



1900 Cardinal Lane | P.O. Box 798
Faribault, MN 55021
Toll Free: (888) 931-3411
Fax (507) 665-2588
www.greatermngas.com

September 17, 2020

VIA ELECTRONIC FILING

Mr. William Seuffert
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, Minnesota 55101-2147

Re: Petition for Approval of Depreciation Certificate
Docket No. G022/D-20-612

Dear Mr. Seuffert:

Attached hereto, please find Greater Minnesota Gas, Inc.'s Reply Comments for filing in the above-referenced docket. All individuals on the attached service list have been electronically served as appropriate.

Thank you for your assistance. Please do not hesitate to contact me should you have any questions or concerns or if you require additional information. My direct dial number is (507) 209-2110 and my email address is kanderson@greatermngas.com.

Sincerely,

GREATER MINNESOTA GAS, INC.

/s/

Kristine A. Anderson
Corporate Attorney

Enclosure

cc: Service List

CERTIFICATE OF SERVICE

I, Kristine Anderson, hereby certify that I have this day served a true and correct copy of the following document to all persons at the addresses indicated on the attached list by electronic filing and service or by depositing the same enveloped with postage paid in the United States Mail at Faribault, Minnesota, each as shown on the attached list:

**Greater Minnesota Gas, Inc.'s Reply Comments
Docket No. G022/D-20-612**

filed this 17th day of September, 2020.

/s/ Kristine A. Anderson
Kristine A. Anderson, Esq.
Corporate Attorney
Greater Minnesota Gas, Inc.

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Kristine	Anderson	kanderson@greatermngas.com	Greater Minnesota Gas, Inc. & Greater MN Transmission, LLC	1900 Cardinal Lane PO Box 798 Faribault, MN 55021	Electronic Service	Yes	OFF_SL_20-612_D-20-612
Cody	Chilson	cchilson@greatermngas.com	Greater Minnesota Gas, Inc. & Greater MN Transmission, LLC	1900 Cardinal Ln PO Box 798 Faribault, MN 55021	Electronic Service	No	OFF_SL_20-612_D-20-612
Generic Notice	Commerce Attorneys	commerce.attorneys@ag.state.mn.us	Office of the Attorney General-DOC	445 Minnesota Street Suite 1400 St. Paul, MN 55101	Electronic Service	Yes	OFF_SL_20-612_D-20-612
Sharon	Ferguson	sharon.ferguson@state.mn.us	Department of Commerce	85 7th Place E Ste 280 Saint Paul, MN 551012198	Electronic Service	No	OFF_SL_20-612_D-20-612
Brian	Gardow	bgardow@greatermngas.com	Greater Minnesota Gas, Inc. & Greater MN Transmission, LLC	1900 Cardinal Ln PO Box 798 Faribault, MN 55021	Electronic Service	No	OFF_SL_20-612_D-20-612
Nicolle	Kupser	nkupser@greatermngas.com	Greater Minnesota Gas, Inc. & Greater MN Transmission, LLC	1900 Cardinal Ln PO Box 798 Faribault, MN 55021	Electronic Service	No	OFF_SL_20-612_D-20-612
Greg	Palmer	gpalmer@greatermngas.com	Greater Minnesota Gas, Inc. & Greater MN Transmission, LLC	1900 Cardinal Ln PO Box 798 Faribault, MN 55021	Electronic Service	No	OFF_SL_20-612_D-20-612
Generic Notice	Residential Utilities Division	residential.utilities@ag.state.mn.us	Office of the Attorney General-RUD	1400 BRM Tower 445 Minnesota St St. Paul, MN 551012131	Electronic Service	Yes	OFF_SL_20-612_D-20-612
Will	Seuffert	Will.Seuffert@state.mn.us	Public Utilities Commission	121 7th PI E Ste 350 Saint Paul, MN 55101	Electronic Service	Yes	OFF_SL_20-612_D-20-612

STATE OF MINNESOTA

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Katie Sieben	Chair
Valerie Means	Commissioner
Matt Schuerger	Commissioner
Joseph Sullivan	Commissioner
John Tuma	Commissioner

MPUC Docket No. G-022/D-20-612

In the Matter of Greater Minnesota Gas, Inc.'s
Petition for Approval of Depreciation Certificate

REPLY COMMENTS

OVERVIEW

Greater Minnesota Gas, Inc. (“GMG”) submitted a filing to the Minnesota Public Utilities Commission (“Commission”) reflecting its five-year depreciation study and requesting approval of its proposed depreciation parameters on July 22, 2020. On September 9, 2020, the Minnesota Department of Commerce, Division of Energy Resources (“Department”), filed Comments of the Minnesota Department of Commerce Division of Energy Resources (“Comments”) in response to GMG’s Petition. This submission constitutes GMG’s Reply to the Department’s Comments.

ISSUE SUMMARY

In its Comments, the Department recommended approval of GMG’s proposed depreciation parameters, subject to modification of those for Account 392 – Transportation Equipment. GMG appreciates the Department’s recommendation and understands the rationale underlying its proposed change. That said, GMG proposes that the Department’s suggestion be slightly modified as discussed below. GMG provides additional information herein regarding the following aspects of the Comments in order to supplement the record and address the Department’s suggestions:

- Examination of the appropriate ASL and salvage rate for FERC Account 392 – Transportation Equipment.
- Discussion regarding future development of the parameters for FERC Account 390 – Structures and Improvements.

DISCUSSION IN REPLY

GMG appreciates the Department’s recognition that GMG’s Petition complies with the applicable requirements and its recommendation that its depreciation petition be approved. Further, GMG appreciates the Department’s invitation to supply additional information in its Reply Comments to ascertain the appropriate salvage rate for Account 392 and its suggestion

regarding future discussion about Account 390.

1. Utilizing a Salvage Rate of Twenty Percent for GMG’s Transportation Equipment Account Appropriately Balances the Department’s Concerns with GMG’s Transportation Equipment History.

In its Petition, GMG proposed increasing the average service life of its transportation equipment, handled in FERC Account 392, from three years to four years and reducing its salvage rate to zero percent. GMG made that proposal based its actual history because it trades in its used vehicles and applies the remaining value to the purchase of a replacement fleet vehicle. The Department concurred that employing a four-year ASL is appropriate. However, since GMG records positive trade-in values for its vehicles, the Department concluded that assigning a positive salvage rate to the account is more appropriate than using a zero rate and it invited GMG to propose and provide support for a different salvage rate in its Reply Comments. Accordingly, based on the information below, GMG proposes that a four-year ASL and twenty percent (20%) salvage rate be applied to Account 392.

The table below sets forth data from GMG’s actual transportation vehicle history from 2015 to date. The data demonstrates that the average salvage rate is approximately 19%. Ergo, GMG submits that the Commission should approve a rate of 20% for Account 392 because said rate is informed by actual data in GMG’s history.

Greater Minnesota Gas, Inc.					
Vehicle Trade-in / Disposal Recap					
Date Placed In Service	Model	Depreciable Basis (a)	Trade In	Trade % of Depreciable Basis	Date of Trade In
7/31/2015	Ford F150	\$ 34,036	\$ 7,700	22.6%	3/12/2020
2/29/2016	Ford F150	\$ 38,785	\$ 7,900	20.4%	3/10/2020
3/19/2014	Ford F250	\$ 44,234	\$ 4,000	9.0%	6/19/2019
7/22/2014	Ford Edge	\$ 33,218	\$ 7,500	22.6%	3/18/2019
1/31/2013	Ford F150	\$ 32,528	\$ 8,200	25.2%	11/15/2018
3/13/2014	Ford F150	\$ 35,155	\$ 7,500	21.3%	7/17/2018
2/28/2013	Ford F150	\$ 30,517	\$ 7,500	24.6%	12/18/2017
10/4/2011	Ford F150	\$ 27,670	\$ 8,000	28.9%	5/19/2017
7/7/2008	Toyota Highlander	\$ 20,657	\$ 700	3.4%	2/1/2016
4/12/2007	Dodge Ram 1500	\$ 22,428	\$ 500	2.2%	7/20/2015
		\$ 319,228	\$ 59,500	18.6%	

(a) The Depreciable Basis includes any deduction for a trade-in vehicle.

2. GMG's Next Depreciation Study or General Rate Case, Whichever Comes First, Will Include a Discussion Regarding Its Expectations for the Account 390 ASLs.

As the Department recounted in its Comments, GMG purchased a corporate office building in 2019 and, thus, made an initial proposal regarding depreciation parameters for FERC Account 390 – Structures and Improvements. GMG proposed a zero percent salvage rate. GMG appreciates the Department's willingness to recommend approval of GMG's proposals for Account 390; and, GMG concurs that a discussion is appropriate regarding whether and, if so, how, its expectations may have changed and been informed by its history in GMG's next depreciation study or general rate case, whichever comes first. Hence, GMG is happy to comply with that recommendation and believes that the same would naturally be a component of any depreciation study. Similarly, GMG has no objection to the Department's suggestion to use individual depreciation methodologies for Account 390.

REQUEST FOR COMMISSION ACTION

GMG's proposed depreciation parameters comply with statutory and regulatory requirements. With regard to the parameters for Account 392, GMG respectfully amends its original proposal and requests that the Commission approve a four-year ASL and a 20% salvage rate. Therefore, on the basis of the entire record herein, GMG respectfully requests that the Commission approve its proposed depreciation parameters, as amended herein.

Dated: September 17, 2020

Respectfully submitted,

/s/
Kristine A. Anderson
Corporate Attorney
Greater Minnesota Gas, Inc.
1900 Cardinal Lane
P.O. Box 798
Faribault, MN 55021
Phone: 888-931-3411