

June 25, 2015

Daniel P. Wolf
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, Minnesota 55101-2147

RE: **Letter of the Minnesota Department of Commerce, Division of Energy Resources**
Docket No. G011/M-15-441

Dear Mr. Wolf:

The Minnesota Department of Commerce, Division of Energy Resources (Department) filed its Comments in this docket on June 10, 2015. In those Comments, the Department recommended that the Minnesota Public Utilities Commission (Commission) approve Minnesota Energy Resources Corporation's (MERC or the Company) petition for approval of a New Area Surcharge (NAS) for the Detroit Lakes—Long Lake Project, but recommended that the surcharge period be extended from a maximum of 15 years to a maximum of 20 years.

MERC filed its Reply Comments on June 19, 2015. In its Reply Comments, the Company agreed to the Department's recommendation to extend the duration of the NAS. The Company also stated the following:

...the NAS model that was filed with MERC's initial petition included the Conservation Cost Recovery Charge (CCRC) in the distribution rate for the NAS calculation. This charge should not be included in the distribution margin and MERC has re-run the model to exclude the CCRC rate.

The Department has reviewed the corrected model, which contains the correct distribution revenues and adjusts the period the NAS is collected from 15 years to 20 years. Upon review, the Department concludes that the updated calculations are correct and reasonable and therefore recommends that the Commission approve the petition as modified in the Company's June 19, 2015 Reply Comments.

The Department does not anticipate filing any additional comments in this docket and is available to answer any questions that the Commission may have.

Sincerely,

/s/ LAURA B. OTIS
Rates Analyst
651-539-1828

LBO/ja

CERTIFICATE OF SERVICE

I, Sharon Ferguson, hereby certify that I have this day, served copies of the following document on the attached list of persons by electronic filing, certified mail, e-mail, or by depositing a true and correct copy thereof properly enveloped with postage paid in the United States Mail at St. Paul, Minnesota.

**Minnesota Department of Commerce
Letter**

Docket No. G011/M-15-441

Dated this 25th day of June 2015

/s/Sharon Ferguson

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