

MICHAEL J. AHERN
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November 5, 2008

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

Re: In the Matter of the Petition of Minnesota Energy Resources Corporation – NMU
for Approval of a Change in Demand Entitlement
Docket No. G007/M-08-1329

Dear Dr. Haar:

Minnesota Energy Resources Corporation-NMU filed a Petition for Approval of a Change in Demand Entitlement on November 3, 2008. After submitting the filing, MERC realized that the current proposed commodity and demand costs had not been updated. Enclosed please find the following revised attachments reflecting the updated information:

- Attachment 4, Page 1 of 2; and
- Attachment 7.

These attachments should replace those included with the public and nonpublic versions of the initial filing.

Please feel free to contact me at (612) 340-2881 if you have any questions regarding this matter.

Sincerely yours,



Michael J. Ahern

cc: Service List

MINNESOTA ENERGY RESOURCES - NMU

**RATE IMPACT OF THE PROPOSED DEMAND CHANGE
NOVEMBER 1, 2008**

All costs in \$/MMBtu	Last Rate Case G007 MR03-1372	Last Demand Change M-06-XXXX Nov. 06	Last Demand Change G007 M-07-XXXX Nov. 07	Most Recent PGA Oct. 08	Current Proposal Effective Nov.1,2008	Result of Proposed Change			
						Change from Last Rate Case	Change from Last Demand Change	Change from Last PGA	Change from Last PGA \$

1) General Service: Avg. Annual Use:						143	Mcf			
Commodity Cost	\$2.3640	\$7.3411	\$6.9558	\$6.5778	\$7.4684	215.92%	69.53%	13.54%	\$0.8906	
Demand Cost	\$1.3009	\$1.2448	\$1.0999	\$1.1201	\$1.0798	-17.00%	-17.76%	-3.60%	(\$0.0403)	
Commodity Margin	\$1.9411	\$1.9411	\$1.9411	\$2.3126	\$2.3126	19.14%	19.14%	0.00%	\$0.0000	
Total Cost of Gas	\$5.6060	\$10.5270	\$9.9968	\$10.0105	\$10.8608	93.74%	49.92%	8.49%	\$0.8503	
Avg Annual Cost	\$801.66	\$1,505.36	\$1,429.54	\$1,431.50	\$1,553.09	93.74%	49.92%	8.49%	\$121.59	
Effect of proposed commodity change on average annual bills:									\$127.36	
Effect of proposed demand change on average annual bills:									(\$5.76)	

2) Large General Service: Avg. Annual Use:						6,838	Mcf			
Commodity Cost	\$2.3640	\$7.3411	\$6.9558	\$6.5778	\$7.4684	215.92%	1.73%	13.54%	\$0.8906	
Demand Cost	\$1.3009	\$1.2448	\$1.0999	\$1.1201	\$1.0798	-17.00%	-13.26%	-3.60%	(\$0.0403)	
Commodity Margin	\$1.9411	\$1.9411	\$1.9411	\$2.3126	\$2.3126	19.14%	19.14%	0.00%	\$0.0000	
Total Cost of Gas	\$5.6060	\$10.5270	\$9.9968	\$10.0105	\$10.8608	93.74%	3.17%	8.49%	\$0.8503	
Avg Annual Cost	\$38,333.83	\$71,983.63	\$68,358.12	\$68,451.80	\$74,266.15	93.74%	3.17%	8.49%	\$5,814.35	
Effect of proposed commodity change on average annual bills:									\$6,089.92	
Effect of proposed demand change on average annual bills:									(\$275.57)	

3) SV Interruptible Service: Avg. Annual Use:						7,982	Mcf			
Commodity Cost	\$2.3640	\$7.3411	\$6.9558	\$6.5778	\$7.4684	215.92%	1.73%	13.54%	\$0.8906	
Commodity Margin	\$0.8500	\$0.8500	\$0.8500	\$1.0127	\$1.0127	19.14%	19.14%	0.00%	\$0.0000	
Total Cost of Gas	\$3.2140	\$8.1911	\$7.8058	\$7.5905	\$8.4811	163.88%	3.54%	11.73%	\$0.8906	
Avg Annual Cost	\$25,654.15	\$65,381.36	\$62,305.90	\$60,587.37	\$67,696.14	163.88%	3.54%	11.73%	\$7,108.77	
Effect of proposed commodity change on average annual bills:									\$7,108.77	

4) LV Interruptible Service: Avg. Annual Use:						38,443	Mcf			
Commodity Cost	\$2.3640	\$7.3411	\$6.9558	\$6.5778	\$7.4684	215.92%	1.73%	13.54%	\$0.8906	
Commodity Margin	\$0.2850	\$0.2850	\$0.2850	\$0.3395	\$0.3395	19.12%	19.12%	0.00%	\$0.0000	
Total Cost of Gas	\$2.6490	\$7.6261	\$7.2408	\$6.9173	\$7.8079	194.75%	2.38%	12.87%	\$0.8906	
Avg Annual Cost	\$101,835.51	\$293,170.16	\$278,358.07	\$265,921.76	\$300,159.10	194.75%	2.38%	12.87%	\$34,237.34	
Effect of proposed commodity change on average annual bills:									\$34,237.34	

Note: Average Annual Average based on PNG Annual Automatic Adjustment Report in Docket No. E,G999/AA-05-1403

MINNESOTA ENERGY RESOURCES - NMU

Attachment 7 Rate Impacts NMU

	Last Rate Case	Last Demand Filing	Last Demand Filing	October PGA	October PGA with Proposed Demand Changes	% Change from Last Rate Case	% Change from Last Demand Filing	% Change from Oct. PGA	\$ Change from Oct. PGA
	GR-03-1372	M-06-XXXX	M-07-XXXX	2008					
General Service									
Commodity Cost	\$2.3640	\$7.3411	\$6.9558	\$6.5778	\$7.4684	215.92%	7.37%	13.54%	\$0.8906
Demand Cost	\$1.3009	\$0.9362	\$1.2448	\$1.1201	\$1.0798	-17.00%	-13.26%	-3.60%	(\$0.0403)
Margin	\$1.9411	\$1.9411	\$1.9411	\$2.3126	\$2.3126	19.14%	19.14%	0.00%	\$0.0000
Total Cost of Gas	\$5.6060	\$10.2184	\$10.1417	\$10.0105	\$10.8608	93.74%	7.09%	8.49%	\$0.8503
Average Annual Use	143	143	143	143	143				
Average Annual Cost of Gas	\$801.66	\$1,461.23	\$1,450.26	\$1,431.50	\$1,553.09	93.74%	7.09%	8.49%	\$121.59

	Last Rate Case	Last Demand Filing	October PGA	October PGA	October PGA with Proposed Demand Changes	% Change from Last Rate Case	% Change from Last Demand Filing	% Change from Oct. PGA	\$ Change from Oct. PGA
	GR-03-1372	M-06-XXXX	M-07-XXXX	2008					
Large General Service									
Commodity Cost	\$2.3640	\$7.3411	\$6.9558	\$6.5778	\$7.4684	215.92%	7.37%	13.54%	\$0.8906
Demand Cost	\$1.3009	\$0.9362	\$1.2448	\$1.1201	\$1.0798	-17.00%	-13.26%	-3.60%	(\$0.0403)
Margin	\$1.9411	\$1.9411	\$1.9411	\$2.3126	\$2.3126	19.14%	19.14%	0.00%	\$0.0000
Total Cost of Gas	\$5.6060	\$10.2184	\$10.1417	\$10.0105	\$10.8608	93.74%	7.09%	8.49%	\$0.8503
Average Annual Use	6,838	6,838	6,838	6,838	6,838				
Average Annual Cost of Gas	\$38,333.83	\$69,873.42	\$69,348.94	\$68,451.80	\$74,266.15	93.74%	7.09%	8.49%	\$5,814.35

	Last Rate Case	Last Demand Filing	October PGA	October PGA	October PGA with Proposed Demand Changes	% Change from Last Rate Case	% Change from Last Demand Filing	% Change from Oct. PGA	\$ Change from Oct. PGA
	GR-03-1372	M-06-XXXX	M-07-XXXX	2008					
SV Interruptible Service									
Commodity Cost	\$2.3640	\$7.3411	\$6.9558	\$6.5778	\$7.4684	215.92%	7.37%	13.54%	\$0.8906
Commodity Margin	\$0.8500	\$0.8500	\$0.8500	\$1.0127	\$1.0127	19.14%	19.14%	0.00%	\$0.0000
Total Cost of Gas	\$3.2140	\$8.1911	\$7.8058	\$7.5905	\$8.4811	163.88%	8.65%	11.73%	\$0.8906
Average Annual Use	7,982	7,982	7,982	7,982	7,982				
Average Annual Cost of Gas	\$25,654.15	\$65,381.36	\$62,305.90	\$60,587.37	\$67,696.14	163.88%	8.65%	11.73%	\$7,108.77

	Last Rate Case	Last Demand Filing	October PGA	October PGA	October PGA with Proposed Demand Changes	% Change from Last Rate Case	% Change from Last Demand Filing	% Change from Oct. PGA	\$ Change from Oct. PGA
	GR-03-1372	M-06-XXXX	M-07-XXXX	2008					
LV Interruptible Service									
Commodity Cost	\$2.3640	\$7.3411	\$6.9558	\$6.5778	\$7.4684	215.92%	7.37%	13.54%	\$0.8906
Commodity Margin	\$0.2850	\$0.2850	\$0.2850	\$0.3395	\$0.3395	19.12%	19.12%	0.00%	\$0.0000
Total Cost of Gas	\$2.6490	\$7.6261	\$7.2408	\$6.9173	\$7.8079	194.75%	7.83%	12.87%	\$0.8906
Average Annual Use	38,443	38,443	38,443	38,443	38,443				
Average Annual Cost of Gas	\$101,835.51	\$293,170.16	\$278,358.07	\$265,921.76	\$300,159.10	194.75%	7.83%	12.87%	\$34,237.34

October Change Summary	Commodity Change \$/Mcf	Commodity Change %	Demand Change \$/Mcf	Demand Change \$/Mcf	Demand Change %	Total Change \$/Mcf	Total Change %	Average Annual Change
General Service	\$0.8906	89.06%	(\$0.0360)	(\$0.0403)	-3.60%	\$0.8503	8.49%	\$121.59
Large General Service	\$0.8906	89.06%	(\$0.0360)	(\$0.0403)	-3.60%	\$0.8503	8.49%	\$5,814.35
SV Interruptible Service	\$0.8906	\$0.8906	\$0.0000	\$0.0000	0.00%	\$0.8906	11.73%	\$7,108.77
LV Interruptible Service	\$0.8906	\$0.8906	\$0.0000	\$0.0000	0.00%	\$0.8906	12.87%	\$34,237.34

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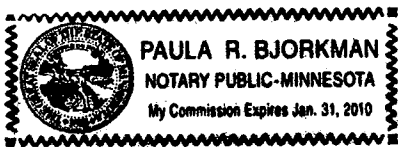
STATE OF MINNESOTA)
) ss.
COUNTY OF HENNEPIN)

Sarah J. Kerbeshian, being first duly sworn on oath, deposes and states that on the 5th day of November, 2008, the attached document was electronically filed with the Minnesota Public Utilities Commission and the Minnesota Department of Commerce. A copy of the filing was provided via United States first class mail to the individuals on the attached service list at the Office of the Attorney General, and the cover letter was provided via United States first class mail to the remaining individuals on the attached service list.

Sarah J. Kerbeshian

Subscribed and sworn to before me
this 5th day of November, 2008.

Paula R. Bjorkman
Notary Public, State of Minnesota



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