM Pilot pursuant to Minn. Stat. § 216B.2412. Great Plains' RDM Pilot Program commenced with calendar year 2017 and is set to expire at the end of 2019.³

¹ The Commission has authority to approve an extension of the existing RDM Pilot Program outside the context of a general rate case pursuant to Minn. Stat. § 216B.2412, Subd. 3. This Subdivision provides that a "pilot program may not exceed three years in length. Any extension beyond three years can only be approved in a general rate case, unless that decoupling program was previously approved as part of a general rate case." Great Plains' RDM Pilot Program was approved in its 2015 rate case in this docket.

² *In the Matter of the Petition by Great Plains Natural Gas Company, a Division of MDU Resources Group, Inc., for Authority to Increase Natural Gas Rates in Minnesota*, Findings of Fact, Conclusions and Order, Docket No. G004/GR-15-879 (September 6, 2016) ("September 6 Order").

³ On August 23, 2019, the Commission issued an Order authorizing Great Plains to continue its RDM Pilot for 2019. See *In the Matter of the Petition of Great Plains Natural Gas Co., a Division of Montana-Dakota Utilities Co., for Approval of its Revenue Decoupling Mechanism Rates and Decoupling Evaluation Report for Year 2 of its Pilot Program*, Order, Docket No. G-004/M-19-198 (August 23, 2019).

As the Commission is aware, Great Plains plans to file a new rate case on or around September 27, 2019. As part of its planned 2019 rate case filing, Great Plains intends to seek approval to continue the RDM Program, with some discrete changes. Because Great Plains does not expect a final order in the 2019 rate case until the latter part of 2020, there would be a one-year gap (*i.e.*, calendar year 2020) in the RDM Program. Absent an extension of the existing RDM Pilot Program, in the event the Commission ultimately approves a continuation of the RDM Program in the upcoming 2019 rate case, the RDM Pilot Program would abruptly stop for one year and then continue after a final order is issued.⁴ Great Plains believes that allowing the RDM Pilot Program to lapse for a single year would cause unnecessary customer confusion, which can be avoided with a short extension.⁵

A short extension is also appropriate in light of the fact that the upcoming 2019 rate case will provide the proper forum to fully evaluate whether Great Plains' RDM Pilot is meeting the statutory goal "to reduce a utility's disincentive to promote energy efficiency" by separating Great Plains revenue "from changes in energy sales."⁶ Great Plains expects that its proposal to continue the RDM Program will be fully vetted in this proceeding.⁷

Finally, Great Plains respectfully requests that the Commission approve the one-year extension before the end of 2019 to ensure that the Company and its customers are fully informed of whether RDM Pilot Program will continue to be in place prior to the start of 2020. Upon approval of the one-year extension, Great Plains would submit updated tariff sheets and provide customers with notice of the extension.

Great Plains appreciates the Commission's consideration of this request and is prepared to answer any questions the Commission may have.

Sincerely,

/s/ Tamie A. Aberle

Tamie A. Aberle
Director of Regulatory Affairs

⁴ In particular, the RDM Pilot would have been in place from 2017-2019 and would presumably start again near the end of 2020 or beginning of 2021.

⁵ Great Plains also notes that in both 2017 and 2018, the RDM Pilot operated to provide significant credits to customers as actual revenues exceeded designed revenues for most customer classes. In this respect, customers have benefited from the RDM Pilot.

⁶ See Minn. Stat. § 216B.2412, Subd. 1.

⁷ For instance, in its September 6 Order approving the RDM Pilot Program, the Commission directed the Department of Commerce to "propose an appropriate minimum level of energy savings that the utility should achieve before Great Plains could qualify to implement a revenue decoupling surcharge." See September 6 Order at Ordering Paragraph 26(c).