

# Revenue Decoupling Mechanism

## Rates Effective April 1, 2020

On February 28, 2020, Great Plains Natural Gas Co. filed with the Minnesota Public Utilities Commission (MNPUC) its annual Revenue Decoupling Mechanism (RDM) report and updated tariff reflecting the results of the January 1, 2019 through December 31, 2019 revenue decoupling time period. This is the third year of a three-year pilot program with new RDM rates to be effective with service rendered on and after April 1, 2020. The pilot program has been extended one additional year, through 2020.

In 2015, Great Plains filed a request for an increase in its natural gas rates with the MNPUC. The final rates approved by the MNPUC included a three-year pilot program for full revenue decoupling. On February 7, 2019, the MNPUC's Order regarding the Company's first revenue decoupling report directed Great Plains' revenue decoupling evaluation period to be January 1 through December 31 and to submit its evaluation report and rates by March 1 following the calendar year. This is the third evaluation report and rate update under the Company's pilot program.

Revenue decoupling is a regulatory tool designed to separate a utility's revenue from changes in its energy sales. The purpose of decoupling, as provided for under Minnesota statute, is to reduce a utility's disincentive to promote energy efficiency. Energy efficiency measures undertaken by a utility's customers reduce the customer's use which also in turn reduces a utility's revenues. Revenue decoupling provides regulators, such as the MNPUC, and the utility the mechanism that breaks the link between the amount of natural gas sold and the utility's ability to recover its costs in maintaining a safe and reliable distribution system, thereby removing a utility's disincentive to promoting energy efficiency measures. Revenue decoupling provides for adjusting a utility's rates periodically to recover approved revenues independent of the amount of energy sold. Under decoupling, a customer's natural gas bill is still determined based on the amount of natural gas used, so individual customers who use less will pay less and customers who use more will pay more.

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At the end of each pilot year, Great Plains calculates the difference between the level of authorized non-gas revenues, adjusted for customer growth, and actual non-gas revenues and either credit customers' bills if actual revenues are higher than authorized or charge customers' bills if actual revenues are lower than authorized.

The MNPUC required a cap on the amount Great Plains can charge customers in years when the authorized revenue levels were not achieved. The surcharge is capped at 10 percent of the utility's non-gas revenues. However, there is no cap on the amount that Great Plains must credit customers in years when the Company recovers more than authorized.

The current and new RDM per dekatherm charges are shown by customer class in the table below. The Revenue Decoupling Mechanism is reflected as a separate line item on your monthly gas service statement and will be effective with service rendered on or after April 1, 2020.

	<b><u>RDM Rate</u></b> <b><u>Per Dk</u></b>	<b><u>RDM Rate per</u></b> <b><u>Dekatherm (Dk)</u></b> <b><u>Effective 4-1-2020</u></b>
<b>Residential</b>		
North Rate N60 .....	(\$0.3816)	(\$0.2038)
South Rate S60 .....	(\$0.3050)	(\$0.2047)
<b>Firm General</b>		
North Rate N70 .....	(\$0.2312)	(\$0.1244)
South Rate S70 .....	(\$0.0742)	\$0.0090
<b>Small Interruptible</b>		
North Rates N71 & N81...	(\$0.1360)	\$0.0795
South Rates S71 & S81...	(\$0.0896)	(\$0.1182)
<b>Large Interruptible</b>		
North Rates N82 & N85 ..	(\$0.4005)	\$0.0360
South Rates S82 & S85 .....	\$0.0151	\$0.0788

**Questions? Contact us at 1-877-267-4764**

