GREAT PLAINS
NATURAL GAS CO.
A Division of Montana-Dakota Utilities Co.

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August 12, 2019

Daniel P. Wolf
Executive Secretary
Minnesota Public Utilities Commission
121 East Seventh Place, Suite 350
St. Paul, MN 55101-2147

RE: Docket No. G004/D-19-376
Reply Comments to the Comments of the Minnesota Department of Commerce, Division of Energy Resources

Dear Mr. Wolf:

Great Plains Natural Gas Co. (Great Plains), a Division of Montana-Dakota Utilities Co., herewith electronically files its reply comments to the Comments of the Minnesota Department of Commerce, Division of Energy Resources (Department) filed on July 31, 2019.

Great Plains appreciates the Department's analysis of the Company's annual depreciation study and agrees with its recommendations to approve Great Plains' petition, approve the depreciation parameters for account 366.0 – Transmission Structures, to continue reporting retirements in Account 390-General Structures & Improvements and to continue to provide updates regarding the PVC replacement program in future depreciation studies.

Pursuant to the Department's request for additional information, Great Plains submits an electronic Excel file with depreciation expense provision calculations supporting its 2018 depreciation provision as reported in its 2018 depreciation study. Great Plains notes that the Company's actual depreciation computations are performed in its fixed asset accounting software, PowerPlan. The 2018 depreciation rates were approved by the Commission in Docket No. D-18-369 in late December 2018; therefore, a retroactive adjustment was performed within the PowerPlan software. The attached Excel file was created to replicate the computations in PowerPlan.

Each year in early January, Great Plains updates the allocation factors applied to assets that provide service to both Minnesota and North Dakota. If the beginning balance for an account, or portion of the account, requires updating to reflect the reallocation, the

PowerPlan software is unable to retroactively adjust its depreciation provision for that account, or portion of the account, for the month in which an allocation was updated. Therefore, the computations in the Excel file using 2018 depreciation rates approved in Docket No. D-18-369 and actual prior month balances show immaterial differences from the actual amount of the depreciation provision calculated in PowerPlan, primarily due to the system limitation for reallocated accounts. No differences were material and, more importantly, any differences will become part of the following year's depreciation study.

The Department also requested that Great Plains include in its Reply Comments the cause of the capitalized errors identified and corrected in 2018. Great Plains provides both total capital additions, which are additions to plant in service during 2018, and the capital additions for each vintage of assets placed in service. During 2018, certain capital additions were comprised of supplemental charges to existing plant in service placed in service prior to 2018. These supplemental charges were reported as 2017 vintage or prior assets as appropriate. Great Plains does not consider this practice to be an error. Rather, the practice is a better match to the life of each asset placed in service.

If you have any questions regarding these reply comments, please contact me at (701) 222-7856, or Brian Meloy, at (612) 335-1451.

Sincerely,

/s/ Tamie A. Aberle

Tamie A. Aberle
Director of Regulatory Affairs