



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. 5-125
Canceling 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:

- 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 the 12-month period beginning October 1 of each 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 the greater of the (1) authorized customers or (2) actual customers per rate class for the 12-month period beginning October 1 of each year.
- 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 Conservation Cost Recovery charge) by rate class.

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Director – Regulatory Affairs

Docket No.: G004/GR-15-879



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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

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 will be effective for a pilot period of 36 months from the date the program is authorized to become effective. The Company may request approval from the Commission to extend the RDM beyond the pilot period.

Annual RDM Adjustment:

- a. No later than December 1st of the calendar year following the Commission's approval of the RDM tariff, and each December 1st thereafter, the Company shall file with the Commission a report that specifies the RDM adjustments to be effective for each rate class. The initial report shall reflect a 12-month period beginning October 1, 2016, the first day of the month following the final order of the Commission in Docket G004/GR-15-879.
- b. In the event any portions of the proposed rate adjustments are modified by the Commission, the proposed rate adjustments shall be adjusted in accordance with the Commission's order.
- c. 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:

Rate per Dk

Residential	
North District Rate N60	\$0.2842
South District Rate S60	\$0.2003
Firm General	
North District Rate N70	\$0.2454
South District Rate S70	\$0.2008
Small Interruptible Sales & Transportation	
North District Rates N71 and N81	\$0.1059
South District Rates S71 and S81	\$0.0472
Large Interruptible Sales & Transportation	
North District Rates N82 and N85	\$0.1178
South District Rates S82 and S85	(\$0.1568)

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