

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

LeRoy Koppendraye
Marshall Johnson
Ken Nickolai
Thomas Pugh
Phyllis A. Reha

Chair
Commissioner
Commissioner
Commissioner
Commissioner

In the Matter of a Request by Great Plains
Natural Gas Co. for Approval of a Demand
Side Management Financial Incentive and a
Proposed Conservation Cost Recovery
Adjustment

ISSUE DATE: December 12, 2006

DOCKET NO. G-004/M-06-678

ORDER APPROVING DSM FINANCIAL
INCENTIVE AND CIP TRACKER
ACCOUNT AND ALLOWING
IMPLEMENTATION OF CCRA

PROCEDURAL HISTORY

On May 1, 2006, Great Plains Natural Gas Co., A Division of MDU Resources Group, Inc. (Great Plains) submitted a letter in this docket stating that the Company would delay filing its Conservation Cost Recovery Adjustment (CCRA) and Demand Side Management (DSM) filing in order to combine the filing with the general rate case compliance filing in Docket No. G-004/GR-04-1487.¹

On August 11, 2006, Great Plains filed a request for approval of its Conservation Improvement Program (CIP) CCRA/DSM filing for 2005.

On October 18, 2006, the Department of Commerce (the Department) filed comments recommending that Great Plains' request be approved with modifications.

On November 30, 2006, the matter came before the Commission.

FINDINGS AND CONCLUSIONS

The Commission approved a conservation improvement plan incentive program for gas and electric utilities in 2000.²

¹ The Commission required this filing in Docket No. G-004/M-05-675.

² Docket No. G,E-999/CI-98-1759, Order Approving Demand Side Management Financial Incentive Plans (April 7, 2000).

In its August 11 filing, Great Plains requested that its CIP financial incentive plan continue, as it is consistent with the four considerations set forth in the April 7, 2000 Order:

1. The plan is likely to increase utility investment in cost-effective energy conservation;
2. The plan is compatible with the interest of utility ratepayers and other interested parties;
3. The plan links the incentive to the utility's performance in achieving cost-effective conservation; and
4. The plan is not in conflict with other provisions of Minn. Stat. 216B.16, subd. 6c.

Minn. Stat. 216B.16, subd. 6c.

Great Plains stated that the net benefit derived from the 2005 CIP program was \$786,475, which qualified for an incentive of \$57,649.

In its October 18 filing, the Department discovered two errors in the Company's calculation of its incentive, which, when corrected, resulted in an incentive of \$68,810.

Based on Great Plains' updated tracker balance as of October 1, the Department recommended that the CCRA be \$0.0444 per dk.

Commission staff identified an additional error in the amounts Great Plains should recover through the CCRA. Great Plains' schedule showed a balance of \$242,665 to be recovered, based on its initial proposed financial incentive of \$57,649; utilizing the Department's revised financial incentive of \$68,810, the amount to be recovered should be \$253,826.

The Department recommended that Great Plains be allowed to implement its revised CCRA at the same time that final rates are approved for implementation in Docket No. G-004GR-04-1487 and G-004/MR-06-1411. Final rates in that matter, however, are not anticipated soon. The Company's current CCRA is (\$0.0025) per dk and the proposed CCRA is \$0.0465 per dk, an increase of \$0.0490 per dk.

Because of this significant increase, the Commission finds that waiting until final rates in the rate case are implemented will only increase the under-recovery of the CIP costs. Therefore, the Commission will allow implementation of the new CCRA as of the date of the order in this docket.

ORDER

1. The Commission approves Great Plains' proposed revised 2005 DSM financial incentive of \$68,810 and will allow the Company to record the 2005 financial incentive in its CIP tracker account as the date of this Order.
2. The Commission approves Great Plains' 2005 CIP tracker account, including expenses of \$272,577, recoveries of \$104,620, and carrying charges of (\$2,809).

3. The Commission approves the modified proposed CCRA of \$0.0465 per dk for all customer classes.
4. The Commission will allow Great Plains to implement its proposed revised CCRA of \$0.0465 per dk as of the date of this Order.
5. The Commission will require Great Plains to submit, as a compliance filing within 10 days of the date of this Order, the relevant tariff sheets that reflect the Commission's determination in this docket.
6. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Burl W. Haar
Executive Secretary

(S E A L)

This document can be made available in alternative formats (i.e., large print or audio tape) by calling (651) 201-2202 (voice) or 1-800-627-3529 (MN relay service).