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VIA ELECTRONIC FILING

Burl Haar
Executive Secretary
Minnesota Public Utilities Commission
121 Seventh Place East, Suite 350
St. Paul, MN 55101-2147

Re: *In the Matter of the Application of Minnesota Energy Resources Corporation (MERC's) Petition for Approval of an Affiliated Interest Agreement*
Docket No. G007,011/AI-10-783
Additional Reply Comments

Dear Dr. Haar:

Minnesota Energy Resources Corporation (MERC) offers these comments in reply to the January 23, 2013, Response Comments of the Department of Commerce, Division of Energy Resources (Department) on MERC's petition for approval of its proposed Affiliated Interest Agreement between Integrys, all of the wholly-owned regulated subsidiaries of Integrys (including MERC), all wholly-owned non-regulated subsidiaries of Integrys, and one partially-owned non-regulated subsidiary of Integrys (non-IBS AIA).

As mentioned in MERC's January 4, 2013, Additional Reply Comments filed in this matter, MERC has committed to file, in the second quarter of 2013, transaction detail, cost studies and market studies supporting non-IBS non-regulated transactions for calendar year 2012 (all of which occurred under the existing non-IBS AIA, approved in Docket G007,011/AI-06-1052). The supporting information for 2012 will provide current information upon which the Department can assess the reasonableness of the costs and revenues associated with the transactions under the proposed non-IBS AIA. MERC will proceed with that filing as previously described.

MERC will also file its non-IBS cost study no later than May 1, 2015, as previously committed. MERC reiterates its belief, however, that it can support the reasonableness of the cost and pricing of services provided under the proposed non-IBS AIA, regardless of when the cost study is completed or provided.

Sincerely yours,

/s/ Michael J. Ahern

Michael J. Ahern

cc: Service List

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