

Date Mailed
February 1, 2000

BEFORE THE
PUBLIC SERVICE COMMISSION OF WISCONSIN

Application of Wisconsin Fuel and Light Company, as a Gas
Public Utility, for Certification of Depreciation Rates

6640-DG-102

CERTIFICATION OF DEPRECIATION RATES

This is the final decision in the application of Wisconsin Fuel and Light Company (Company) for Certification of Depreciation Rates for each class of its fixed capital used for public utility purposes.

Introduction

Under Wis. Stat. § 196.09(2), the Commission shall review the estimate of the annual rate of depreciation required for each of its classes of fixed capital used for public utility purposes filed by a utility. After a Commission staff study of the currently certified depreciation rates and communication of their findings with the Company, the Company filed for a new certification order for depreciation rates for its classes of fixed capital. The Company and Commission staff are in agreement with the depreciation rates and additional annual depreciation provision contained in this order.

Findings of Fact

1. The annual depreciation rates, as shown on Attachment 1 for all classes of fixed capital are reasonable and proper for computing annual depreciation expense for public utility purposes by the Company in accordance with the provisions of Wis. Stat. § 196.09(2).

2. That Account 382, Meter Installations, has a provision for accumulated depreciation that is deficient based upon the level of negative net salvage and the age of the plant contained in that account.

3. The deficiency in Account 382, Meter Installations, will be addressed by certification of additional annual depreciation for this account in the amount of \$175,000 for six years beginning January 1, 2000.

Conclusions of Law

1. The Commission has jurisdiction by virtue of Wis. Stat. § 196.09(2), to establish by certification, annual depreciation rates for all classes of fixed capital used for public utility purposes.

2. The Company, if not in agreement with the depreciation rates in this order, has 30 days to make application to the Commission for a hearing and order in accordance with Wis. Stat. § 196.09(3).

Opinion

The updated annual depreciation rates for all classes of fixed capital for the Company are based on an analysis performed by Commission staff. Commission staff's analysis gave consideration to the causes for retirements of plant including wear and tear, decay, action of the elements, inadequacy, obsolescence, changes in technology, changes in demand, and requirements of public authorities. Commission staff further analyzed the provision for accumulated depreciation for the associated plant accounts based upon the age of plant and found the provision for accumulated depreciation for Account 382, Meter Installations, to be deficient.

The depreciation rates, with consideration of the provision for additional annual depreciation for Account 382, Meter Installations, are reasonable and proper to be used in any proceeding involving the rates or practices of the Company.

Order

1. The range of annual depreciation rates for each class of utility plant as shown on Attachment 1 shall be effective for the Company on January 1, 2000.

2. The additional annual depreciation for Account 382, Meter Installations, in the amount of \$175,000 for six years shall be effective on January 1, 2000.

In the event any class of plant shall become fully depreciated by the use of the depreciation rates in this order, with due consideration for net salvage, then no further depreciation accrual for such class of plant shall be made.

Dated at Madison, Wisconsin, _____

By the Commission:

Lynda L. Dorr
Secretary to the Commission

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See attached Notice of Appeal Rights

Notice of Appeal Rights

Notice is hereby given that a person aggrieved by the foregoing decision has the right to file a petition for judicial review as provided in Wis. Stat. § 227.53. The petition must be filed within 30 days after the date of mailing of this decision. That date is shown on the first page. If there is no date on the first page, the date of mailing is shown immediately above the signature line. The Public Service Commission of Wisconsin must be named as respondent in the petition for judicial review.

Notice is further given that, if the foregoing decision is an order following a proceeding which is a contested case as defined in Wis. Stat. § 227.01(3), a person aggrieved by the order has the further right to file one petition for rehearing as provided in Wis. Stat. § 227.49. The petition must be filed within 20 days of the date of mailing of this decision.

If this decision is an order after rehearing, a person aggrieved who wishes to appeal must seek judicial review rather than rehearing. A second petition for rehearing is not an option.

This general notice is for the purpose of ensuring compliance with Wis. Stat. § 227.48(2), and does not constitute a conclusion or admission that any particular party or person is necessarily aggrieved or that any particular decision or order is final or judicially reviewable.

Revised 9/28/98

Wisconsin Fuel & Light Company
 Schedule of Depreciation Rates

Attachment 1
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Account Number	Plant Account	Service Life Years	Net Salvage	Depr. Rate
<u>GAS PRODUCTION</u>				
305	Structures and improvements	30	-5%	3.50%
306	Boiler plant equipment	40	-5%	2.63%
311	Liquefied petroleum gas equipment	28	0%	3.57%
<u>DISTRIBUTION SYSTEM</u>				
375	Structures and improvements	31	-5%	3.39%
376	Gas mains - Steel	41	-40%	3.41%
376	Gas mains - Plastic	41	-40%	3.41%
378	Measur. & reg. station equipment-general	20	-50%	7.50%
379	Measur. & reg. station equipment-city gate	30	-10%	3.67%
380	Gas services - Steel	33	-75%	5.30%
380	Gas services - Plastic	33	-75%	5.30%
381	Meters	25	0%	4.00%
382	Meter installations	30	-100%	6.67%
383	House regulators	33	0%	3.03%
387	Other equipment	20	0%	5.00%
<u>GENERAL PLANT</u>				
390	Structures and improvements	38	0%	2.63%
391	Office furniture and equipment	16	5%	5.94%
391.1	Office equipment-Computers	5	0%	20.00%
393	Stores equipment	25	0%	4.00%
394	Tools, shop, and garage equipment	17	0%	5.88%
395	Laboratory equipment	12	0%	8.33%
397	Communication equipment	12	0%	8.33%

Note 1: No depreciation rate is certified for Account 392, Transportation Equipment, and Account 396, Power Operated Equipment, as depreciation on these classes of plant should be accounted for on a unit basis or such other basis as will distribute the expense equitably with any necessary adjustments of depreciation accounts being recorded at the time of retirement.

Note 2: In the event any class of plant shall become fully depreciated by the use of these rates with due consideration for net salvage, if any, then no further depreciation accrual for such class of plant shall be made.

Note 3: In addition to the depreciation expense determined by application of the rates set forth above, additional annual depreciation shall be charged in the following plant account for the six years 2000-2005.

Account

Number	Plant Account	Additional Annual Depreciation
382	Meter installations	\$175,000