

August 5, 2015

Daniel P. Wolf
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-15-527

Dear Mr. Wolf:

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

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

The petition was filed on May 29, 2015 by:

Tamie A. Aberle
Director of Regulatory Affairs
Great Plains Natural Gas Company
705 West Fir Avenue
P.O. Box 176
Fergus Falls, MN 56538-0176

The Department recommends approval and is available to answer any questions the Minnesota Public Utilities Commission may have.

Sincerely,

/s/ ANGELA BYRNE
Financial Analyst
651-539-1820

AB/ja
Attachment

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

COMMENTS OF THE
MINNESOTA DEPARTMENT OF COMMERCE
DIVISION OF ENERGY RESOURCES

DOCKET No. G004/D-15-527

I. SUMMARY OF GREAT PLAINS' PROPOSAL

On May 29, 2015, Great Plains Natural Gas Company, a Division of MDU Resources Group, Inc. (Great Plains or the Company) filed a petition with the Minnesota Public Utilities Commission (Commission) requesting approval of the depreciation parameters and rates proposed in its 2015 depreciation study (2015 Depreciation Study). The 2015 Depreciation Study is the third update to the Company's most recent comprehensive five-year depreciation study, filed in Docket No. G004/D-12-565 (2012 Depreciation Docket). The average service lives and salvage rates proposed in the instant Docket are unchanged from those proposed in the 2013 Depreciation Study, although, as described below, remaining lives have been updated to reflect the passage of time and plant activity (*i.e.*, additions, retirements, transfers, etc.). The Company stated that the application of the proposed lives and salvage rates to December 31, 2014 plant and reserve balances results in 2015 depreciation expense of \$1,644,542, or \$40,333 higher than depreciation expense would be under current depreciation rates. The proposed depreciation parameters yield a composite depreciation rate of 4.05 percent for 2015, or 0.10 of a percentage point higher than the composite depreciation rate yielded by currently approved depreciation parameters (3.95 percent).

II. DEPARTMENT ANALYSIS

The Minnesota Department of Commerce, Division of Energy Resources (Department) examined Great Plains' 2015 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 2014, Great Plains used the most recently approved depreciation rates to calculate depreciation expense, which were approved in Docket No. G004/D-14-425 (2014 Depreciation Docket). The Department concludes that Great Plains' 2015 Depreciation Study meets all relevant filing requirements.

The Company has also complied with the requirement to propose depreciation rates that are effective January 1, 2015. 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' 2015 Depreciation Study appropriately proposes depreciation rates to be effective January 1, 2015 based upon December 31, 2014 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 appropriate average service life (ASL) assumptions. Great Plains proposed, and the Commission approved, the same ASLs in the 2013 and 2014 Depreciation Dockets. The Company also proposed the same ASLs in its current Petition. The Department concludes that the proposed ASLs continue to be reasonable.

The Department notes, however, that despite the fact that the Company proposed no changes to its assumed ASLs, the Company proposed large changes to the remaining lives of several 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 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.¹

For example, in the Company's 2014 Depreciation Docket, Great Plains proposed a remaining life of 12.54 years for Account 385.00 Industrial Meas. & Reg. Station Equipment. In the 2015 Depreciation Study, the Company proposed a significantly longer remaining life of 34.12 years. Between December 31, 2013 and December 31, 2014, additions in this account were \$21,162.64, increasing the plant balance from \$5,088.13 to \$26,250.77. Additions of this proportion significantly decrease the average age of the property, resulting in a much longer remaining life.

Based on the above discussion, the Department concludes that all of Great Plains' proposed remaining lives are reasonable.

2. *Salvage Values*

Great Plains has proposed no changes relative to the salvage rates proposed in the 2012, 2013, and 2014 Depreciation Dockets. The Department concludes that the Company's proposed salvage rates are reasonable.

C. *RESERVE BALANCES OF ACCOUNTS 305, 311, AND 320*

In the 2012 and 2013 Depreciation Dockets, the Department raised an issue related to the Company's plans to dispose of its 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 was no property left in those accounts, and therefore there was no reserve to book the gain or loss. The Department notes that this issue was resolved in Docket No. G004/PA-13-367 (Docket 13-367), in which the Company proposed to book the gain on the sale of these facilities in the reserve of Account 376, Mains, an accounting treatment that the Department concluded was reasonable. In the 2014 Depreciation Docket, Great Plains clarified that the transaction occurred in early 2014, and would therefore show up in the 2015 Depreciation Study.

During its review, the Department noted a transfer of assets from accounts 305, 311, and 320 to Account 390 Structures & Improvements. In DOC Information Request 1,² the Department requested that Great Plains provide support for this transfer. In its response, Great Plains stated,

In Marshall, the peak shaving plant and the warehouse shared the same location. When the plant was first added, the building and its components were all included in Production plant FERC accounts. Once all the Peak Shaving equipment was removed,

¹ 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 DOC Attachment 1.

Great Plains transferred all the remaining building assets still in use as a warehouse to Account 390.

In a phone call with the Department,³ Great Plains clarified that the activity related to the sale of the Marshall plant, including the gain, was booked through Account 376 Mains;⁴ the portion related to the surviving warehouse was transferred to Account 390.

The Department concludes that Great Plains has complied with the Commission's Order in Docket 13-367.

D. PLANT AND RESERVE ACTIVITY AND BALANCES

Great Plains' plant activity, accrual rates, and reserve ratios for all of its plant accounts for the last five years are presented below:

**Great Plains Natural Gas Company
Reserve Ratio Summary
2010-2014
(\$)**

Year	Increase in Plant	Gross Plant Balance	Annual Depr. Provision	Accrual Rate	Increase in Reserve	Reserve Balance	Reserve Ratio
2014	2,984,892	41,460,273	1,515,365	3.65%	942,482	25,961,009	62.62%
2013	2,939,941	38,475,381	1,404,487	3.65%	1,134,601	25,018,527	65.02%
2012	1,815,776	35,535,440	1,491,215	4.20%	776,629	23,883,926	67.21%
2011	1,467,710	33,719,664	1,472,910	4.37%	587,070	23,107,297	68.53%
2010	1,497,137	32,251,954	1,364,776	4.23%	942,720	22,520,227	69.83%

Source: Great Plains' Depreciation Studies

Note: The 2010 Annual Depreciation Provision and Accrual Rate reported above have been corrected to reflect one-time adjustments made by Great Plains in its 2010 Depreciation Study. The Department's Comments in Docket No. G004/D-11-499 contain a detailed explanation of the adjustments.

Great Plains' accrual rate remained a steady 3.65% in 2014 from 2013. The Company's overall reserve ratio decreased from 65.02% in 2013 to 62.62% in 2014. The higher depreciation provision and steady accrual rate in 2014 is consistent with the relatively large increases in plant in 2013 and 2014. Additions in 2013 received only a partial year of depreciation expense but a full year in 2014, which increases the accrual rate, all else held equal. Additions in 2014 received a partial year of depreciation expense (the numerator in the accrual rate calculation) but were fully accounted for in the gross plant balance (the denominator of the accrual rate calculation), which decreases the accrual rate, all else held equal.

³ August 3, 2015.

⁴ Order Point 3 of the Commission's September 3, 2013 Order in Docket No. G004/PA-13-367.

III. CONCLUSION AND RECOMMENDATIONS

After review, the Department concludes that the depreciation parameters proposed in Great Plains' 2015 Depreciation Study and the resulting depreciation rates are reasonable. The Department recommends that the Commission:

1. approve the depreciation parameters and depreciation rates proposed in Great Plains' 2015 Depreciation Study;
2. require Great Plains to file its next depreciation study by June 1, 2016; and
3. require Great Plains to file a five-year depreciation study by June 1, 2017.

/ja

State of Minnesota
DEPARTMENT OF COMMERCE
DIVISION OF ENERGY RESOURCES

Nonpublic
Public

Utility Information Request

Docket Number: G004/D-15-527

Date of Request: 7/16/2015

Requested From: Great Plains Natural Gas Co.

Response Due: 7/27/2015

Analyst Requesting Information: Angela Byrne

Type of Inquiry: ...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.	
1	<p>Subject: Gain on Sales/Transfers from Accounts 305, 311, and 320 for Marshall, Montevideo, and Redwood Falls asset sales</p> <p>Reference: Docket 15-527, Table 6 Docket 14-425, Plant Analysis provided in a July 30, 2014 email to the Department of Commerce (see attachment)</p> <p>A. Please provide an explanation of the transactions that took place for each of the Marshall, Montevideo, and Redwood Falls asset sales, that were finalized during 2014. Please include the docket numbers where each sale was approved.</p> <p>B. Please explain what portions of the transactions were reflected in which previous depreciation reports, and what was reflected in the current 2014 report. In your response, please incorporate the figures provided in the Summary of Peak Shaving Plant Reserve Transfer to 376-Mains table, attached to this Information Request.</p> <p>C. If not already addressed in Part B. above, please provide support for the \$215,795.85 figure transferred to Account 390, as shown in Table 6. (Acct 305: \$189,896.45, Acct 311: \$23,629.47, and Acct 320: \$2,269.93.)</p>

Response by: Travis Jacobson

List sources of information: _____

Title: Manager, Regulatory Affairs

Department: Regulatory Affairs

Telephone: 701 222 7855

Response:

- A. The sales of the Montevideo and Redwood Falls propane peaking plants were approved in Docket No. PA-11-008 and the sale of the Marshall propane peaking plant was approved in Docket No. PA-13-367. Itemized transactions were provided in each docket. The transactions that took place reflect the proceeds for each sale and entries were made to record the:
- I. reduction in the plant account balance;
 - II. proceeds, net of cost of removal;
 - III. transfer the remaining reserve balance; and
 - IV. transfer of assets retained by Great Plains for other distribution functions.

An Excel file is attached. The file details the account activity by asset for each propane peaking plant and by year.

- B. As noted in the attached Excel file, the activity by plant by year is as follows:
- I. The plant balance was retired and closed to reserve during 2011 for the Redwood Falls plant and the remaining reserve balance was transferred to account 376 during 2014.
 - II. The plant balance was retired and closed to reserve during 2012 for the Montevideo plant and the remaining reserve balance was transferred to account 376 during 2014.
 - III. The plant balance was retired and closed to reserve during 2014 for the Marshall plant and the remaining reserve balance was transferred to account 376 during 2014.

See Attachment A for Table 6 that was included in the 2012 through 2015 depreciation updates.

- C. In Marshall, the peak shaving plant and the warehouse shared the same location. When the plant was first added, the building and its components were all included in Production plant FERC accounts. Once all the Peak Shaving equipment was removed, Great Plains transferred all the remaining building assets still in use as a warehouse to Account 390.

See Attachment B for a report supporting the transfer of \$215,795.85 to Account 390.

Table 6

09-Jan-01
12:20 AM

GPNG
ACCOUNT #1012
SCHEDULE OF UTILITY PLANT TRANSACTIONS BY SUB-PLANT ACCOUNT
FOR THE 12 MONTH PERIOD ENDED DECEMBER 31, 2011

ACCT NO	NATURAL GAS PLANT	BALANCE 01-01-11	2011 ADDITIONS	2011 RETIREMENTS	2011 TRANSFERS	2011 ADJUST.	BALANCE 12-31-11
	INTANGIBLE PLANT						
301	ORGANIZATION INTANGIBLE PLANT	5,006.20	0.00	0.00	0.00	0.00	5,006.20
302	FRANCHISES & CONSENTS INTANGIBLE PLANT	73,680.11	0.00	0.00	0.00	0.00	73,680.11
303	MISCELLANEOUS INTANGIBLE PLANT	838,969.80	(74,803.15)	0.00	0.00	0.00	764,166.65
	TOTAL GAS INTANGIBLE PLANT	917,656.11	(74,803.15)	0.00	0.00	0.00	842,852.96
	PRODUCTION PLANT						
304	LAND & LAND RIGHTS	31,491.44	0.00	(5,184.90)	0.00	0.00	26,306.54
305	STRUCTURES & IMPROVEMENTS	335,273.43	0.00	(52,275.79)	0.00	0.00	282,997.64
3111	LIQUIFIED PETRO. PROPANE	664,095.87	0.00	(248,970.43)	0.00	0.00	415,125.44
320	OTHER GAS PRODUCTION	8,385.36	0.00	(3,415.41)	0.00	0.00	4,969.95
	TOTAL GAS PRODUCTION PLANT	1,039,246.10	0.00	(309,846.53)	0.00	0.00	729,399.57
	TRANSMISSION PLANT						
3651	LAND	5,584.70	0.00	0.00	0.00	0.00	5,584.70
3652	LAND RIGHTS	158,152.03	0.00	0.00	0.00	0.00	158,152.03
3671	MAINS	1,229,610.09	0.00	0.00	0.00	0.00	1,229,610.09
3691	MEASURING & REGULATING STATION EQUIP.	257,112.58	352,403.98	(40,583.33)	0.00	0.00	568,933.23
	TOTAL TRANSMISSION PLANT	1,650,459.40	352,403.98	(40,583.33)	0.00	0.00	1,962,280.05
	DISTRIBUTION PLANT						
3741	LAND	2,978.43	0.00	0.00	0.00	0.00	2,978.43
3742	LAND RIGHTS	17,653.59	0.00	0.00	0.00	0.00	17,653.59
375	STRUCTURES & IMPROVEMENTS	28,239.44	39,850.84	0.00	0.00	0.00	68,090.28
376	MAINS	10,977,027.14	851,411.90	(47,021.39)	0.00	0.00	11,781,417.65
378	MEAS. & REG. STATION EQUIP.-GENERAL	348,505.54	2,168.45	(6,991.24)	0.00	0.00	343,682.75
379	MEAS. & REG. STATION EQUIP.-CITY GATE	239,064.63	76,287.25	0.00	0.00	0.00	315,351.88
380	SERVICES	8,238,111.52	420,984.52	(59,917.05)	0.00	0.00	8,599,178.99
381	METERS	3,882,671.06	125,933.08	(47,355.16)	115,860.19	0.00	4,077,129.17
382	METER SET INSTALLATIONS	0.00	0.00	0.00	0.00	0.00	0.00
383	SERVICE REGULATORS	670,459.61	20,081.66	0.00	22,783.99	0.00	713,325.26
385	INDUSTRIAL MEAS. & REG. STATION EQUIP.	5,088.13	0.00	0.00	0.00	0.00	5,088.13
3871	CATHODIC PROTECTION EQUIPMENT	5,307.90	0.00	0.00	0.00	0.00	5,307.90
3872	OTHER DISTRIBUTION EQUIPMENT	13,557.81	0.00	0.00	0.00	0.00	13,557.81
388	ARO DISTRIBUTION PLANT	30,763.49	0.00	0.00	0.00	0.00	30,763.49
	TOTAL DISTRIBUTION PLANT	24,459,428.29	1,536,717.70	(161,284.84)	138,664.18	0.00	25,973,525.33
	GENERAL PLANT						
389	LAND & LAND RIGHTS	22,167.22	0.00	(5,000.00)	0.00	0.00	17,167.22
390	STRUCTURES & IMPROVEMENTS	1,668,236.87	76,867.95	(69,660.64)	0.00	0.00	1,675,444.18
3911	OFFICE FURNITURE & EQUIPMENT	97,577.69	7,539.38	(3,877.35)	0.00	0.00	101,239.72
3913	COMPUTER EQUIPMENT-PC	91,555.65	0.00	(8,037.83)	0.00	0.00	83,517.82
3915	OTHER COMPUTER EQUIPMENT	27,205.10	3,494.21	(11,552.21)	0.00	0.00	19,147.10
3921	TRANSPORTATION EQUIPMENT-UNITIZED TRAILER	34,329.76	0.00	0.00	7,744.09	0.00	42,073.85
3922	TRANSPORTATION EQUIPMENT-UNITIZED VEHICLE	906,069.88	117,195.13	(18,474.35)	(22,227.80)	0.00	982,562.86
393	STORES EQUIPMENT	0.00	0.00	0.00	0.00	0.00	0.00
3941	MISCELLANEOUS TOOLS	276,208.34	32,239.61	(16,133.10)	0.00	0.00	292,314.85
395	LABORATORY EQUIPMENT	5,977.68	0.00	(5,977.68)	0.00	0.00	0.00
3961	WORK EQUIPMENT TRAILERS	41,557.89	0.00	(3,200.00)	(1,666.02)	0.00	36,691.87
3962	POWER OPERATED EQUIPMENT	724,820.01	230,573.66	(204,054.74)	(79,350.43)	0.00	671,988.50
3971	RADIO COMMUNICATION EQUIPMENT-FIXED	96,294.42	0.00	0.00	0.00	0.00	96,294.42
3972	RADIO COMMUNICATION EQUIPMENT-MOBILE	13,841.35	0.00	0.00	0.00	0.00	13,841.35
3973	GENERAL TELEPHONE COMMUNICATIONS EQUIP	27,483.58	0.00	0.00	0.00	0.00	27,483.58
3978	NETWORK EQUIPMENT	100,500.50	0.00	0.00	0.00	0.00	100,500.50
398	MISCELLANEOUS EQUIPMENT	51,338.57	0.00	0.00	0.00	0.00	51,338.57
	TOTAL GENERAL PLANT	4,185,164.51	467,909.94	(345,967.90)	(95,500.16)	0.00	4,211,606.39
	TOTAL NATURAL GAS PLANT IN SERVICE	32,251,954.41	2,282,228.47	(857,682.60)	43,164.02	0.00	33,719,664.30

Table 6

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GPNG
ACCOUNT #1012
SCHEDULE OF UTILITY PLANT TRANSACTIONS BY SUB-PLANT ACCOUNT
FOR THE 12 MONTH PERIOD ENDED DECEMBER 31, 2012

ACCT NO		BALANCE 01-01-12	2012 ADDITIONS	2012 RETIREMENTS	2012 TRANSFERS	2012 ADJUSTMENTS	BALANCE 12-31-12
	INTANGIBLE PLANT						
301	ORGANIZATION INTANGIBLE PLANT	5,006.20	0.00	0.00	0.00	0.00	\$5,006.20
302	FRANCHISES & CONSENTS INTANGIBLE PLANT	73,680.11	0.00	0.00	0.00	0.00	\$73,680.11
303	MISCELLANEOUS INTANGIBLE PLANT	764,166.65	0.00	0.00	0.00	0.00	\$764,166.65
	TOTAL GAS INTANGIBLE PLANT	\$842,852.96	\$0.00	\$0.00	\$0.00	\$0.00	\$842,852.96
	PRODUCTION PLANT						
304	LAND & LAND RIGHTS	26,306.54	0.00	5,184.90	(31,491.44)	0.00	\$0.00
305	STRUCTURES & IMPROVEMENTS	282,997.64	0.00	(261,149.49)	(21,848.15)	0.00	\$0.00
3111	LIQUIFIED PETRO. PROPANE	415,125.44	0.00	(415,125.44)	0.00	0.00	\$0.00
320	OTHER GAS PRODUCTION	4,969.95	0.00	(4,969.95)	0.00	0.00	\$0.00
	TOTAL GAS PRODUCTION PLANT	\$729,399.57	\$0.00	(\$676,059.98)	(\$53,339.59)	\$0.00	\$0.00
	TRANSMISSION PLANT						
3651	LAND	5,584.70	0.00	0.00	0.00	0.00	\$5,584.70
3652	LAND RIGHTS	158,152.03	0.00	0.00	0.00	0.00	\$158,152.03
3671	MAINS	1,229,610.09	0.00	0.00	0.00	0.00	\$1,229,610.09
3691	MEASURING & REGULATING STATION EQUIP.	568,933.23	0.00	0.00	112,126.50	0.00	\$681,059.73
	TOTAL TRANSMISSION PLANT	\$1,962,280.05	\$0.00	\$0.00	\$112,126.50	\$0.00	\$2,074,406.55
	DISTRIBUTION PLANT						
3741	LAND	2,978.43	0.00	0.00	0.00	0.00	\$2,978.43
3742	LAND RIGHTS	17,653.59	0.00	0.00	0.00	0.00	\$17,653.59
375	STRUCTURES & IMPROVEMENTS	68,090.28	0.00	0.00	(35,839.25)	0.00	\$32,251.03
376	MAINS	11,781,417.65	944,300.11	(41,395.73)	0.00	0.00	\$12,684,322.03
378	MEAS. & REG. STATION EQUIP.-GENERAL	343,682.75	15,482.19	0.00	0.00	0.00	\$359,164.94
379	MEAS. & REG. STATION EQUIP.-CITY GATE	315,351.88	0.00	0.00	(76,287.25)	0.00	\$239,064.63
380	SERVICES	6,599,178.99	1,034,086.70	(48,465.38)	0.00	0.00	\$9,584,800.31
381	METERS	4,077,129.17	220,200.86	(68,873.67)	157,401.54	\$0.00	\$4,385,857.70
382	METER SET INSTALLATIONS	0.00	0.00	0.00	0.00	\$0.00	\$0.00
383	SERVICE REGULATORS	713,325.26	45,238.28	0.00	24,704.15	\$0.00	\$783,267.69
385	INDUSTRIAL MEAS. & REG. STATION EQUIP.	5,088.13	0.00	0.00	0.00	0.00	\$5,088.13
3871	CATHODIC PROTECTION EQUIPMENT	5,307.90	0.00	0.00	0.00	0.00	\$5,307.90
3872	OTHER DISTRIBUTION EQUIPMENT	13,557.81	0.00	0.00	0.00	0.00	\$13,557.81
388	ARO DISTRIBUTION PLANT	30,763.49	0.00	0.00	0.00	(1,768.86)	\$28,994.63
	TOTAL DISTRIBUTION PLANT	\$25,973,525.33	\$2,259,308.14	(\$158,734.98)	\$69,979.19	(\$1,768.86)	\$28,142,308.82
	GENERAL PLANT						
389	LAND & LAND RIGHTS	17,167.22	0.00	0.00	31,491.44	0.00	\$48,658.66
390	STRUCTURES & IMPROVEMENTS	1,675,444.18	195,635.98	0.00	21,848.15	0.00	\$1,892,928.31
3911	OFFICE FURNITURE & EQUIPMENT	101,239.72	0.00	(77.79)	0.00	0.00	\$101,161.93
3913	COMPUTER EQUIPMENT-PC	83,517.82	5,210.72	(67,577.68)	0.00	0.00	\$21,150.86
3915	OTHER COMPUTER EQUIPMENT	19,147.10	0.00	0.00	0.00	0.00	\$19,147.10
3921	TRANSPORTATION EQUIPMENT-UNITIZED TRAILER	42,073.85	(929.84)	(1,383.92)	0.00	0.00	\$39,760.09
3922	TRANSPORTATION EQUIPMENT-UNITIZED VEHICLE	982,562.86	166,652.95	(123,103.18)	0.00	0.00	\$1,026,112.63
393	STORES EQUIPMENT	0.00	0.00	0.00	0.00	0.00	\$0.00
3941	MISCELLANEOUS TOOLS	292,314.85	35,267.75	0.00	0.00	0.00	\$327,582.60
395	LABORATORY EQUIPMENT	0.00	0.00	0.00	0.00	0.00	\$0.00
3961	WORK EQUIPMENT TRAILERS	36,691.87	0.00	0.00	0.00	0.00	\$36,691.87
3962	POWER OPERATED EQUIPMENT	671,988.50	183,041.69	(181,811.16)	0.00	0.00	\$673,219.03
3971	RADIO COMMUNICATION EQUIPMENT-FIXED	96,294.42	0.00	0.00	0.00	0.00	\$96,294.42
3972	RADIO COMMUNICATION EQUIPMENT-MOBILE	13,841.35	0.00	0.00	0.00	0.00	\$13,841.35
3973	GENERAL TELEPHONE COMMUNICATIONS EQUIP	27,483.58	0.00	0.00	0.00	0.00	\$27,483.58
3978	NETWORK EQUIPMENT	100,500.50	0.00	0.00	0.00	0.00	\$100,500.50
398	MISCELLANEOUS EQUIPMENT	51,338.57	0.00	0.00	0.00	0.00	\$51,338.57
	TOTAL GENERAL PLANT	4,211,606.39	584,879.25	(373,953.73)	53,339.59	\$0.00	\$4,475,871.50
	TOTAL NATURAL GAS PLANT IN SERVICE	\$33,719,664.30	\$2,844,187.39	(\$1,208,748.69)	\$182,105.69	(\$1,768.86)	\$35,535,439.83

Table 6

09-Jan-01
12:20 AM

GPNG
ACCOUNT #1012 & #1062
SCHEDULE OF UTILITY PLANT TRANSACTIONS BY SUB-PLANT ACCOUNT
FOR THE 12 MONTH PERIOD ENDED DECEMBER 31, 2013

ACCT NO		BALANCE 01-01-13	2013 ADDITIONS	2013 RETIREMENTS	2013 TRANSFERS	2013 ADJUSTMENTS	BALANCE 12-31-13
	NATURAL GAS PLANT						
	INTANGIBLE PLANT						
301	ORGANIZATION INTANGIBLE PLANT	5,006.20					\$5,006.20
302	FRANCHISES & CONSENTS INTANGIBLE PLANT	73,680.11					\$73,680.11
303	MISCELLANEOUS INTANGIBLE PLANT	764,166.65					\$764,166.65
	TOTAL GAS INTANGIBLE PLANT	\$842,852.96	\$0.00	\$0.00	\$0.00	\$0.00	\$842,852.96
	PRODUCTION PLANT						
304	LAND & LAND RIGHTS	0.00					\$0.00
305	STRUCTURES & IMPROVEMENTS	0.00					\$0.00
3111	LIQUIFIED PETRO. PROPANE	0.00					\$0.00
320	OTHER GAS PRODUCTION	0.00					\$0.00
	TOTAL GAS PRODUCTION PLANT	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	TRANSMISSION PLANT						
3651	LAND	5,584.70					\$5,584.70
3652	LAND RIGHTS	158,152.03					\$158,152.03
3671	MAINS	1,229,610.09	300,160.03	(44.60)			\$1,529,725.52
3691	MEASURING & REGULATING STATION EQUIP.	681,059.73	14,674.83				\$695,734.56
	TOTAL TRANSMISSION PLANT	\$2,074,406.55	\$314,834.86	(\$44.60)	\$0.00	\$0.00	\$2,389,196.81
	DISTRIBUTION PLANT						
3741	LAND	2,978.43					\$2,978.43
3742	LAND RIGHTS	17,653.59					\$17,653.59
375	STRUCTURES & IMPROVEMENTS	32,251.03					\$32,251.03
376	MAINS	12,684,322.03	940,653.21	(39,743.05)			\$13,585,232.19
378	MEAS. & REG. STATION EQUIP.-GENERAL	359,164.94	59,540.77	(34,138.17)			\$384,567.54
379	MEAS. & REG. STATION EQUIP-CITY GATE	239,064.63	225,419.77	(117,245.59)			\$347,238.81
380	SERVICES	9,584,800.31	979,561.95	(57,316.75)			\$10,507,045.51
381	METERS	4,385,857.70	137,387.57	(19,947.14)			\$4,503,298.13
382	METER SET INSTALLATIONS	0.00					\$0.00
383	SERVICE REGULATORS	783,267.69	53,224.16	(12,516.30)			\$823,975.55
385	INDUSTRIAL MEAS. & REG. STATION EQUIP.	5,088.13					\$5,088.13
3871	CATHODIC PROTECTION EQUIPMENT	5,307.90					\$5,307.90
3872	OTHER DISTRIBUTION EQUIPMENT	13,557.81					\$13,557.81
388	ARO DISTRIBUTION PLANT	28,994.63					\$28,994.63
	TOTAL DISTRIBUTION PLANT	\$28,142,308.82	\$2,395,787.43	(\$280,907.00)	\$0.00	\$0.00	\$30,257,189.25
	GENERAL PLANT						
389	LAND & LAND RIGHTS	48,658.66					\$48,658.66
390	STRUCTURES & IMPROVEMENTS	1,892,928.31	808.16				\$1,893,736.47
3911	OFFICE FURNITURE & EQUIPMENT	101,161.93	5,179.29	(17,200.68)			\$89,140.54
3913	COMPUTER EQUIPMENT-PC	21,150.86	9,009.74	(5,883.73)			\$24,276.87
3915	OTHER COMPUTER EQUIPMENT	19,147.10		(15,652.89)			\$3,494.21
3921	TRANSPORTATION EQUIPMENT-UNITIZED TRAILER	39,760.09					\$39,760.09
3922	TRANSPORTATION EQUIPMENT-UNITIZED VEHICLE	1,026,112.63	163,621.19				\$1,189,733.82
393	STORES EQUIPMENT	0.00					\$0.00
3941	MISCELLANEOUS TOOLS	327,582.60	37,757.40				\$365,340.00
395	LABORATORY EQUIPMENT	0.00					\$0.00
3961	WORK EQUIPMENT TRAILERS	36,691.87					\$36,691.87
3962	POWER OPERATED EQUIPMENT	673,219.03	246,992.12		20,176.65		\$940,387.80
3971	RADIO COMMUNICATION EQUIPMENT-FIXED	96,294.42	19,962.99				\$116,257.41
3972	RADIO COMMUNICATION EQUIPMENT-MOBILE	13,841.35	45,500.00				\$59,341.35
3973	GENERAL TELEPHONE COMMUNICATIONS EQUIP	27,483.58					\$27,483.58
3978	NETWORK EQUIPMENT	100,500.50					\$100,500.50
398	MISCELLANEOUS EQUIPMENT	51,338.57					\$51,338.57
	TOTAL GENERAL PLANT	4,475,871.50	528,830.89	(\$8,737.30)	20,176.65	\$0.00	\$4,986,141.74
	TOTAL NATURAL GAS PLANT IN SERVICE	\$35,535,439.83	\$3,239,453.18	(\$319,688.90)	\$20,176.65	\$0.00	\$38,475,380.76

2014 GPNG Plant in Service Activity

Table 6

Row Labels	Sum of beginning_balance	Sum of additions	Sum of retirements	Sum of Total Transfers	Sum of ending_balance
Gas Distribution					
374-G	2,978.43	-	-	-	2,978.43
374-G	17,653.59	-	-	-	17,653.59
375-G	32,251.03	-	-	-	32,251.03
376-G	13,585,232.19	1,494,538.03	(145,944.46)	-	14,933,825.76
378-G	384,567.54	100,836.06	1,084.03	-	486,487.63
379-G	347,238.81	-	(2,094.26)	-	345,144.55
380-G	10,507,045.51	1,461,497.81	(170,908.60)	-	11,797,634.72
381-G	4,503,298.13	184,340.71	(40,455.20)	-	4,647,183.64
383-G	823,975.55	28,420.11	(7.06)	-	852,388.60
385-G	5,088.13	21,162.64	-	-	26,250.77
387-G	5,307.90	-	-	-	5,307.90
387-G	13,557.81	-	-	-	13,557.81
388-G	28,994.63	-	-	-	28,994.63
Gas Distri	30,257,189.25	3,290,795.36	(358,325.55)	-	33,189,659.06
Gas General					
389-G	48,658.66	-	-	-	48,658.66
390-G	1,893,736.47	38,164.50	-	215,795.85	2,147,696.82
391-G	24,276.87	-	(10,056.41)	-	14,220.46
391-G	3,494.21	-	-	-	3,494.21
391-G	89,140.54	8,457.23	-	-	97,597.77
392-G	39,760.09	-	-	-	39,760.09
392-G	1,189,733.82	66,495.77	(73,825.68)	-	1,182,403.91
394-G	365,340.00	54,321.53	-	-	419,661.53
396-G	940,387.80	100,867.51	(272,372.41)	-	768,882.90
396-G	36,691.87	37,278.87	-	-	73,970.74
397-G	100,500.50	-	-	-	100,500.50
397-G	116,257.41	-	-	-	116,257.41
397-G	59,341.35	-	-	-	59,341.35
397-G	27,483.58	-	-	-	27,483.58
398-G	51,338.57	-	-	-	51,338.57
Gas Gene	4,986,141.74	305,585.41	(356,254.50)	215,795.85	5,151,268.50
Gas Intangible					
301-G	5,006.20	-	-	-	5,006.20
302-G	73,680.11	-	-	-	73,680.11
303-G	764,166.65	-	(77,644.23)	-	686,522.42
Gas Intan	842,852.96	-	(77,644.23)	-	765,208.73
Gas Manuf. Production					
305-G	-	-	189,896.45	(189,896.45)	-
311-G	-	-	23,629.47	(23,629.47)	-
320-G	-	-	2,269.93	(2,269.93)	-
Gas Manu	-	-	215,795.85	(215,795.85)	-
Gas Transmission					
365-G	5,584.70	-	-	-	5,584.70
365-G	158,152.03	-	-	-	158,152.03
367-G	1,529,725.52	(73,141.76)	-	-	1,456,583.76
369-G	695,734.56	38,081.50	-	-	733,816.06
Gas Trans	2,389,196.81	(35,060.26)	-	-	2,354,136.55
Grand Tot	38,475,380.76	3,561,320.51	(576,428.43)	(0.00)	41,460,272.84

MDU Utilities Groups- Set of books: AA-Financial
00040-Great Plains Natural Gas Co.

Start Month: Jan/2014
End Month: Dec/2014

Business Segment								
GL Account \ Plant Account \ Sub Account								
Major Location								
Asset Id	Transf On WO	Original WO	Asset Description	Activity Code	Vintage (ENG)	Quantity	Amount	
Natural Gas [G]								
1012 Natural Gas Plant \ 305-G-Structures And Improvements \ <none>								
Great Plains North-MN								
132191	198783	120016	Arco Aire Furnace	UTRF	12/2002	-1	(\$1,327.24)	
141087	198783	144314	Extension Of Fence	UTRF	09/2004	-1	(\$7,146.09)	
122148	198783	Not Available	Bb Structures& Improv-Marshall	UTRF	06/2000	-21	(\$181,423.12)	
						Major Location Total:	-23	(\$189,896.45)
						Account Total:	-23	(\$189,896.45)
1012 Natural Gas Plant \ 311-G-Liquified Petro. Propane \ <none>								
Great Plains North-MN								
122149	198783	Not Available	Bb Lig. Petroleum Gas-Marshall	UTRF	06/2000	-5	(\$23,629.47)	
						Major Location Total:	-5	(\$23,629.47)
						Account Total:	-5	(\$23,629.47)
1012 Natural Gas Plant \ 320-G-Other Gas Production \ <none>								
Great Plains North-MN								
122360	198783	Not Available	Bb Other Plant-Marshall	UTRF	06/2000	-2	(\$2,269.93)	
						Major Location Total:	-2	(\$2,269.93)
						Account Total:	-2	(\$2,269.93)
1012 Natural Gas Plant \ 390-G-Structures & Improvements \ <none>								
Great Plains South-MN								
19318721	198783	120016	Heating and Cooling System	UTRT	12/2002	1	\$1,327.24	
19318736	198783	144314	Fence	UTRT	09/2004	1	\$7,146.09	
19318651	198783	Not Available	Acquisition Bal - Structures	UTRT	06/2000	2	\$2,269.93	
19318751	198783	Not Available	Acquisition Bal - Structures	UTRT	06/2000	5	\$23,629.47	
19318706	198783	Not Available	Acquisition Bal - Structures	UTRT	06/2000	21	\$181,423.12	
						Major Location Total:	30	\$215,795.85
						Account Total:	30	\$215,795.85
						Business Segment Total:	0	\$0.00
						Company Total:	0	\$0.00
						Grand Total:	0	\$0.00

Great Plains Natural Gas Co., a Division of MDU Resources Group Inc.
Journal Entries-Retirement of Marshall Peak Shaving Plant
December 31, 2012

Account Number	Account Description	Debit	Credit
1.1082	Accumulated Provision for Depreciation-305 Structures/Improvements	9,236.69	
1.1012	Gas Plant in Service-305 Structures/Improvement		9,236.69
1.1082	Accumulated Provision for Depreciation-3111 Liquefied Petroleum Gas	244,600.31	
1.1012	Gas Plant in Service-3111 Liquefied Petroleum Gas		244,600.31
1.1082	Accumulated Provision for Depreciation-320 Other Equipment	1,143.13	
1.1012	Gas Plant in Service-320 Other Equipment		1,143.13
	To record retirement of the original cost of the peak shaving plant		
1.0999	Retirement Work in Progress Clearing-WO 198783	150,283.81	
1.1082	Accumulated Provision for Depreciation-3111 Liquefied Petroleum Gas		150,283.81
	To Close RWIP to Accumulated Provision for Depreciation		
1.1310	Cash	150,283.81	
1.0110	RWIP - Payroll	374.76	
1.0200	RWIP - Contract Services	266.83	
1.0300	RWIP - Materials	84.79	
1.0944	RWIP - Cash Salvage		151,010.19
	To record cash salvage and cost of removal to Retirement Work in Progress-WO 198783		
1.1082	Accumulated Provision for Depreciation-3111 Liquefied Petroleum Gas	153,214.92	
1.1082	Accumulated Provision for Depreciation-320 Other Equipment	1.34	
1.1082	Accumulated Provision for Depreciation-376 Mains		152,636.81
1.1082	Accumulated Provision for Depreciation-305 Structures/Improvements		579.45
	To reclassify gain/loss on sale of property		
1.4091	Income Tax Expense	60,619.44	
1.2361	Income Taxes Payable		60,619.44
	To record tax gain on disposition of property		
1.2820	Deferred Income Taxes	27,481.15	
1.4101	Deferred Income Tax Expense		27,481.15
	To record reversal of accumulated deferred income taxes		

GPNG

Summary of Peak Shaving Plant Reserve Transfer to 376-Mains

6/30/2014

	Plant	Accum Reserve	NBV	Cost of Removal	Cash Salvage	Reserve Transferred To 376-Mains (Gain/Loss)
Marshall						
Acct 305	9,236.69	(8,657.24)	579.45	-	-	(579.45)
Acct 3111	244,600.31	(247,531.42)	(2,931.11)	726.38	(151,010.19)	153,214.92
Acct 320	1,143.13	(1,144.47)	(1.34)			1.34
Total Marshall	254,980.13	(257,333.13)	(2,353.00)	726.38	(151,010.19)	152,636.81
Montevideo						
Acct 305	62,016.35	(58,156.11)	3,860.24			(3,860.24)
Acct 3111	146,895.66	(149,879.22)	(2,983.56)	180.00	(61,010.20)	63,813.76
Acct 320	1,556.89	(1,558.57)	(1.68)			1.68
Total Montevideo	210,468.90	(209,593.90)	875.00	180.00	(61,010.20)	59,955.20
Redwood Falls						
Acct 305	52,275.79	(47,810.37)	4,465.42			(4,465.42)
Acct 3111	248,970.43	(252,365.78)	(3,395.35)	1,126.40	(129,060.18)	131,329.13
Acct 320	3,415.41	(3,415.84)	(0.43)			0.43
Total Redwood Falls	304,661.63	(303,591.99)	1,069.64	1,126.40	(129,060.18)	126,864.14
Fergus Falls						
Acct 3111	-	13,418.68	13,418.68			(13,418.68)
Acct 320	-	14.88	14.88			(14.88)
Total Fergus Falls	-	13,433.56	13,433.56	-	-	(13,433.56)
Breckenridge						
Acct 305	-	(740.04)	(740.04)			740.04
Total Breckenridge	-	(740.04)	(740.04)	-	-	740.04
Total Company	770,110.66	(757,825.50)	12,285.16	2,032.78	(341,080.57)	326,762.63
Account Summary						
Acct 305	123,528.83	(115,363.76)	8,165.07	-	-	(8,165.07)
Acct 3111	640,466.40	(636,357.74)	4,108.66	2,032.78	(341,080.57)	334,939.13
Acct 320	6,115.43	(6,104.00)	11.43	-	-	(11.43)
Total Company	770,110.66	(757,825.50)	12,285.16	2,032.78	(341,080.57)	326,762.63

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-15-527

Dated this 5th day of August 2015

/s/Sharon Ferguson

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Tamie A.	Aberle	tamie.aberle@mdu.com	Great Plains Natural Gas Co.	400 North Fourth Street Bismarck, ND 585014092	Electronic Service	No	OFF_SL_15-527_D-15-527
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_15-527_D-15-527
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_15-527_D-15-527
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_15-527_D-15-527
Brian	Meloy	brian.meloy@stinsonleonard.com	Stinson, Leonard, Street LLP	150 S 5th St Ste 2300 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_15-527_D-15-527
Daniel P	Wolf	dan.wolf@state.mn.us	Public Utilities Commission	121 7th Place East Suite 350 St. Paul, MN 551012147	Electronic Service	Yes	OFF_SL_15-527_D-15-527