

The Chart below shows the current and Phase 1, 2 and 3 average monthly bills for each customer class:

| South Customer Class (in dk) | Average Monthly Usage | Average Monthly Bill | | | |
|--|-----------------------|----------------------|-----------|-----------|-----------|
| | | Current Rates | Phase 1 | Phase 2 | Phase 3 |
| Residential..... | 6 | \$37.96 | \$40.18 | \$40.89 | \$41.60 |
| Firm General Service – (meters < 500 cubic feet/hr) .. | 11 | 74.96 | 80.60 | 81.45 | 82.29 |
| Firm General Service – (meters > 500 cubic feet/hr) ... | 79 | 419.69 | 436.00 | 442.05 | 448.09 |
| Interruptible Sales Service – Small Volume | 434 | 1,940.47 | 1,974.74 | 1,978.48 | 1,982.17 |
| Interruptible Sales Service - Large Volume..... | 4,770 | 16,969.41 | 16,721.80 | 17,118.66 | 17,520.77 |
| Interruptible Transportation Small Volume | 585 | 912.16 | 1,023.45 | 1,028.48 | 1,033.45 |
| Interruptible Transportation Large Volume..... | 13,050 | 7,983.43 | 8,729.45 | 9,815.21 | 10,915.33 |

Refunds on interim rates

State law allowed Great Plains to collect interim (temporary) rates while the MPUC considered its rate case. Great Plains began collecting annual interim rates of approximately \$1.5 million with January 2016 bills. Since the final rate increase is less than the interim rate increase, the Company will refund the difference, with interest, beginning in March 2017. A typical residential customer’s refund will be about \$6.60.

Other changes:

- Returned check charge will increase from \$12.00 to \$18.25.
- Seasonal Reconnect charge will change from a flat \$45.00 to the following:
 - Residential – The greater of the Basic Service Charge applicable during the period while service was not being used or \$45.00. The minimum charge will be based on standard overtime rates for reconnection of service after normal business hours.

- Non-Residential – The greater of the Basic Service Charge applicable during the period while service was not being used or \$45.00. However, the reconnection charge applicable to seasonal business concerns such as irrigation, grain drying and asphalt processing shall be the Basic Service Charge applicable during the period while service was not being used less the Distribution Delivery Charge revenue collected during the period in-service. A minimum of \$45.00 will apply to reconnections occurring during normal business hours. The minimum charge will be based on standard overtime rates for reconnection of service occurring after normal business hours.
- Payment Terms – Firm General customers’ bills will be due 22 days after billing, previously Firm General customers’ bills were due 15 days after billing.
- The Standby charge for Residential and Firm General Service has been eliminated.

How to learn more

Great Plains Natural Gas Co.
 Online:
<http://www.gpng.com/rates-and-services/rate-cases>
 Great Plains’ Offices:
 Please call to schedule an appointment:
1-877-267-4764.

Notice to customers

To make sure we can send you any refund owed, please provide a forwarding address if you stop service. If you move before a refund is issued and we cannot find you, your refund may be treated as abandoned property and sent to the Minnesota Department of Commerce, Unclaimed Property Unit. You can check for unclaimed property at www.missingmoney.com.



A Division of MDU Resources Group, Inc.

In the Community to Serve®

**Great Plains Natural Gas Co.
 South District**

**NEW NATURAL GAS
 DISTRIBUTION RATES
 APPROVED IN 2016**

Changes begin with the enclosed bill

In September 2015, Great Plains Natural Gas Co. (Great Plains) asked the Minnesota Public Utilities Commission (MPUC) to change its rates for utility distribution service. The filing, known as a rate case, sought to increase Great Plains annual revenues by \$1.6 million or about 6.4 percent.

The MPUC approved the following rate changes:

- Annual revenue increase of approximately \$1.1 million, or 5.2 percent, effective January 1, 2017.
- Cost of Gas consolidation effective July 1, 2017.
- Adds a Revenue Decoupling Mechanism (RDM) three year pilot program. The RDM separates Great Plains revenues from changes in gas sales and reduces Great Plains financial disincentive to the promotion of energy efficiency and conservation. The MPUC will review the RDM each year, and may adjust customers' bills up or down.
- Starting January 1, 2017, your bill includes a Conservation Cost Recovery Adjustment (CCRA) of \$0.2125 per dk.
- North and South District distribution rates consolidation in three phases as shown below:

Phase 1: Effective 1/1/2017

South Residential customer
 Basic Service Charge - \$6.50 to \$7.50
 Distribution Delivery Charge Increase from \$1.3439 to \$1.5467 per dekatherm (dk)

Phase 2: Effective 1/1/2018

South Residential customer
 Basic Service Charge - \$7.50
 Distribution Delivery Charge Increase from \$1.5467 to \$1.6647 per dk

Phase 3: Effective 1/1/2019

South Residential customer
 Basic Service Charge - \$7.50
 Distribution Delivery Charge Increase from \$1.6647 to \$1.7832 per dk

Bill changes vary by customer

Rate changes will affect individual monthly bills differently depending on natural gas use and customer class. The effect on an average residential customer's bill who uses approximately 72 dk per year will be approximately:

Phase 1: Effective 1/1/2017

Residential South – Increase of \$2.22 per month

Phase 2: Effective 1/1/2018

Residential South – Increase of \$0.71 per month

Phase 3: Effective 1/1/2019

Residential South – Increase of \$0.71 per month

Bills will also vary because the wholesale cost of natural gas changes each month.

Customer's bills contain three parts: Basic Service Charge, Distribution Delivery Charge and Cost of Gas. The Basic Service Charge and the Distribution Delivery Charge recovers only the cost of providing utility distribution service to our customers representing about 45% of the bill. These charges do not include wholesale natural gas costs which make up about 55% of the bill. The Cost of Gas is passed through directly to customers without mark-up.

SOUTH PHASE 1

| Customer Class | Monthly Basic Service Charge | | Distribution Delivery Charge per dk | |
|---|------------------------------|----------|-------------------------------------|----------|
| | Old | New | Old | New |
| Residential..... | \$6.50 | \$7.50 | \$1.3439 | \$1.5467 |
| Firm General (meter < 500 cubic ft./hr) | \$20.00 | \$23.00 | \$1.0961 | \$1.2582 |
| Firm General (meter > 500 cubic ft./hr) | \$25.00 | \$28.50 | \$1.0961 | \$1.2582 |
| Interruptible Sales Service – Small Volume..... | \$125.00 | \$145.00 | \$1.0476 | \$1.1951 |
| Interruptible Sales Service – Large Volume..... | \$200.00 | \$230.00 | \$0.3801 | \$0.4365 |
| Interruptible Transportation – Small Volume..... | \$175.00 | \$200.00 | \$1.0476 | \$1.1951 |
| Interruptible Transportation – Large Volume..... | \$250.00 | \$260.00 | \$0.3801 | \$0.4365 |

SOUTH PHASE 2

| Customer Class | Monthly Basic Service Charge | | Distribution Delivery Charge per dk | |
|---|------------------------------|----------|-------------------------------------|----------|
| | Old | New | Old | New |
| Residential..... | \$7.50 | \$7.50 | \$1.5467 | \$1.6647 |
| Firm General (meter < 500 cubic ft./hr) | \$23.00 | \$23.00 | \$1.2582 | \$1.3348 |
| Firm General (meter > 500 cubic ft./hr) | \$28.50 | \$28.50 | \$1.2582 | \$1.3348 |
| Interruptible Sales Service – Small Volume..... | \$145.00 | \$145.00 | \$1.1951 | \$1.2037 |
| Interruptible Sales Service – Large Volume..... | \$230.00 | \$230.00 | \$0.4365 | \$0.5197 |
| Interruptible Transportation – Small Volume..... | \$200.00 | \$200.00 | \$1.1951 | \$1.2037 |
| Interruptible Transportation – Large Volume..... | \$260.00 | \$260.00 | \$0.4365 | \$0.5197 |

SOUTH PHASE 3

| Customer Class | Monthly Basic Service Charge | | Distribution Delivery Charge per dk | |
|---|------------------------------|----------|-------------------------------------|----------|
| | Old | New | Old | New |
| Residential..... | \$7.50 | \$7.50 | \$1.6647 | \$1.7832 |
| Firm General (meter < 500 cubic ft./hr) | \$23.00 | \$23.00 | \$1.3348 | \$1.4113 |
| Firm General (meter > 500 cubic ft./hr) | \$28.50 | \$28.50 | \$1.3348 | \$1.4113 |
| Interruptible Sales Service – Small Volume..... | \$145.00 | \$145.00 | \$1.2037 | \$1.2122 |
| Interruptible Sales Service – Large Volume..... | \$230.00 | \$230.00 | \$0.5197 | \$0.6040 |
| Interruptible Transportation – Small Volume..... | \$200.00 | \$200.00 | \$1.2037 | \$1.2122 |
| Interruptible Transportation – Large Volume..... | \$260.00 | \$260.00 | \$0.5197 | \$0.6040 |

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