

**7825.0600 DEPRECIATION CERTIFICATION.**

Subpart 1. **Depreciation practices applicable to all utilities.** All electric and gas utilities shall maintain, and have available for inspection by the commission upon request, adequate accounts and records related to depreciation practices as defined herein. Each utility has the prime responsibility for proposing the depreciation rates and methods that will be used. The commission shall certify by order to the utility the depreciation rates and methods which it considers reasonable and proper. Any allocation or adjustment of the depreciation reserve will require specific justification and certification by the commission.

Either the utility may submit or the commission may request a petition for depreciation certification because of unusual circumstances or unique situations.

Subp. 2. **Class A and B utilities.** Class A and B utilities, as defined by the system of accounts, shall:

- A. maintain continuing property records;
- B. record depreciation accruals and reserves by functional group of plant accounts (e.g., distribution plant) or on an optional basis, by primary plant account (e.g., meters) for corporate ledger and balance sheet supporting schedule purposes;
- C. retain data in sufficient detail to conduct depreciation certification studies for the purpose of determining depreciation accruals and reserves by primary plant account; and
- D. review their depreciation rates annually to determine if they are still generally appropriate. Depreciation certification studies shall be made so that all primary accounts shall have been analyzed at least every five years.

Subp. 3. **Class C and D utilities.** Class C and D utilities shall:

- A. record a composite depreciation accrual and a composite reserve for the utility plant for corporate ledger and balance sheet purposes;
- B. retain data in sufficient detail to conduct depreciation certification studies for the purpose of determining depreciation accruals and reserves by functional group of plant accounts; and
- C. review their depreciation rates annually to determine if they are still generally appropriate. Depreciation certification studies shall be made so that all functional groups of plant accounts have been analyzed at least every five years.

Subp. 4. **Option of rules.** Any utility may at its option follow the depreciation rules prescribed herein for a larger class of utilities.

**Statutory Authority:** *MS s 216B.08; 216B.11*

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