



**Minnesota Energy Resources**

(a subsidiary of Integrys Energy Group, Inc.)

2665 145<sup>th</sup> Street West

Box 455

Rosemount, MN 55068-0455

November 30, 2010

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 Application of Minnesota Energy Resources Corporation for Authority to Increase Rates for Natural Gas Service in Minnesota;  
Docket No. G007,011/GR-10-977

Dear Dr. Haar:

Enclosed for filing is the Application of Minnesota Energy Resources Corporation (“MERC” or the “Company”) for Authority to Increase Rates for Natural Gas Service in Minnesota (the “Application”). This Application is being filed with the Minnesota Public Utilities Commission (the “Commission”) pursuant to Minn. Stat. § 216B.16, subd. 1.

MERC seeks authority to increase rates to reflect the current cost of providing natural gas service to our customers, including an appropriate return on common equity. Pursuant to Section 216B.16, subd. 1, MERC requests a final increase in natural gas rates of \$11,783,427 or 5.07% for MERC-PNG and \$3,381,882 or 5.60% for MERC-NMU, and a combined increase of \$15,165,309 or 5.18% effective February 1, 2011 without suspension. If the Commission elects to suspend the proposed rate increase under Minn. Stat. § 216B.16, subd. 2, the Company requests, pursuant to Minn. Stat. § 216B.16, subd.3, that an interim rate increase of \$5,628,322 or 2.42% for MERC-PNG, \$1,896,914 or 3.14% for MERC-NMU, and a combined increase of \$7,525,236 or 2.57%, be effective on February 1, 2011, with final rates becoming effective within 10 months of the date of the Application.

MERC's Application is presented in 4 volumes as described below:

Volume 1	<p style="text-align: center;">Table of Contents Cover Letter Filing Requirement Compliance Table Summary of Filing Notice of Change in Rates Proposed Notices to Counties and Municipalities Proposed Notices to Customers Notice of Petition for Interim Rates Agreement and Undertaking Certification Interim Rate Petition Schedules Interim Tariff Sheets – Redlined Interim Tariff Sheets – Clean</p>
Volume 2	<p style="text-align: center;">Testimony &amp; Schedules Proposed Tariffs</p>
Volume 3	<p style="text-align: center;">Informational Requirements</p>
Volume 4	<p style="text-align: center;">Workpapers</p>

Pursuant to Minn. R. 7825.2700, subp. 2, MERC is also submitting a separate miscellaneous rate change filing seeking to restate the Base Cost of Gas for interim rates in Docket No. G007,011/MR-10-978.

A copy of the Application has been served on the Department of Commerce – Office of Energy Security and the Office of Attorney General – Residential Utilities Division, and a Summary of Filing has been served on all parties to the Company's most recent natural gas rate case or incentive plan proceeding, as well as to persons on the Company's general natural gas service list, as shown on the Affidavit of Service included with the Notice of Change of Rates.

Thank you for your attention to this matter. MERC looks forward to working with the Commission and the state agencies as they review the Application.

Sincerely yours,

A handwritten signature in black ink, appearing to read "C.A. Cloninger". The signature is fluid and cursive, with the first name "Charles" and last name "Cloninger" clearly distinguishable.

Charles A. Cloninger  
President  
Minnesota Energy Resources Corporation

Enclosures  
cc: Service List

