
BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

LeRoy Koppendrayer Chair
Marshall Johnson Commissioner
Phyllis Reha Commissioner
Gregory Scott Commissioner

In the Matter of Aquila, Inc. d/b/a ISSUE DATE: OCTOBER 3, 2003
Aquila Networks-Peoples Natural Gas' DOCKET NO. G007,011/D-03-851
And Aquila Networks -Northern Minnesota ORDER CERTIFYING
Utilities' Request for Certification of 2003 DEPRECIATION RATES AND METHODS
Depreciation Rates

PROCEDURAL HISTORY

On June 2, 2003, Aquila, Inc. d/b/a Aquila Networks-Peoples Natural Gas (Peoples) and Aquila Networks-Northern Minnesota Utilities (NMU) or together the Companies filed its 2003 depreciation petition, based on its annual review of depreciation rates under Minn. Rules part 7825.0600, subps. 2 and 3. The Minnesota Department of Commerce (Department) examined the petition, including the Companies' lives and net salvage estimates, and recommended approval.-

No party opposed approval.

This decision is issued by the Commission's consent calendar subcommittee, under a delegation of authority granted under Minn. Stat. § 216A.03, subd. 8(a). Unless a party, a participant, or a Commissioner files an objection to this decision within ten days of receiving it, it will become the Order of the full Commission under Minn. Stat. § 216A.03, subd. 8(b).

FINDINGS AND CONCLUSIONS

The depreciation petition submitted by the Companies used the remaining life method of straight line depreciation to calculate depreciation accruals, as required by Minn. Rules part 7825.0800. The Commission finds the resulting depreciation rates reasonable, proper, and adequate under Minn. Stat. § 216B.11 and Minn. Rules part 7825.0600.

The Companies request changes to the remaining lives to reflect the plant activity during 2002 and the passage of one year's time. No changes are requested in salvage rates or Projection lives. The proposed remaining lives are supported by the Companies' analysis and will be approved.

The depreciation rates and methods certified in this Order are binding on all future rate proceedings and remain in effect until the next depreciation certification or until otherwise changed by the Commission. Minn. Rules part 7825.0900. Specific dollar amounts of gross plant, depreciation reserve, annual accrual, and dollars to be allowed as additional depreciation are subject to audit, however, and the inclusion of items in this Order for depreciation purposes

does not guarantee their inclusion in the rate base and income statement for ratemaking purposes.

Companies are required by law to review their depreciation rates annually to ensure that they are still generally appropriate. (Minn. Rules part 7825.0600, sups. 2 and 3.) The Commission will require the Companies to file a remaining life depreciation petition based on its next annual review.

ORDER

1. The Commission certifies the following lives on the basis of the depreciation petition submitted by Peoples:

Acct. No.	Class of Utility Plant	Remaining Life (Years)
Production Plant:		
305.00	Structures & Improvements	18 .16
311.00	Liquefied Petroleum Gas Equip.	13 .50
Transmission Plant:		
367.00	Mains	40 .90
369.00	Meas. & Reg. Equip.	25 .00
Distribution Plant:		
375.00	Structures & Improvements	33 .89
376.00	Mains	29 .91
378.00	Meas. & Reg. Equip. - General	26 .74
380.00	Services	28 .80
381.00	Meters	24 .22
382.00	Meter Installations	27 .59
383.00	House Regulators	26 .31
385.10	Meas. & Reg. Equip. - Industrial	23 .10
385.20	Large Volume Meters	27 .71
387.00	Other Equipment	N/A
General Plant:		
390.00	Structures & Improvements	32 .35

391.00 Office Furniture & Equip. 12 .03
 391.10 Computer Equipment 6 .28
 392.00 Transportation Equipment 1 .58
 394.00 Tools & Work Equip. 13 .34
 396.00 Power Operated Equip. 4 .04
 397.00 Communication Equip. 3 .50

2. The Commission certifies the following lives on the basis of the depreciation petition submitted by NMU:

Remaining

Acct. Life
No. Class of Utility Plant (Years)

Transmission Plant:

367.00 Mains 42 .21
 369.00 Meas. & Reg. Equip. 22 .90

Distribution Plant:

375.01 Structures & Improvements 42 .21
 375.02 Structures & Improvements - TBS 31 .03
 376.00 Mains 37 .35
 378.00 Meas. & Reg. Equip. - General 27 .20
 379.00 Meas. & Reg. Equip. - City Gate 14 .86
 380.00 Services 25 .66
 381.00 Meters 24 .06
 382.00 Meter Installations 36 .01
 383.00 House Regulators 23 .22
 385.00 Meas. & Reg. Equip. - Industrial 19 .61
 385.20 Large Volume Meters 28 .05
 387.00 Other Equipment N/A

General Plant:

390.01 Structures & Improvements 34 .68
 390.02 Leasehold Improvements 32 .85
 391.01 Office Furniture & Equip. 11 .57
 391.02 Computer Equipment 4 .61
 392.00 Transportation Equipment 1 .26
 394.00 Tools, Shop & Garage Equip. 12 .55
 396.00 Power Operated Equip. 2 .54
 397.01 Communication Equip. 5 .43
 398.00 Misc. Equip. 4 .00

3. Accruals to the depreciation reserve for each remaining life account shall be calculated by taking the original cost of depreciable plant in the account, subtracting its estimated future net salvage and its associated depreciation reserves, and dividing the difference by the estimated remaining life of the surviving plant in the account.
4. In the event that any class of plant shall become fully depreciated by the use of these rates, then no further depreciation accrual for such class of plant shall be made.
5. By June 1, 2005, the Companies shall file a remaining life depreciation report based on its annual review of depreciation rates, remaining lives and net salvage values.

6. The rates certified by this Order are effective January 1, 2003. The Companies' next five- year depreciation studies are due by June 1, 2004.

BY ORDER OF THE COMMISSION

Burl W. Haar
Executive Secretary

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