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[www.minnesotaenergyresources.com](http://www.minnesotaenergyresources.com)

December 15, 2017

**VIA ELECTRONIC FILING**

Daniel P. Wolf  
Executive Secretary  
Minnesota Public Utilities Commission  
121 Seventh Place East, Suite 350  
St. Paul, MN 55101

**Re: In the Matter of the Petition for of Minnesota Energy Resources Corporation for Approval of its 2017 Five-Year Review of Depreciation Certification  
Docket No. G011/D-17-442**

**Reply to Department of Commerce Comments**

Dear Mr. Wolf:

On December 7, 2017, the Department of Commerce, Division of Energy Resources ("Department") submitted Comments in the above-referenced docket recommending that the Minnesota Public Utilities Commission approve Minnesota Energy Resources Corporation's ("MERC's") proposed lives and net salvages and require MERC to file its next five-year depreciation study by June 1, 2022.

MERC thanks the Department for its thorough analysis and review. MERC agrees with the Department's recommendation that the Commission approve the Company's proposed lives and net salvages as proposed effective January 1, 2017.

MERC also notes the Department recommends that the Company submit its next annual remaining life update by June 1, 2018. The 2018 annual update would utilize plant balances and depreciation parameters (lives, curves, and net salvage percents) in effect as of December 31, 2017. As the current docket will not be resolved until sometime in 2018, MERC will not have the parameters proposed in this study in place in the Company's capital asset management system as of December 2017. This will result in the 2018 annual remaining life update using outdated information.

A similar situation occurred with the Company's 2012 depreciation study filing in Docket No. G007,011/D-12-533. In that case, the Company's proposed depreciation study was not yet approved at the time the 2013 annual remaining life update was due. To comply with the Commission Order in Docket No. G-007,011/D-11-491, MERC completed its annual update using depreciation parameters in effect at the time, but requested that the results of the update be disregarded as the Company's new study results would supplement the parameters used in that remaining life update. The Department and Commission agreed.

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MERC would like to avoid the unnecessary time and expense to prepare an annual remaining life update in 2018 based on outdated information and therefore, respectfully requests its next annual remaining life update to be due June 1, 2019.

Please contact me at (651) 322-8965 if you have any questions.

Sincerely,

/s/ Amber S. Lee

Amber S. Lee  
Regulatory and Legislative Affairs Manager  
Minnesota Energy Resources Corporation

Enclosure  
cc: Service List

In the Matter of the Petition of Minnesota  
Energy Resources Corporation for  
Approval of its 2017 Five-Year Review of  
Depreciation Certification

Docket No. G011/D-17-442

CERTIFICATE OF SERVICE

I, Kristin M. Stastny, hereby certify that on the 15th day of December, 2017, on behalf of Minnesota Energy Resources Corporation (MERC), I electronically filed a true and correct copy of the enclosed Reply Comments on [www.edockets.state.mn.us](http://www.edockets.state.mn.us). Said documents were also served via U.S. mail and electronic service as designated on the attached service list.

Dated this 15th day of December, 2017.

/s/ Kristin M. Stastny  
Kristin M. Stastny

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