



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. 5-125

REVENUE DECOUPLING MECHANISM

Applicability:

This rate schedule represents a Revenue Decoupling Mechanism (RDM) that serves to reduce the Company’s financial disincentive to the promotion of energy efficiency and conservation by separating the link between the Company’s revenues from changes in the volume of gas sales. This mechanism complies with the legislative intent and language of Minnesota Statute, Section 216B.2412 Decoupling of Energy Sales from Revenue.

The RDM is applicable to all rate classes with the exception of customers served under a flexible distribution rate agreement.

Revenue Decoupling Mechanism:

The Revenue Decoupling Mechanism includes two components: a RDM Adjustment and a Margin Sharing Credit.

1. **RDM Adjustment:** the RDM Adjustment calculations will be performed annually for each rate class with the exception of the Large Interruptible Rate Schedules 82 and 85. Customers taking service under Rate 82 and 85 are not subject to this component of the RDM rate starting after the 2020 evaluation period.
 - a. The RDM will compare the level of non-gas revenues authorized in the last general rate case (excluding those revenues associated with the CCRC), adjusted for customer growth, to the level of non-gas revenues collected by rate class to determine either a revenue shortfall or surplus for each calendar year. An adjustment per Dk per rate class will be calculated if either a revenue shortfall or surplus exists.
 - b. An RDM adjustment per Dk will be calculated annually for each class of customers to which the RDM applies. The adjustment shall be calculated in the following manner per rate class:
 - c. Authorized Margin per Customer: the non-gas revenues divided by the number of customers per rate class as authorized in the Company’s last general rate case.
 - d. Designed Revenues: authorized margin per customer multiplied by authorized customers unless actual customers per rate class for the

Date Filed:	November 10, 2020	Effective Date:	Service rendered on and after April 1, 2021
Issued By:	Travis R. Jacobson Director – Regulatory Affairs	Docket No.:	G0004GR-19-511



GREAT PLAINS NATURAL GAS CO.

A Division of MDU Resources Group, Inc.

State of Minnesota Gas Rate Schedule – MNPUC Volume 2

Section No. 5
1st Revised Sheet No. 5-126
Canceling Original Sheet No. 5-126

REVENUE DECOUPLING MECHANISM

calendar year under review are greater than the authorized level of customers. If actual customers exceed authorized customers, actual customers shall be used.

- e. RDM Adjustment per Dk = (Designed Revenues less actual non-gas revenues) divided by forecasted volumes for each rate class of customers. The RDM is symmetrical in form and can result in either a bill surcharge or credit for each rate class of customers. Bill surcharges applicable to the RDM shall be capped at ten percent of non-gas margin revenues (excluding revenues for the CCRC) by rate class.

- 2. **Margin Sharing Credit:** at the time of each RDM adjustment, the Company will compute a Margin Sharing Credit (MSC) based on the margin revenues collected from the identified customer authorized in Docket No. G004/GR-19-511, including any prior period over or under collected balances. The MSC will be allocated to the various rate classes based on the Margin Sharing Allocation authorized in Docket No. G004/GR-19-511.

The per unit credit shall be determined by dividing each rate class' MSC allocation by the forecasted volumes for each rate class of customers, excluding flexible rate contract customers. The MSC rate per Dk will be a component of the RDM rate billed customers.

Pilot Program:

The RDM established under this tariff is new to the Company's rate design and was not included in any prior rate structure of the Company. The RDM was initially authorized to be effective for a pilot period of 36 months beginning January 1, 2017. The RDM has been extended through 2021.

Annual RDM Adjustment:

- a. No later than March 1st, the Company shall file with the Commission a report that specifies the RDM adjustments to be effective for each rate class.
- b. The applicable rate adjustment under the RDM shall be effective with service rendered on or after April 1 of the year in which the evaluation report was filed. Any over or under collection will be added to or subtracted from the Annual RDM Adjustment for the next RDM filing.
- c. In the event any portions of the proposed rate adjustments are modified by

Date Filed:	March 1, 2021	Effective Date:	Service rendered on and after April 1, 2021
Issued By:	Travis R. Jacobson Director – Regulatory Affairs	Docket No.:	G004/M-21-153



GREAT PLAINS NATURAL GAS CO.

A Division of MDU Resources Group, Inc.

State of Minnesota Gas Rate Schedule – MNPUC Volume 2

Section No. 5

2nd Revised Sheet No. 5-127

Canceling 1st Revised Sheet No. 5-127

REVENUE DECOUPLING MECHANISM

the Commission, the proposed rate adjustments shall be adjusted in accordance with the Commission’s order.

- d. The Company shall record its best estimate of the amounts to be recognized under the RDM so as to reflect in its books and records a fair representation of the impact of this rider in actual earnings. Such estimate shall be adjusted, if necessary, upon filing the RDM calculations with the Commission, and again upon final Commission approval.

Revenue Decoupling Mechanism (RDM Rate per Dk):

	Revenue Decoupling Adjustment 1/	Margin Sharing Credit	RDM Rate/Dk
Residential Rate 60			
Former Rate N60 2/	\$0.0382	(\$0.3494)	(\$0.3112)
Former Rate S60 3/	\$0.0388	(\$0.3494)	(\$0.3106)
Firm General Rate 70			
Former Rate N70 2/	\$0.0535	(\$0.2516)	(\$0.1981)
Former Rate S70 3/	\$0.0381	(\$0.2516)	(\$0.2135)
Small Interruptible Sales & Transportation			
Former Rates N71 and N81 2/	\$0.2231	(\$0.1880)	\$0.0351
Former Rates S71 and S81 3/	\$0.1340	(\$0.1880)	(\$0.0540)
Large Interruptible Sales & Transportation			
Former Rates N82 and N85 2/	(\$0.0232)	(\$0.0723)	(\$0.0955)
Former Rates S82 and S85 3/	\$0.0875	(\$0.0723)	\$0.0152
MSC Customer (former North rate)	(\$0.0232)		(\$0.0232)
Interruptible Grain Drying Rate 73			
Former Rate N71 2/	\$0.2231	(\$0.1521)	\$0.0710
Former Rate S71 3/	\$0.1340	(\$0.1521)	(\$0.0181)
Former Rate N85 2/	(\$0.0232)	(\$0.1521)	(\$0.1753)

1/ Revenue Decoupling Adjustment rates effective July 1, 2021.

2/ Applicable to the Company’s former North rate area and customers served in the communities of Breckenridge, Crookston, Fergus Falls, Pelican Rapids, and Vergas.

3/ Applicable to the Company’s former South rate area and customers served in the communities of Belview, Boyd, Clarkfield, Danube, Dawson, Echo, Granite Falls, Marshall, Montevideo, Redwood Falls, Renville, Sacred Heart, and Wood Lake.

Date Filed: June 18, 2021

Effective Date: Service rendered on and after July 1, 2021

Issued By: Travis R. Jacobson
Director – Regulatory Affairs

Docket No.: G004/M-21-153