

**MINNESOTA PUBLIC UTILITIES COMMISSION  
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In the Matter of the Petition of Minnesota  
Power for Acquisition of ALLETE by Canada  
Pension Plan Investment Board and Global  
Infrastructure Partners

Docket No. E-015/PA-24-198

**REPLY COMMENTS AND  
ARGUMENTS AND EXCEPTIONS OF  
THE MINNESOTA DEPARTMENT OF  
COMMERCE**

The Minnesota Public Utilities Commission should approve the acquisition of ALLETE, Inc. by Canadian Pension Plan Investment Board (“CCPIB”) and Global Infrastructure Partners (“GIP”) subject to their commitments in the July 11 settlement stipulation.<sup>1</sup> These commitments are enough to render the acquisition consistent with the public interest. Indeed, even intervenors opposed to the acquisition concede that the stipulation will deliver some material benefits for ratepayers. Moreover, the criticism leveled at the stipulation either misreads the agreement or is internally inconsistent. These critiques should not deter the Commission from approving the acquisition subject to the stipulation.

**ANALYSIS**

Subject to the agreed-upon commitments, the acquisition is consistent with the public interest.<sup>2</sup> Many intervenors, including those who remain opposed to the acquisition, concede the stipulation secures material benefits for ALLETE’s customers. And intervenor criticism of

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<sup>1</sup> Stipulation (July 11, 2025) (eDocket No. 20257-220879-01).

<sup>2</sup> Minn. Stat. § 216B.50, subd. 1.

Petitioners' commitments regarding capital, clean-firm technology, and affiliated-interest statute compliance is misplaced.

**A. The Stipulation Delivers Material Benefits.**

As outlined in the Department's prior argument, the commitments in the stipulation materially benefit Minnesota consumers.<sup>3</sup> Most intervenors and commenters acknowledge that the stipulation provides material benefits for ALLETE's customers. And the broad coalition of supporters should give the Commission confidence in relying on the stipulation to approve the acquisition.

Although some intervenors remain opposed to the acquisition, several acknowledge the stipulation's benefits. The Citizens Utility Board of Minnesota, for example, acknowledges that the stipulation's return on equity ("ROE") reduction, clean firm technology fund, low-income customer arrearages paydown, and the books-and-records access provisions are new, material benefits.<sup>4</sup> And the Large Power Intervenors ("LPI") similarly concede that "the creation of the Clean Firm Technology Fund, . . . a reduction in Minnesota Power's authorized ROE from 9.78% to 9.65%, and a commitment not to file a rate case before November 1, 2026" are material benefits.<sup>5</sup>

While opponents assert that these benefits (along with others memorialized in the stipulation) are insufficient, they do not provide grounds for denying the acquisition. Some criticism is rooted in individual preferences rather than the stipulation's merits. LPI, for example, criticizes the \$50 million clean firm technology fund, not because the fund does not benefit consumers, but because its mining and industrial members prefer a rate credit.<sup>6</sup> On the other hand,

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<sup>3</sup> DOC Initial Cmts. & Exceptions at 2-4 (Aug. 4, 2025) (eDocket no. 20258-221732-01).

<sup>4</sup> CUB Initial Cmts. at 15 (Aug. 4, 2025) (eDocket no. 20258-221742-03).

<sup>5</sup> LPI Initial Cmts. at 13 (Aug. 4, 2025) (eDocket no. 20258-221745-02).

<sup>6</sup> *Id.* at 13-14.

Sierra Club and the Office of the Attorney General—Residential Utilities Division (“OAG”) criticize the fund, in part, as being too small to have a meaningful impact.<sup>7</sup> That these parties might have struck a different balance between competing interests, however, does not mean the collective package of benefits delivered by the stipulation are insufficient.

Unlike the few parties who would prefer other terms or denial, many intervenors and commenters view the stipulation positively. LIUNA Minnesota and North Dakota touts the stipulation as a “monumental achievement” that secures “a suite of new and substantial commitments that amplify the public benefits of the deal[.]”<sup>8</sup> The Minnesota Building and Construction Trades Council concurs that the stipulation “improves greatly upon [the] transaction” and “includes more than a dozen significant concessions on the part of ALLETE and Investors.”<sup>9</sup> And IBEW Local 31, which represents many of ALLETE’s employees, applauds the agreement for “securing meaningful stipulations and enforceable language that serve[s] the public interest.”<sup>10</sup> Labor organizations are not the only supporters either. Energy and environmental policy groups praise the stipulation’s affordability and clean firm technology provisions.<sup>11</sup> This diverse coalition should give the Commission confidence that the stipulation delivers sufficient benefits to render the acquisition consistent with the public interest.

**B. The Five-Year Capital Commitment’s Enforcement Provision is Sufficient.**

The OAG expresses concern with the capital commitment provision’s adequacy. This provision requires Alloy Parent to fund Minnesota Power’s 5-year capital investment plan

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<sup>7</sup> Sierra Club Initial Cmts. at 13 (Aug. 4, 2025) (eDocket no. 20258-221736-03); OAG Initial Cmts. at 10 (Aug. 4, 2025) (eDocket no. 20258-221723-02).

<sup>8</sup> LIUNA Initial Cmts. at 1 (Aug. 4, 2025) (eDocket no. 20258-221753-01).

<sup>9</sup> Minnesota Building Trades Initial Cmts. at 5 (Aug. 4, 2025) (eDocket no. 20258-221752-01).

<sup>10</sup> IBEW Local 31 Initial Cmts. at 4 (Aug. 5, 2025) (eDocket no. 20258-221748-01).

<sup>11</sup> Fresh Energy & CCA Initial Cmts. at 3 (Aug. 4, 2025) (eDocket no. 20258-221738-01); CEE & CEEM Initial Cmts. at 3 (Aug. 4, 2025) (eDocket no. 20258-221722-01).

reflected in its February 2025 10-K filing, subject to prospective reasonable and prudent plan adjustments.<sup>12</sup> The OAG asserts that the “reasonable and prudent plan adjustments” language is too vague and may permit CPPIB and GIP (“the Partners”) to circumvent their funding obligations.<sup>13</sup> This criticism is misplaced.

First, the Partners cannot unilaterally change ALLETE’s regulated capital needs. ALLETE’s regulated capital needs reflect both long-term forecasts and planned near-term spending. Although the Partners may control ALLETE’s long-term forecasted capital needs, the Commission will control the utility’s actual regulated capital expenditures. The Commission must approve near-term capital investments through the integrated-resource planning and certificate-of-need processes.<sup>14</sup> And it is not only the Commission with a role. Stakeholders can offer input in these iterative determinations that will evolve as forecasted needs become more precise, technological developments occur, and economic and policy considerations shift.

Second, the OAG’s concern that the Partners might shrink ALLETE’s capital plans to avoid making otherwise required payments is internally inconsistent with the OAG’s earlier criticism that the Partners will overinvest in ALLETE’s regulated system. Previously, the OAG asserted that ALLETE’s capital forecasts may be highly inflated, amounting to no more than a “capital wish list.”<sup>15</sup> This is an understandable concern given that “[i]nvesting capital is one of the primary ways that utilities and their shareholders generate profit.”<sup>16</sup> But if resource-planning and certificate-of-need processes do determine that ALLETE’s capital needs are overstated, it will be

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<sup>12</sup> OAG Initial Cmts. at 9; Stipulation ¶¶ 1.3-1.5.

<sup>13</sup> *Id.*

<sup>14</sup> Minn. Stat. § 216B.2422, subd. 2(a) (requiring utilities to periodically file resource plans subject to commission approval, rejection or modification), Minn. Stat. § 216B.243, subd. 2 (requiring commission approval before a large energy facility may be sited or constructed).

<sup>15</sup> OAG Reply Br. at 8 (May 29, 2025) (eDocket no. 20255-219385-02).

<sup>16</sup> Ex. OAG-403 at 5 (Lebens Surrebuttal) (eDocket No. 20253-216790-02).

a feature not a bug that the capital commitment provision does not require the Partners to overcapitalize ALLETE.

In short, the stipulation's capital commitment provisions strike an appropriate balance between enforceability and flexibility. The Commission should take confidence in relying on them.

**C. The Stipulation's Clean Firm Technology Fund Provision Does Not Contain a "Loophole."**

As previously established, the clean firm technology fund requires Petitioners to contribute \$50 million in investor capital for clean-firm technology investments approved by the Commission.<sup>17</sup> The stipulation defines "clean-firm technology" to mean "a carbon-free resource, as defined by Minn. Stat. § 216B.1691, subd. 1(b), that can be dispatched and provide energy continuously for a duration of 50 hours or more."<sup>18</sup> ALLETE also may propose projects that do not meet this exact definition after obtaining the Department's consent.<sup>19</sup> Despite these strict terms, the Sierra Club speculates that the fund could be used to finance "power plants that burn solid waste, biomass, or renewable natural gas" due to a purported "loophole."<sup>20</sup> In short, Sierra Club theorizes that the Commission and Department would distort the stipulation's intent to shoehorn in thermal generation projects.<sup>21</sup> But Sierra Club's concerns rely on an unreasonable reading of the agreement.

The Department sought the fund's creation during stipulation negotiations because the agency believes it is important to secure support for emerging technologies that can replace fossil fuel firm-dispatchable resources.<sup>22</sup> Accordingly, financing fossil fuel projects with the fund, as

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<sup>17</sup> Stipulation ¶ 1.63.

<sup>18</sup> *Id.* ¶ 1.63(c).

<sup>19</sup> *Id.*

<sup>20</sup> Sierra Club Initial Cmts. at 12.

<sup>21</sup> *Id.*

<sup>22</sup> Stipulation ¶ 1.63(c).

Sierra Club speculates the Commission and Department would permit, would be wholly contrary to the fund's purpose and the Department's intent. The Department expects that the fund will finance long-duration battery investments and similar types of projects. But because technological change is occurring rapidly, the Department did not want to preclude other technologies that could help meet Minnesota's energy transition goals with an overly rigid definition.

The fund also has other guardrails against misuse. To prevent ALLETE from proposing a technology that the Department views as inconsistent with the fund's goals, the stipulation requires ALLETE to seek Department approval before bringing the Commission a proposal not falling within the "clean firm technology" definition.<sup>23</sup> And any project financed through the fund would likely require Commission approval through a resource planning or certificate of need docket. As a result, there will be a public and transparent process through which other interested parties can participate in funding decisions.

In sum, Sierra Club's concern that the fund will be used to finance traditional thermal generating systems rather than cutting-edge clean energy technology is misplaced. As discussed above, this is inconsistent with the fund's purpose and there are several safeguards to prevent misuse.

#### **D. The Stipulation Leaves Open Affiliated-Interest Statute Compliance.**

The OAG claims that the stipulation does not require full compliance with Minnesota's affiliated-interest statute.<sup>24</sup> The OAG asserts by requiring ALLETE to report certain types of interests, the stipulation waives other statutory requirements.<sup>25</sup> It does not. The affiliated interest reporting requirements contained in the agreement are "[i]n addition to, and not in abrogation of,

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<sup>23</sup> *Id.*

<sup>24</sup> OAG Initial Cmts. at 19.

<sup>25</sup> *Id.*

any obligations pursuant to Minn. Stat. § 216B.48” that Petitioners otherwise owe.<sup>26</sup> The Commission will have to determine ALLETE’s obligations under section 216B.48, accounting for the Administrative Law Judge’s statutory analysis.

### **CONCLUSION**

Because the stipulation is sufficiently responsive to intervenor concerns, the Commission should find that the acquisition is consistent with the public interest. The Commission should approve the acquisition as modified by the stipulation.

Dated: August 14, 2025

Respectfully submitted,

/s/ **Richard Dornfeld**

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<sup>26</sup> Stipulation ¶ 1.29.