

MONTANA-DAKOTA UTILITIES CO.

Before the North Dakota Public Service Commission

Case No. PU-20-379

Rebuttal Testimony
of
Stephanie Bosch

1 **Q. Would you please state your name and business address?**

2 A. Yes. My name is Stephanie Bosch and my business address is 400
3 North Fourth Street, Bismarck, North Dakota 58501.

4 **Q. What is your position with Montana-Dakota Utilities Co.?**

5 A. I am the Regulatory Affairs Manager for Montana-Dakota Utilities
6 Co. (Montana-Dakota).

7 **Q. Are you the same Stephanie Bosch who filed direct testimony in this**
8 **proceeding?**

9 A. Yes, I am.

10 **Q. What is the purpose of your rebuttal testimony?**

11 A. The purpose of this rebuttal testimony is to address select
12 recommendations made by Mr. James Heidell from PA Consulting and
13 testifying on behalf of the North Dakota Public Service Commission
14 Advocacy Staff. Specifically, I will address Mr. Heidell's recommendations
15 regarding the Wahpeton rate phase-in and his proposed manual meter
16 reading charge.

17

1 **Wahpeton Rate Phase-In**

2 **Q. Regarding the phasing in of Wahpeton customers to Montana-**
3 **Dakota's tariff, do you agree with Mr. Heidell's understanding of the**
4 **settlement agreement in Case Nos. PU-17-490 and PU-17-075?**

5 A. Yes, I agree with Mr. Heidell that the settlement provision does
6 include some latitude with regards to rolling the Great Plains' rate structure
7 into Montana-Dakota's rate structure upon the filing of the Company's next
8 rate case. The Company recognized this very latitude in its proposed plan
9 to phase-in Wahpeton customers under the Montana-Dakota tariff, while
10 also keeping with the intent of the settlement provision which was to roll
11 Great Plains' rate structure into Montana-Dakota's rate structure thereby
12 eliminating the need for a separate Great Plains' tariff in the Company's
13 next natural gas rate case.

14 **Q. What do you mean when you reference the "intent of the settlement**
15 **provision"?**

16 A. As way of background, Case No. PU-17-075 was filed in compliance
17 with the Commission's Order in Case No. PU-16-604 which required Great
18 Plains to file updated tariff and rate schedules for all classes of customers.
19 On February 3, 2017, Great Plains filed an application to revise its tariff in
20 Case No. PU-17-075 with the Company proposing a number of changes
21 to its tariff that would align the Great Plains' tariff and rate schedules and
22 structures with Montana-Dakota's North Dakota gas tariff and rate

1 schedules and structures. Ultimately as part of the settlement agreement
2 approved in that case and Case No. PU-17-490 (Tax Reform case), Great
3 Plains agreed to withdraw its request to modify the rate structures
4 submitted in that case and roll Great Plains' rate structure into Montana-
5 Dakota's rate structure upon filing the next Montana-Dakota rate case.

6 This natural gas rate case is the first rate case following the PU-17-
7 075 and PU-17-490 settlement agreement and therefore the Company
8 once again proposed rates and rate structures that start the alignment of
9 the rates charged Wahpeton customers with those of Montana-Dakota's
10 natural gas customers. This alignment in rates and rate structures (and
11 the elimination of the Great Plains' North Dakota gas tariff) furthers the
12 integration of having one North Dakota gas utility operation, similar to the
13 integration step taken with the 2018 calendar year single gas operation
14 reporting requirement for Montana-Dakota and Great Plains.

15 **Q. Mr. Heidell notes two areas of potential concerns regarding the**
16 **change in billing and rate schedules. First is customer confusion**
17 **regarding the bill change and the second is the bill impacts for**
18 **customers. What is your response to his concern regarding**
19 **customer confusion?**

20 A. Mr. Heidell is correct in that Montana-Dakota has not organized
21 any formal customer education or communication plan regarding the
22 Wahpeton integration beyond what has been included in two bill inserts:

1 the Notice of Filing insert included with customers' bills in September 2020
2 and the Notice of Public Input Sessions insert included with customers'
3 bills in February 2021. The Company believes any formal communication
4 beyond that already noted would possibly create confusion as customers
5 may not understand that the changes are still pending before the
6 Commission and are only being provided to inform and/or assist
7 customers with any potential changes that they may see at some point in
8 the future. This confusion may then only be compounded if the rate
9 structure and phase-in ultimately approved varies from the proposed plan
10 communicated earlier to customers.

11 The Company will formulate any upcoming changes a customer
12 can expect to see in their future bills through bill messages and inserts,
13 direct mailings and the Company's website upon Commission approval of
14 the requested phase-in when rates and effective dates are known. The
15 Company is also willing to work with Commission Staff regarding future
16 rate integration communications to address any concerns Commission
17 Staff may have regarding the clarity of any communication to Wahpeton
18 customers.

19 Regarding a staff training program to ensure Company personnel
20 are well-versed in the phase-in process mechanics, a number of Company
21 personnel, such as those within the Customer Experience Team, Energy
22 Services, Accounting, Gas Measurement, and Construction Services are

1 already cross trained or handle responsibilities for both Montana-Dakota
2 and Great Plains North Dakota customers today. Furthermore, the Region
3 Director for the Company's Dakota Heartland Region, of which Wahpeton
4 is a part of, is a Montana-Dakota employee overseeing operations for both
5 Montana-Dakota and Great Plains. The Company also has employees
6 that have relocated within the two companies, including the District
7 Manager for Great Plains.

8 While all employees will need to understand the phase-in process
9 and be able to communicate those changes to customers, the knowledge
10 base, through existing personnel and operations today, is established and
11 the gap is much less than if the two companies were operating
12 independent of each other.

13 **Q. Mr. Heidell's second concern with the phase-in was bill impacts. Do**
14 **you agree with Mr. Heidell's characterization of the bill impacts**
15 **regarding the change in rates for Wahpeton customers?**

16 A. No. As with any rate change, the bill impact to individual customers
17 will vary depending on the rate served under and the customer's actual
18 use, which can and does vary from month to month. While the Company's
19 analysis does indicate that 16 percent of the residential customers will
20 have annual bill increases over 15 percent in Phase 1 as shown in
21 Statement L, page 24, the average monthly use for those customers
22 varies from 0.6 dk a month (or 7.2 dk annually) to 3.7 dk a month (or 44.4

1 dk annually). These consumption levels are below the average residential
2 customer usage in Wahpeton which is 6.7 dk a month (or 80 dk annually)
3 as shown in Exhibit No. RJA-5 pages 1 and 2 of Mr. Amen's direct
4 testimony. Exhibit No. RJA-5 shows the average residential customer in
5 Wahpeton will see an increase of 10.45 percent in Phase I and 0.01
6 percent decrease in Phase II.

7 To expand on the bill impacts provided by Mr. Amen in Exhibit RJA-
8 5 of his direct testimony and in Statement L, pages 24 and 25, I am
9 providing Exhibit No.__(SB-4) that shows the bill impact for a low,
10 average, and high use residential Wahpeton customer by rate component
11 for both phases. For purposes of the bill comparison, the Company used
12 29 dk annually for a low use customer, 80 dk annually for an average
13 residential customer and 160 dk annually for a high use customer. As
14 shown in Exhibit No.__(SB-4) and summarized in the table below, low use
15 customers will be impacted to a greater degree than an average or high
16 use residential customer in Wahpeton under both phases. However low
17 use customers differ from an average residential customer in that they
18 may be using natural gas for very limited purposes, i.e. fireplace or as a
19 backup heating source, and therefore being subsidized by other
20 customers. While the increase under Phase I for low use customers is
21 24.13 percent annually, the average monthly increase is \$4.00 which can
22 mainly be attributable to the increase in the Basic Service Charge from

1 \$3.50 per month to \$7.60 per month on average. In Phase II, the low use
 2 customer will see an increase of 7.80 percent annually, but the average
 3 monthly increase is only \$1.61.

4 On the other hand, a high use customer will be impacted to a lesser
 5 degree than a low use or average residential customer with a high use
 6 customer seeing an increase in Phase I of 5.71 percent annually or \$6.53
 7 per month on average. In Phase II, a high use customer will see a
 8 decrease of 4.52 percent annually of \$5.47 per month on average due to
 9 the increase in the Basic Service Charge and its corresponding decrease
 10 in the volumetric Distribution Charge.

	Annual Dk	Increase		
		Annual \$	Avg Monthly \$	Annual %
Low Use - Phase I	29	\$48.01	\$4.00	24.13%
Low Use - Phase II		\$19.27	\$1.61	7.80%
Average Use - Phase I	80	\$49.25	\$4.10	10.45%
Average Use - Phase II		(\$0.05)	\$0.00	-0.01%
High Use - Phase I	160	\$61.23	\$5.10	6.89%
High Use - Phase II		(\$30.37)	(\$2.53)	-3.20%

11

12 **Q. Does the Company acknowledge the Wahpeton phase-in could be**
 13 **accomplished in a number of ways and timeframes?**

14 **A.** Yes, the Company acknowledges the integration of Wahpeton rates
 15 into Montana-Dakota’s tariff could be accomplished in a number of ways
 16 and timeframes.

1 **Q. Is the Company opposed to deferring the rate change associated**
2 **with Phase II until the Company's next rate case as recommended by**
3 **Mr. Heidell on page 6, lines 120 and 122?**

4 A. The Company is not necessarily opposed to delaying Phase II until
5 the next case as the impact on the Company for Phase II is revenue
6 neutral. However, the Company continues to support the proposed
7 phase-in plan presented as it advances the objective of one North Dakota
8 gas operations by providing natural gas service in North Dakota under one
9 gas tariff. Any delay simply moves the target integration date down the
10 road to another rate case.

11 In January 2019, Great Plains completed the final phase of a three-
12 phase rate integration of the Company's two rate areas in Minnesota.
13 Starting with the January 1, 2016 rate change, bill inserts, attached hereto
14 as Exhibit No. SB-5, were included with customers' bills informing them of
15 the change in rates in their immediate bill as well as outlined the rates that
16 would be applicable in each of the remaining phases and the dates the
17 new rates would become effective. A similar bill insert could be developed
18 to inform Wahpeton customers of the transition, the applicable rates and
19 the effective dates of the changes. This would provide customers with an
20 advanced notice of any upcoming changes.

21
22

1 **Manual Meter Reading Charge**

2 **Q. While Mr. Heidell supports the idea of a manual meter reading**
3 **charge, he proposes an alternative charge which would include a**
4 **one-time “enrollment fee” and an ongoing monthly charge. Are you**
5 **opposed to Mr. Heidell’s proposed change?**

6 A. While the Company agrees with Mr. Heidell that an enrollment fee
7 would serve as a disincentive to remove the ERT from one’s meter, the
8 one-time enrollment fee coupled with a reduced monthly charge would
9 cause the Company to fall short of the amount that would be collected
10 annually. This shortfall would then continue until such time as the meter at
11 the customer’s location is no longer read manually. This is an avoidable
12 cost to the customer and therefore the cost causer should be held
13 responsible for the manual reading of their meter each month.

14 The Company does discourage removing the ERT from a
15 customer’s meter and will continue to do so. And while the Company has
16 not formally tracked the number of customers who have contacted the
17 Company regarding removal of the ERT on their meter since the Company
18 implemented its Automated Meter Reading (AMR) program in 2007, in all
19 but four instances across the Company’s service territory, the Company
20 has successfully worked with the customer to understand their concerns
21 and to provide assistance and/or information to the customer to help

1 resolve those concerns with the ERT remaining on the meter. Removal of
2 an ERT from a meter will continue to remain a last resort.

3 The Company's proposed charge of \$26.05 assumes it would take
4 an AMR tech 30 minutes to gather a read and a trip of ten miles. This
5 charge would be reviewed and any change to the charge proposed within
6 any future rate cases.

7 **Q. Does this conclude your rebuttal testimony?**

8 A. Yes, it does.

**MONTANA-DAKOTA UTILITIES CO.
 GAS UTILITY - NORTH DAKOTA
 WAHPETON RATE 63 BILL COMPARISON PHASE I
 RESIDENTIAL GAS SERVICE - AVERAGE USE**

Month	Dk	Current			Proposed			Total	Amount of Increase	% Increase
		Basic Service Charge	Distribution Charge	Cost of Gas	Basic Service Charge	Distribution Charge	Cost of Gas			
January	15	\$3.50	\$14.83	\$65.11	\$7.75	\$15.42	\$65.11	\$4.84	5.80%	
February	16	3.50	15.65	69.45	7.00	16.45	69.45	4.30	4.85%	
March	12	3.50	12.36	52.09	7.75	12.34	52.09	4.23	6.23%	
April	8	3.50	8.58	34.73	7.50	8.22	34.73	3.64	7.78%	
May	4	3.50	4.29	17.36	7.75	4.11	17.36	4.07	16.18%	
June	1	3.50	1.07	4.34	7.50	1.03	4.34	3.96	44.44%	
July	1	3.50	1.07	4.34	7.75	1.03	4.34	4.21	47.25%	
August	1	3.50	1.07	4.34	7.75	1.03	4.34	4.21	47.25%	
September	1	3.50	1.07	4.34	7.50	1.03	4.34	3.96	44.44%	
October	2	3.50	2.14	8.68	7.75	2.06	8.68	4.17	29.12%	
November	8	3.50	8.58	34.73	7.50	8.22	34.73	3.64	7.78%	
December	11	3.50	11.54	47.75	7.75	11.31	47.75	4.02	6.40%	
Total	80	\$42.00	\$82.25	\$347.26	\$91.25	\$82.25	\$347.26	\$49.25	10.45%	
Average Monthly Increase					\$4.10	\$0.00	\$0.00	\$4.10		

	Current	Proposed Ph 1
RATE 63		
Basic Delivery Charge	\$3.50	\$0.250
Distribution Charge	\$1.072	\$1.028
Distribution Charge First 10 Dk	\$0.822	
Distribution Charge Over 10 Dk	\$4.3408	\$4.3408
Cost of Gas		

**MONTANA-DAKOTA UTILITIES CO.
 GAS UTILITY - NORTH DAKOTA
 WAHPETON RATE 63 BILL COMPARISON - PHASE II
 RESIDENTIAL GAS SERVICE - AVERAGE USE**

Month	Dk	Current			Proposed			Amount of Increase	% Increase
		Basic Service Charge	Distribution Charge	Cost of Gas	Basic Service Charge	Distribution Charge	Cost of Gas		
January	15	\$7.75	\$15.42	\$65.11	\$10.32	\$9.74	\$65.11	(\$3.11)	-3.52%
February	16	7.00	16.45	69.45	9.32	10.38	69.45	(3.75)	-4.04%
March	12	7.75	12.34	52.09	10.32	7.79	52.09	(1.98)	-2.74%
April	8	7.50	8.22	34.73	9.99	5.19	34.73	(0.54)	-1.07%
May	4	7.75	4.11	17.36	10.32	2.60	17.36	1.06	3.63%
June	1	7.50	1.03	4.34	9.99	0.65	4.34	2.11	16.39%
July	1	7.75	1.03	4.34	10.32	0.65	4.34	2.19	16.69%
August	1	7.75	1.03	4.34	10.32	0.65	4.34	2.19	16.69%
September	1	7.50	1.03	4.34	9.99	0.65	4.34	2.11	16.39%
October	2	7.75	2.06	8.68	10.32	1.30	8.68	1.81	9.79%
November	8	7.50	8.22	34.73	9.99	5.19	34.73	(0.54)	-1.07%
December	11	7.75	11.31	47.75	10.32	7.14	47.75	(1.60)	-2.39%
Total	80	\$91.25	\$82.25	\$347.26	\$121.52	\$51.93	\$347.26	(\$0.05)	-0.01%
Average Monthly Increase					\$2.52	(\$2.53)	\$0.00	\$0.00	

	Proposed Ph 1	Proposed Ph 2
RATE 63		
Basic Delivery Charge	\$0.250	\$0.333
Distribution Charge	\$1.028	\$0.649
Cost of Gas	\$4.3408	\$4.3408

**MONTANA-DAKOTA UTILITIES CO.
 GAS UTILITY - NORTH DAKOTA
 WAHPETON RATE 63 BILL COMPARISON PHASE I
 RESIDENTIAL GAS SERVICE - LOW USE**

Month	Dk	Current			Proposed			Amount of Increase	% Increase
		Basic Service Charge	Distribution Charge	Cost of Gas	Basic Service Charge	Distribution Charge	Cost of Gas		
January	5	\$3.50	\$5.36	\$21.70	\$7.75	\$5.14	\$21.70	\$4.03	13.19%
February	6	3.50	6.43	26.04	7.00	6.17	26.04	3.24	9.01%
March	6	3.50	6.43	26.04	7.75	6.17	26.04	3.99	11.09%
April	2	3.50	2.14	8.68	7.50	2.06	8.68	3.92	27.37%
May	1	3.50	1.07	4.34	7.75	1.03	4.34	4.21	47.25%
June	1	3.50	1.07	4.34	7.50	1.03	4.34	3.96	44.44%
July	1	3.50	1.07	4.34	7.75	1.03	4.34	4.21	47.25%
August	1	3.50	1.07	4.34	7.75	1.03	4.34	4.21	47.25%
September	1	3.50	1.07	4.34	7.50	1.03	4.34	3.96	44.44%
October	1	3.50	1.07	4.34	7.75	1.03	4.34	4.21	47.25%
November	3	3.50	3.22	13.02	7.50	3.08	13.02	3.86	19.55%
December	1	3.50	1.07	4.34	7.75	1.03	4.34	4.21	47.25%
Total	29	\$42.00	\$31.07	\$125.86	\$91.25	\$29.83	\$125.86	\$48.01	24.13%
Average Monthly Increase					\$4.10	(\$0.10)	\$0.00	\$4.00	

	Current	Proposed Ph 1
RATE 63		
Basic Delivery Charge	\$3.50	\$0.250
Distribution Charge	\$1.072	\$1.028
Distribution Charge First 10 Dk	\$0.822	
Distribution Charge Over 10 Dk	\$4.3408	\$4.3408
Cost of Gas		

**MONTANA-DAKOTA UTILITIES CO.
 GAS UTILITY - NORTH DAKOTA
 WAHPETON RATE 63 BILL COMPARISON - PHASE II
 RESIDENTIAL GAS SERVICE - LOW USE**

Month	Dk	Current			Proposed			Amount of Increase	% Increase
		Basic Service Charge	Distribution Charge	Cost of Gas	Basic Service Charge	Distribution Charge	Cost of Gas		
January	5	\$7.75	\$5.14	\$21.70	\$10.32	\$3.25	\$21.70	\$0.68	1.97%
February	6	7.00	6.17	26.04	9.32	3.89	26.04	0.04	0.10%
March	6	7.75	6.17	26.04	10.32	3.89	26.04	0.29	0.73%
April	2	7.50	2.06	8.68	9.99	1.30	8.68	1.73	9.48%
May	1	7.75	1.03	4.34	10.32	0.65	4.34	2.19	16.69%
June	1	7.50	1.03	4.34	9.99	0.65	4.34	2.11	16.39%
July	1	7.75	1.03	4.34	10.32	0.65	4.34	2.19	16.69%
August	1	7.75	1.03	4.34	10.32	0.65	4.34	2.19	16.69%
September	1	7.50	1.03	4.34	9.99	0.65	4.34	2.11	16.39%
October	1	7.75	1.03	4.34	10.32	0.65	4.34	2.19	16.69%
November	3	7.50	3.08	13.02	9.99	1.95	13.02	1.36	5.76%
December	1	7.75	1.03	4.34	10.32	0.65	4.34	2.19	16.69%
Total	29	\$91.25	\$29.83	\$125.86	\$121.52	\$18.83	\$125.86	\$19.27	7.80%

Average Monthly Increase \$2.52 (\$0.92) \$0.00 \$1.61

	Proposed Ph 1	Proposed Ph 2
RATE 63		
Basic Delivery Charge	\$0.250	\$0.333
Distribution Charge	\$1.028	\$0.649
Cost of Gas	\$4.3408	\$4.3408

**MONTANA-DAKOTA UTILITIES CO.
 GAS UTILITY - NORTH DAKOTA
 WAHPETON RATE 63 BILL COMPARISON PHASE I
 RESIDENTIAL GAS SERVICE - HIGH USE**

Month	Dk	Current			Proposed			Amount of Increase	% Increase	
		Basic Service Charge	Distribution Charge	Cost of Gas	Total	Basic Service Charge	Distribution Charge			Cost of Gas
January	24	\$3.50	\$22.23	\$104.18	\$129.91	\$7.75	\$24.67	\$104.18	\$6.69	5.15%
February	30	3.50	27.16	130.22	160.88	7.00	30.84	130.22	7.18	4.46%
March	30	3.50	27.16	130.22	160.88	7.75	30.84	130.22	7.93	4.93%
April	21	3.50	19.76	91.16	114.42	7.50	21.59	91.16	5.83	5.10%
May	11	3.50	11.54	47.75	62.79	7.75	11.31	47.75	4.02	6.40%
June	6	3.50	6.43	26.04	35.97	7.50	6.17	26.04	3.74	10.40%
July	2	3.50	2.14	8.68	14.32	7.75	2.06	8.68	4.17	29.12%
August	2	3.50	2.14	8.68	14.32	7.75	2.06	8.68	4.17	29.12%
September	1	3.50	1.07	4.34	8.91	7.50	1.03	4.34	3.96	44.44%
October	3	3.50	3.22	13.02	19.74	7.75	3.08	13.02	4.11	20.82%
November	11	3.50	11.54	47.75	62.79	7.50	11.31	47.75	3.77	6.00%
December	19	3.50	18.12	82.48	104.10	7.75	19.53	82.48	5.66	5.44%
Total	160	\$42.00	\$152.51	\$694.52	\$889.03	\$91.25	\$164.49	\$694.52	\$61.23	6.89%
Average Monthly Increase						\$4.10	\$1.00	\$0.00	\$5.10	

	Current	Proposed Ph 1
RATE 63		
Basic Delivery Charge	\$3.50	\$0.250
Distribution Charge		\$1.028
Distribution Charge First 10 Dk	\$1.072	
Distribution Charge Over 10 Dk	\$0.822	
Cost of Gas	\$4.3408	\$4.3408

**MONTANA-DAKOTA UTILITIES CO.
GAS UTILITY - NORTH DAKOTA
WAHPETON RATE 63 BILL COMPARISON - PHASE II
RESIDENTIAL GAS SERVICE - HIGH USE**

Month	Dk	Current			Proposed			Amount of Increase	%
		Basic Service Charge	Distribution Charge	Cost of Gas	Basic Service Charge	Distribution Charge	Cost of Gas		
January	24	\$7.75	\$24.67	\$104.18	\$10.32	\$15.58	\$104.18	(\$6.52)	-4.77%
February	30	7.00	30.84	130.22	9.32	19.47	130.22	(9.05)	-5.38%
March	30	7.75	30.84	130.22	10.32	19.47	130.22	(8.80)	-5.21%
April	21	7.50	21.59	91.16	9.99	13.63	91.16	(5.47)	-4.55%
May	11	7.75	11.31	47.75	10.32	7.14	47.75	(1.60)	-2.39%
June	6	7.50	6.17	26.04	9.99	3.89	26.04	0.21	0.53%
July	2	7.75	2.06	8.68	10.32	1.30	8.68	1.81	9.79%
August	2	7.75	2.06	8.68	10.32	1.30	8.68	1.81	9.79%
September	1	7.50	1.03	4.34	9.99	0.65	4.34	2.11	16.39%
October	3	7.75	3.08	13.02	10.32	1.95	13.02	1.44	6.04%
November	11	7.50	11.31	47.75	9.99	7.14	47.75	(1.68)	-2.52%
December	19	7.75	19.53	82.48	10.32	12.33	82.48	(4.63)	-4.22%
Total	160	\$91.25	\$164.49	\$694.52	\$121.52	\$103.85	\$694.52	(\$30.37)	-3.20%
Average Monthly Increase					\$2.52	(\$5.05)	\$0.00	(\$2.53)	

RATE 63	Proposed Ph 1	Proposed Ph 2
Basic Delivery Charge	\$0.250	\$0.333
Distribution Charge	\$1.028	\$0.649
Cost of Gas	\$4.3408	\$4.3408

Case No. PU-20-379
Exhibit No. ___SB-5

Exhibit No. ___SB-5

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

North Customer Class (in dk)	Average Monthly Bill			
	Average Monthly Usage	Phase 1	Phase 2	Phase 3
Residential.....7	\$46.44	\$49.68	\$48.76	\$47.83
Firm General Service – (meters < 500 cubic feet/hr) .. 13	90.11	95.99	94.53	93.07
Firm General Service – (meters > 500 cubi feet/hr) ... 72	413.27	432.75	424.66	416.56
Interruptible Sales Service – Small Volume 405	1,784.89	1,866.37	1,862.89	1,859.41
Large Volume 4,521	18,691.34	19,399.94	18,018.33	16,618.17
Interruptible Transportation – Small Volume 1,530	2,148.85	2,406.11	2,392.95	2,379.79
Interruptible Transportation – Large Volume 13,050	16,976.19	18,944.99	14,956.91	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.gong.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.

Great Plains - North (1/17)



A Division of MDU Resources Group, Inc.

In the Community to Serve®

Great Plains Natural Gas Co.
North 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 customer 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

North Residential customer:

Basic Service Charge - \$6.50 to \$7.50
 Distribution Delivery Charge Increase from \$1.7279 to \$2.0471 per dekatherm (dk)

Phase 2: Effective 1/1/2018

North Residential customer:

Basic Service Charge - \$7.50
 Distribution Delivery Charge Decrease from \$2.0471 to \$1.9154 per dk

Phase 3: Effective 1/1/2019

North Residential customer:

Basic Service Charge - \$7.50
 Distribution Delivery Charge Decrease from \$1.9154 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 84 dk per year will be approximately:

Phase 1: Effective 1/1/2017

Residential North – Increase of \$3.24 per month

Phase 2: Effective 1/1/2018

Residential North – Decrease of \$0.92 per month

Phase 3: Effective 1/1/2019

Residential North – Decrease of \$0.93 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.

NORTH PHASE 2

Customer Class	Monthly Basic Service Charge		Distribution Delivery Charge per dk
	Old	New	
Residential.....	\$7.50	\$7.50	\$2.0471 \$1.9154
Firm General (meter < 500 cubic ft./hr).....	\$23.00	\$23.00	\$1.6362 \$1.5238
Firm General (meter > 500 cubic ft./hr).....	\$28.50	\$28.50	\$1.6362 \$1.5238
Interruptible Sales Service – Small Volume.....	\$145.00	\$145.00	\$1.2294 \$1.2208
Interruptible Sales Service – Large Volume.....	\$230.00	\$230.00	\$1.2193 \$0.9137
Interruptible Transportation – Small Volume.....	\$200.00	\$200.00	\$1.2294 \$1.2208
Interruptible Transportation – Large Volume.....	\$260.00	\$260.00	\$1.2193 \$0.9137

NORTH PHASE 3

Customer Class	Monthly Basic Service Charge		Distribution Delivery Charge per dk
	Old	New	
Residential.....	\$7.50	\$7.50	\$1.9154 \$1.7832
Firm General (meter < 500 cubic ft./hr).....	\$23.00	\$23.00	\$1.5238 \$1.4113
Firm General (meter > 500 cubic ft./hr).....	\$28.50	\$28.50	\$1.5238 \$1.4113
Interruptible Sales Service – Small Volume.....	\$145.00	\$145.00	\$1.2208 \$1.2122
Interruptible Sales Service – Large Volume.....	\$230.00	\$230.00	\$0.9137 \$0.6040
Interruptible Transportation – Small Volume.....	\$200.00	\$200.00	\$1.2208 \$1.2122
Interruptible Transportation – Large Volume.....	\$260.00	\$260.00	\$0.9137 \$0.6040

NORTH PHASE 1

Customer Class	Monthly Basic Service Charge		Distribution Delivery Charge per dk
	Old	New	
Residential.....	\$6.50	\$7.50	\$1.7279 \$2.0471
Firm General (meter < 500 cubic ft./hr).....	\$20.00	\$23.00	\$1.4143 \$1.6362
Firm General (meter > 500 cubic ft./hr).....	\$25.00	\$28.50	\$1.4143 \$1.6362
Interruptible Sales Service – Small Volume.....	\$125.00	\$145.00	\$1.0776 \$1.2294
Interruptible Sales Service – Large Volume.....	\$200.00	\$230.00	\$1.0692 \$1.2193
Interruptible Transportation – Small Volume.....	\$175.00	\$200.00	\$1.0776 \$1.2294
Interruptible Transportation – Large Volume.....	\$250.00	\$260.00	\$1.0692 \$1.2193

(over)

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 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 Volume434	1,940.47	1,974.74	1,978.48	1,982.17
Interruptible Sales Service – Large Volume4,770	16,969.41	16,721.80	17,118.66	17,520.77
Interruptible Transportation Small Volume585	912.16	1,023.45	1,028.48	1,033.45
Interruptible Transportation Large Volume13,050	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 bills 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.
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How to learn more

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Notice to customers

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Great Plains - South (1/17)



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

(over)