November 13, 2018

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

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

Dear Mr. Wolf:

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

Great Plains Natural Gas Co.'s (Great Plains), a Division of MDU Resources Group, Inc., Annual Depreciation Study.

The petition was filed on June 1, 2018 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 of Great Plains' proposed depreciation rates included its Supplemental Reply Comments filed November 5, 2018. The Department is available to respond to any questions the Minnesota Public Utilities Commission may have on this matter.

Sincerely,

/s/ DOROTHY MORRISSEY
Financial Analyst

DM/ja
Attachment

COMMERCE DEPARTMENT

Before the Minnesota Public Utilities Commission

Response Comments of the Minnesota Department of Commerce Division of Energy Resources

Docket No. G004/D-18-369

I. OVERVIEW

On August 16, 2018, the Minnesota Department of Commerce, Division of Energy Resources (Department) filed its initial comments with the Minnesota Public Utilities Commission (Commission) which concluded that additional information and support was needed in order to fully evaluate Great Plains Natural Gas Company's, a Division of MDU Resources Group, Inc. (Great Plains, GPNG or the Company) proposed 2018 Depreciation Study rates.
The Department's initial comments also recommended that the Commission require Great Plains to:

- Transparently disclose changes to its depreciation-study approach in future depreciation filings; and

- Provide the required schedules, per Minn. Rule 7825.0700, that report the additions, retirements, adjustments and transfer activity for each plant-in-service and respective accumulated depreciation accounts, in the initial filing of future depreciation petitions.

On October 4, 2018, Great Plains filed Reply Comments with the Commission and filed Supplemental Reply Comments on November 5, 2018. Great Plains' Reply Comments agreed to the Department's two recommendations (above).[1] Further, in response to the Department's initial comments, Great Plains revised its annual depreciation study for 2018 in both its initial Reply and its Supplemental Reply comments. Within these response comments, the latest and currently proposed November 5th study is referred to as the "2018 Second Revised Study."

GPNG stated that the depreciation study revisions corrected recently discovered data transfer errors that occurred when transitioning its records to a new consultant-preparer.[2] The proposed 2018 Second Revised Study depreciation rates, when applied to plant balances as of December 31, 2017, results in a total depreciation expense amount of $2,273,242 (a slight

[1] GPNG Reply Comments (October 4, 2018), p. 9.
[2] GPNG Reply Comments (October 4, 2018), p. 1.

$4,428 reduction when compared to the Company's initial petition proposal). Table 1-RC,[3] below, provides a high level summary of the 2018 Second Revised Study's results, aggregated by system function; and compares the aggregated-composite-depreciation-rate results to its prior 2017 depreciation study.[4]

Table 1-RC

Plant Group	Original Cost	Hi-level 2017 Study Annual Accrual		Revised Annual Accrual Updated[5]	
Transmission Plant	$2,555,239	1.75%	$44,717	1.24%	$31,558
Distribution Plant	$43,806,947	4.57%	$2,001,978	4.55%	$1,991,946
General Plant	$6,334,250	3.60%	$228,033	3.94%	$249,738
TOTAL	**$52,696,436**	**4.31%**	**$2,274,728**	**4.31%**	**$2,273,242**

The 2018 Second Revised Study's proposed depreciation parameters yield an overall, composite depreciation rate of 4.31%, or the same overall, composite depreciation rate yielded and reported in the prior study (Docket No. G004/D-17-450).

II. DEPARMTENT ANALYSIS

A. CHANGED TECHNIQUE TO DEVELOP DEPRECIATION RATES

1. Introduction

The Department's initial comments requested additional information and support, and also raised several concerns. Most of the concerns raised pertained to the evident change in how GPNG calculated its depreciation accruals, thereby its depreciation rates (i.e., percentages or factors). GPNG's Reply Comments responded to the Department's concerns and provided a more in-depth discussion of depreciation rate development used in its current petition.

[3] Source: GPNG Supplemental Reply Comments (November 5, 2018) Attachment A, p. 1-1.
[4] As shown in GPNG's Supplemental Reply Comments (November 5, 2018), Attachment A. However, it is important to note that these prior (2017) study's composite rates presented (1.75%, 4.57%, 3.60% and 4.31%) do not represent the approved depreciation rates, rather they are a summarized result of the 2017 depreciation study's rates applied to *2016* year-end plant balances (Docket G004/D-17-450). If in fact, the currently-approved account-level depreciation rates were applied to the December 31, *2017* year-end plant account balances, the total depreciation accrual amount would sum to $2,212,917, or rather, present an overall composite rate of 4.20% under existing depreciation rates, and not the $2,274,728 and the 4.31% outcomes, as shown in this table.
[5] GPNG Supplemental Reply Comments (November 5, 2018), Attachment A, p. 1-1.

2. Depreciation Rate Development Changed to a Vintage-Centric Focus

The annual depreciation rate developed in a study for most plant accounts is a factor calculated by dividing the *annual depreciation accrual amount* by the original cost of plant balance. The Department found that **the numerator**, the *annual depreciation accrual amount,* was developed differently between GPNG's prior study and its current study.

GPNG's prior depreciation study[6] (the 2017 Study) developed the annual depreciation accrual amount on a relatively simplified basis, by dividing the total future accrual amount[7] of the continuous property group by a *weighted average remaining life of the group*.

Unlike the 2017 Study, GPNG's 2018 depreciation study technique involved three steps: first, the total future accrual amount of the property group was allocated among the vintages that make-up the property group; then, an annual accrual amount was calculated for each vintage year (by dividing each vintage's apportioned future accrual amount[8] by the *average remaining life for that vintage age*); and, finally, the vintage-specific annual accrual amounts were summed to establish the property group's *annual depreciation accrual amount*. This technique applied in the 2018 depreciation study requires more extensive calculations and use of survivor curve statistics.

Upon review of GPNG's Reply Comments, the Department concludes that although GPNG continued to use a remaining life depreciation approach, GPNG's petition, an annual update subsequent to a 5-year study, was not simply an update to its depreciation factors for the passage of time; rather, it introduced a change in how the numerator, which is used to calculate the depreciation factors, is determined. The Department believes such a change in technique may have merited a renewed 5-year study. The Department questioned GPNG's initially filed study and it was through the Department's discovery efforts that several data errors were brought to light; had a full study been performed, some of these data errors may have been detected and corrected prior to the filing of the Company's initial petition.

As indicated in the Company's Reply Comments, GPNG committed to continue the use of the current approach in future updates; and, if a change is contemplated, GPNG would do so in the development of its next full depreciation study.[9] Therefore, the Department recommends that GPNG's commitment be memorialized through the Commission's order by requiring GPNG to perform a full depreciation study in the event the Company wishes to alter its depreciation approach/techniques prior to its next scheduled 5-year depreciation study filing.

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[6] Docket No. G004/D-17-422, GPNG's 5-Year Depreciation Study
[7] Future accrual amount, as used here, is the net book value less net salvage.
[8] *Ibid*.
[9] GPNG Reply comments, p. 6.

With respect to the reasonableness of the technique GPNG has started to use, the Company provided in its Reply Comments a copy of a textbook discussion of alternative approaches that may be used to determine annual depreciation accruals/rates.[10] In addition, the Department notes that one other Minnesota-regulated natural gas utility [i.e., Minnesota Energy Resources Corporation (MERC)] also uses this same technique in its depreciation studies, which have been approved by the Commission. Therefore, the Department concludes that the approach GPNG applied is acceptable to use in developing depreciation accruals/rates.

3. Accuracy of Plant Records and Accounting System

In its initial review and comments, the Department noted data inconsistencies between GPNG's prior and current studies, therefore questioned GPNG's record keeping accuracy and data quality since the precision-value this different technique is alleged to offer would be lost. GPNG's Reply answered that its records, practices and accounting systems do support plant data at the vintage level and that it has since corrected all errors and inconsistencies. GPNG indicated that the discovered data issues were primarily due to data transfers between vendors. The Department will continue to review future annual depreciation updates for data errors and inconsistencies.

4. Changed Practice – The Consolidation of subaccounts under Accounts 367 – Transmission Mains, 376 – Distributions Mains, and 380 – Services

In GPNG's prior depreciation studies, the sub-accounts under Accounts 367 – *Transmission Mains*, 376 – *Distributions Mains*, and 380 - *Services* were each examined separately. However, in the current filing, the sub-accounts were rolled-up, or consolidated, and a single depreciation rate and survivor curve was established at the newly assembled, high-level plant group. In its Reply Comments, GPNG explained that its accounting system tracks and accumulates depreciation for each of these plant groups at the overall account level, not at the sub-account level.[11] GPNG also noted that, though its prior study had analyzed these plant groups at the sub-account level, in the end, the prior study produced an aggregated composite depreciation rate that was applied to the entire account group; therefore, GPNG believed any benefits of examining depreciation parameters by sub-account were lost. Due to GPNG's current study's consolidation, it was necessary to evaluate which survivor curve best fit the overall account, and in so doing, GPNG modified the survivor curve used for each of these particular asset groups.

[10] GPNG Reply Comments, Attachment A.
[11] GPNG Reply Comments, p. 5.

The Department appreciates the Company's explanation and reasoning for this change, and notes that one other Minnesota-regulated natural gas utility's (i.e., MERC) depreciation study appears to also evaluate plant Accounts 367, 376 and 380 at an overall group level. The Department believes it is worth noting that an asset group's designated survivor curve is typically established in a full depreciation study; and that it is highly unusual that an annual update to a 5-year study would modify the survivor curve used. However, the Department recognizes that GPNG's current update, which introduced consolidating the subaccounts of certain plant groups, does merit the reevaluation of the survivor curve that best fits the consolidated group.

The Department concludes that GPNG's updated survivor curves for Accounts 367, 376 and 380 appear reasonable, however, recommends that the Commission require GPNG, prospectively, to conduct and present a full depreciation study of any account to which the Company proposes a change in survivor curve prior to its next scheduled 5-year depreciation study, or fully explain why the change does not necessitate a full study.

5. Other Concerns Related to Change in Depreciation Technique

Regarding the Department's remaining initial comment issues regarding the Company's change in the technique used, the Department concluded that GPNG's Reply Comments,[12] which are briefly summarized below, resolved the Department's concern and are reasonable:

- GPNG committed to use the vintage-based approach going forward;
- Account 375[13] (*Distribution Measuring and Regulating Station Structures*) appropriately continues use of Life Span depreciation approach;
- GPNG expects its affiliate utilities to employ the same depreciation consultant, and thus the same *vintage-based* technique; and
- Given the specific age-complement of its existing plant, the lower depreciation expense outcome using the proposed *vintage-based* technique, as compared to the estimated outcome using the prior study's *weighted-average-based* technique, is expected.

[12] GPNG Reply Comments, pp. 6-7
[13] Account 375 contains limited investments in distribution measuring and regulating station structures to which the depreciation life span method is applied. Docket G004/D-17-450, p. 4-17.

B. OTHER CONCERNS WITH CURRENT STUDY AS COMPARED TO PRIOR 2017 STUDY

1. Significant Change in Depreciation Rate - Accounts 396.1 And 396.2 – Power Operated Equipment

For GPNG's *Power Operated Equipment* accounts 396.1 and 396.2, the Department requested Great Plains to provide a response to an unanswered information request and explain the reason for the notable change in the current proposed depreciation rate as compared to GPNG's prior study. GPNG's Reply Comments explained that the Company incurred plant retirements in 2017, which effectively reduced the depreciation reserve for Accounts 396.1 and 396.2. In further assessing these two accounts in light of GPNG's Reply remarks, the Department noted that the Company also added new plant, increasing gross plant balance by nearly 33% during the year. Together, the retirements and major plant addition activities changed not only the age-complement of the asset group, but the corresponding depreciation reserve position from an excess-depreciated status to a need for depreciation to be accrued.

The Department appreciates GPNG's explanation and concludes that this concern is resolved.

2. New Survivor Curve Designation

Great Plains designated a survivor curve (square-type) to several plant accounts (391.1, 391.3, 394.0, 397.0 and 398.0), but did not explain or support why the use of the curve was applied to all but Account 391.3 *Computer & Electronic Equipment*. For purposes of full record development, the Department requested that Great Plains in Reply Comments explain (1) the change to a square curve approach, (2) how the use of *remaining life* under square curve application differs compared to the prior study's method, and (3) though a square curve was assigned, why the technique applied to Account 391.3 differed from the other four accounts.[14]

GPNG's Reply Comments stated that the designation of a square curve to these five accounts was not new. GPNG's Reply explained that the technically correct description of what had changed between studies was not the curve used, rather that the depreciation technique used was changed to a *remaining life* approach, from a *whole life* approach. In addition, the revised studies provided in GPNG's Reply and Supplemental Reply Comments[15] corrected and applied the *remaining life* (RL) technique to Account 391.3, which apparently was overlooked, and is now consistent with the four other accounts. The Department's initial comments had concluded that the technique used was reasonable, and now, with the Company's explanatory

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[14] Given the available information in Docket No. G004/D-17-450, the Department anticipates that had the square curve approach been applied to Account 391.3, the annual depreciation expense would be higher since it appears the surviving 2015 vintage plant accumulated depreciation reserve is in a deficit position. Docket No. G004/D-17-450, Initial petition, Table 5, page 2-18.

[15] The Revised and Second Revised Studies, filed on October 4, 2018 and the November 5, 2018, respectively, corrected the technique applied for Account 391.3.

response and corrective action to apply the RL technique to Account 391.3, concludes that this issue is reasonably resolved.

3. Depreciation Rate for Accounts Affected By PVC Replacement Program

GPNG is in the midst of a 15-year PVC replacement program which affects distribution plant accounts 378.0 – *Measuring and Regulating Station Equipment General*, 381.0 – *Meters & Meter Installations*, and 383.0 – *House Regulators.*[16] The Department requested the Company to provide the status of this program in Reply Comments; the plant replacement progress is expected to impact the age-composition of these asset groups, and therefore future depreciation rates.

GPNG's Reply Comments informed that the PVC replacement program is nearly 42% complete, and that the depreciation rates from the prior study remain unchanged for the 2018 study. The Company committed to monitor the program's status and will provide a more robust analysis in it next technical update.

The table below shows the depreciation rates applied to these affected accounts since GPNG's PVC replacement program began. The depreciation rates for these accounts were based on a program period or phase, and its progression.[17] The Department notes that it is plausible for the depreciation rate to remain unchanged in a subsequent year.

Table 2-RC

	GPNG Depreciation Rate (%) for Accounts		
Year	**378**	**381**	**383**
2013	2.70	7.49	5.38
2014	5.11	8.05	6.14
2015	2.83	8.14	6.38
2016	2.83	8.14	6.38
2017	12.55	9.91	6.62

The Department appreciates GPNG's commitment to provide a more robust analysis of the accounts affected by its PVC replacement program and recommends that the Commission memorialize GPNG's commitment in its Order, especially given that the Company's PVC plant replacement progress may be accelerated by GPNG's recent implementation of a gas utility

[16] This is not an exhaustive list of accounts that may be affected by the PVC replacement program, rather these are the accounts that prospective depreciation rate calculations may be more sensitive to the degree of new investments due to the accounts' current relatively small balances.
[17] Docket No. G004/D-17-450.

infrastructure cost recovery mechanism (effective November 1, 2017 through Docket No. G004/M-16-1066).

C. NEW OTHER ITEMS

1. GPNG Minnesota Jurisdictional Annual Report

Great Plains serves both Minnesota and North Dakota customers. The Department's review of this depreciation filing included a limited review of the Company's recent Jurisdictional Annual Report (JAR) filed in Docket No. E,G999/PR-18-04, which reports operating activity through December 31, 2017. From the review of GPNG's JAR in conjunction with the depreciation study, it was discovered that the cost amounts reflected in the JAR for GPNG's gas plant-in-service accounts reflect the cost of facilities physically located within Minnesota, rather than the jurisdictional cost share of GPNG's facilities serving Minnesota customers. Whereas, the plant depreciation reserve amounts stated in GPNG's JAR do appropriately reflect the Minnesota-jurisdictional allocated depreciation reserves.

The Department's concern with GPNG's JAR is, not only do the gross plant and their respective contra-accounts have mismatched reporting bases, but that only jurisdictional gas plant in service cost amounts should be included in the Minnesota JAR, consistent with the reported plant depreciation reserve amounts.

The Department appreciates GPNG's staff assistance in researching this mismatch. It is the Department's understanding that Great Plains is willing to change its plant-in-service reporting basis. The Department concludes that the reporting basis should change and recommends that the Commission direct GPNG, in future Minnesota JAR filings, to report the Minnesota-jurisdictional amounts for the gas plant-in-service accounts. Further, due to this change, the Department recommends that the Commission direct that GPNG's 2018 beginning-of-year gas plant-in-service balances reported in its 2018 JAR (to be filed May 2019) should be the jurisdictional amount, footnoted to explain the reason the amounts differ from GPNG's reported 2017 year-end balances reported in Docket No. E,G999/PR-18-04. This GPNG JAR reporting change will ensure that the same basis is used for both the plant and their respective contra-accounts (depreciation reserves) and will mirror the cost basis used in Minnesota general rate cases.

2. Future Reporting

a. Buildings used for Regulated Utility Operations

The Department wants to better understand how Minnesota regulated utilities account for buildings used in utility service, including the treatment of additions and retirements. Therefore, the Department requests that the Commission direct GPNG 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 asset, 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.

b. Schedules required by Minn. Rule 7825.0700

One of GPNG's filing requirements was resolved by the Department obtaining the required schedules through an information request (DOC IR 14), included as *DOC Attachment A* to the Department's initial comments. Since the filing of the Department's initial comments, the Company supplemented its DOC IR 14 response to add an instructive reconciliation explanation, per the Department's request. The supplemented DOC IR 14 response is attached to these comments (*DOC Attachment A-RC*) for record update purposes only. As mentioned earlier in these comments, GPNG agreed to the Department's recommendation to file similar schedules with its initial depreciation petitions in future filings, per Minn. Rule 7825.0700.

III. DEPARTMENT CONCLUSIONS AND RECOMMENDATIONS

The Department concludes that Great Plains used the Commission-approved depreciation rates to calculate depreciation expense in 2017.

In addition, the Department concludes that Great Plains' has:

- met all relevant filing requirements (per Minn. Rule 7825.0700) with the inclusion of the data schedules provided by the Company in its response to DOC Information Request No. 14;[18]

- complied with the prior Commission's Order dated March 21, 2007 in Docket No. G004/D-06-700 to propose depreciation rates that are effective January 1, 2018; and

- utilized a depreciation approach that is acceptable in developing depreciation rates.

Therefore, the Department recommends that the Commission approve the Company's proposed 2018 Second Revised Depreciation Study, filed November 5, 2018.

[18] The November 5, 2018 Supplemented Response to DOC IR No. 14 is included in DOC Attachment A-RC to these comments.

Further, the Department recommends that the Commission memorialize GPNG's stated commitments by requiring GPNG to:

- In *future* depreciation filings,
-
    - transparently disclose changes to its depreciation-study approach;
    - provide the required schedules, per Minn. Rule 7825.0700, that report the additions, retirements, adjustments and transfer activity for each plant-in-service and respective accumulated depreciation accounts; and
    - perform and provide a full depreciation study should the Company wish to alter its depreciation approach prior to its next scheduled 5-year depreciation study filing.

- And, in its *next* depreciation filing,

    - provide in a more robust analysis of the accounts affected by its PVC replacement program.

In addition, the Department recommends that the Commission require GPNG to conduct a full depreciation study of any plant group with a change in the survivor curve prior to the Company's next scheduled 5-year depreciation study, or fully explain why the change does not necessitate a full study.

The Department also recommends that the Commission direct that GPNG report, in the Company's future Minnesota Jurisdictional Annual Report filings, the Minnesota-jurisdictional amounts in the gas plant-in-service accounts; and direct that in GPNG's next JAR the 2018 beginning-of-year balances for the gas plant-in-service accounts reflect the jurisdictional amount, footnoted to explain the reason the 2018 beginning-of-year balances differ from GPNG's reported 2017 year-end balances in Docket No. E,G999/PR-18-04.

Finally, the Department recommends that the Commission direct GPNG 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 method and rate applied, 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.

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Minnesota Department of Commerce
Division of Energy Resources
Information Request

Docket Number:	G004/D-18-369	☐Nonpublic ☒Public	
Requested From:	Great Plains Natural Gas	Date of Request:	7/20/2018
Type of Inquiry:	Financial	Response Due:	7/30/2018

Requested by: Dorothy Morrissey
Email Address(es): dorothy.morrissey@state.mn.us
Phone Number(s): 651.539.1797

Request Number: **14**
Topic: Depreciation Tables and Schedules
Reference(s): MN Rule 7825.0700

Request:

Please provide schedules showing the additions, retirements, adjustments and transfers activity of the plant-in-service and their respective depreciation reserve accounts during 2017.

Response:

Please see Response No. 14 Attachment A.

Updated November 5, 2018

Response No. 14 Attachment A shows total additions, retirements, adjustments and transfer activity as recorded in the Company's general ledger for each account during calendar year 2017. The amounts reported in the attachment are not specifically associated with 2017 vintage activity. Generally, activity recorded during 2017 is associated with 2017 vintage activity; however, in certain instances individual assets closed to plant may require adjustments to the in-service dates which may result in discrepancies between total calendar year activity and vintage activity.

To be completed by responder

Response Date: July 27, 2018
Response by: Travis Jacobson
Email Address: travis.jacobson@mdu.com
Phone Number: 701.222.7855

Minnesota Department of Commerce
Division of Energy Resources
Information Request

Docket Number:	G004/D-18-369	☐Nonpublic ☒Public	
Requested From:	Great Plains Natural Gas	Date of Request:	7/20/2018
Type of Inquiry:	Financial	Response Due:	7/30/2018

Requested by: Dorothy Morrissey
Email Address(es): dorothy.morrissey@state.mn.us
Phone Number(s): 651.539.1797

Request Number: **14**
Topic: Depreciation Tables and Schedules
Reference(s): MN Rule 7825.0700

Request:

Please provide schedules showing the additions, retirements, adjustments and transfers activity of the plant-in-service and their respective depreciation reserve accounts during 2017.

Response:

Please see Response No. 14 Attachment A.

To be completed by responder

Response Date: July 27, 2018
Response by: Travis Jacobson
Email Address: travis.jacobson@mdu.com
Phone Number: 701.222.7855

Great Plains Natural Gas
Docket No. G004/D-18-369 - Response No. 14

	Beginning Balance	Adds	Retire	Transfer	Ending Balance
Gas Distribution					
374-G-Land	$2,978	$0	$0	$0	$2,978
374-G-Land Rights	17,654	-	-	-	17,654
375-G-Structures & Improvements	32,251	-	-	-	32,251
376-G-Mains	17,516,061	2,015,917	(105,362)	-	19,426,616
378-G-Measure/Regulation Distributi	501,026	20,304	(10,024)	-	511,305
379-G-Measure/Regulation City Gate	442,661	42,222	-	-	484,883
380-G-Services	14,485,016	1,661,896	(209,151)	-	15,937,760
381-G-Meters	6,324,475	253,168	(189,616)	49,994	6,438,021
382-G-Meter Set Installation	-	-	-	-	-
383-G-Service Regulators	780,578	59,432	(67,184)	2,113	774,939
385-G-Industrial Meas. & Reg Stn Eq	162,784	-	-	-	162,784
387-G-Cathodic Protection Equipment	9,235	-	-	-	9,235
387-G-Other Distribution Equipment	11,498	-	-	-	11,498
Gas Distribution Total	40,286,217	4,052,938	(581,337)	52,107	43,809,926
Gas General					
389-G-Land & Land Rights	48,659	-	-	-	48,659
390-G-Structures & Improvements	2,167,307	363,738	(2,348)	-	2,528,697
391-G-Comp Equip-Server & Workstati	66,919	-	(5,302)	-	61,617
391-G-Office Furn & Equip	96,848	1,386	(2,918)	-	95,317
392-G-Trailers	39,760	-	-	(8,593)	31,167
392-G-Transportation Equipment	1,386,193	67,303	(94,938)	22,335	1,380,893
393-G-Stores Equipment	-	-	-	-	-
394-G-Tools,Shop,Garage Equip	565,185	63,085	-	-	628,270
395-G-Laboratory Equipment	-	-	-	-	-
396-G-Power Operated Equipment	840,195	567,535	(305,806)	-	1,101,925

Great Plains Natural Gas
Docket No. G004/D-18-369 - Response No. 14

	Beginning Balance	Adds	Retire	Transfer	Ending Balance
396-G-Trailers-Work Equipment	121,655	29,787	-	-	151,442
397-G-Communication Equipment	303,583	-	-	-	303,583
398-G-Miscellaneous Equipment	51,339	-	-	-	51,339
Gas General Total	5,687,643	1,092,835	(411,311)	13,742	6,382,909
Gas Intangible					
301-G-Organization	5,006	-	-	-	5,006
302-G-Franchises	73,680	-	-	-	73,680
303-G-Misc. Intangible Plant	2,419,099	364,684	-	-	2,783,783
Gas Intangible Total	2,497,785	364,684	-	-	2,862,469
Gas Manuf. Production					
304-G-Gas-Land and Land Rights	-	-	-	-	-
305-G-Structures And Improvements	-	-	-	-	-
311-G-Liquified Petro. Propane	-	-	-	-	-
320-G-Other Gas Production	-	-	-	-	-
Gas Manuf. Production Total	-	-	-	-	-
Gas Transmission					
365-G-Land	5,585	-	-	-	5,585
365-G-Land Rights	158,152	-	-	-	158,152
367-G-Mains	1,541,446	-	(267)	-	1,541,179
369-G-Measuring/Regulating Equipmen	820,970	34,938	-	-	855,908
Gas Transmission Total	2,526,152	34,938	(267)	-	2,560,823
Non-Utility					
394-N-Tools,Shop,Garage Equip	-	-	-	-	-
Non-Utility Total	-	-	-	-	-
Grand Total	$50,997,798	$5,545,395	($992,915)	$65,849	$55,616,128

GREAT PLAINS NATURAL GAS
SCHEDULE OF ACCUMULATED PROVISION FOR DEPRECIATION-GAS
FOR THE 12 MONTH PERIOD ENDED DECEMBER 31, 2017
Docket No. G004/D-18-369 - Response No. 14

FERC Account	Account Description	Beg Reserve Balance	Reclass/ Transfers	Original Cost of Retirements	Cost of Removal Cap Ex	Salvage Cap Ex	Cost of Removal Closes	Salvage Closes	Deprec. Provision	Gain/ Loss	Transf. to Reg. Asset/Liab.	Ending Reserve Balance
305	Structures & Improvements	-										-
3111	Liquefied Petro. Propane	-										-
320	Other Gas Production	-										-
	TOTAL GAS PRODUCTION	-	-	-	-	-	-	-	-	-	-	-
3652	Land Rights	(122,071.44)	-	-			-	-	(1,929.46)	-	-	(124,000.90)
3671	Mains	(1,441,308.74)	-	266.87			-	-	(20,549.60)	-	-	(1,461,591.47)
3691	Meas. & Reg. Station Equip.	(183,946.42)	-	-			-	-	(22,187.36)	-	-	(206,133.78)
	TOTAL GAS TRANSMISSION	(1,747,326.60)	-	266.87	-	-	-	-	(44,666.42)	-	-	(1,791,726.15)
3742	Land Rights	(8,417.11)	-	-			-	-	(373.96)	-	-	(8,791.07)
375	Structures & Improvements	(26,168.90)	-	-			-	-	(915.94)	-	-	(27,084.84)
376	Mains	(9,509,084.81)	-	105,361.90			69,212.55	-	(532,960.19)	-	-	(9,867,470.55)
378	Meas. & Reg. Station Equip.-General	(311,879.48)	-	10,024.14			4,376.65	-	(53,800.47)	-	-	(351,279.16)
379	Meas. & Reg. Station Equip.-City Gate	(102,354.36)	-	-			5,511.43	-	(17,135.67)	-	-	(113,978.60)
380	Services	(9,161,562.13)	-	209,151.14			110,222.83	-	(550,256.36)	-	-	(9,392,444.52)
381	Meters	(3,510,046.16)	(6,364.94)	189,616.11			34,356.92	(1,167.97)	(611,471.02)	-	-	(3,905,077.06)
383	Service Regulators	(456,788.21)	(64.50)	67,183.55			2,022.00	-	(51,861.94)	-	-	(439,509.10)
385	Industrial Meas. & Reg. Station Equipment	(9,772.32)	-	-			-	-	(4,031.62)	-	-	(13,803.94)
3871	Cathodic Protection Equipment	(2,844.67)	-	-			-	-	(404.68)	-	-	(3,249.35)
3872	Other Distribution Equipment	(11,498.48)	-	-			-	-	-	-	-	(11,498.48)
388	ARO Distribution Plant	(1,388,693.13)	-	138,558.33			-	-	-	-	(140,700.06)	(1,390,834.86)
	TOTAL GAS DISTRIBUTION	(24,499,109.76)	(6,429.44)	719,895.17	-	-	225,702.38	(1,167.97)	(1,823,211.85)	-	(140,700.06)	(25,525,021.53)
390	Structures & Improvements	(935,628.58)	-	2,347.67			-	-	(39,950.80)	-	-	(973,231.71)
3911	Office Furniture & Equipment	(55,965.28)	-	2,917.57			-	-	(5,931.52)	-	-	(58,979.23)
391	Computer Equipment	(14,972.95)		5,301.77			112.35		(16,094.78)			(25,653.61)
3921	Transportation Equipment- Trailers	(33,897.59)	8,592.63	-			-	-	(641.80)	-	-	(25,946.76)
3922	Transportation Equipment- Vehicles	(584,371.80)	(18,132.44)	94,938.27			-	(26,855.00)	(114,438.64)	-	-	(648,859.61)
3941	Miscellaneous Tools	(193,912.79)	-	-			-	-	(28,399.09)	-	-	(222,311.88)
3961	Work Equipment Trailers	(35,311.11)	-	-			-	-	2,086.97	-	-	(33,224.14)
3962	Power Operated Equipment	(417,658.71)	40,660.00	305,805.55			-	(242,179.01)	12,627.21	-	-	(300,744.96)
397	Communication Equipment	(177,503.05)	-	-			-	-	(16,877.64)	-	-	(194,380.69)
398	Miscellaneous Equipment	(16,287.45)	-	-			-	-	(2,053.56)	-	-	(18,341.01)
	TOTAL GAS GENERAL	(2,465,509.31)	31,120.19	411,310.83	-	-	112.35	(269,034.01)	(209,673.65)	-	-	(2,501,673.60)
	SUBTOTAL (1082 & 1087)	(28,711,945.67)	24,690.75	1,131,472.87	-	-	225,814.73	(270,201.98)	(2,077,551.92)	-	(140,700.06)	(29,818,421.28)

GREAT PLAINS NATURAL GAS
SCHEDULE OF ACCUMULATED PROVISION FOR DEPRECIATION-GAS
FOR THE 12 MONTH PERIOD ENDED DECEMBER 31, 2017
Docket No. G004/D-18-369 - Response No. 14

FERC Account	Account Description	Beg Reserve Balance	Reclass/ Transfers	Original Cost of Retirements	Cost of Removal Cap Ex	Salvage Cap Ex	Cost of Removal Closes	Salvage Closes	Deprec. Provision	Gain/ Loss	Transf. to Reg. Asset/Liab.	Ending Reserve Balance
301	Organization Intangible Plant	(5,006.20)										(5,006.20)
302	Franchises and Consents Intangible Plant	(73,680.11)										(73,680.11)
303	Miscellaneous Intangible Plant	(360,835.13)							(167,450.65)			(528,285.78)
	TOTAL GAS INTANGIBLE	(439,521.44)	-	-	-	-	-	-	(167,450.65)	-	-	(606,972.09)
	SUBTOTAL (1082, 1087 & 1112)	(29,151,467.11)	24,690.75	1,131,472.87	-	-	225,814.73	(270,201.98)	(2,245,002.57)	-	(140,700.06)	(30,425,393.37)
	RWIP-Production	-			-	-						-
	RWIP-Transmission	1,702.58			10,446.73	-	-	-				12,149.31
	RWIP-Distribution	29,278.85			270,991.48	(1,167.97)	(225,702.38)	1,167.97				74,567.95
	RWIP-General	(172,136.36)			23,822.10	(254,238.73)	(112.35)	269,034.01				(133,631.33)
	RWIP-Intangible	-			-	-						-
	TOTAL RWIP	(141,154.93)	-	-	305,260.31	(255,406.70)	(225,814.73)	270,201.98	-	-	-	(46,914.07)
	TOTAL GAS RESERVE INCL RWIP	(29,292,622.04)	24,690.75	1,131,472.87	305,260.31	(255,406.70)	-	-	(2,245,002.57)	-	(140,700.06)	(30,472,307.44)

Total Reserve Including RWIP By Function										
Production	-	-	-	-	-	-	-	-	-	-
Transmission	(1,745,624.02)	-	266.87	10,446.73	-	-	-	(44,666.42)	-	-	(1,779,576.84)
Distribution Excluding ARO	(23,081,137.78)	(6,429.44)	581,336.84	270,991.48	(1,167.97)	-	-	(1,823,211.85)	-	-	(24,059,618.72)
Distribution-ARO	(1,388,693.13)	-	138,558.33	-	-	-	-	-	-	(140,700.06)	(1,390,834.86)
General	(2,637,645.67)	31,120.19	411,310.83	23,822.10	(254,238.73)	-	-	(209,673.65)	-	-	(2,635,304.93)
Intangible	(439,521.44)	-	-	-	-	-	-	(167,450.65)	-	-	(606,972.09)
TOTAL GAS RESERVE INCL RWIP	(29,292,622.04)	24,690.75	1,131,472.87	305,260.31	(255,406.70)	-	-	(2,245,002.57)	-	(140,700.06)	(30,472,307.44)

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
Response Comments

Docket No. G004/D-18-369

Dated this 13th day of November 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