minnesota power
AN ALLETE COMPANY

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Duluth, MN 55802-2093
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February 28, 2025

**VIA E-FILING**
Will Seuffert
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, MN 55101-2147

**Re: In the Matter of Petition for Approval of Minnesota Power's 2025 Capital Structure Petition**
**Docket No. E015/S-25-___**

Dear Mr. Seuffert:

Pursuant to Minn. Stat. § 216B.49 and Minn. Rules 7825.1000-7825.1500, Minnesota Power (or the "Company") submits to the Minnesota Public Utilities Commission ("Commission") the enclosed 2025 Consolidated Capital Structure Petition (or "2025 Capital Structure Petition" or "Petition") for ALLETE, Inc. The Capital Structure Petition contains the Company's request for Commission approval to issue securities within the scope of the approved capital structure, plus contingencies. Specifically, the Company is seeking:

- Approval of a common equity ratio of 63.21% with a contingency window of +/- 15% (53.73% to 72.69%);
- Approval of a total consolidated capitalization of $7,145 million, including a contingency reserve of $652 million for ALLETE, Inc. and its divisions, including Minnesota Power; and
- Continuation of the variance of Minn. Rules 7825.1000, subp. 6 to allow the Company to treat borrowings under multi-year credit agreements as short-term debt;

Additionally, in conjunction with the Petition of Minnesota Power for the Acquisition of the Company by Canada Pension Plan Investment Board and Global Infrastructure Partners (the "Partners") (Docket No. E015/PA-24-198, "Merger Petition") and the Agreement and Plan of Merger (Attachment B to the Petition, "Merger Agreement") the Company requests the ability, if needed, to issue shares of preferred stock to the Partners. The Merger Agreement provides that if the merger has not been completed by June 30, 2025, the Company may notify the Partners of its intent to raise equity capital of up to a total of

$300 million in the second half of 2025, subject to certain parameters. If the Partners decline to participate in the equity capital raises (in the form of preferred stock as contemplated by the Merger Agreement) or fail to provide timely notice with respect thereto, the Company will have the right to issue the Company's common stock in the public markets for an amount equal to any unfunded amounts under such equity capital raises.

The Company respectfully requests approval of this Petition by May 1, 2025. In the event the regulatory review process will not be completed in the first half of 2025, the Company requests a Commission decision on or by July 1, 2025, specific to its ability to issue preferred stock in the second half of 2025.

The Company understands the use of trade secret designations in filings to the Commission must be limited. Certain portions of the Petition contain trade secret information and are marked as such, pursuant to the Commission's Revised Procedures for Handling Trade Secret and Privileged Data which further the intent of Minn. Stat. § 13.37 and Minn. Rule 7829.0500. As required by the Commission's Revised Procedures, a statement providing justification for excising the Trade Secret Data is included in the Petition.

Minnesota Power looks forward to the opportunity to work with the Department of Commerce – Division of Energy Resources and the Commission to review the information contained in the Company's 2025 Capital Structure Petition. Please contact me at (218) 355-3601 or lhoyum@mnpower.com with any questions related to this matter.

Yours truly,

Lori Hoyum

Lori Hoyum
Rates Compliance Administrator

LH:th
Attach

# STATEMENT REGARDING JUSTIFICATION FOR EXCISING TRADE SECRET INFORMATION

Pursuant to the Commission's revised Procedures for Handling Trade Secret and Privileged Data in furtherance of the intent of Minn. Stat. § 13.37 and Minn. Rule 7829.0500, Minnesota Power has designated portions of the exhibits filed with the Petition as Trade Secret.

The Petition is Minnesota Power's request for approval of the Company's capital structure. The Petition contains projected cash flow data and analysis that is materially sensitive to Minnesota Power. Minnesota Power follows strict internal procedures to maintain the secrecy of this information in order to capitalize on the economic value of the information. Potential competitors of Minnesota Power would gain a commercial advantage if this information was publicly available, with severe competitive implications resulting.

Minnesota Power believes that this statement justifies why the information excised from the attached report should remain a trade secret under Minn. Stat. § 13.37. Minnesota Power respectfully requests the opportunity to provide additional justification in the event of a challenge to the trade secret designation provided herein.

**STATE OF MINNESOTA**
**BEFORE THE**
**MINNESOTA PUBLIC UTILITIES COMMISSION**

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| In the Matter of Minnesota Power's Petition for Approval of its Capital Structure and Authorization to Issue Securities Under Minn. Stat. § 216B.49 | Docket No. E015/S-25-___ |

## SUMMARY

Pursuant to Minn. Stat. § 216B.49 and Minn. Rules 7825.1000-7825.1500, Minnesota Power submits this Petition to the Minnesota Public Utilities Commission ("Commission") for approval of the consolidated capital structure of ALLETE, Inc. (or the "Company") for the period beginning with the date of issuance of an Order in this Docket through the latter of: (i) May 1, 2026 or (ii) the date at which the Commission issues a subsequent order.

In summary, Minnesota Power's Petition requests Commission approval to issue securities within the scope of the approved capital structure, plus contingencies. Specifically, the Company requests:

i. Approval of its proposed capital structure and total capitalization;

ii. Authorization of the ability to issue securities provided it remains within the approved capital structure;

iii. Authorization on or before July 1, 2025, for the ability, if needed, to issue up to a total of $300 million of preferred stock to the Canada Pension Plan Investment Board and Global Infrastructure Partners[1] in the second half of 2025, per certain parameters;

iv. Continuation of the variance of Minn. Rules 7825.1000, subp. 6 to allow the Company to treat borrowings under multi-year credit agreements as short-term debt;

v. Approval of the ability to issue short-term debt up to 15% of total capitalization; and

[1] Docket No. E015/P-24-198.

vi. Flexibility to issue securities provided that the Company remains within the equity ratio contingency ranges or does not exceed them for more than 60 days.

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## I. INTRODUCTION

Minnesota Power submits this Petition to the Minnesota Public Utilities Commission ("Commission"), pursuant to Minn. Stat. § 216B.49 and Minn. Rules 7825.1000-7825.1500, for approval of the consolidated capital structure of ALLETE, Inc.[2] ("Company") for the period beginning with the date of issuance of an Order in this Docket through the latter of: (i) May 1, 2026 or (ii) the date at which the Commission issues a subsequent order. Specifically, Minnesota Power seeks approval for the purpose of the Company issuing, at any time or from time to time during the authorized period set forth in the Commission's Order granted in this Docket, any of the following securities:

(i) Long-term debt, including first mortgage bonds and other secured and unsecured long-term debt obligations;

(ii) Short-term debt, including secured and unsecured short-term debt obligations; and

(iii) Common and preferred stock, warrants, and tax equity financing.

Except as otherwise provided, the issuance of any of the above securities shall be subject to the following contingency ranges and shall occur during the period authorized by the Commission.

The Company is seeking approval of a total equity ratio of 63.21% with a contingency window of +/-15% (53.73% to 72.69%). The Company is also seeking approval of a total consolidated capitalization of $7,145 million, including a contingency reserve of $652 million.

[2]Minnesota Power, Inc. received shareholder approval to change its name to ALLETE, Inc. on May 8, 2001, to better reflect the diversified businesses of the corporation. Minnesota Power continues as the regulated utility providing service in Minnesota. Throughout this Petition, the term "ALLETE" or the "Company" is used when referring to the corporate activity of the combined business units, and Minnesota Power is used when referring to the regulated electric utility operations in Minnesota. Minnesota Power is a public utility as defined in Minn. Stat. § 216B.02, subd. 4.

The Company requests authorization to make one or more issues of securities with the provision that these parameters will not be exceeded for more than 60 days without notifying the Commission. Minnesota Power respectfully requests approval of this Petition by May 1, 2025.

As in prior Petitions, the Company seeks a variance from Minn. Rule 7825.1000 subp. 6 for the authority to include direct borrowings under a multi-year credit agreement as short-term debt. Furthermore, the Company is requesting a short-term debt limit not to exceed 15% of total capitalization during the authorization period.

In conjunction with the Petition of Minnesota Power for the Acquisition of the Company by Canada Pension Plan Investment Board and Global Infrastructure Partners (the “Partners”) (Docket No. E015/PA-24-198, “Merger Petition”) and the Agreement and Plan of Merger (Attachment B to the Petition, “Merger Agreement”) the Company requests the ability, if needed, to issue shares of preferred stock to the Partners. The Merger Agreement provides that if the merger has not been completed by June 30, 2025, the Company may notify the Partners of its intent to raise equity capital of up to a total of $300 million in the second half of 2025, subject to certain parameters. If the Partners decline to participate in the equity capital raises (in the form of preferred stock as contemplated by the Merger Agreement) or fail to provide timely notice with respect thereto, the Company will have the right to issue the Company’s common stock in the public markets for an amount equal to any unfunded amounts under such equity capital raises. The Company respectfully requests a Commission decision on or by July 1, 2025, specific to its ability, if needed, to issue shares of preferred stock.

As described in the Merger Agreement, upon the Partner’s or the Company’s request, the Company shall seek shareholder approval of an amendment to the Company’s Amended and Restated Articles of Incorporation at a shareholder meeting of the Company to ensure consistency with the terms of the preferred stock contemplated in Exhibit D of the Merger Agreement. The Company expects to submit the amendment to the Articles of Incorporation to a vote of shareholders at the Company’s 2025 Annual Meeting. When and if the Articles of Incorporation are amended, the Company commits to providing the updated version to the Commission.

## II. DESCRIPTION OF FILING AND BASIS FOR REQUEST

### A. Background

On February 20, 2024, Minnesota Power submitted its petition seeking approval of the Company's 2024 consolidated capital structure of ALLETE, Inc. Utilizing the consent calendar process, the Commission authorized the Company's current capital structure in its August 27, 2024, Order ("2024 Capital Structure Order"),[3] specifically providing for the following:

i. Approval of the Company's 2024 capital structure until the date on which the Commission issues a new capital structure Order;

ii. An equity ratio of 63.05% and a contingency equity ratio range of plus/minus 15%, which provided an authorized equity ratio range of 53.59% to 72.51%;

iii. Total capitalization that would not exceed $6,535 million (including a capitalization contingency of $597 million);

iv. Approval of short-term debt of up to 15% of total capitalization;

v. Approval of a variance to treat any loan under the multi-year credit facility as short-term debt; and

vi. Flexibility to issue securities provided that the Company remains within the equity ratio contingency ranges or does not exceed them for more than 60 days.

As of December 31, 2024, the Company remained in compliance with the 2024 Capital Structure Order as follows:

*a) Total Capitalization of $5,190 million, within the approved limit of $6,535 million; and*

*b) Equity Ratio of 65.33% within the approved range of 53.59% to 72.51%.*

Table 1 below, shows the Company's actual consolidated capital structure for the calendar years ending, 2022, 2023, 2024, and projected as of June 30, 2026.

[3] Docket No. E015/S-24-108.

**Table 1: Actual and Projected Consolidated Capital Structures ($ Millions)**

| Capital Structures | 12/31/2022 | | 12/31/2023 | | 12/31/2024 | | Projected June 30, 2026 | |
|---|---|---|---|---|---|---|---|---|
| Long-Term Debt[4] | $ 1,751 | 33.23% | $ 1,791 | 34.46% | $ 1,799 | 34.67% | $ 2,389 | 36.79% |
| Short-Term Debt | $ 170 | 2.23% | $ 0 | 0.00% | $ 0 | 0.00% | $ 0 | 0.00% |
| Total Equity[5] | $ 3,348 | 63.54% | $ 3,407 | 65.54% | $ 3,391 | 65.33% | $ 4,104 | 63.21% |
| Total Capitalization | $ 5,269 | 100.00% | $ 5,198 | 100.00% | $ 5,190 | 100.00% | $ 6,493 | 100.00% |

## B. Proposed Capital Structure and Request for Variance

The Company requests the Commission approve the following, which is further outlined in this Section:

i. Total capitalization of $7,145 million, including a contingency of $652 million;

ii. An equity ratio of 63.21% with a contingency range of +/- 15%, (resulting in an equity range of 53.73% to 72.69%);

iii. Authorization no later than July 1, 2025, should regulatory review of the full Petition not yet be complete, for the flexibility to issue up to a total of $300 million of preferred stock to the Partners in the second half of 2025, per the terms specified in the Merger Agreement;

iv. Request for a variance of Minn. Rules 7825.1000, subp. 6 to allow the Company to treat borrowings under multi-year credit agreements as short-term debt for approved capital structure purposes;

v. Approval for the ability to issue short-term debt not to exceed 15% of total capitalization;

vi. Continued flexibility to issue long-term debt, provided it remains within the limits approved for the short-term debt and equity ratios, as well as the total capitalization limit;

vii. Flexibility to issue securities provided that the Company remains within the approved capital structure ratios or does not exceed them for more than 60 days;

[4] Contains long-term debt net of unamortized issuance costs.
[5] Includes non-controlling interest and preferred stock.

viii. Approval of the Company's consolidated capital structure for the period beginning with the date of issuance of an Order in this Docket through the date at which the Commission issues a subsequent order.

This Petition provides the information required by Minn. Rules 7825.1000 – 7825.1500, as well as previous Commission Orders, as detailed in Section III of this Petition. Minnesota Power has incorporated Exhibit L – Consolidated Projected Capital Expenditures into this Petition, based on the guidance the Commission provided in its May 17, 2011, Order[6] and reaffirmed in subsequent Orders.

## 1. Total Capitalization

The Company requests a total capitalization of $7,145 million, including an approximate 10% contingency reserve of $652 million. The projected capitalization and contingency reserve are detailed below in Table 2.

**Table 2: Projected Consolidated Capital Structure**
**June 30, 2026**
($ Millions)

| | Amount | Percentage |
|---|---|---|
| Long - Term Debt | $2,389 | 36.79% |
| Short - Term Debt | $ 0 | 0.00% |
| Total Equity | $4,104 | 63.21% |
| Projected Capitalization | $6,493 | 100.00% |
| Contingency | $ 652 | |
| Total Request | $7,145 | |

The Company's requested capitalization of $7,145 million reflects significant construction and infrastructure development underway on the Company's system. Investment and spending for the utility system in 2025 and 2026 includes capital investments to meet safety, environmental, regulatory, and system reliability objectives.

[6] Docket No. E015/S-11-174.

### a. Short-term Debt

Similar to other capital structure proceedings, the Company requests the ability to issue short-term debt not to exceed 15% of total capitalization. Short-term debt may take the form of commercial paper, borrowings that mature in one year or less and direct borrowings under a 364-day credit agreement. In addition to these traditional short-term instruments, the Company also requests the inclusion of direct borrowings under a multi-year credit facility as short-term debt. The Company is requesting continuation of the variance to Minn. Rules 7825.1000 subp. 6 to allow the Company to treat borrowings under multi-year credit agreements as short-term debt. The Company further proposes to continue reporting on the usage of the multi-year credit facility as initially required in the 2011 Capital Structure Order[7] and reaffirmed in subsequent Orders. Additional detail on the multi-year credit facility is included at Section III.K.3, III.O.3, and Attachment B.

Minn. Rules 7825.1000 subp. 6 defines a short-term security as an:

> Unsecured security with a date of maturity no more than one year from the date of issuance; and containing no provisions for automatic renewal or 'rollover' at the option of either the obligee or obligor.

Minn. Rules 7825.1300, however, permits the Commission to issue a capital structure order that allows the utility to issue short-term debt at its discretion, provided the overall terms of the Commission's Order are met. Based on these Rules, the Company concluded that a variance is necessary to allow the Company to treat direct borrowings under multi-year credit facilities as short-term debt. Thus, the Company seeks to continue a variance permitting direct borrowings under a multi-year credit facility as short-term debt for approved capital structure purposes. The Commission Rules provide a three-part test for variances under Minn. Rules 7829.3200. The Company asserts that this test provides and is satisfied as follows:

> *1. Enforcement of the rule would impose an excessive burden upon the applicant or others affected by the rule.*

[7] Docket No. E015/S-11-174.

As discussed above, this request involves the use of a multi-year credit facility as if it were short-term debt. Because the purposes and manner in which a facility may be used resembles traditional use of short-term securities, the Company believes these borrowings should be counted with the short-term debt pursuant to the 15% limit.

*2. Granting the variance would not adversely affect the public interest.*

The Commission retains oversight of these types of issues through annual capital structure filings, the 15% limit, the equity ratio, and the equity ratio ranges. These parameters assure that the Company will continue to have a capital structure that meets the public interest. These instruments allow the Company to lock in liquidity and fee structures for several years, which is also in the public interest.

*3. Granting the variance would not conflict with standards imposed by law.*

This variance would not conflict with law. The Company believes granting a continuation of the variance is appropriate. Because the intended use of such facilities is to meet short-term funding requirements, the granting of this variance offers the most direct and consistent way of addressing this issue.[8]

### b. Long-term Debt

The Company requests the authority to issue long-term debt provided that it remains within the approved capitalization ratios and limit. Long-term debt issuances may include first mortgage bonds and other secured and unsecured long-term debt obligations.

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[8] Minnesota Power has requested a continuation of a variance from Minn. Rules part 7825.1000, subpart 6 to allow the Company to treat borrowings under multi-year credit agreements as short-term debt in each of its Capital Structure Petitions from 2011 through 2023. The Commission approved these requests, along with reporting requirments that the Company proposes to continue. See Docket Nos. E015/S-11-174, E015/S-12-184, E015/S-13-126, E015/S-14-145, E015/S-15-168, E015/S-16-165, E015/S-17-142, E015/S-18-155, E015/S-19-170, E015/S-20-279, E015/S-21-130, E015/S-22-97, E015/S-23-89 and E015/S-24-108.

## C. Equity Ratio Contingency Range

The Company requests an equity ratio contingency range of +/-15% around the total equity ratio of 63.21%. The equity ratio range of +/-15% allows the Company flexibility needed to manage the capital expenditures and financing plans outlined in Exhibits J and L of this Petition. Flexibility is also needed to meet unanticipated events such as changing economic conditions, major plant repairs, refinancing, and variations of actual events from forecast.

By virtue of this Petition and Commission approval, any securities issuance that results in a total equity ratio within the window (*i.e.*, at or above 53.73% and at or below 72.69%) is approved. In addition, total equity ratios that exceed 72.69% or fall below 53.73% for a period not exceeding 60 days are also authorized. As soon as the Company has reason to know that a contemplated securities issuance would cause the total equity ratio to fall outside the window (*i.e.*, exceed 72.69% or fall below 53.73%) for a period exceeding 60 days, Minnesota Power will seek approval from the Commission for any such issuance.

## D. Total Capitalization Contingency Range

The Company's requested total capitalization contingency range addresses total capitalization requirements, including a contingency reserve of $652 million, representing an amount approximately 10% above $6,493 million (the Company's projected total consolidated capitalization). Any securities issuance that results in total consolidated capitalization below $7,145 million is approved. In addition, total consolidated capitalizations that exceed the cap for a period not exceeding 60 days are also authorized. As soon as the Company has reason to know that a contemplated securities issuance would cause the Company's total consolidated capitalization to exceed $7,145 million for a period exceeding 60 days, Minnesota Power will seek approval from the Commission for any such issuance.

## E. Authorization Period

The Company requests an authorization period to be from the date of issuance of such Order through the latter of: (i) May 1, 2026, or (ii) the date at which the Commission issues a subsequent capital structure Order.

# III. REQUIREMENTS OF MINN. RULE, PART 7825.1400

## A. Descriptive Title

In the Matter of the Petition of Minnesota Power for Approval of its 2025 Capital Structure and Authorization to Issue Securities.

## B. Table of Contents

Please reference page ii.

## C. The Exact Name of the Petitioner and Address of its Principal Business Office

ALLETE, Inc.
30 West Superior Street
Duluth, Minnesota 55802

The Company was incorporated January 24, 1906, as Duluth Edison Electric Company under the laws of the State of Minnesota. Its name was changed to Minnesota Power & Light Company on October 23, 1923, and to Minnesota Power, Inc. on May 27, 1998. On September 1, 2000, Minnesota Power began operating as ALLETE on a corporate-wide basis to better represent the diversified services of all Company operations, and filed the requisite assumed name certificate to conduct business under that name. The official name change to ALLETE, Inc. was adopted by shareholders on May 8, 2001. Electric operations in Minnesota continue as Minnesota Power. As of August 1980, a certificate of assumed name has been in effect with the Minnesota Secretary of State permitting the Company to conduct business in Minnesota using the name Minnesota Power.

## D. Name, Address and Telephone Number of Persons Authorized to Receive Notice and Communications with Respect to the Petition

Lori Hoyum
Rate Compliance Administrator
Minnesota Power
30 West Superior Street
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## E. A Verified Statement by a Responsible Officer of the Petitioner Attesting to the Accuracy and Completeness of the Enclosed Information

Please see Attachment A.

## F. The Purpose for Which the Securities are to be Issued

The Company expects capital expenditures (which include acquisitions and investments at ALLETE affiliates) to exceed internal cash generation during the 18-month period that extends from January 2025 through June 2026. With internally generated cash insufficient to fund the planned capital outlays, the Company will need to issue long-term debt, common stock, preferred stock, tax equity financing, and/or short-term debt to support the planned investments. In addition, ALLETE continues to evaluate acquisition and other investment opportunities to diversify ALLETE's revenue base in order to reduce its dependence on revenues from a concentrated industrial base of taconite and paper customers in northeastern Minnesota.

ALLETE's capital expenditure program is related to many initiatives the Company is undertaking. The Company's best estimate capital structure may fund the following:

a) investment in renewable energy;

b) investment in environmental technology for generating assets;

c) investment in transmission initiatives, including transmission assets and infrastructure;

d) investment in distribution grid modernization;

e) investment in new generation;

f) other electric system component replacement and upgrades;

g) the acquisition of and investment in energy-related businesses; and

h) for general corporate purposes.

As described in previous capital structure petitions, Minnesota Power's concentrated industrial customer base has led the Company to seek diversified revenue sources in order to weather the cyclical nature of customers' operations and reduce the dependence on revenues from taconite and paper customers in northeastern Minnesota. The Company initiated a diversification strategy in the early 1980s in order to reduce its dependence on revenues from a concentrated industrial base of taconite and paper customers in Northeastern Minnesota. Over the past 40-plus years, this strategy has contributed significantly to the Company's financial strength during a period of substantial restructuring in the taconite and paper industries. Today, the Company's diversification investments consist primarily of regulated electric, water and gas services; investments aimed at creating energy solutions, coal mining; and an investment in an independent transmission company. Although collectively smaller than Minnesota Power in size, these investments strengthen the Company by broadening the base of customers, geographies, and products and services that provide cash flow and earnings to the Company.

Table 3 shows the forecasted amount of each capital component for each security as of June 30, 2026.

**Table 3: Projected Consolidated Capital Structure**
**June 30, 2026**
($ Millions)

| | Amount | Percentage |
|---|---|---|
| Long - Term Debt | $2,389 | 36.79% |
| Short - Term Debt | $ 0 | 0.00% |
| Total Equity | $4,104 | 63.21% |
| Projected Capitalization | $6,493 | 100.00% |
| Contingency | $ 652 | |
| Total Request | $7,145 | |

Other securities issuances by the Company or its subsidiaries may include the following:

a) the refunding and refinancing of electric utility or other long-term debt, should business or market conditions warrant;

b) the issuances of securities by the Company or one or more subsidiaries to provide funding for existing operations; or

c) the assumption or new securities issuances of one or more subsidiaries to facilitate the acquisition of, or investments in, energy related businesses.

These potential events are much less certain as to timing and magnitude. The $652 million contingency reserve may be any combination of debt and equity and represents approximately 10% of total projected capitalization. This contingency range is similar to previous caps allowed by the Commission.

The Company's projected consolidated capital structure includes an additional $590 million in net debt and $731 million in additional total equity. Short-term debt may be issued primarily to fund (or "roll over") maturing short-term debt, to provide short-term bridge financing or for working capital purposes. The exact amount and timing of short-term debt securities assumed and newly issued are indeterminable at this time and transactions have been incorporated into the consolidated capital structure with the Company's best estimate.

**G. Copies of Resolutions By the Directors Authorizing the Petition for the Issue or Assumption of Liability in Respect to Which the Petition is Made; and if Approval of Stockholders has Been Obtained, Copies of the Resolution of the Stockholders Shall be Furnished**

Please see Exhibit A at the end of this Petition.

**H. A Statement as to Whether, at the Time of Filing of the Petition, the Petitioner Knows of any Person who is an "Affiliated Interest" Within the Meaning of Minnesota Statutes, Section 216B.48, Subdivision 1, Who has Received or is Entitled to Receive a Fee for Services in Connection with the Negotiations or Consummation of the Issuances of the Securities, or for Services in Securing Underwriters, Sellers, or Purchasers of the Securities**

To the best of the Company's knowledge, at the time of the filing of this Petition, no person, who is an "affiliated interest" within the meaning of Minn. Stat. § 216B.48 of the Minnesota

Public Utilities Act, has received or is entitled to receive a fee for services in connection with the negotiations or consummation of the issuance of the securities, or for services in securing underwriters, sellers or purchasers of the securities herein described, except as may have been reported pursuant to Commission rules or other applicable “affiliated interest” reporting requirements.

**I. A Signed Copy of the Opinion of Counsel in Respect to the Legality of the Issue or Assumption of Liability**

Please reference Exhibit B at the end of this Petition.

**J. A Balance Sheet Dated no Earlier than Six Months Prior to the Date of the Petition Together with an Income Statement and Statement of Changes in Financial Position Covering the 12 Months then Ended. When the Petitions include Long-Term Securities, Such Statements Shall Show the Effects of the Issuance on Such Balance Sheet and Income Statement**

Exhibit C to the Petition shows the balance sheet of the Company as of December 31, 2024, and pro forma balance sheet.

Exhibit D to the Petition shows the income statement of the Company for the 12 months ended December 31, 2024, and pro forma income statement.

Exhibit E to the Petition shows the statement of cash flows of the Company as of December 31, 2024, and a pro forma cash flow statement.

For simplicity, securities issuances in these exhibits are assumed to have taken effect immediately and the removal of any refunded obligations from the financial statements is not depicted.

**K. Description of the Security or Securities to be Issued**

**1. Long-term Debt**

The best estimate of capital structure includes an addition of $590 million in net long-term debt. Issuances may take the form of first mortgage bonds, guarantee of pollution control revenue bonds, guarantee of industrial development revenue bonds, unsecured bonds or debentures or other long-term debt. For those types of instruments already outstanding, any issuance is expected to have terms and conditions substantially similar to those of the respective outstanding securities. The maturity date of any newly issued long-term debt would likely be no more than 30 years from the date of issuance; however, tenor will be determined based on investor interest and prevailing market conditions. Depending on market conditions at the time of issuance, the debt may or may not be redeemable, in whole or in part, at general redemption prices prior to maturity.

The Mortgage and Deed of Trust contains descriptions of collateralization, issuance provisions, sinking fund and replacement fund provisions, redemption provisions and mortgage modification provisions. The Forty-Fifth Supplemental Indenture was dated April 1, 2024, and is referenced in Exhibit F hereto. The exact interest rate or rates of any newly issued long-term debt is indeterminable in advance and will depend on, among other things, maturity of the debt, bond rating (if available), a fixed vs. variable coupon, manner of sale (*i.e.*, competitively bid vs. negotiated; public vs. private sale), security, call provisions and taxability of interest income to the debt holder. A long-term rate of 5.50% has been assumed for the $590 million in new long-term debt included in the Company's best estimate of capital structure.

**2. Total Equity**

(a) Common Stock: The best estimate of capital structure includes an addition in common stock of $731 million. New common stock issuances will involve the sale or transfer of stock to investors, employees, directors, or business owners and will increase the number of shares outstanding. These shares may be substantially similar in all terms, conditions and limitations as the currently outstanding common stock and as such is subject to all terms, conditions and limitations of the Articles of Incorporation, as amended, and the Mortgage and Deed of Trust, as shown in Exhibit G. Reference is made to those documents for a description of the terms, conditions and limitations of the new common stock, including dividend rights, voting rights and liquidation rights. Certain restrictions, however, may be placed upon the stock distributed in an acquisition. The exact share price or prices of any new common stock is indeterminable in advance, and will depend on, among other things, general equity market conditions.

(b) Preferred Stock: The Merger Agreement provides that if the merger has not been completed by June 30, 2025, the Company may notify the Partners of its intent to raise equity capital of up to a total of $300 million in the second half of 2025, subject to certain parameters. If the Partners decline to participate in the equity capital raises (in the form of preferred stock, as contemplated by the Merger Agreement) or fail to provide timely notice with respect thereto, the Company will have the right to issue the Company's common stock in the public markets for an amount equal to any unfunded amounts under such equity capital raises. The Company respectfully requests a Commission decision on or by July 1, 2025, specific to its ability, if needed, to issue shares of preferred stock.

(c) Tax Equity: ALLETE expects to incorporate tax equity financing with its renewable energy projects. ALLETE's ability to utilize tax benefits is limited due to its accumulation of tax losses and unused production tax credits. ALLETE will be well positioned to meet its financing needs by evaluating the different benefits and implications of each structure for future projects. Specific tax equity amounts are not known at this time and depend on prevailing market conditions and other relevant factors, but the capital structure includes an estimated $392 million.

### 3. Short-term Debt

The best estimate of capital structure includes no known short-term debt issuances. However, short-term debt may be issued to fund maturing short-term debt, to provide short-term bridge financing or for working capital purposes. During the Authorization Period, the Company does not expect short-term debt to exceed $1,072 million. As described above in Section II.B., the Company seeks the ability to issue short-term debt up to 15% of total capitalization. In addition, in Section II.B, the Company is requesting a variance allowing ALLETE to enter into a multi-year credit agreement and consider any direct borrowings under the facility as short-term debt.

The short-term debt that may be issued will likely represent unsecured promissory notes issued to banks and well-established commercial paper dealers. Short-term debt may take the form of commercial paper, borrowings that mature in one year or less and direct borrowings under a 364-day credit agreement. The exact discount or interest rate or rates of the short-term debt are indeterminable in advance and will depend on, among other things, maturity of the debt, credit rating and general short-term money market conditions. During the Authorization Period, the Company assumes a short-term interest rate of approximately 5.50%.

**L. An Estimate of the Interest or Dividend Cost per $100 Principal Amount, Except in the Case of Common Stock, and a Description of any Anticipated Terms or Indenture Provisions.**

Please view Section K.

**M. If the Petitioner is a Corporation, a Copy of its Current Articles of Incorporation Certified by the Secretary of State of Incorporation. If the Current Articles have already Been Filed, the Petitioner Need Only Make Specific Reference of Such Filings.**

The current Articles of Incorporation have been filed with previous capital structure petitions. Please reference Docket No. E015/S-07-1379 to view.

**N. The Following Information shall be Attached as Exhibits to the Petition:**

| | |
|---|---|
| Exhibit G | Rule 7825.1400 (N1): The amount and kinds of stock authorized by Articles of Incorporation[9] and amount outstanding. |
| Exhibit G | Rule 7825.1400 (N2): The terms of preference of preferred stock, whether cumulative or participating, or on dividends or assets, or otherwise. |
| Exhibit F | Rule 7825.1400 (N3): A brief description of each security agreement, mortgage, and deed of trust upon petitioner's property, showing date of execution, debtor, and secured party, mortgagor and mortgagee and trustor and beneficiary, amount of indebtedness authorized to be secured thereby, and amount of indebtedness actually secured, together with any sinking fund provision. |
| Exhibit F | Rule 7825.1400 (N4): The amount of bonds authorized and issued that exceed one percent of total debt giving the name of the public utility |

[9] Please note that the terms of the preferred stock described in Section K.2(b) supra, as further explained in the Merger Agreement, differs from that contained in ALLETE's current Articles of Incorporation.

which issued same, describing each class separately, and giving the date of issue, par value, rate of interest, date of maturity, and how secured, together with the amount of interest paid thereon during the latest fiscal year.

Minnesota Rule 7825.1400 (N5) and Minnesota Rule 7825.1400 (N6) do not apply to the Company. Please reference response to Minnesota Rule 7825.1400 (Section S) for explanation.

| | |
|---|---|
| Exhibit H | Rule 7825.1400 (N7): The rate and amount of dividends paid during the five previous fiscal years. |
| Exhibit J | Report providing a general projection of sources and uses of cash (pursuant to the Commission's May 12, 2009 Order in Docket No. E, G-999/CI-08-1416). |
| Exhibit K | Report of actual issuances and uses of the funds from the prior year (pursuant to the Commission's May 12, 2009 Order in Docket No. E, G-999/CI-08-1416). |
| Exhibit L | Supplemental report to general projection of sources and uses of cash – Consolidated Projected Capital Expenditures. |

## O. A Statement of the Manner in Which Such Securities will be Issued; and if Invitations for Sealed Written Proposals (Competitive Bidding) are not Anticipated, an Explanation of the Decision not to Invite Such Proposals Shall be Submitted.

### 1. Long-term Debt

Except for those securities which may be assumed, any issuance of long-term debt will likely be made through a public or private placement, either directly or through an underwriter (and in the case of an underwritten offering, either through negotiation or competitive bidding). The Company, at this time, is unable to predict which method of issuance will be utilized for the securities offerings. In such circumstances where maximum benefits will be achieved by the negotiated method instead of competitive bid, the Company requests the flexibility to do so. Possible advantages to using the negotiated method include: flexibility in timing the date of sale, ability to choose a firm with adequate capital, financial expertise, the familiarity with the Company and the type of offering being made, and, in uncertain market conditions, lower costs of issuance. Such interests will be determined by management's examination of results obtained under similar offerings by similarly rated entities, prevailing market conditions and other relevant factors.

### 2. Total Equity

(a) Common Stock: The Company may issue common stock through secondary equity issuance offerings, periodic equity issuance programs, the dividend reinvestment program ("DRIP"), and employee and director compensation plans such as: Employee Stock Purchase Plan ("ESPP"), Employee Stock Ownership Plan ("ESOP"), Executive Long-Term Incentive Compensation Plan ("LTICP"), and Director's Long-Term Incentive Compensation Plan ("Director's LTICP").

A secondary issuance of equity would be through one or more underwriters either through negotiation or by competitive bidding. The process of a secondary offering includes extensive marketing to potential investors. ALLETE may also issue equity through a periodic equity issuance program by which it issues a limited amount of equity over an extended period to limit market disruption. The Company also offers a DRIP under which investors have the option to directly purchase Company common stock and may choose to reinvest or receive by check their quarterly cash dividends, and to make cash payments to the Company for additional shares of common stock. The Company intends to continue to issue common stock during the Authorization Period to employees and directors through compensation plans such as: ESPP, LTICP, and its Director's LTICP. The Company may also issue common stock in support of its postretirement benefit plans.

(b) Preferred Stock: The Merger Agreement provides that if the merger has not been completed by June 30, 2025, the Company may notify the Partners of its intent to raise equity capital of up to a total of $300 million in the second half of 2025, subject to certain parameters. If the Partners decline to participate in the equity capital raises (in the form of preferred stock, as contemplated by the Merger Agreement) or fail to provide timely notice with respect thereto, the Company will have the right to issue the Company's common stock in the public markets for an amount equal to any unfunded amounts under such equity capital raises. The Company respectfully requests a Commission decision on or by July 1, 2025, specific to its ability, if needed, to issue shares of preferred stock.

(c) Tax Equity: Financing with tax equity will be made through a competitive bidding process. The Company is unable to predict the amount of tax equity funding to be used at this time, but the most benefit will be attained by a competitive bidding process and the Company requests the ability to do so. Tax equity yields, similar offerings, market conditions, and other relevant factors will be determined by management for the amount of tax equity funding.

### 3. Short-term Debt

Short-term debt may be issued primarily to fund (or "roll over") maturing short-term debt, to provide short-term bridge financing or for working capital purposes. The short-term debt that may be issued will likely represent unsecured promissory notes issued to banks and well-established commercial paper dealers.

(a) Promissory Notes Issued to Commercial Banks: Unsecured promissory notes will be issued to commercial banks with interest payable on designated dates and at maturity or on the date of prepayment. These borrowings typically represent drawings from bank lines of credit.

(b) Promissory Notes Issued to Commercial Paper Dealers for Resale to Public: Unsecured promissory notes will be issued to well-established commercial paper dealers that are engaged in the business of buying and selling commercial paper. All commercial paper will have a maturity of no more than 270 days.

ALLETE entered into a $400 million revolving credit facility in November 2013. In November 2016, ALLETE extended the $400 million credit facility one year to mature in November 2019. In November 2017, ALLETE extended the $400 million credit facility again to mature in October 2020. In January 2019, ALLETE amended and restated the credit agreement which extended the maturity date of the facility to January 2024. In November 2021, ALLETE extended the $400 million credit facility to mature in January 2025. In October 2022, ALLETE extended the $400 million credit facility to mature in January 2026. In October 2023, ALLETE amended the credit facility to $355 million and extended the facility maturity date to January

2027. The amounts available under the credit facility provide liquidity in support of Minnesota Power's planned capital outlays in 2025 and 2026. The credit facility may be used as commercial paper back-up, allow up to $100 million in letters of credit to be issued, provide for direct borrowings from banks that support the credit agreement, and general corporate purposes. The Company may prepay amounts outstanding under the facility in whole or in part at the Company's discretion, and may irrevocably terminate or reduce the size of the facility prior to maturity without premium or penalty.

ALLETE's subsidiary, BNI Energy, has a $6 million unsecured revolving line of credit, which is scheduled to expire in November 2025. In addition, ALLETE's subsidiary, Superior Water, Light and Power, has a $1 million unsecured revolving line of credit which is scheduled to expire in June 2025, but will most likely be extended by one year.

## P. A Copy of Each Plan, Offer, or Agreement for the Reorganization or Readjustment of Indebtedness or Capitalization or for the Retirement or Exchange of Securities.

Please reference the response to Minn. Rule 7825.1400 in Section S.

## Q. If any of the Above Filing Requirements are Provided in Petitions or Applications to Other Regulatory Agencies, such Petitions or Applications Properly Cross-Referenced in Item B, May Be Submitted in Lieu of the Specific Filing Requirements.

No additional filing requirements are applicable.

## R. Such Additional Information that the Staff or Commission May Require in a Particular Case.

No additional information is required in this case.

## S. If a Filing Requirement Does Not Apply, it Shall be so Stated with an Explanation Why it Does Not Apply.

The following requirements of Minn. Rules 7825.1400 to 7825.1500 are inapplicable to the Company for the reasons stated:

> **Rule 7825.1400 (N5):** Except those enumerated elsewhere within this filing, the Company has no notes outstanding with a maturity of more than one year and which exceed one percent of Company's total debt.

**Rule 7825.1400 (N6):** At the date of this filing, the Company has no debt with a maturity of more than one year other than that described elsewhere within this filing.

**Rule 7825.1400 (P):** The Company was organized and incorporated as Duluth Edison Electric Company January 24, 1906, and subsequently changed its name to Minnesota Power and Light Company on October 23, 1923, to Minnesota Power, Inc. on May 27, 1998, and to ALLETE, Inc. on May 8, 2001. Other than as described in the Petition, the Company has not entered into any agreement for reorganization or readjustment of indebtedness or capitalization or for the retirement or exchange of securities.

**Rule 7825.1500 (A):** Not Applicable.

**Rule 7825.1500 (B):** The Company made no such invitation under the most recent Order.

## IV. REQUIREMENTS OF MINN. RULE, PART 7825.1300

### A. Items A to K of part 7825.1400.

Items A to K are explained on pages 9 to 17 of the petition.

### B. A Descriptive Summary of the Assumptions Made in the Development of Such Statement of Cash Flow.

Please reference Exhibit E page 2 of 2.

### C. A Statement of Cash Flow.

Please reference Exhibit I.

## V. CONCLUSION

ALLETE respectfully requests that the Commission approve the Company's capital structure for the period beginning with the date of issuance of an Order in this Docket through the latter of May 1, 2026, or the date at which the Commission issues a subsequent capital structure Order. In the event the regulatory review process will not be completed in the first half of 2025, the Company requests a Commission decision on or by July 1, 2025, specific to its ability to issue preferred stock in the second half of 2025. Additionally, the Company requests the Commission authorize issuance of long-term debt, common stock, warrants, and short-term debt, provided that the issuance of any of the above securities shall be subject to the equity ratio contingency range and the total capitalization contingency limit described herein, except that such contingency ranges may be exceeded for a period no longer than 60 days.

Dated: February 28, 2025

Respectfully submitted,

Lori Hoyum
Rates Compliance Administrator
Minnesota Power
30 West Superior Street
Duluth, MN 55802
218-355-3601
lhoyum@mnpower.com

# Attachment A

STATE OF MINNESOTA )
) SS
COUNTY OF ST. LOUIS )

Jeffrey J. Scissons, being first duly sworn, deposes and says that he is Corporate Treasurer of the Company; that he has read the foregoing Petition and knows the contents thereof; and that the statements therein are true and correct to the best of his knowledge and belief.

Subscribed and sworn to before me this

19th day of February, 2025.

Notary Public

CHLOE ELIZABETH STRAND
Notary Public
State of Minnesota
My Commission Expires
January 31, 2027

# Attachment B

# Report on Use of Multi-Year Credit Facilities

## Multi-Year Credit Facility Uses

Credit facilities provide liquidity support, which is a key element of the credit rating agencies' credit assessment. Sufficient liquidity is required to maintain the Company's investment grade credit rating and is critical to support Minnesota Power's capital expenditure program.

ALLETE entered into a $400 million revolving credit facility in November 2013. In November 2016, ALLETE extended the $400 million credit facility one year to mature in November 2019. In November 2017, ALLETE extended the $400 million credit facility again to mature in October 2020. In January 2019, ALLETE amended and restated the credit agreement which extended the maturity date of the facility to January 2024. In November 2021, ALLETE extended the $400 million credit facility to mature in January 2025. In October 2022, ALLETE extended the $400 million credit facility to mature in January 2026. In October 2023, ALLETE amended the credit facility to $355 million and extended the facility maturity date to January 2027. The amounts available under the credit facility provide liquidity in support of Minnesota Power's planned capital outlays in 2025 and 2026. The credit facility may be used as (i) commercial paper back-up, (ii) allow up to $100 million in, and no more than 15, letters of credit to be issued, (iii) provide for direct borrowings from banks that support the credit agreement, and (iv) general corporate purposes. The Company may prepay amounts outstanding under the facility in whole or in part at the Company's discretion. Additionally, the Company may irrevocably terminate or reduce the size of the facility prior to maturity without premium or penalty. As shown on Attachment B, page 2 of 2, there were borrowings under the Company's multi-year credit facilities in 2024.

## Advantages of Multi-Year Credit Facilities

The benefits of multi-year credit facilities include:

- Up-front fees are amortized over multiple years, rather than 12 months (as with a 364-day facility).

- Potential increased costs associated with roll-over risk are reduced. By locking in favorable borrowing rates and commitment fees for multiple years, the Company avoids the risk of changing market conditions on an annual basis.
- Most multi-year facilities have options to increase or decrease the size or extend the maturity, allowing for financing flexibility through the credit facility term.
- The Company may terminate the facility prior to its maturity and re-syndicate if favorable market pricing exists.

**Direct Borrowings Under Multi-Year Credit Facilities**

| | Credit Facility | Avg. Direct Borrowing [1] | Borrowing Rate % | Interest Expense | Monthly Credit Facility Fees | Monthly Cost Amortization | Fees [2] | Total Fees + Interest |
|---|---|---|---|---|---|---|---|---|
| **2024** | | | | | | | | |
| January | $ 355,000,000 | $ 6,612,903 | 6.560% | $ 37,334 | $ 53,497 | 14,472 | $ 67,969 | $ 105,303 |
| February | 355,000,000 | 17,964,961 | 6.644% | 97,048 | 50,045 | 22,432 | 72,477 | 169,525 |
| March | 355,000,000 | 90,645,161 | 6.606% | 504,812 | 53,497 | 22,432 | 75,929 | 580,740 |
| April | 355,000,000 | 92,595,699 | 6.498% | 477,013 | 53,497 | 22,432 | 75,929 | 552,941 |
| May | 355,000,000 | 1,612,903 | 6.503% | 9,032 | 53,497 | 22,432 | 75,929 | 84,960 |
| June | 355,000,000 | 23,333,333 | 6.503% | 126,443 | 55,222 | 22,432 | 77,654 | 204,097 |
| July | 355,000,000 | 15,290,323 | 6.506% | 85,657 | 53,497 | 22,432 | 75,929 | 161,585 |
| August | 355,000,000 | 6,709,677 | 6.504% | 37,581 | 51,771 | 22,432 | 74,203 | 111,784 |
| September | 355,000,000 | - | - | - | 51,771 | 22,432 | 74,203 | 74,203 |
| October | 355,000,000 | - | - | - | 53,497 | 22,432 | 75,929 | 75,929 |
| November | 355,000,000 | - | - | - | 51,771 | 22,432 | 74,203 | 74,203 |
| December | 355,000,000 | 16,774,194 | 5.700% | 84,995 | 51,771 | 22,432 | 74,203 | 159,198 |
| **2024 Cost** | | | | $ 1,459,914 | $ 633,333 | $ 261,219 | $ 894,552 | $ 2,354,466 |
| **As a % of Credit Facility** | | | | | | | | **0.663%** |

1 Average direct borrowings represent the average of daily outstanding direct borrowings under the credit facility.
2 Fees include annual administrative agency fees, monthly fees, and amortization of upfront fees and closing costs.

EXCERPT FROM THE MINUTES OF A
BOARD OF DIRECTORS' MEETING OF
ALLETE, INC.

HELD
February 19, 2025

I, Julie L. Padilla, Secretary of ALLETE, Inc., a corporation organized under the laws of the State of Minnesota, hereby certify that the following is a true and correct copy of a resolution duly adopted at a meeting of the Board of Directors of said Company held on February 19, 2025, at which meeting a quorum was present and voting throughout, and that the same is in full force and effect as of the date hereof:

MINNESOTA PUBLIC UTILITIES COMMISSION CAPITAL STRUCTURE PETITION

RESOLVED, that the officers of the Company be and each of them hereby is authorized to take any and all action deemed necessary or desirable by the officer taking such action with respect to the approval by the Minnesota Public Utilities Commission ("MPUC") of the Company's authorized capital structure, so that the issuance and sale of securities shall be deemed authorized by the MPUC.

IN WITNESS WHEREOF, I have hereunto set my hand this 19th day of February, 2025.

Corporate Secretary

ALLETE.

February 19, 2025

ALLETE, Inc.
30 West Superior Street
Duluth, MN 55802

Attention: Jeff Scissons
Corporate Treasurer

I am an attorney in good standing and admitted to practice before the Supreme Court of the State of Minnesota, and, as Corporate Secretary and Chief Legal Officer of ALLETE, Inc. ("the Company"), render the following opinion concerning the Petition to be filed by Minnesota Power on or about February 21, 2025 (Petition), with the Minnesota Public Utilities Commission (Commission) for an order approving the Company's consolidated capital structure for the Authorization Period requested therein. The Petition describes the Company's expected and potential issuances during the Authorization Period of Common Stock, warrants, long-term debt, guarantees, short-term unsecured debt, tax equity financing, all of which are hereafter collectively called "Securities" or individually, "Security."

I.

All requisite action necessary to make valid the proposed issuance or sale of Securities will be taken when:

(a) An order or orders have been entered by the Commission under the provisions of the Minnesota Public Utilities Act approving the Company's capital structure for purposes of the issuance of the Securities in accordance with Company's Petition;

(b) The Company's respective Registration Statement pertaining to each respective Security, if any, as required pursuant to the Securities Act of 1933, is filed with the Securities and Exchange Commission pursuant to the aforementioned Act and a listing application is made with the appropriate stock exchange;

(c) Each of the Securities has been issued pursuant to the terms and conditions of the necessary approvals;

(d) The resolutions, if necessary, approving the issuance, sale, and pricing of each of the Securities are adopted by the Board of Directors of the Company, or, if permitted under state law, by the Executive Committee of the Board of Directors;

(e) With respect to any new public offering of Common Stock, the passage of a resolution, if necessary, of the Company's Board of Directors indicating that new Common Stock is authorized to be issued;

(f) With respect to any exchange of Common Stock for the assets or capital stock of certain businesses, when any regulatory agency having jurisdiction over such business authorizes the acquisition; and

(g) The necessary filings have been accomplished under relevant state "blue sky laws" with regard to the offering and issuance of the Securities.

II.

No commission or agency other than those alluded to or mentioned above currently has jurisdiction to authorize or approve the proposed issuance or sale of Securities as described above. However, the proposed issuance or sale of Securities is or may be subject to the broad discretionary powers vested in various securities commissions and/or other administrative bodies or officials, which may authorize, among other things, the withdrawal of exempt status accorded to particular classes of Securities or certain transactions therein, and which may have imposed or may in the future impose special requirements with respect to any offering of such Securities.

III.

The Company is a corporation validly organized and existing under the laws of the State of Minnesota and duly qualified and in good standing to do business and is doing business in that state.

IV.

Each of the Securities, when issued in accordance with the approved agreements and terms and conditions against receipt of the proceeds thereof, will be a valid and binding obligation of the Company in accordance with their terms and the terms of all necessary agreements, except as limited by bankruptcy, insolvency, reorganization, and other laws affecting the enforcement of creditors' rights.

V.

When the steps outlined above have been taken with respect to each of the Securities, the proposed transactions will not violate the legal rights of any class of investors in the Securities of the Company.

Sincerely,

Julie Padilla

bsc

**ALLETE, Inc.**
**CONSOLIDATED BALANCE SHEET**
**DECEMBER 31, 2024 AND PRO FORMA**
Thousands - Unaudited

| | December 31, 2024 | Adjustments | Pro Forma |
|---|---|---|---|
| **ASSETS** | | | |
| Current Assets | | | |
| Cash and Cash Equivalents | $32,806 | | $32,806 |
| Accounts Receivable (Less Allowance) | 148,162 | | 148,162 |
| Inventories - Net | 154,562 | | 154,562 |
| Prepayments and Other | 99,711 | | 99,711 |
| Total Current Assets | 435,241 | | 435,241 |
| Property, Plant and Equipment - Net | 5,181,453 | | 5,181,453 |
| Investments | 399,942 | | 399,942 |
| Other Assets | 737,684 | | 737,684 |
| Sub Total Assets | 6,754,320 | | 6,754,320 |
| Net Change in Assets | | 1,265,037 | 1,265,037 |
| **TOTAL ASSETS** | $6,754,320 | $1,265,037 | $8,019,357 |
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | | |
| **LIABILITIES** | | | |
| Current Liabilities | | | |
| Accounts Payable | $113,594 | | $113,594 |
| Accrued Taxes | 54,605 | | 54,605 |
| Accrued Interest | 23,442 | | 23,442 |
| Long-Term Debt Due Within One Year | 94,661 | | 94,661 |
| Other Current Liabilities | 117,877 | | 117,877 |
| Total Current Liabilities | 404,179 | | 404,179 |
| Long-Term Debt | 1,704,655 | 590,000 | 2,294,655 |
| Deferred Income Taxes | 253,365 | | 253,365 |
| Other Liabilities | 1,001,653 | | 1,001,653 |
| Total Liabilities | 3,363,852 | 590,000 | 3,953,852 |
| **SHAREHOLDERS' EQUITY** | | | |
| Common Stock | 1,823,180 | 731,000 | 2,554,180 |
| Accumulated Other Comprehensive Loss | (18,126) | | (18,126) |
| Retained Earnings | 1,042,916 | 95,037 | 1,137,953 |
| Total ALLETE Shareholders' Equity | 2,847,970 | 826,037 | 3,674,007 |
| Non-Controlling Interest in Subsidiaries | 542,498 | (151,000) | 391,498 |
| Total Shareholders' Equity | 3,390,468 | 675,037 | 4,065,505 |
| **TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY** | $6,754,320 | $1,265,037 | $8,019,357 |

# ALLETE, Inc.
## Entries Giving Effect To The Proposed Transactions On The Balance Sheet

| | Thousands | |
|---|---|---|
| Asset Additions | $1,265,037 | |
| Cash | | $1,265,037 |
| To record the increase in asset additions. | | |
| | | |
| Cash | $731,000 | |
| Common stock | | $731,000 |
| To record the sale of an estimated 11,246,154 shares of common stock at $65.00 per share. | | |
| | | |
| Retained earnings | $32,839 | |
| Cash | | $32,839 |
| To record additional dividends on common stock at the current annual rate of $2.92. | | |
| | | |
| Cash | $590,000 | |
| Long-term debt | | $590,000 |
| To record the sale of $590,000,000 of long-term debt, consisting of long-term bonds and bank loans at an estimated rate of 5.5%. | | |
| | | |
| Non-Controlling Interest | $151,000 | |
| Retained Earnings | | $151,000 |
| To record the tax equity issuance (amortization) | | |
| | | |
| Retained earnings | $23,124 | |
| Cash | | $23,124 |
| To record the decrease in net income by the adjustments shown on the income statement. | | |

Note: Any interest or dividend rate expressed in the pro forma data is for illustrative purposes only and is NOT intended to represent the actual dividend or interest rate that Company's Securities will bear when issued.

**ALLETE, Inc.**
**CONSOLIDATED STATEMENT OF INCOME**
**TWELVE MONTHS ENDED**
**DECEMBER 31, 2024 AND PRO FORMA**
In Thousands - Unaudited

| | December 31, 2024 | Adjustments | Pro Forma |
|---|---|---|---|
| **OPERATING REVENUE** | $1,529,803 | | $1,529,803 |
| **OPERATING EXPENSES** | | | |
| Fuel, Purchased Power and Gas - Utility | 477,636 | | 477,636 |
| Transmission Services - Utility | 64,575 | | 64,575 |
| Cost of Sales - Non-utility | 129,209 | | 129,209 |
| Operating and Maintenance | 361,444 | | 361,444 |
| Depreciation and Amortization | 271,429 | | 271,429 |
| Taxes Other than Income | 65,444 | | 65,444 |
| Other | 0 | | 0 |
| Total Operating Expenses | 1,369,737 | | 1,369,737 |
| **OPERATING INCOME** | 160,066 | | 160,066 |
| **OTHER INCOME (EXPENSE)** | | | |
| Interest Expense | (81,649) | (32,450) | (114,099) |
| Other | 48,025 | | 48,025 |
| Total Other Income (Expense) | (33,624) | (32,450) | (66,074) |
| **INCOME BEFORE NON-CONTROLLING INTEREST AND INCOME TAXES** | 126,442 | (32,450) | 93,992 |
| **LESS: INCOME TAX EXPENSE (BENEFIT)** | 4,733 | (9,326) | (4,593) |
| **NET INCOME** | 121,709 | (23,124) | 98,585 |
| **LESS: NON-CONTROLLING INTEREST IN SUBSIDIARIES** | (57,636) | | (57,636) |
| **NET INCOME ATTRIBUTABLE TO ALLETE** | $179,345 | ($23,124) | $156,221 |

**ALLETE, Inc.**
**Entries Giving Effect To The Proposed**
**Transactions On The Income Statement**

| | Thousands |
|---|---|
| Interest Expense<br>Interest on an estimated $590,000,000 of long-term borrowing at an estimated 5.5% rate. | ($32,450) |
| Income Tax Credit<br>Decrease in federal income taxes as a result of increase in interest charges calculated at a 18.94% tax rate. | $6,146 |
| Income Tax Credit<br>Decrease in state income taxes as a result of increase in interest charges calculated at a 9.8% tax rate. | $3,180 |
| Net adjustment (decrease) | ($23,124) |

Note: Any interest or dividend rate expressed in the pro forma data is for illustrative purposes only and is NOT intended to represent the actual dividend or interest rate that Company's Securities will bear when issued.

**ALLETE, Inc.**
**CONSOLIDATED STATEMENT OF CASH FLOWS**
**TWELVE MONTHS ENDED**
**DECEMBER 31, 2024 AND PRO FORMA**
Thousands - Unaudited

| | December 31, 2024 | Adjustments | Pro Forma |
|---|---|---|---|
| **OPERATING ACTIVITIES** | | | |
| Net Income | $121,709 | ($23,124) | $98,585 |
| Allowance for Funds Used During Construction - Equity | (5,042) | | (5,042) |
| Loss (Income) from Equity Investments, Net of Dividends | (1,745) | | (1,745) |
| Pretax Loss (Gain) on Sale | 312 | | 312 |
| Loss (Gain) on Sale of Investments and Property, Plant and Equipment | 52 | | 52 |
| Depreciation Expense | 271,311 | | 271,311 |
| Amortization of Power Purchase Agreements | (5,025) | | (5,025) |
| Other Amortization | 6,863 | | 6,863 |
| Amortization of Other Intangible Assets and Other Assets | 118 | | 118 |
| Deferred Income Tax Expense | (15,818) | | (15,818) |
| Share-Based and ESOP Compensation Expense | 6,579 | | 6,579 |
| Defined Benefit Pension and Other Postretirement Benefit Expense | (13,788) | | (13,788) |
| Provision for Interim Rate Refund | 22,969 | | 22,969 |
| Payment / Provision for Tax Reform Refund | (3) | | (3) |
| Unrealized Gain / Loss on Equity Securities | (345) | | (345) |
| Bad Debt Expense | 1,402 | | 1,402 |
| Changes in Operating Assets and Liabilities | | | |
| Accounts Receivable | (13,106) | | (13,106) |
| Inventories | 7,475 | | 7,475 |
| Prepayments and Other | (10,538) | | (10,538) |
| Accounts Payable | (2,717) | | (2,717) |
| Other Current Liabilities | 851 | | 851 |
| Cash Contributions to Defined Benefit Pension Plans | (24,960) | | (24,960) |
| Land Sales - Regulatory Liability | 29,523 | | 29,523 |
| FAC and BEA Over/Under Balance | 637 | | 637 |
| PTC Sales | 61,067 | | 61,067 |
| Other Assets | 37,213 | | 37,213 |
| Other Liabilities | (17,920) | | (17,920) |
| Cash from Operating Activities | 457,074 | (23,124) | 433,950 |
| **INVESTING ACTIVITIES** | | | |
| Proceeds from Sale of Available-for-sale Securities | 1,986 | | 1,986 |
| Payments for Purchase of Available-for-sale Securities | (2,386) | | (2,386) |
| Payments for Equity Investments | (5,859) | | (5,859) |
| Additions to Property, Plant and Equipment | (354,879) | | (354,879) |
| Changes to Investments | (3,651) | | (3,651) |
| Acquisition of Assets | 0 | (1,265,037) | (1,265,037) |
| Proceeds from Sale of Property, Plant and Equipment | 272 | | 272 |
| Other Investing Activities | 23,840 | | 23,840 |
| Cash for Investing Activities | (340,677) | (1,265,037) | (1,605,714) |
| **FINANCING ACTIVITIES** | | | |
| Proceeds from Issuance of Common Stock | 12,887 | 731,000 | 743,887 |
| Proceeds from Issuance of Long-Term Debt | 658,000 | 590,000 | 1,248,000 |
| Repayments of Long-Term Debt | (649,429) | | (649,429) |
| Proceeds of Non-Controlling Interest | 4,148 | 0 | 4,148 |
| Dividends on Common Stock | (162,799) | (32,839) | (195,638) |
| Other Financing Activities | (3,410) | | (3,410) |
| Cash for Financing Activities | (140,603) | 1,288,161 | 1,147,558 |
| **CHANGE IN CASH AND CASH EQUIVALENTS** | (24,206) | 0 | (24,206) |
| **CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD** | 79,400 | | 79,400 |
| **CASH AND CASH EQUIVALENTS AT END OF PERIOD** | $55,194 | $0 | $55,194 |

**ALLETE, Inc.**
**Entries Giving Effect To The Proposed**
**Transactions On The Statement of Cash Flows**

| | Thousands |
|---|---|
| Net Income<br>To record the decrease in net income by the adjustments shown on the income statement. | ($23,124) |
| Asset Additions<br>To record additions to assets. | ($1,265,037) |
| Issuance of Common Stock<br>To record the sale of an estimated 11,246,154 shares of common stock at $65.00 per share. | $731,000 |
| Issuance of Long-Term Debt<br>To record the sale of $590,000,000 of long-term debt, consisting of long-term bonds and bank loans at an estimated rate of 5.5%. | $590,000 |
| Issuance of Tax Equity<br>To record the tax equity issuance (amortization) | $0 |
| Dividends on Common Stock<br>To record additional dividends on common stock at the current annual rate of $2.92. | ($32,839) |

Note: Any interest or dividend rate expressed in the pro forma data is for illustrative purposes only and is NOT intended to represent the actual dividend or interest rate that Company's Securities will bear when issued.

BRIEF DESCRIPTION OF COMPANY'S MORTGAGE AND DEED OF TRUST, INCLUDING THE FIRST THROUGH FORTY-FIFTH SUPPLEMENTAL INDENTURES:

Company's Mortgage and Deed of Trust was executed on September 20, 1945, as of September 1, 1945, by and between Minnesota Power & Light Company and The Bank of New York Mellon (formerly the Irving Trust Company), the corporate trustee, and Richard H. West, the individual trustee (J. A. Austin, E. J. McCabe, D. W. May, J. A. Vaughn, W. T. Cunningham, Douglas J. MacInnes, Ming Ryan, Philip L. Watson, Andres Serrano, Eva Waite, Janet Lee and Sherma Thomas respective successor trustees).

The Mortgage and Deed of Trust has been supplemented and amended by the First through Forty-fifth Supplemental Indentures (collectively the "Mortgage"). The First Supplemental Indenture was dated as of March 1, 1949, the Second Supplemental Indenture was dated as of July 1, 1951, the Third Supplemental Indenture was dated as of March 1, 1957, the Fourth Supplemental Indenture was dated as of January 1, 1968, the Fifth Supplemental Indenture was dated as of April 1, 1971, the Sixth Supplemental Indenture was dated as of August 1, 1975, the Seventh Supplemental Indenture was dated as of September 1, 1976, the Eighth Supplemental Indenture was dated as of August 1, 1977, the Ninth Supplemental Indenture was dated as of April 1, 1978, the Tenth Supplemental Indenture was dated as of August 1, 1978, the Eleventh Supplemental Indenture was dated as of December 1, 1982, the Twelfth Supplemental Indenture was dated as of April 1, 1987, the Thirteenth Supplemental Indenture was dated as of March 1, 1992, the Fourteenth Supplemental Indenture was dated as of June 1, 1992, the Fifteenth Supplemental Indenture was dated as of July 1, 1992, the Sixteenth Supplemental Indenture was dated as of July 1, 1992, the Seventeenth Supplemental Indenture was dated as of February 1, 1993, the Eighteenth Supplemental Indenture was dated as of July 1, 1993, the Nineteenth Supplemental Indenture was dated as of February 1, 1997, the Twentieth Supplemental Indenture was dated as of November 1, 1997, the Twenty-first Supplemental Indenture was dated as of October 1, 2000, the Twenty-second Supplemental Indenture was dated as of July 1, 2003; the Twenty-third Supplemental Indenture was dated as of August 1, 2004, the Twenty-fourth Supplemental Indenture was dated as of March 1, 2005, the Twenty-fifth Supplemental Indenture was dated as of December 1, 2005; the Twenty-sixth Supplemental Indenture was dated as of October 1, 2006; the Twenty-seventh Supplemental Indenture was dated as of February 1, 2008, the Twenty-eighth Supplemental Indenture was dated as of May 1, 2008, the Twenty-ninth Supplemental Indenture was dated as of November 1, 2008, the Thirtieth Supplemental Indenture was dated as of January 1, 2009, the Thirty-first Supplemental Indenture was dated as of February 1, 2010, the Thirty-second Supplemental Indenture was dated as of August 1, 2010, the Thirty-third Supplemental Indenture was dated as of July 1, 2012, the Thirty-fourth supplemental indenture was dated as of April 1, 2013, the Thirty-fifth Supplemental Indenture was dated as of March 1, 2014, the Thirty-sixth Supplemental Indenture was dated as of June 1, 2014, the Thirty-seventh Supplemental Indenture was dated as of September 1, 2014, the Thirty-eighth Supplemental Indenture was dated as of September 1, 2015, Thirty-ninth Supplemental Indenture was dated as of April 1, 2018, the Fortieth Supplemental Indenture was dated as of March 1, 2019, the Forty-first Supplemental Indenture was dated as of August 1, 2020, the Forty-second Supplemental Indenture was dated as of September 1, 2021, the Forty-third Supplemental Indenture was dated as of August 1, 2022, the Forty-fourth Supplemental Indenture was dated as of April 1, 2023, and the Forty-fifth Supplemental Indenture was dated as of April 1, 2024.

*Intentionally Left Blank*

Company has heretofore issued, in accordance with the provisions of the Mortgage, the following series of First Mortgage Bonds:

| Series | Issued as of | Principal Amount Issued or Authorized | Principal Amount Outstanding |
|---|---|---|---|
| 3 1/8% Series due 1975 | September 1, 1945 | $26,000,000 | $-0- |
| 3 1/8% Series due 1979 | March 1, 1949 | 4,000,000 | -0- |
| 3 5/8% Series due 1981 | July 1, 1951 | 10,000,000 | -0- |
| 4 3/4% Series due 1987 | March 1, 1957 | 12,000,000 | -0- |
| 6 1/2% Series due 1998 | January 1, 1968 | 18,000,000 | -0- |
| 8 1/8% Series due 2001 | April 1, 1971 | 23,000,000 | -0- |
| 10 1/2% Series due 2005 | August 1, 1975 | 35,000,000 | -0- |
| 8.7% Series due 2006 | September 1, 1976 | 35,000,000 | -0- |
| 8.35% Series due 2007 | September 1, 1977 | 50,000,000 | -0- |
| 9.25% Series due 2008 | April 1, 1978 | 50,000,000 | -0- |
| 7% Pollution Control Series A | August 1, 1978 | 111,000,000 | -0- |
| 7 3/4% Series due 1994 | April 1, 1987 | 55,000,000 | -0- |
| 7 3/8% Series due 1997 | March 1, 1992 | 60,000,000 | -0- |
| 7 3/4% Series due 2007 | June 1, 1992 | 55,000,000 | -0- |
| 7 1/2% Series due 2007 | July 1, 1992 | 35,000,000 | -0- |
| Pollution Control Series E due 2022 | July 15, 1992 | 111,000,000 | -0- |
| 7 % Series due 2008 | February 25, 1993 | 50,000,000 | -0- |
| 6 1/4% Series due 2003 | July 1, 1993 | 25,000,000 | -0- |
| 7% Series due 2007 | February 15, 1997 | 60,000,000 | -0- |
| 6.68% Series due 2007 | November 15, 1997 | 20,000,000 | -0- |
| Floating Rate First Mortgage Bonds due 2003 | October 20, 2000 | 250,000,000 | -0- |
| Floating Rate First Mortgage Bonds due 2004 | July 1, 2003 | 250,000,000 | -0- |
| 4.95% Pollution Control Series F due 2022 | August 1, 2004 | 111,000,000 | -0- |
| 5.28% Series due 2020 | August 1, 2005 | 35,000,000 | -0- |
| 5.69% Series due 2036 | March 1, 2006 | 50,000,000 | 50,000,000 |
| 5.99% Series due 2027 | February 1, 2007 | 60,000,000 | 60,000,000 |
| 4.86% Series due 2013 | February 1, 2008 | 60,000,000 | -0- |
| 6.02% Series due 2023 | May 1, 2008 | 75,000,000 | -0- |
| 6.94% Series due 2014 | December 15, 2008 | 18,000,000 | -0- |
| 7.70% Series due 2016 | December 15, 2008 | 20,000,000 | -0- |
| 8.17% Series due 2019 | January 15, 2009 | 42,000,000 | -0- |
| 4.85% Series due 2021 | February 17, 2010 | 15,000,000 | -0- |
| 5.10% Series due 2025 | February 17, 2010 | 30,000,000 | 30,000,000 |
| 6.00% Series due 2040 | February 17, 2010 | 35,000,000 | 35,000,000 |
| 4.90% Series due 2025 | August 17, 2010 | 30,000,000 | 30,000,000 |
| 5.82% Series due 2040 | August 17, 2010 | 45,000,000 | 45,000,000 |
| 3.20% Series due 2026 | July 2, 2012 | 75,000,000 | 75,000,000 |
| 4.08% Series due 2042 | July 2, 2012 | 85,000,000 | 85,000,000 |
| 1.83% Series due 2018 | April 2, 2013 | 50,000,000 | -0- |
| 3.30% Series due 2028 | April 2, 2013 | 40,000,000 | 40,000,000 |
| 4.21% Series due 2043 | April 2, 2013 | 60,000,000 | 60,000,000 |
| 3.69% Series due 2024 | March 4, 2014 | 60,000,000 | -0- |
| 4.95% Series due 2044 | March 4, 2014 | 40,000,000 | 40,000,000 |
| 3.40% Series due 2022 | June 26, 2014 | 75,000,000 | -0- |
| 5.05% Series due 2044 | June 26, 2014 | 40,000,000 | 40,000,000 |
| 3.02% Series due 2021 | September 16, 2014 | 60,000,000 | -0- |
| 3.74% Series due 2029 | September 16, 2014 | 50,000,000 | 50,000,000 |
| 4.39% Series due 2044 | September 16, 2014 | 50,000,000 | 50,000,000 |
| 2.80% Series due 2020 | September 24, 2015 | 40,000,000 | -0- |
| 3.86% Series due 2030 | September 24, 2015 | 60,000,000 | 60,000,000 |

| | | | |
|---|---|---|---|
| 4.07% Series due 2048 | April 16, 2018 | 60,000,000 | 60,000,000 |
| 4.08% Series due 2029 | March 1, 2019 | 70,000,000 | 70,000,000 |
| 4.47% Series due 2049 | March 1, 2019 | 30,000,000 | 30,000,000 |
| 2.50% Series due 2030 | August 1, 2020 | 46,000,000 | 46,000,000 |
| 3.30% Series due 2050 | August 1, 2020 | 94,000,000 | 94,000,000 |
| 2.79% Series due 2031 | September 1, 2021 | 100,000,000 | 100,000,000 |
| 4.54% Series due 2032 | August 1, 2022 | 75,000,000 | 75,000,000 |
| 4.98% Series due 2033 | April 27, 2023 | 125,000,000 | 125,000,000 |
| 5.72% Series due 2039 | April 23, 2024 | 100,000,000 | 100,000,000 |

The amount of Bonds authorized to be issued by the Mortgage is unlimited. Bonds of any Series may be issued from time to time on the basis of (1) 60 percent of property additions after adjustments to offset retirements; (2) retirement of Bonds or certain prior lien Bonds; and (3) deposit of cash with the Trustee. With certain exceptions, in case of (2), the issuance of Bonds required adjusted net earnings before income taxes for 12 out of the preceding 15 months of at least twice the annual interest requirements on all Bonds at the time outstanding, including the proposed additional issue, and on all indebtedness of prior rank.

STATEMENT DESCRIBING THE AMOUNT AND KINDS OF STOCK AUTHORIZED BY THE COMPANY'S ARTICLES OF INCORPORATION INCLUDING TERMS OF PREFERENCE AS OF THE DATE OF THE FILING OF THIS PETITION

The Company is authorized by its Articles of Incorporation, as amended, to issue 80,000,000 shares of Common Stock, without par value, of which 57,882,422 shares were outstanding as December 31, 2024.

The Company is also authorized to issue 116,000 shares of 5% Preferred Stock, of the par value of $100 each, 1,000,000 shares of Serial Preferred Stock, without par value, and 2,500,000 shares of Serial Preferred Stock A, without par value. The Serial Preferred Stock and the Serial Preferred Stock A are hereinafter sometimes referred to collectively as the "Serial Stocks." There are no outstanding shares of the 5% Preferred or the Serial Preferred Stocks. Nonetheless, their terms are described below.

The 5% Preferred Stock and all series of the Serial Stocks are entitled equally, but only when and as declared by the Board of Directors, out of funds legally available for the payment of dividends and in preference to the Common Stock, to dividends at the rate of five percentum (5%) per annum as to the 5% Preferred Stock and at a rate as fixed by resolution of the Board of Directors in establishing the respective series of the Serial Stocks. Dividends as to the 5% Preferred Stock are cumulative as of July 1, 1945, and such dividends, as to each series of the Serial Stocks are cumulative from the first day of the current dividend period within which such shares of Serial Stocks are issued. The 5% Preferred Stock and the Serial Stocks, equally, shall also have a preference over the Common Stock upon any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, or upon any distribution of assets, other than profits, until there shall have been paid, by dividends or distribution, on the 5% Preferred Stock, the full par value thereof and five percentum thereon from July 1, 1945, and on such series of the Serial Preferred Stock, One Hundred Dollars per share plus an amount equal to dividends upon the shares of such series at the rate or rates fixed by the Board of Directors from the date or dates on which dividends on such shares become cumulative and on each series of Serial Preferred Stock A, as stated and expressed in the resolution or resolutions providing for the issue of each such series adopted by the Board of Directors. Neither the 5% Preferred Stock nor the Serial Preferred Stock shall receive any share in any voluntary or involuntary liquidation, dissolution or winding up of this Corporation, of in any distribution of assets in excess of the amounts stated in this paragraph or in the case of the Serial Preferred Stock A, in excess of the amounts stated in the resolution or resolutions providing for the issue of shares of Serial Preferred Stock A.

If and when dividends payable on any of the Preferred Stock shall be in default in any amount equal to four full quarterly payments or more per share, and thereafter until all dividends on any of the preferred stock in default shall have been paid, the holders of all of the then outstanding preferred stocks, voting as a class, shall be entitled to elect the smallest number of directors necessary to constitute a majority of the full Board of Directors, and the holders of the Common Stock, voting as a class, shall be entitled to elect the remaining directors of the Corporation. If and when all dividends then in default on the preferred stocks then outstanding shall be paid (and such dividends shall be declared and paid out of any funds legally available therefore as soon as reasonably practicable), the holders of the preferred stocks shall be divested of any special right with respect to the election of directors and the voting power of the holders of the preferred stocks and the holders of the Common Stock shall revert to the status existing before the first dividend payment date on which dividends on any of the preferred stocks were not paid in full; but always subject to the same provisions for vesting such special rights in the holders of the preferred stock in case of further like defaults on dividends thereon.

The Merger Agreement provides that if the merger has not been completed by June 30, 2025, the Company may notify the Partners of its intent to raise equity capital: (i) at any time during the period from July 1, 2025 to September 30, 2025, in an amount of no less than $50 million and up to $150 million (the "First Tranche Investment"), and (ii) at any time during the period from October 1, 2025 to December 31, 2025, in an amount of no less than $50 million and up to a total of $300 million (less any amounts called by the Company in connection with the First Tranche Investment), in each case, subject to certain parameters. If the Partners decline to participate in the equity capital raises (in the form of preferred stock, as contemplated by the Merger Agreement) or fail to provide timely notice with respect thereto, the Company will have the right to issue the Company's common stock in the public markets for an amount equal to any unfunded amounts under such equity capital raises. The Company requests flexibility to issue preferred stock if the acquisition does not close by June 30, 2025.

As described in the Merger Agreement, upon the Partner's or the Company's request, the Company shall seek shareholder approval of an amendment to the Company's Amended and Restated Articles of Incorporation at a shareholder meeting of the Company to ensure consistency with the terms of the preferred stock contemplated in Exhibit D of the Merger Agreement. The Company expects to submit the amendment to the Articles of Incorporation to a vote of shareholders at the Company's 2025 Annual Meeting.

Broadly, such amendment would modify certain terms relating to the Serial Preferred Stock A as contemplated by the terms agreed in the Merger Agreement, including, among other things, removing certain restrictions on declaring or paying dividends on common stock that would otherwise be in place so long as any preferred stock of the Company is outstanding. The amendment would also exempt Serial Preferred Stock A from the provision in the Amended and Restated Articles of Incorporation that provides that preferred shareholders have the right to elect a majority of the Board if dividends on preferred shares are in default in an amount equal to four quarterly payments or more. The certificate of designation with respect to the Serial Preferred Stock A is expected to provide that the holders of Serial Preferred Stock A will have the right to elect two directors if dividends on the Serial Preferred Stock A are in default in an amount equal to six quarterly payments or more.

When and if the Articles of Incorporation are amended, the Company commits to providing the updated version to the Commission.

**ALLETE, Inc.**
**DIVIDENDS PAID IN LAST FIVE YEARS**

| | CALENDAR 2024 | CALENDAR 2023 | CALENDAR 2022 | CALENDAR 2021 | CALENDAR 2020 |
|---|---|---|---|---|---|
| **COMMON DIVIDENDS** | $162,798,804 | $155,507,059 | $145,969,337 | $131,961,473 | $128,116,083 |
| Paid Per Share | $2.8200 | $2.7100 | $2.6000 | $2.5200 | $2.4700 |
| **PREFERRED DIVIDENDS (1)** | - | | | | |

(1) No preferred stock outstanding.

# ALLETE, Inc.
## CONSOLIDATED CASH FLOW - 2024 Actuals
Thousands - Unaudited

| | Q1 2024 | Q2 2024 | Q3 2024 | Q4 2024 | 2024 |
|---|---|---|---|---|---|
| **Cash Flows from Operating Activities** | | | | | |
| Net Income | $37,034 | $19,650 | $32,684 | $32,341 | $121,709 |
| AFUDC Equity | (1,244) | (1,257) | (1,520) | (1,021) | (5,042) |
| Loss (Income) from Equity Investments, Net of Dividends | 14 | (296) | 429 | (1,892) | (1,745) |
| Depreciation Expense | 64,960 | 65,960 | 70,786 | 69,605 | 271,311 |
| Deferred Income Tax Expense | (2,867) | (5,122) | 849 | (8,678) | (15,818) |
| Working Capital & Other Assets / Liabilities | (37,763) | 37,280 | 87,833 | (691) | 86,659 |
| Net Cash Provided by Operations | 60,134 | 116,215 | 191,061 | 89,664 | 457,074 |
| **Cash Flows from Investing Activities** | | | | | |
| Capital Expenditures | ($54,298) | ($84,684) | ($103,579) | ($126,498) | ($369,059) |
| AFUDC Debt | (332) | (337) | (406) | (272) | (1,347) |
| Construction Payables | (5,882) | 11,670 | 7,719 | 2,020 | 15,527 |
| Equity Investments | (1,563) | (2,340) | (1,956) | 0 | (5,859) |
| Changes to Other Investments | 1,523 | (318) | 15,101 | 3,883 | 20,189 |
| Other Investing Activities | (215) | 49 | (92) | 130 | (128) |
| Net Cash Used for Investing Activities | (60,767) | (75,960) | (83,213) | (120,737) | (340,677) |
| **Cash Flows from Financing Activities** | | | | | |
| Debt Proceeds (Net) | ($2,027) | ($970) | ($1,979) | $13,547 | $8,571 |
| Common Stock Proceeds | 1,961 | 4,465 | 3,434 | 3,027 | 12,887 |
| Dividends on Common Stock | (40,619) | (40,673) | (40,730) | (40,777) | (162,799) |
| Other Financing Activities | 2,225 | 348 | (1,255) | (580) | 738 |
| Net Cash provided by (used for) Financing Activities | (38,460) | (36,830) | (40,530) | (24,783) | (140,603) |
| **Net Increase (Decrease) in Cash** | **($39,093)** | **$3,425** | **$67,318** | **($55,856)** | **($24,206)** |

**ALLETE, Inc.**
**CONSOLIDATED CASH FLOW - 2025 Forecasted**
Thousands - Unaudited

**TRADE SECRET BEGINS**

| | JANUARY | FEBRUARY | MARCH | APRIL | MAY | JUNE | JULY | AUGUST | SEPTEMBER | OCTOBER | NOVEMBER | DECEMBER | 2025 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Cash Flows from Operating Activities** | [redacted] | | | | | | | | | | | | |
| Net Income | | | | | | | | | | | | | |
| Depreciation and Amortization | | | | | | | | | | | | | |
| Deferred Income Taxes and ITC | | | | | | | | | | | | | |
| AFUDC Equity | | | | | | | | | | | | | |
| Equity Investments Loss (Income) Net of Dividends | | | | | | | | | | | | | |
| Gain/Loss on Sale/Impairment of Assets | | | | | | | | | | | | | |
| Amort of PPA's | | | | | | | | | | | | | |
| Amort of Intangibles & Other | | | | | | | | | | | | | |
| Amort of Debt Issue Costs | | | | | | | | | | | | | |
| Share-based comp Expense | | | | | | | | | | | | | |
| ESOP Comp Expense | | | | | | | | | | | | | |
| Pension & OPEB Expense | | | | | | | | | | | | | |
| Bad Debt Expense | | | | | | | | | | | | | |
| Change in Working Capital | | | | | | | | | | | | | |
| Accounts Receivable | | | | | | | | | | | | | |
| Interco Accounts Receivable | | | | | | | | | | | | | |
| Inventories & Materials | | | | | | | | | | | | | |
| Deferred Fuel Adj Clause | | | | | | | | | | | | | |
| Other Prepayments & Other Current Assets | | | | | | | | | | | | | |
| Accounts Payable | | | | | | | | | | | | | |
| Interco Accounts Payable | | | | | | | | | | | | | |
| Accrued Taxes, Interest & Dividends | | | | | | | | | | | | | |
| LP Customer Deposits | | | | | | | | | | | | | |
| Other Current Liabilities | | | | | | | | | | | | | |
| Cash Contributions to Pension & OPEB | | | | | | | | | | | | | |
| Change in Regulatory & Other Assets | | | | | | | | | | | | | |
| Change in Regulatory & Other Liabilities | | | | | | | | | | | | | |
| Adjustments for CP | | | | | | | | | | | | | |
| Working Capital & Other Assets / Liabilities | | | | | | | | | | | | | |
| Net Cash Provided by Operations | | | | | | | | | | | | | |
| | | | | | | | | | | | | | |
| **Cash Flows from Investing Activities** | | | | | | | | | | | | | |
| Capital Expenditures | | | | | | | | | | | | | |
| AFUDC Debt | | | | | | | | | | | | | |
| Construction Payables | | | | | | | | | | | | | |
| Other Investing Activities | | | | | | | | | | | | | |
| Net Cash Used for Investing Activities | | | | | | | | | | | | | |
| | | | | | | | | | | | | | |
| **Cash Flows from Financing Activities** | | | | | | | | | | | | | |
| Debt Proceeds (Net) | | | | | | | | | | | | | |
| Common Stock Proceeds and Additional Equity | | | | | | | | | | | | | |
| Dividends | | | | | | | | | | | | | |
| Net Cash provided by (used for) Financing Activities | | | | | | | | | | | | | |
| | | | | | | | | | | | | | |
| **Net Increase (Decrease) in Cash** | | | | | | | | | | | | | |

**TRADE SECRET ENDS**

# ALLETE, Inc.
## CONSOLIDATED CASH FLOW - 2026 Forecasted
Thousands - Unaudited

TRADE SECRET BEGINS

| | JANUARY | FEBRUARY | MARCH | APRIL | MAY | JUNE | 2026 YTD |
|---|---|---|---|---|---|---|---|
| **Cash Flows from Operating Activities** | [redacted] | | | | | | |
| Net Income | | | | | | | |
| Depreciation and Amortization | | | | | | | |
| Deferred Income Taxes and ITC | | | | | | | |
| AFUDC Equity | | | | | | | |
| Equity Investments Loss (Income) Net of Dividends | | | | | | | |
| Gain/Loss on Sale/Impairment of Assets | | | | | | | |
| Amort of PPA's | | | | | | | |
| Amort of Intangibles & Other | | | | | | | |
| Amort of Debt Issue Costs | | | | | | | |
| Share-based comp Expense | | | | | | | |
| ESOP Comp Expense | | | | | | | |
| Pension & OPEB Expense | | | | | | | |
| Bad Debt Expense | | | | | | | |
| Change in Working Capital | | | | | | | |
| Accounts Receivable | | | | | | | |
| Interco Accounts Receivable | | | | | | | |
| Inventories & Materials | | | | | | | |
| Deferred Fuel Adj Clause | | | | | | | |
| Other Prepayments & Other Current Assets | | | | | | | |
| Accounts Payable | | | | | | | |
| Interco Accounts Payable | | | | | | | |
| Accrued Taxes, Interest & Dividends | | | | | | | |
| LP Customer Deposits | | | | | | | |
| Other Current Liabilities | | | | | | | |
| Cash Contributions to Pension & OPEB | | | | | | | |
| Change in Regulatory & Other Assets | | | | | | | |
| Change in Regulatory & Other Liabilities | | | | | | | |
| Adjustments for CP | | | | | | | |
| Working Capital & Other Assets / Liabilities | | | | | | | |
| Net Cash Provided by Operations | | | | | | | |
| | | | | | | | |
| **Cash Flows from Investing Activities** | | | | | | | |
| Capital Expenditures | | | | | | | |
| AFUDC Debt | | | | | | | |
| Construction Payables | | | | | | | |
| Other Investing Activities | | | | | | | |
| Net Cash Used for Investing Activities | | | | | | | |
| | | | | | | | |
| **Cash Flows from Financing Activities** | | | | | | | |
| Debt Proceeds (Net) | | | | | | | |
| Common Stock Proceeds and Additional Equity | | | | | | | |
| Dividends | | | | | | | |
| Net Cash provided by (used for) Financing Activities | | | | | | | |
| | | | | | | | |
| **Net Increase (Decrease) in Cash** | | | | | | | |

TRADE SECRET ENDS

# ALLETE, Inc.
## Projected Consolidated Sources and Uses of Funds
January 1, 2025 - June 30, 2026
($ Millions)

| Sources of Funds: | 2025 Total | 6 Months Ending June 30, 2026 |
|---|---|---|
| | [TRADE SECRET BEGINS | |
| Debt Issuances[1] | [redacted] | |
| Equity Issuances[2] | | |
| Internal Cash Generation | | |
| Decrease (Increase) in Cash Balances | | |
| **Total** | | |
| | | TRADE SECRET ENDS] |
| **Uses of Funds:** | | |
| Regulated Utility Capital Expenditures | | |
| Generation | $281 | $239 |
| Transmission | 167 | 148 |
| Distribution/Customer Service/Other | 86 | 78 |
| Total Regulated Utility Operations | $534 | $465 |
| | [TRADE SECRET BEGINS | |
| Non-Regulated Capital Expenditures[3] | [redacted] | |
| ALLETE Clean Energy | | |
| Total Capital Expenditures | | |
| | | TRADE SECRET ENDS] |
| Construction Payables (Increase) Decrease | ($11) | $5 |
| Debt Maturities | 95 | 1 |
| Common Dividends[4] | 176 | 99 |
| | [TRADE SECRET BEGINS | |
| **Total** | [redacted] | |
| | | TRADE SECRET ENDS] |

[1] Reflects planned change in net debt issuances.
[2] Common equity will be issued to maintain capital structure ratios.
[3] Includes capital expenditures at ALLETE affiliates, excludes ALLETE Clean Energy
[4] Dividends shown assume the current quarterly dividend rate of 73 cents per share and are not intended to represent the actual dividends paid.

# ALLETE Inc.
## Non-Recurring Security Issuances
January 1, 2024 - December 31, 2024

| Docket Number | Date | Type of Security | Amount of Issuance | Purpose |
|---|---|---|---|---|
| E015/S-23-89 | April 23, 2024 | ALLETE First Mortgage Bonds[1] | $100,000,000 | To fund general corporate purposes. |
| E015/S-24-108 | September 5, 2024 | ALLETE Senior Notes[2] | $150,000,000 | To fund general corporate purposes and to refinance current debt. |

[1] Actual issuance costs for the First Mortgage Bond were $872,257.
[2] Actual issuance costs for the Senior Notes were $694,896.

**ALLETE, Inc.**
**Consolidated Projected Capital Expenditures**
**($, millions rounded)**

| | 2024 Projections [b] | 2024 Actuals | Variance | Projections as of February 28, 2025 [a] 2025 | 2026 | 2027 | 2028 | 2029 |
|---|---|---|---|---|---|---|---|---|
| **Generation** [c] | 117 | 108 | (9) | 281 | 477 | 475 | 289 | 242 |
| **Generation Total** | **117** | **108** | **(9)** | **281** | **477** | **475** | **289** | **242** |
| | | | | | | | | |
| **Transmission** [d] | 123 | 81 | (42) | 167 | 295 | 713 | 732 | 382 |
| **Transmission Total** | **123** | **81** | **(42)** | **167** | **295** | **713** | **732** | **382** |
| | | | | | | | | |
| **Distribution/Customer Service/Other** [e] | 73 | 98 | 25 | 85 | 103 | 134 | 132 | 113 |
| **Distribution Total** | **73** | **98** | **25** | **85** | **103** | **134** | **132** | **113** |
| | | | | | | | | |
| **Other** | 42 | 1 | (41) | 1 | 53 | 66 | 64 | 43 |
| **South Shore Energy (NTEC)** | **42** | **1** | **(41)** | **1** | **53** | **66** | **64** | **43** |
| | | | | | | | | |
| **Total Regulated Utility Operations** | **355** | **288** | **(67)** | **534** | **928** | **1,388** | **1,217** | **780** |
| **Non-Regulated Capital Expenditures** | | | | | | | | |
| **ALLETE Clean Energy** | 13 | 8 | (5) | 14 | 8 | 6 | 5 | 5 |
| | **[TRADE SECRET DATA BEGINS]** | | | | | | | |
| Non-Regulated Capital Expenditures [f] | [redacted] | | | | | | | |
| | | | | | | | | |
| **Total Capital Expenditures** | [redacted] | | | | | | | |

**[TRADE SECRET DATA ENDS]**

**a** Amounts include AFUDC
**b** 2024 Projection amounts as reported in Minnesota Power's 2024 Capital Structure Filing (Docket No. E015/S-24-108)
**c** Includes costs related to ongoing generation upkeep and projected investments in solar, wind, and storage
**d** Includes costs related to ongoing transmission upkeep and high kV transmission expansion
**e** Includes capital expenditures at Superior Water, Light & Power and ongoing distribution upkeep, and facility upgrades
**f** Includes capital expenditures, acquisitions, and investments at ALLETE's affiliates

# Consolidated Projected Capital Expenditures

Capital expenditures included in the table above are consolidated capital expenditures for ALLETE and its subsidiaries; however, specific references are made to Minnesota Power's capital investments because the Company continues to operate its electric operations under the name of Minnesota Power (refer to Section III.C of this Petition for further detail on the Petitioner's Name). Discussion related to several significant projects is included below. Due to the proprietary nature of the expenditures, the Company has designated as trade secret the Non-Regulated Capital Expenditures and Total Capital Expenditures.

**Generation**

Minnesota Power's capital investment plan includes investments to meet safety, environmental, regulatory, and system reliability objectives. When comparing the 2024 projected generation capital expenditures to the 2024 actual investment, the Company experienced a slight increase in base generation mainly due to projects at Boswell Unit 3 primarily related to turbine and boiler capital spend during an extended outage. Additionally, Fond Du Lac Hydro had a large project carryover from 2023 to 2024. These increases were offset by modest decreases in projected wind, solar, and energy storage based on timing shifts into future years, resulting in overall generation capital expenditures coming in slightly less than projections.

**Transmission**

Additional investment is planned for Minnesota Power's existing facilities to maintain and expand its system to address reliability and load growth. The Company also plans to invest in transmission opportunities that strengthen or enhance the transmission grid or utilize of our geographical location between sources of renewable energy and end users. When comparing the 2024 Projected Transmission Capital Expenditures to the 2024 actual investment, the Company experienced a decrease due to projects being deferred into 2025 and delays in transferring substation land to projects. Additionally capital costs were offset by receipt of grant funding.

**Distribution**

Additional investment is planned for Minnesota Power's existing facilities to maintain and expand its system to address reliability. When comparing the 2024 Projected Distribution Capital Expenditures to the 2024 actual investment, the Company experienced an increase due to additional ground line and system improvement replacements, completion of projects that had been deferred from previous years, and an increase in spending on required projects that were not included in the initial projections.

**Other**

This includes planned investments at South Shore Energy, an ALLETE subsidiary, for construction at Nemadji Trail Energy Center (NTEC). When comparing the 2024 Projected Other Regulated Capital Expenditures to the 2024 actual investment, the Company experienced a decrease in spend due to delays in the regulatory and permitting processes.

**Non-Regulated Capital Expenditures/ALLETE Clean Energy Expenditures**

When comparing the 2024 Projected Non-Regulated and ALLETE Clean Energy Capital Expenditures to the 2024 actual investment, the Company experienced a variance due to the deferral of initiatives. The Company's projected investments in non-regulated projects are designed with optionality in mind and are flexible around their capital needs.

STATE OF MINNESOTA )
)ss
COUNTY OF ST. LOUIS )

AFFIDAVIT OF SERVICE VIA
ELECTRONIC FILING

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Tiana Heger of the City of Duluth, County of St. Louis, State of Minnesota, says that on the 28th day of February, 2025, she served Minnesota Power's Initial Filing of its 2025 Capital Structure Petition in **Docket No. E015/S-25-_____** on the Minnesota Public Utilities Commission and the Energy Resources Division of the Minnesota Department of Commerce via electronic filing. The persons on E-Docket's Official Service List for this Docket were served as requested.

Tiana Heger