



105 West Fir Avenue

Mailing Address:

P.O. Box 176

Fergus Falls, MN 56538-0176

(218) 736-6935

March 22, 2013

Dr. Burl Haar  
Executive Secretary  
Minnesota Public Utilities Commission  
121 East Seventh Place, Suite 350  
St. Paul, MN 55101

RE: Docket No. G004/D-12-565  
Supplemental Comments to the Response Comments of the Minnesota  
Department of Commerce, Division of Energy Resources

Dear Dr. Haar:

Great Plains Natural Gas Co. (Great Plains), a Division of MDU Resources Group, Inc., herewith electronically files its Supplemental comments to the Response Comments of the Minnesota Department of Commerce, Division of Energy Resources (Department) filed on March 12, 2013.

Great Plains' supplemental comments address the Department's recommendations with respect to Account 391.30 and requests that the Commission approve the modified depreciation rates recommended by the Department, with the exception of Account 391.30.

If you have any questions regarding this filing, please contact me at (701) 222-7854, or Brian Meloy, at (612) 335-1451.

Sincerely,

*/s/ Rita A. Mulkern*

Rita A. Mulkern  
Director of Regulatory Affairs

**STATE OF MINNESOTA  
BEFORE THE  
MINNESOTA PUBLIC UTILITIES COMMISSION**

|                                |                     |
|--------------------------------|---------------------|
| <b>Beverly Jones Heydinger</b> | <b>Chair</b>        |
| <b>Dr. David C. Boyd</b>       | <b>Commissioner</b> |
| <b>Nancy Lange</b>             | <b>Commissioner</b> |
| <b>J. Dennis O'Brien</b>       | <b>Commissioner</b> |
| <b>Betsy L. Wergin</b>         | <b>Commissioner</b> |

|   |   |                                     |
|---|---|-------------------------------------|
|   | ) |                                     |
| <b>In the Matter of the 2012</b>          | ) | <b>Docket No. G004/ D-12-565</b>    |
| <b>Natural Gas Five Year Depreciation</b> | ) |                                     |
| <b>Study</b>                              | ) | <b>Supplemental Comments of</b>     |
|   | ) | <b>Great Plains Natural Gas Co.</b> |
|   | ) |                                     |

Great Plains Natural Gas Co. ("Great Plains"), a Division of MDU Resources Group, Inc., submits its response to the Minnesota Department of Commerce, Division of Energy Resources (Department) March 12, 2013 Response Comments submitted in the above-captioned proceedings.

In its Response Comments, the Department recommends that the Commission (1) approve Great Plains' proposed depreciation rates with the exception of Account 391.3 and the propane accounts (Account Nos. 305, 311 and 320), (2) approve an amortization rate of 14.27 percent for Account 391.30, (3) require Great Plains to submit an informational filing stating the reserve balances in Account Nos. 305, 311 and 320 after disposal of all property in these accounts is complete, and (4) approve Great Plains' requested effective date of January 1, 2013. Great Plains' agrees with the recommendations with the exception of the amortization rate for Account 391.30 and its response to that issue is provided below.

I.

**DISCUSSION**

**A. Account 391.30 Amortization rate**

In its Response Comments on page 3, the Department continues to determine that Great Plains made an error in the calculation of the amortization rate for Account 391.30, Computer Equipment, Personal Computers. Great Plains respectfully disagrees.

As Great Plains noted in its Reply Comments, Account 391.30 is one of the general plant accounts that is amortized rather than depreciated and Great Plains uses a four year life, or 25 percent amortization rate, where all equipment by individual asset in a vintage year is amortized month by month over the four year period and ceases the amortization when the plant is fully amortized. On page 4 of its Reply Comments, the Department states that if Great Plains uses its 25 percent amortization rate, the account will be over amortized. Great Plains amortizes the equipment in each vintage year only until it is fully amortized, i.e. if it becomes fully amortized in June, the amortization ceases. Great Plains is amortizing each vintage year separately and the use of a 25 percent amortization rate is necessary to amortize the assets in each year over a four year period. The use of the proposed 25 percent amortization rate will not result in over amortizing the account and the use of an amortization rate of 14.27 percent would result in lengthening the amortization period beyond the appropriate four year period.

II.

**SUMMARY AND RECOMMENDATIONS**

Great Plains respectfully requests that the Commission (1) accept its reply comments and find that Great Plains has fully addressed the Department's comments; and (2) approve the modified depreciation rates recommended by the Department with the exception of Account 391.30 where it requests the amortization rate filed by Great Plains.

Dated: March 22, 2013

Respectfully Submitted,

*/s/ Rita A. Mulkern*

---

Rita A. Mulkern  
Director of Regulatory Affairs  
Great Plains Natural Gas Co.  
a Division of MDU Resources Group, Inc.  
400 N. 4<sup>th</sup> Street  
Bismarck, ND 58501