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November 23, 2011

**VIA ELECTRONIC FILING AND U.S. MAIL**

Patty Van Gerpen, Executive Director  
South Dakota Public Utilities Commission  
State Capitol Building  
500 East Capitol Avenue  
Pierre, SD 57501-5070

Re: In the Matter of the Request of Minnesota Energy Resources for Approval of its  
Refund Plan

Docket No. \_\_\_\_\_

Dear Ms. Van Gerpen:

Enclosed for filing please find Minnesota Energy Resource Corporation's (MERC's) request for approval of its refund plan. The refund relates to a 2003 and 2004 Kansas ad valorem tax pipeline refund received by Aquila, and then to MERC as the successor, from Northern Natural Gas Company. The refund also includes monies for a true-up of gas sold versus gas purchased.

MERC proposes to refund the money to former customers on a per therm basis according to total therms used per customer from June 1, 2010, to May 1, 2011. In other words, the refund will be based on a customer's annual usage. The total therms used during that period by the customers due a refund is 222,102; the total refund amount is \$6,816.64; and the per therm refund is \$0.0307. The average refund per customer will be \$34.60; the refunds range from \$.06 to \$245.38. MERC has applied interest to the total refund amount using FERC rates, and it will continue to apply interest to the balance until the refunds are issued. MERC will include a cover letter with each refund explaining that the refund amount is based on annual usage. A sample cover letter is attached as Attachment 1.

Lastly, MERC requests that the South Dakota Utilities Commission approve this request on an expedited basis pursuant to ARSD 20:10:13:20. MERC requests an expedited review so that it can issue the refunds to customers as quickly as possible.

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

Sincerely yours,

/s/ Michael J. Ahern

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