

December 10, 2018

Daniel P. Wolf  
Executive Secretary  
Minnesota Public Utilities Commission  
121 7th Place East, Suite 350  
St. Paul, Minnesota 55101

RE: **Supplemental Response Letter of the Minnesota Department of Commerce, Division of Energy Resources**  
Docket No. G004/D-18-369

Dear Mr. Wolf:

As indicated in the Minnesota Department of Commerce's (Department) November 13, 2018 Response Comments, we are looking to better understand how Minnesota regulated utilities account for buildings used in utility service, including the treatment of additions and retirements.<sup>1</sup> To that end, the Department recommended that the Commission require Great Plains to provide in its next depreciation filing a schedule listing all buildings used for regulated utility operations, including their cost amounts, their individual or allocated depreciation reserve amounts, the depreciation rate and method applied to such assets, the placed-in-service dates, building address/location and its operational purpose, and finally to identify the account in which the listed building asset is booked.

In response, Great Plains expressed concerns with reporting on individual buildings since the Company uses group accounting for buildings used for regulatory utility operations, and therefore, while able to provide each building's original cost, Great Plains would not be able to provide the information requested since accumulated reserve is not maintained on an individual asset basis.

The Department is aware that when using group accounting, the accumulated depreciation reserve is not maintained for individual assets within an account; however, the accumulated reserve for each building can be estimated.<sup>2</sup> To allow Great Plains adequate time to assemble

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<sup>1</sup> [DOC Response Comments \(filed November 13, 2018\), pp. 8-9.](#)

<sup>2</sup> In this depreciation filing, Great Plains proposed and did breakout the single depreciated *Account 396.0 Power Operated Equipment* into two separate subaccounts for independent depreciation rate determination, prospectively; this undertaking included the task of allocating the reserve amount recorded in the previously shared accumulated reserve account, between the assets now separated and accounted for in two newly-formed subaccounts.

this information, the Department's recommendation focuses on Great Plains' next depreciation filing.

This information is important, especially in context with the group account's accumulated reserve, to assess whether group accounting is appropriate for the building assets included in the account. For instance, it may be appropriate to account for smaller buildings with a similar function in a separate group account, whereas it may not be appropriate for larger buildings with different purposes. The Department's intent in requesting the information is to explore the basis for Great Plains' choice to group assets in certain ways for depreciation accounting versus using other available depreciation accounting, so as to be able to confirm the reasonableness of the chosen practice.

The Department recommends that the Minnesota Public Utilities Commission (Commission) direct the Company to work with the Department in assembling information on the buildings used for utility service that Great Plains can provide in its next depreciation filing.

Sincerely,

/s/ Dorothy Morrissey  
Financial Analyst

DEM/jl

## **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  
Supplemental Response Letter**

**Docket No. G004/D-18-369**

**Dated this 10<sup>th</sup> day of December 2018**

**/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_18-369_D-18-369
Generic Notice	Commerce Attorneys	commerce.attorneys@ag.state.mn.us	Office of the Attorney General-DOC	445 Minnesota Street Suite 1800 St. Paul, MN 55101	Electronic Service	Yes	OFF_SL_18-369_D-18-369
Ian	Dobson	residential.utilities@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_18-369_D-18-369
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_18-369_D-18-369
Brian	Meloy	brian.meloy@stinson.com	Stinson, Leonard, Street LLP	50 S 6th St Ste 2600 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_18-369_D-18-369
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_18-369_D-18-369