

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

LeRoy Koppendraye Chair
Marshall Johnson Commissioner
Ken Nickolai Commissioner
Thomas Pugh Commissioner
Phyllis Reha Commissioner

In the Matter of Minnegasco ISSUE DATE: DECEMBER 7, 2004
Company's Request for DOCKET NO. G008/D-04-1069
Certification of 2004 ORDER CERTIFYING
Depreciation Rates DEPRECIATION RATES AND
METHODS

PROCEDURAL HISTORY

On July 14, 2004, CenterPoint Energy Minnegasco (Minnegasco or the Company) filed its five- year depreciation study for 2004 under Minn. R. pt. 7825.0700. The Department of Commerce examined the study, including the Company's average service lives and net salvage value estimates, and recommended acceptance.

No other party opposed approval.

FINDINGS AND CONCLUSIONS

The depreciation study submitted by the Company uses the average service life (ASL) technique of straight-line depreciation to calculate depreciation accruals, as required by Minn. R. pt. 7825.0800. The study uses accepted methods to determine the ASL and net salvage factors of the Company's property accounts. The Commission finds the resulting depreciation rates reasonable, proper, and adequate under Minn. Stat. § 216B.11 (1986) and Minn. R. pt. 7825.0600.

The Company requests to adjust the lives and the salvage values of its property based on the results of its new depreciation study. The Company proposes to raise overall depreciation by \$1,362,210, which results in an overall depreciation rate of 4.2 percent. The Department recommends that the Company's request be accepted.

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. R. pt. 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. R. pt. 7825.0600, subs. 2 and 3. The Commission will require the Company to file a five-year depreciation petition based on its next review.

ORDER

1. The Commission certifies the following depreciation rates on the basis of the depreciation study submitted by Minnegasco and the recommendations of the Department.

Acct. No.	Class of Utility Plant	Estimated Service Life (Years)	Annual Future Net Salvage (%)	Accrual Rate (%)
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Intangible Plant

301.0	Organizational	NA	NA	NA
302.0	Franchises/Consents	20	0	5.00
303.0	Miscellaneous *	NA	NA	NA

* Fully depreciated

Production Plant

305.0	Structures & Improvements	32	-90	5.94
311.0	L. P. Gas Equipment	41	-75	4.27
320.0	Other Equipment	18	0	5.56

Underground Storage

350.2	Rights-of-Way	39	-20	3.08
351.0	Structures & Improvements	39	-20	3.08
352.0	Wells	39	-20	3.08
352.1	Storage Leaseholds & Rights	39	-20	3.08
352.2	Reservoirs	39	-20	3.08
352.3	Nonrecoverable Natural Gas	39	-20	3.08
353.0	Lines	39	-20	3.08
354.0	Compressor Station Equipment	39	-20	3.08
355.0	Meas. & Regulating Equipment	39	-20	3.08
356.0	Purification Equipment	39	-20	3.08
357.0	Other Equipment	39	-20	3.08

Other Storage Plant

361.0	Structures & Improvements	35	-20	3.43
362.0	Gas Holders	35	-20	3.43
363.0	Purification Equipment	32	0	3.13

363.1	Liquefaction Equipment	32	0	3.13
363.2	Vaporizing Equipment	32	0	3.13
363.3	Compressor Equipment	32	0	3.13
363.4	Meas. & Regulating Equipment	32	0	3.13
363.5	Other Equipment	32	0	3.13

Distribution Plant

375.0	Structures & Improvements	49	-10	2.24
376.1	Mains-Steel	47	-27	2.70
376.2	Mains-Cast Iron	41	-27	3.10
376.3	Mains-Plastic	41	-27	3.10
378.0	Meas. & Regulating Station Equip.	39	-17	3.00
380.1	Services-Metallic	38	-51	3.97
380.2	Services-Plastic	35	-51	4.31
381.0	Meters	34	-15	3.38
382.0	Meter Installations	41	-40	3.41
383.0	House Regulators	41	-8	2.63
384.0	House Regulator Installations	45	-30	2.89
385.0	Ind. Meas. & Regulating Equip.	35	-4	2.97

General Plant

390.1	Structures & Improvements	32	-10	3.44
391.1	Office Furniture	16	0	6.25
391.2	Office Equip.	14	1	7.07
391.3	Computer Equip.	9	2	10.89
391.4	Computer Software	9	0	11.11
392.0	Transportation Vehicles	7	18	11.71
393.0	Stores Equip.	16	4	6.00
394.0	Tools, Shop and Work Equipment	22	11	4.05
395.0	Laboratory Equip.	33	0	3.03
396.0	Power Operated Equip.	12	11	7.42
397.1	Communication Equip.	14	7	6.64
397.2	Comm. Equip.-Meter Reading	9	-4	11.56
398.0	Miscellaneous Equip.	10	0	10.00
398.3	Interpretive Center - nonregulated	N/A	N/A	N/A
398.5	Water Treatment	34	-10	3.24

2. Accruals to the depreciation reserve for each account shall be determined by calculating an annual depreciation rate, using average service life and net salvage estimates, and multiplying that rate by the original cost of depreciable plant in the account.

3. In the event 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.

4. By July 15, 2009, the Company shall file its next required five-year depreciation study.
5. The rates certified by this Order are effective October 1, 2004.

BY ORDER OF THE COMMISSION

Burl W. Haar Executive Secretary

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