

June 13, 2013

VIA ELECTRONIC FILING

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

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

Dear Dr. Haar:

Minnesota Energy Resources Corporation (MERC) submits these Additional Reply Comments in response to the Comments filed in this matter by the Minnesota Department of Commerce (the Department) on June 3, 2013.

In its January 4, 2013 Additional Reply Comments in this matter, MERC committed to provide transactional detail, cost studies, and market studies, as appropriate, to support the reasonableness of the non-IBS non-regulated Affiliated Interest Agreement (AIA) transactions for the calendar year 2012 (all of which occurred under the current non-IBS AIA, not the agreement proposed for approval in this docket). On May 13, 2013, MERC submitted its 2012 Market Study in order to facilitate the Department's review of the reasonableness of the costs and revenues associated with the transactions under the proposed AIA. The Department's comments in response to this Market Study recommend that no additional filings are necessary in this docket and recommend that the Commission approve the proposed AIA, as approved by the Illinois Commerce Commission and the Public Service Commission of Wisconsin. The Department further recommends that MERC be required to submit periodic cost studies and audit reports, as provided under the proposed AIA.

MERC thanks the Department for their additional comments. MERC generally agrees with and accepts all of the conditions recommended by the Department but believes it would be beneficial to arrange a meeting to discuss any outstanding concerns the Department may have regarding the AIA and any additional information the Department believes is necessary to meet its expectations.

MERC intends to file its non-IBS cost study no later than May 1, 2015. This time period should afford a meaningful span of transactions for study once the new AIA becomes effective. MERC reiterates its belief that it can support the reasonableness of the cost and pricing of

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services provided under the proposed non-IBS AIA, regardless of when the cost study is completed or provided.

MERC would welcome the opportunity to meet with Department staff to further discuss this matter and to determine what, if any, additional information the Department would require to meet its expectations.

Please contact me at (612) 340-2881 if you have any questions regarding this filing.

Sincerely yours,

/s/ Michael J. Ahern

Michael J. Ahern

cc: Service List

AFFIDAVIT OF SERVICE

STATE OF MINNESOTA)
) ss
COUNTY OF HENNEPIN)

Kristin M. Stastny hereby certifies that on the 13th day of June, 2013, on behalf of Minnesota Energy Resources Corporation (MERC) she electronically filed a true and correct copy of MERC's Additional Reply Comments on www.edockets.state.mn.us. Said documents were also served via U.S. mail and electronic service as designated on the attached service list.

/s/ Kristin M. Stastny
Kristin M. Stastny

Subscribed and sworn to before me
This 13th Day of June, 2013.

/s/ Alice Jaworski
Notary Public, State of Minnesota

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