division of energy resources
Minnesota Department of Commerce

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August 30, 2013

Burl W. Haar
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, Minnesota, 55101-2147

RE: **Comments of Minnesota Department of Commerce, Division of Energy Resources**
Docket No. G004/D-13-448

Dear Dr. Haar:

Attached are the Comments of the Minnesota Department of Commerce, Division of Energy Resources (Department) in the following matter:

Great Plains Natural Gas' (Great Plains) Annual Depreciation Study.

The petition was filed on May 31, 2013 by:

Rita A. Mulkern
Regulatory Analysis Manager
Great Plains Natural Gas Company
705 West Fir Avenue
PO Box 176
Fergus Falls, MN 56538-0176

The Department will provide a recommendation to the Minnesota Public Utilities Commission (Commission) after Great Plains provides additional information in reply comments. The Department is available to answer any questions the Commission may have.

Sincerely,

/s/ CRAIG ADDONIZIO
Financial Analyst

CA/sm
Attachment

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

COMMENTS OF THE
MINNESOTA DEPARTMENT OF COMMERCE
DIVISION OF ENERGY RESOURCES

DOCKET NO. G004/D-13-448

I. SUMMARY OF GREAT PLAINS' PROPOSAL

On May 31, 2013, Great Plains Natural Gas Company, a Division of MDU Resources Group, Inc. (Great Plains or the Company) filed a petition (Petition) with the Minnesota Public Utilities Commission (Commission) requesting approval of the depreciation parameters and rates proposed in its 2013 depreciation study (2013 Depreciation Study). The 2013 Depreciation Study is the first update to the Company's most recent comprehensive five-year depreciation study, filed in Docket No. G004/D-12-565 (2012 Depreciation Docket), in which the Commission has not yet issued an Order. The Company stated that the application of the proposed lives and salvage rates to December 31, 2012 plant and reserve balances results in depreciation expense of $1,424,231, or $151,655 lower than depreciation expense would be under current depreciation parameters. The Department notes that Great Plains' currently effective depreciation parameter and rates were approved by the Commission in Docket No. G004/D-11-499. The proposed depreciation parameters yield a composite depreciation rate of 4.12 percent for 2011, or 0.41 percentage points lower than the composite depreciation rate yielded by currently approved depreciation parameters.

II. DEPARTMENT ANALYSIS

The Department examined Great Plains' 2013 Depreciation Study for compliance with filing requirements and previous Commission Orders, and for the reasonableness of the proposed remaining lives, salvage rates, and depreciation rates.

A. COMPLIANCE WITH FILING REQUIREMENTS AND COMMISSION ORDERS

Minnesota Statutes Section 216B.11 and Minnesota Rules, parts 7825.0500-7825.0900 require public utilities to seek Commission certification of their depreciation rates and methods. Utilities must use straight-line depreciation unless the utility can justify a different method. Additionally, utilities must review their depreciation rates annually to determine if they are generally appropriate and must file depreciation studies at least once every five years. Once certified by order, depreciation rates remain in effect until the next certification.

Great Plains employs a straight-line depreciation method and files annual depreciation studies with the Commission. Additionally, in 2012, Great Plains used the most recently approved depreciation rates to calculate depreciation expense.[1] The Department concludes that Great Plains' 2013 Depreciation Study meets all relevant filing requirements.

The Company has also complied with the requirement to propose depreciation rates that are effective January 1, 2013. The Commission's Order dated March 21, 2007 in Docket No. G004/D-06-700 required that all future remaining life depreciation and amortization studies be effective on January 1 of the year for which the study is performed starting with the depreciation study performed for year-end 2007. Great Plains' 2013 Depreciation Study appropriately proposes depreciation rates to be effective January 1, 2013 based upon December 31, 2012 plant and reserve balances.

B. REASONABLENESS OF PROPOSED REMAINING LIVES, SALVAGES, AND IMPACT OF RESULTING DEPRECIATION ACCRUALS

1. Proposed Lives

As noted above, Great Plains conducted a comprehensive five-year depreciation study in the 2012 Depreciation Docket in which the Company analyzed the retirement experiences of its plant accounts to determine if its average service life (ASL) assumptions were still appropriate. The Department recommended approval of all changes to ASLs proposed in that Docket. In the instant Petition, Great Plains is proposing no changes to its average service lives. The Department concludes that Great Plains' proposed ASLs are reasonable.

The Department notes, however, that despite the fact that the Company has proposed no changes to its assumed ASLs, the Company has proposed unexpected changes to the remaining lives of a few accounts. Generally, an account's remaining life is calculated as a function of the account's assumed ASL and the age of property in the account, which is tracked by vintage. Thus, even

[1] The Department notes that Great Plains used the depreciation rates approved in Docket No. G004/D-11-499 to calculate depreciation expense in 2012. Great Plains' prior depreciation petition (Docket No. G004/D-12-565) is still pending before the Commission, and the rates proposed in that Docket have not yet been approved by the Commission.

when an account's assumed average life does not change, significant additions can lengthen the account's remaining life, as the new property will be expected to survive longer than older property in the account. Similarly, significant retirements of older property in an account can also lengthen the account's remaining life, as the weighted average age of the property in the account would decrease. Barring a change the age-makeup of property in an account, its remaining life would be expected to decrease by approximately one year from one depreciation study to the next if the account's average service life does not change.[2] Table One below summarizes the ASLs and remaining lives of three accounts.

Table 1
Comparison of Average Service Lives and Remaining Lives of Selected Accounts

		Proposed Average Service Life and Survivor Curve		Proposed Average Remaining Life		
Account No.	Description	2012 Depreciation Study	2013 Depreciation Study	2012 Depreciation Study	2013 Depreciation Study	Difference
367.00	Transmission Mains	50-R3	50-R3	12.70	15.84	3.14
367.60-.61	Farm & Side Taps	30-R4	30-R4	7.51	8.91	1.40
390.00-.01	General Structures & Improvements	45-R3	45-R3	36.60	17.06	-19.54

Sources: Table 8 of Great Plains' 2012 and 2013 Depreciation Studies

The Department notes that accounts 367.00 and 367.60-.61 had no additions or retirements in 2012, and therefore the Department would have expected the remaining lives of those accounts to decrease by approximately one year, not increase by 3.14 or 1.40 years. The Department requests that Great Plains explain in reply comments the reasons for the unexpected changes in the remaining lives of the accounts shown.

Account 390.00-.01 had net additions to plant in 2012, which would be expected to lengthen the account's remaining life, not decrease it by more than 50 percent. Further, in the 2012 Depreciation Docket, the remaining life of account 390.00-.01 was extended by 19.62 years, from 16.98 years to 36.60 years. The decrease proposed in the instant Docket reverses the last year's extension. The Department requests that Great Plains explain the large changes in account 390.00-.01's remaining life over the last two years in reply comments.

[2] Due to the probabilistic nature of the remaining life calculation, the remaining life of an account that has had no additions, retirements, transfers, etc., would actually be expected to decline by slightly less than one year.

2. *Salvage Values*

Great Plains has proposed no changes relative to the salvage rates proposed in the 2012 Depreciation Docket. The Department concludes that the Company's proposed salvage rates are reasonable.

3. *Resulting Depreciation Rates*

The Department notes that in its responses to Department Information Request Nos. 3, 6, and 7, Great Plains stated that since filing the 2013 Depreciation Study, the Company has installed new depreciation software, and as a result the Company has revised its requested amortization rates for accounts 391.10, 394.10, and 397.[3] In 2002, Great Plains changed the amortization method applied to its amortizable accounts. Property installed in 2001 and earlier continued to be amortized under the old method, and property installed in 2002 and later was amortized under the new method. Thus, accounts with unamortized property from 2001 or earlier had two separate amortization rates. In its response Department Information Request No. 3, Great Plains stated that its new depreciation software works most effectively with a single amortization rate. For its amortizable accounts, the Company is now requesting approval of only the proposed average service life, and each account's amortization rate will simply be equal to one divided by the average service life. In its response to Department Information Request No. 9, the Company provided revised versions of tables from the 2013 Depreciation Study which contain the amortization calculations for the affected accounts.[4] Table 2 below quantifies the overall effect on the amortization expense of the three affected accounts.

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[3] Great Plains' responses to Department Information Request Nos. 3, 6, and 7 are included with these Comments as Attachment 1, 2, and 3.

[4] Great Plains' response to Department Information Request No. 9 is included with these Comments as Attachment 4.

Table 2
Effect of Proposed Change to a Single Amortization Rate

		Amortization Expense		
Account No.	Description	Original 2-Method Approach	Proposed 1-Method Approach	Difference
391.1	Office Furniture & Equipment	6,811.77	6,322.62	(489.15)
394.1	Tools, Shop & Garage Equipment	16,393.67	16,379.13	(14.54)
397	Communication Equipment	13,041.30	13,228.88	187.58
Total		36,246.74	35,930.63	(316.10)

Sources: 2013 Depreciation Study and Response to Department Information Request No. 9 (Attachment 4 to these Comments)

The Department concludes that the Company's proposed change is reasonable, as it is administratively simpler, and its effect on overall depreciation expense is small.

Additionally, the Department notes that in the 2012 Depreciation Docket, the Department raised concerns about Great Plains' method of calculating the amortization rates applied to its amortizable plant accounts. In many instances over the last several years, the tables in Great Plains' depreciation studies that purport to derive the amortization rates applied to the amortizable accounts have appeared to contain errors that artificially inflated the amortization expense of property vintages with remaining lives of less than one year.[5] The same apparent error appears in 2013 Depreciation Study in, for example, the amortization calculations for account 391.30, shown in the table on page three of Attachment 4 to these Comments. In that table, vintage 2009 property is shown to have a remaining amount to be amortized of $627.25, and a remaining amortization period of 0.73 years, but Great Plains calculates an annual amortization amount of $860.97. Previously, the Department would have argued that amortization amount should have been capped at the unamortized balance of $627.25 and adjusted the calculations and the resulting amortization rate for the entire account accordingly. However, in reviewing of the 2013 Depreciation Study, the Department has gained a better understanding of Great Plains' calculations and now concludes that apparent error relates only to the *presentation* of the Company's amortization calculations in its depreciation studies, and that in practice, the Company appropriately caps amortization expense at the unamortized balance.

[5] See the Departments Comments and Reply Comments in Docket No. G004/D-12-565 for a more detailed explanation of the issue.

Great Plains has proposed an average service life of four years for account 391.30, and thus the appropriate amortization rate for the account is 25 percent (equal to 1 divided by the average service life of four years). In the table on page three of Attachment 4, Great Plains calculates the account's amortization rate as the sum of each individual vintage's annual amortization amount divided by the sum of each vintage's individual original cost. Because the Company derives the account's amortization rate in this way, in order to achieve the correct overall amortization rate for the account (25 percent), the Company *must* calculate the 2009 vintage's amortization amount as 25 percent of its original cost. If the Company adjusted the 2009 vintage's annual amortization amount to reflect the fact that it will receive only a partial year of amortization expense, the account's overall amortization rate would be too low. Ultimately, 2009-vintage property will be amortized at a rate of 25 percent per year, but will be fully amortized before receiving a full year's worth of amortization. The Department concludes that this is reasonable.

Thus, with the exception of the three accounts listed in Table 1, the Department concludes that all of Great Plains' proposed depreciation (and amortization) rates are reasonable. The Department will make a recommendation to the Commission regarding the depreciation rates of the accounts listed in Table 1 after it reviews the information Great Plains provides in reply comments regarding those accounts' remaining lives.

4. Reserve Balances of Accounts 305, 311, and 320

In the 2012 Depreciation Docket, the Department raised an issue related to the disposal of Great Plains' propane facilities booked to plant accounts 305, 311, and 320. Normally, gains or losses associated with the retirement and disposal of property are simply added to or subtracted from the appropriate accounts' depreciation reserves. In this case, however, there is no property left in those accounts, and therefore there is no reserve to which the gain or loss can be booked. Thus, the Department had requested that Great Plains provide in this Docket information regarding the treatment of the gains or losses and remaining reserve balances of these accounts. The Department notes, however, that this issue was resolved in Docket No. G004/PA-13-367, in which the Company proposed to book the gain on the sale of these facilities in the reserve of Account 376, mains. The Department concludes that this is reasonable.

III. CONCLUSION

As described above, after reviewing Great Plains 2013 Depreciation Study the Department concludes that the majority of the proposed lives, salvage rates and depreciation rates are reasonable. However, the Department requests that Great Plains address in reply comments the issues raised above regarding the remaining lives of the accounts listed in Table 1. The Department will make a final recommendation to the Commission after it reviews the requested information.

/sm

State of Minnesota

DEPARTMENT OF COMMERCE
DIVISION OF ENERGY RESOURCES

Utility Information Request

Docket Number: G004/D-13-448 Date of Request: July 10, 2013

Requested From: Brian Meloy Response Due: July 22, 2013

Analyst Requesting Information: Craig Addonizio

Type of Inquiry:

[X]...Financial	[ ].....Rate of Return	[ ].....Rate Design
[ ].....Engineering	[ ].....Forecasting	[ ].....Conservation
[ ].....Cost of Service	[ ].....CIP	[ ].....Other:

If you feel your responses are trade secret or privileged, please indicate this on your response.

Request No.	
3	Reference: Account 391.10 a. It is the Department's understanding that Great Plains is requesting Commission approval of two separate amortization rates for Account 391.10. The first amortization rate will apply to property added in 2001 or earlier. The second amortization rate will apply to property added in 2002 or later, and is set equal to one divided by the proposed average service life (16 years), or 6.25 percent. Is the Department's understanding correct? b. Please state the exact amortization rate that Great Plains is proposing to apply to property added in 2001 or earlier. Please describe the method used to calculate the amortization amounts for property added in 2001 or earlier. c. Please explain how the Remaining Amortization Periods for 1996-vintage property and 1999-vintage property were derived. d. The original cost and annual amortization amounts for 1996-vintage property and 1999-vintage property imply a 12.6 year average service life for this property (e.g., for 1999 vintage property, 59.52 / 749.29 = 7.94 percent; ASL = 1 / 0.0794 = 12.59 years). However, the property in these vintages is older than 12.6 years, and therefore should be fully amortized. Is this an appropriate way to analyze these vintages? Response:

Response by: Rita A. Mulkern

List sources of information:

Title: Director of Regulatory Affairs

Department: Regulatory Affairs

Telephone: (701)222-7854

a. Since the time of the filing of the depreciation study, Great Plains has implemented new depreciation/amortization accounting software and would now request approval of only the 16 year average service life for all vintage property. The new accounting software, PowerPlan works most effectively with one amortization rate.
b. As noted in 3a., with the implementation of the new accounting software, Geat Plains would now request a single amortization rate. Pre-2001 vintage amortization were based on the net book value multiplied by the average amortization rate that theoretically amortize the net book value over the remaining average life proposed for the plant account.
c. Remaining amortization is affected by the amount of accumulated reserve for depreciation on the pre-2002 assets that were originally depreciated under the methodology of remaining life group depreciation. At switchover to general plant amortization methodology the pre-2002 remaining net book values for some of the vintages did not exactly match the remaining amortization for the new proposed average service life.
d. Please see Response No. 3c.

Response by:	Rita A. Mulkern	List sources of information:
Title:	Director of Regulatory Affairs	
Department:	Regulatory Affairs	
Telephone:	(701)222-7854	

State of Minnesota

DEPARTMENT OF COMMERCE
DIVISION OF ENERGY RESOURCES

Utility Information Request

Docket Number: G004/D-13-448 Date of Request: July 10, 2013

Requested From: Brian Meloy Response Due: July 22, 2013

Analyst Requesting Information: Craig Addonizio

Type of Inquiry: [X]....Financial [ ]......Engineering [ ]......Cost of Service [ ]......Rate of Return [ ]......Forecasting [ ]......CIP [ ]......Rate Design [ ]......Conservation [ ]......Other:

If you feel your responses are trade secret or privileged, please indicate this on your response.

Request No.	
6	Reference: Account 394.10 a. It is the Department's understanding that Great Plains is requesting Commission approval of two separate amortization rates for Account 394.10. The first amortization rate will apply to property added in 2001 or earlier. The second amortization rate will apply to property added in 2002 or later, and is set equal to one divided by the proposed average service life (20 years), or 5.00 percent. Is the Department's understanding correct? b. Please state the exact amortization rate that Great Plains is proposing to apply to property added in 2001 or earlier. Please describe the method used to calculate the amortization amounts for property added in 2001 or earlier. c. Please explain how the Remaining Amortization Periods for 1996-vintage property, 1997-vintage property, and 1998-vintage property were derived. d. In the table below, the column "Expected Remaining Amortization Period" contains the remaining amortization period for each vintage year one would expect to see given an average service life assumption of 20 years. The column "Actual Remaining Amortization Period" contains the remaining amortization periods for each vintage contained on page 2-30 of Great Plains' Petition.

(Continued on next page)

Response by: Rita A. Mulkern List sources of information:

Title: Director of Regulatory Affairs

Department: Regulatory Affairs

Telephone: (701)222-7854

Vintage Year	Expected Remaining Amortization Period	Actual Remaining Amortization Period
2002	9 - 9.99	9.70
2003	10 - 10.99	10.68
2004	11 - 11.99	11.37
2005	12 - 12.99	12.50
2006	13 - 13.99	12.61
2007	14 - 14.99	11.02
2008	15 - 15.99	15.60
2009	16 - 16.99	16.40
2010	17 - 17.99	17.74
2011	18 - 18.99	18.73
2012	19 - 19.99	19.79

As shown, the actual remaining amortization periods for 2006-vintage and 2007-vintage property fall outside of the expected range. Please explain how those actual remaining amortization periods were calculated and why they differ from the expected range.

Response:

a. As noted in Response No. 3a, Great Plains would like approval of only the 20 year average service life for all vintage property. The new PowerPlan Depreciation/Amortization accounting software that was recently implemented works most effectively with one amortization rate.
b. Please see Response No 6a. Pre-2001 vintage amortization were based on the net book value multiplied by the average amortization rate that theoretically amortize the net book value over the remaining average life proposed for the plant account.
c. Remaining amortization is affected by the amount of accumulated reserve for depreciation on the pre-2002 assets that were originally depreciated under the methodology op remaining life group depreciation. At switchover to general plant amortization methodology the pre-2002 the remaining net book values for some of the vintages did not represent the remaining amortization for the new proposed average service life.
d. Please see Response No. 6c.

Response by:	Rita A. Mulkern	List sources of information:	
Title:	Director of Regulatory Affairs		
Department:	Regulatory Affairs		
Telephone:	(701)222-7854		

State of Minnesota

DEPARTMENT OF COMMERCE
DIVISION OF ENERGY RESOURCES

Utility Information Request

Docket Number: G004/D-13-448 Date of Request: July 10, 2013

Requested From: Brian Meloy Response Due: July 22, 2013

Analyst Requesting Information: Craig Addonizio

Type of Inquiry: [X]...Financial [ ]...Rate of Return [ ]...Rate Design
[ ]...Engineering [ ]...Forecasting [ ]...Conservation
[ ]...Cost of Service [ ]...CIP [ ]...Other:

If you feel your responses are trade secret or privileged, please indicate this on your response.

Request No.	
7	Reference: Account 397 a. It is the Department's understanding that Great Plains is requesting Commission approval of two separate amortization rates for Account 397. The first amortization rate will apply to property added in 2001 or earlier. The second amortization rate will apply to property added in 2002 or later, and is set equal to one divided by the proposed average service life (18 years), or 5.56 percent. Is the Department's understanding correct? b. Please state the exact amortization rate that Great Plains is proposing to apply to property added in 2001 or earlier. Please describe the method used to calculate the amortization amounts for property added in 2001 or earlier. c. Please explain how the Remaining Amortization Periods for 1999-vintage property, 2000-vintage property, and 2001-vintage property were derived. d. Given an assumption of an 18 year average service life, one would expect that 2002-vintage property would have a Remaining Amortization Period of 7.00-7.99 years. Please explain why 2002-vintage property in Account 397 has a Remaining Amortization Period of 1.88 years. e. Given an assumption of an 18 year average service life, one would expect that 2008-vintage property would have a Remaining Amortization Period of 13.00-13.99 years. Please explain why 2002-vintage property in Account 397 has a Remaining Amortization Period of 14.05 years.

Response by: Rita A. Mulkern List sources of information:

Title: Director of Regulatory Affairs

Department: Regulatory Affairs

Telephone: (701)222-7854

Response:

a. As noted in Response No. 3a, Great Plains would like approval of only the 20 year average service life for all vintage property. The new PowerPlan Depreciation/Amortization accounting software that was recently implemented works most effectively with one amortization rate.
b. Please see Response No 7a. Pre-2001 vintage amortization were based on the net book value multiplied by the average amortization rate that theoretically amortize the net book value over the remaining average life proposed for the plant account.
c. Remaining amortization is affected by the amount of accumulated reserve for depreciation on the pre-2002 assets that were originally depreciated under the methodology op remaining life group depreciation. At switchover to general plant amortization methodology the pre-2002 the remaining net book values for some of the vintages did not represent the remaining amortization for the new proposed average service life.
d. The 2002 vintage property was affected by unanticipated cash salvage on the disposal of some of this property thereby increasing the accumulated reserve balance and reducing the net book value remaining to be amortized.
e. This property amount was added to plant in service at the end of year 2008 therefore there was no amortization in 2008.

Response by: Rita A. Mulkern

Title: Director of Regulatory Affairs

Department: Regulatory Affairs

Telephone: (701)222-7854

List sources of information:

State of Minnesota
Department of Commerce
Division of Energy Resources

Utility Information Request

Docket Number: G004/D-13-448 Date of Request: August 2, 2013

Requested From: Rita A. Mulkern Response Due: August 14, 2013

Analyst Requesting Information: Craig Addonizio

Type of Inquiry: [X]...Financial [ ]....Rate of Return [ ]....Rate Design
[ ]....Engineering [ ]....Forecasting [ ]....Conservation
[ ]....Cost of Service [ ]....CIP [ ]....Other:

If you feel your responses are trade secret or privileged, please indicate this on your response.

Request No.	
9	Reference: Response to Department Information Request No. 3a In its response to Department Information Request No. 3a, as well as other responses, Great Plains indicated that it is now requesting approval of only the proposed average service lives for the amortizable accounts. Please provide a revised version of Table 5 for each affected account reflecting the proposed changes. Response: Please see Attachment A and the attached Excel file of Table 5 schedules labeled "IR 9 Att A GPA TABLES GPNG 2012 NEW".

Response by: Rita A. Mulkern List sources of information:

Title: Director of Regulatory Affairs

Department: Regulatory Affairs

Telephone: (701)222-7854

Great Plains Natural Gas Company

Table 5

Account 391.10 - Office Furniture & Equipment
Development of Annual Amortization Amount Over Estimated Average Life of Property

Average Service Life: 16 Years

Year	Original Cost	12/31/2012 Accum. Reserve	Remaining Amount To Be Amortized	Remaining Amortization Period	Annual Amortization Amount
1995	-	-	-		-
1996	28,188.55	27,634.65	553.90	0.25	1,761.78
1997	-	-	-		-
1998	-	-	-		-
1999	749.29	547.87	201.42	3.38	46.83
2000	-	-	-		-
2001	-	-	-		-
2002	3,448.59	2,266.77	1,181.82	5.48	215.54
2003					-
2004	5,409.98	2,998.03	2,411.95	7.13	338.12
2005	-	-	-		-
2006	9,426.59	3,973.00	5,453.59	9.26	589.16
2007	29,164.21	9,873.10	19,291.11	10.58	1,822.76
2008	14,789.70	3,825.77	10,963.93	11.86	924.36
2009	2,445.64	489.78	1,955.86	12.80	152.85
2010	-	-	-		-
2011	7,539.38	836.90	6,702.48	14.22	471.21
	101,161.93	52,445.87	48,716.06		6,322.62

Composite Depr. Rate	6,322.62	/	101,161.93	=	6.25%
Composite Depr. Rate Through 2001 Vintage	1,808.62	/	28,937.84	=	6.25%

Great Plains Natural Gas Company

Table 5

Account 391.30 - Computer & Electronic Equipment
Development of Annual Amortization Amount Over Estimated Average Life of Property

Average Service Life: 4 Years

Year	Original Cost	12/31/2012 Accum. Reserve	Remaining Amount To Be Amortized	Remaining Amortization Period	Annual Amortization Amount
2009	3,443.88	2,816.63	627.25	0.73	860.97
2010	12,496.26	8,201.39	4,294.87	1.37	3,124.07
2012	5,210.72	110.88	5,099.84	3.91	1,302.68
	21,150.86	11,128.90	10,021.96		5,287.72

Composite Depr. Rate	5,287.72	/	21,150.86 =	25.00%

Table 5

Great Plains Natural Gas Company

Account 391.50 - Other Computer Equipment

Development of Annual Amortization Amount Over Estimated Average Life of Property

Average Service Life: 5 Years

Year	Original Cost	12/31/2012 Accum. Reserve	Remaining Amount To Be Amortized	Remaining Amortization Period	Annual Amortization Amount
2006	-	-	-		-
2007	-	-	-		-
2008	15,652.89	13,561.45	2,091.44	0.67	3,130.58
2009	-	-	-		-
2010	-	-	-		-
2011	3,494.21	698.88	2,795.33	5.00	698.84
	19,147.10	14,260.33	4,886.77		3,829.42

Composite Depr. Rate 3,829.42 / 19,147.10 = 20.00%

Great Plains Natural Gas Company

Table 5

Account 394.10 - Tools, Shop & Garage Equipment
Development of Annual Amortization Amount Over Estimated Average Life of Property

Average Service Life: 20 Years

Year	Original Cost	12/31/2012 Accum. Reserve	Remaining Amount To Be Amortized	Remaining Amortization Period	Annual Amortization Amount
1996	4,774.74	2,912.07	1,862.67	7.77	238.74
1997	44,765.60	26,167.73	18,597.87	8.28	2,238.28
1998	23,159.82	12,478.44	10,681.38	9.19	1,157.99
1999	-	-	-		-
2000	-	-	-		-
2001	-	-	-		-
2002	21,220.76	10,927.43	10,293.33	9.70	1,061.04
2003	19,009.90	8,856.95	10,152.95	10.68	950.50
2004	43,014.64	18,563.20	24,451.44	11.37	2,150.73
2005	19,311.84	7,243.29	12,068.55	12.50	965.59
2006	29,536.53	10,910.15	18,626.38	12.61	1,476.83
2007	11,800.71	5,298.66	6,502.05	11.02	590.04
2008	16,656.41	3,668.55	12,987.86	15.60	832.82
2009	10,100.22	1,817.34	8,282.88	16.40	505.01
2010	17,250.11	1,948.62	15,301.49	17.74	862.51
2011	31,748.36	2,017.60	29,730.76	18.73	1,587.42
2012	35,232.96	361.64	34,871.32	19.79	1,761.65
	327,582.60	113,171.67	214,410.93		16,379.13

Composite Depr. Rate	16,379.13	/	327,582.60	=	5.00%
Composite Depr. Rate Through 2001 Vintage	3,635.01	/	72,700.16	=	5.00%

Great Plains Natural Gas Company

Table 5

Account 397 - Communication Equipment
Development of Annual Amortization Amount Over Estimated Average Life of Property

Average Service Life: 18 Years

Year	Original Cost	12/31/2012 Accum. Reserve	Remaining Amount To Be Amortized	Remaining Amortization Period	Annual Amortization Amount
1998	-	-	-		-
1999	873.56	715.94	157.62	4.41	48.53
2000	8,194.36	6,266.35	1,928.01	5.75	455.24
2001	3,731.37	2,631.97	1,099.40	7.20	207.30
2002	11,369.56	10,180.97	1,188.59	1.88	631.64
2003	2,420.43	1,213.47	1,206.96	8.98	134.47
2004	186,554.41	85,389.79	101,164.62	9.76	10,364.13
2005	-	-	-		-
2006	-	-	-		-
2007	-	-	-	-	-
2008	11,117.11	2,437.36	8,679.75	14.05	617.62
2009	3,964.27	862.03	3,102.24	14.09	220.24
2010	9,894.78	1,099.44	8,795.34	16.00	549.71
	238,119.85	110,797.32	127,322.53		13,228.88

Composite Depr. Rate	13,228.88	/	238,119.85	=	5.56%
Composite Depr. Rate Through 2001 Vintage	711.07	/	12,799.29	=	5.56%

Great Plains Natural Gas Company

Table 5

Account 398 - Miscellaneous Equipment
Development of Annual Amortization Amount Over Estimated Average Life of Property

Average Service Life: 25 Years

Year	Original Cost	12/31/2012 Accum. Reserve	Remaining Amount To Be Amortized	Remaining Amortization Period	Annual Amortization Amount
2006	7,526.60	1,807.15	5,719.45	19.00	301.06
2007	806.08	188.30	617.78	19.16	32.24
2008	2,580.90	367.30	2,213.60	21.44	103.24
2009	40,424.99	5,710.42	34,714.57	21.47	1,617.00
2010	-	-	-		-
	51,338.57	8,073.17	43,265.40		2,053.54

Composite Depr. Rate	2,053.54	/	51,338.57	=	4.00%

CERTIFICATE OF SERVICE

I, Sharon Ferguson, hereby certify that I have this day, served copies of the following document on the attached list of persons by electronic filing, certified mail, e-mail, or by depositing a true and correct copy thereof properly enveloped with postage paid in the United States Mail at St. Paul, Minnesota.

Minnesota Department of Commerce
Comments

Docket No. G004/D-13-448

Dated this **30th** day of **August, 2013**

/s/Sharon Ferguson

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Julia	Anderson	Julia.Anderson@ag.state.mn.us	Office of the Attorney General-DOC	1800 BRM Tower 445 Minnesota St St. Paul, MN 551012134	Electronic Service	Yes	OFF_SL_13-448_D-13-448
Sharon	Ferguson	sharon.ferguson@state.mn.us	Department of Commerce	85 7th Place E Ste 500 Saint Paul, MN 551012198	Electronic Service	No	OFF_SL_13-448_D-13-448
Burl W.	Haar	burl.haar@state.mn.us	Public Utilities Commission	Suite 350 121 7th Place East St. Paul, MN 551012147	Electronic Service	Yes	OFF_SL_13-448_D-13-448
John	Lindell	agorud.ecf@ag.state.mn.us	Office of the Attorney General-RUD	1400 BRM Tower 445 Minnesota St St. Paul, MN 551012130	Electronic Service	Yes	OFF_SL_13-448_D-13-448
Brian	Meloy	brian.meloy@leonard.com	Leonard, Street & Deinard	150 S 5th St Ste 2300 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_13-448_D-13-448
Rita	Mulkern	rita.mulkern@mdu.com	Great Plains Natural Gas	400 N 4th St Bismarck, ND 58501	Electronic Service	No	OFF_SL_13-448_D-13-448