minnesota power
AN ALLETE COMPANY

30 West Superior Street
Duluth, MN 55802-2093
www.mnpower.com

February 13, 2020

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

Re: 2020 Capital Structure Petition
Docket No. E015/M-20-

Dear Mr. Seuffert:

Pursuant to Minn. Stat. § 216B.49 and Minn. Rules 7825.1000-7825.1500, Minnesota Power ("the Company") submits to the Minnesota Public Utilities Commission ("Commission") the enclosed 2020 Consolidated Capital Structure Petition (or "2020 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 60.56% with a contingency window of +/- 15% (51.48% to 69.64%). The Company is also seeking approval of a total consolidated capitalization of $6,145 million, including a contingency reserve of $559 million for ALLETE, Inc. and its divisions, including Minnesota Power. The Company respectfully requests approval of this Petition by May 1, 2020.

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.

We look 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 2020 Capital Structure Petition. Please contact me at the number above with any questions related to this Petition.

Please contact me at (218) 355-3601 or lhoyum@mnpower.com if you have any questions regarding this filing.

Yours truly,

Lori Hoyum

Lori Hoyum
Regulatory Compliance Administrator

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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

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-20-___

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, 2021 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. 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;

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

v. 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.[1] ("Company") for the period beginning with the date of issuance of an Order in this Docket through the latter of: (i) May 1, 2021 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 and guarantees;

(ii) Short-term debt, including secured and unsecured short-term debt obligations and guarantees; 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 60.56% with a contingency window of +/-15% (51.48% to 69.64%). The Company is also seeking approval of a total consolidated capitalization of $6,145 million, including a contingency reserve of $559 million. 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

[1]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

notifying the Commission. Minnesota Power respectfully requests approval of this Petition by May 1, 2020.

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.

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referring to the regulated electric utility operations in Minnesota. Minnesota Power is a public utility as defined in Minn. Stat. § 216B.02, subd. 4.

II. DESCRIPTION OF FILING AND BASIS FOR REQUEST

A. Background

The Commission authorized the Company's current capital structure in its November 7, 2019, Order ("2019 Capital Structure Order"),[2] specifically providing for the following:

i. Approval of the Company's 2019 capital structure until the date on which the Commission issues a new capital structure Order;

ii. An equity ratio of 56.4% and a contingency equity ratio range of plus/minus 10%, which provided an authorized equity ratio range of 50.76% to 60.24%;

iii. Total capitalization that would not exceed $5,235 million (including a capitalization contingency of $480 million);

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

v. 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.

In Minnesota Power's February 19, 2019 Petition seeking approval of ALLETE's 2019 consolidated capital structure, Minnesota Power requested approval of a total equity ratio of 56.40% with a contingency window of +/-10% which is 50.76% to 62.04%. The Department of Commerce - Division of Energy Resources' Initial Comments dated March 19, 2019, recommended Commission approval of the proposed equity ratio contingency of plus/minus 10 percent. Minnesota Power discovered during the development of this Petition that the approved upper cap of the authorized plus/minus 10 percent contingency equity ratio window, 62.04%, was inadvertently transposed to 60.24% in the September 11, 2019 briefing papers, including in Decision Option 1.a. on page 8. The Commission adopted Decision Option 1.a. verbatim from the briefing papers; therefore, the transposed

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[2] Docket No. E015/S-19-170.

number, 60.24%, is in the November 7, 2019 Order rather than the correct upper cap to the 10 percent contingency equity ratio window of 62.04%.

As of December 31, 2019, the Company remained in compliance with the 2019 Capital Structure Order as follows:

a) *Total Capitalization of $3,946 million, within the approved limit of $5,235 million;*

b) *Equity Ratio of 59.11% within the approved range of 50.76% to 60.24%.*

Table 1 below, shows the Company's actual consolidated capital structure for the calendar years ending, 2017, 2018 2019, and projected as of June 30, 2021.

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

Capital Structures	12/31/2017		12/31/2018		12/31/2019		Projected June 30, 2021	
Long-Term Debt[3]	$ 1,503	42.09%	$ 1,486	40.80%	$ 1,614	40.89%	$ 2,203	39.44%
Short-Term Debt	$ 0	0.00%	$ 0	0.00%	$ 0	0.00%	$ 0	0.00%
Total Equity	$ 2,068	57.91%	$ 2,156	59.20%	$ 2,333	59.11%	$ 3,383	60.56%
Total Capitalization	$ 3,571	100.00%	$ 3,642	100.00%	$ 3,946	100.00%	$ 5,586	100.00%

[3] Contains long-term debt net of unamortized issuance costs.

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 $6,145 million, including a contingency of $559 million;

ii. An equity ratio of 60.56% with a contingency range of +/- 15%, (resulting in an equity range of 51.48% to 69.64%);

iii. 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;

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

v. 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;

vi. 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;

vii. 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[4] and reaffirmed in subsequent Orders.

1. Total Capitalization

The Company requests a total capitalization of $6,145 million, including an approximate 10% contingency reserve of $559 million. The projected capitalization and contingency reserve are detailed below in Table 2.

Table 2: Projected Consolidated Capital Structure
June 30, 2021
($ Millions)

	Amount	Percentage
Long - Term Debt	$2,203	39.44%
Short - Term Debt	$ 0	0.00%
Total Equity	$3,383	60.56%
Projected Capitalization	$5,586	100.00%
Contingency	$ 559	
Total Request	$6,145	

The Company's requested capitalization of $6,145 million reflects significant construction and infrastructure development underway on the Company's system. Investment and spending for the utility system in 2020 and 2021 includes capital investments to meet safety, environmental, regulatory, and system reliability objectives.

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

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

continue reporting on the usage of the multi-year credit facility as initially required in the 2011 Capital Structure Order[5] 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.*
>
> 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.

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

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.[6]

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 and guarantees.

C. Equity Ratio Contingency Range

The Company requests an equity ratio contingency range of +/-15% around the total equity ratio of 60.56%. 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

[6] 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 2018. 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, and E015/S-19-170.

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 51.48% and at or below 69.64%) is approved. In addition, total equity ratios that exceed 69.64% or fall below 51.48% 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 69.64% or fall below 51.48%) 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 $559 million, representing an amount approximately 10% above $5,586 million (the Company's projected total consolidated capitalization). Any securities issuance that results in total consolidated capitalization below $6,145 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 $6,145 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, 2021, 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 2020 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
Regulatory Compliance Administrator
Minnesota Power
30 West Superior Street
Duluth, Minnesota 55802
(218) 355-3601
lhoyum@mnpower.com

David R. Moeller
Director Regulatory Compliance and Senior Attorney
Minnesota Power
30 West Superior Street
Duluth, Minnesota 55802
(218) 723-3963
dmoeller@allete.com

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 2020 through June 2021. With internally generated cash insufficient to fund the planned capital outlays, the Company will need to issue long-term debt, common 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 30-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, 2021.

Table 3: Projected Consolidated Capital Structure
June 30, 2021
($ Millions)

	Amount	Percentage
Long - Term Debt	$2,203	39.44%
Short - Term Debt	$ 0	0.00%
Total Equity	$3,383	60.56%
Projected Capitalization	$5,586	100.00%
Contingency	$ 559	
Total Request	$6,145	

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 $559 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 $589 million in net long-term debt and $1,050 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, 2019 and pro forma balance sheet.

Exhibit D to the Petition shows the income statement of the Company for the 12 months ended December 31, 2019, and pro forma income statement.

Exhibit E to the Petition shows the statement of cash flows of the Company as of December 31, 2019, 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 $589 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 Fortieth Supplemental Indenture was dated March 1, 2019, 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% has been assumed for the $589 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 $528 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) 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 $536.5 million.

3. Short-Term Debt

The best estimate of capital structure includes a minimal amount of short-term debt. 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 $922 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 3.75%.

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 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 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) 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, 5-year revolving credit facility in November 2013. In November, 2016, ALLETE extended this credit facility by 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. The amounts available under the credit facility provide liquidity in support of Minnesota Power's planned capital outlays in 2019 and 2020. 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 November 2020. 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 2020, but will most likely be amended 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 10 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, 2021 or the date at which the Commission issues a subsequent capital structure Order, and authorizing issuance of long-term debt, common stock, warrants, short-term debt, and guarantees, 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 13, 2020

Respectfully submitted,

Lori Hoyum

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

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

Patrick L. Cutshall, being first duly sworn, deposes and says that he is 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.

Patrick L. Cutshall

Subscribed and sworn to before me this

13th day of February, 2020.

Carla Spikberg
Notary Public

CARLA MARIE SPIKBERG
NOTARY PUBLIC - MINNESOTA
My Commission Expires Jan. 31, 2025

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. The amounts available under the credit facility provide liquidity in support of Minnesota Power's planned capital outlays in 2020 and 2021. 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. 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 the first and fourth quarter of 2019.

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	Fees [2]	Total Fees + Interest
2019						
January	$ 400,000,000	$ 23,225,806	3.685%	$ 73,574	$ 60,920	$ 134,494
February	400,000,000	50,642,857	3.714%	145,962	63,211	209,173
March	400,000,000	5,709,677	3.417%	16,802	67,378	84,180
April	400,000,000	-	0.000%	-	65,989	65,989
May	400,000,000	-	0.000%	-	67,378	67,378
June	400,000,000	-	0.000%	-	65,989	65,989
July	400,000,000	-	0.000%	-	84,600	84,600
August	400,000,000	-	0.000%	-	84,600	84,600
September	400,000,000	-	0.000%	-	80,711	80,711
October	400,000,000	-	0.000%	-	84,600	84,600
November	400,000,000	17,166,667	4.825%	68,079	82,655	150,733
December	400,000,000	67,096,774	4.825%	274,959	84,600	359,559
2019 Cost				$ 579,377	$ 892,628	$ 1,472,004
As a % of Credit Facility						**0.368%**

[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
January 30, 2020

I, Margaret A. Thickens, 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 January 30, 2020, 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 13th day of February, 2020.

Mgt A. Thickens
Secretary

February 13, 2020

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

Attention: Patrick Cutshall
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 13, 2020 (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;

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,

Margaret A. Thickens

bsc

ALLETE, Inc.
CONSOLIDATED BALANCE SHEET
DECEMBER 31, 2019 AND PRO FORMA
Thousands - Unaudited

	December 31, 2019	Adjustments	Pro Forma
ASSETS			
Current Assets			
Cash and Cash Equivalents	$69,282		$69,282
Accounts Receivable (Less Allowance)	96,427		96,427
Inventories - Net	72,780		72,780
Prepayments and Other	31,034		31,034
Total Current Assets	269,523		269,523
Property, Plant and Equipment - Net	4,376,991		4,376,991
Investments	244,888		244,888
Other Assets	591,383		591,383
Sub Total Assets	5,482,785		5,482,785
Net Change in Assets		1,613,906	1,613,906
TOTAL ASSETS	$5,482,785	$1,613,906	$7,096,691
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES			
Current Liabilities			
Accounts Payable	$165,157		$165,157
Accrued Taxes	50,762		50,762
Accrued Interest	18,132		18,132
Long-Term Debt Due Within One Year	212,943		212,943
Other Current Liabilities	60,386		60,386
Total Current Liabilities	507,380		507,380
Long-Term Debt	1,400,894	589,000	1,989,894
Deferred Income Taxes	212,761		212,761
Other Liabilities	1,026,088		1,026,088
Total Liabilities	3,147,123	589,000	3,736,123
SHAREHOLDERS' EQUITY			
Common Stock	1,436,698	528,000	1,964,698
Accumulated Other Comprehensive Loss	(23,564)		(23,564)
Retained Earnings	818,808	(39,617)	779,191
Total ALLETE Shareholders' Equity	2,231,942	488,383	2,720,325
Non-Controlling Interest in Subsidiaries	103,720	536,523	640,243
Total Shareholders' Equity	2,335,662	1,024,906	3,360,568
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$5,482,785	$1,613,906	$7,096,691

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

	Thousands	
Asset Additions	$1,613,906	
Cash		$1,613,906
To record the increase in asset additions.		
Cash	$528,000	
Common stock		$528,000
To record the sale of an estimated 7,542,857 shares of common stock at $70.00 per share.		
Retained earnings	$18,631	
Cash		$18,631
To record additional dividends on common stock at the current annual rate of $2.47.		
Cash	$589,000	
Long-term debt		$589,000
To record the sale of $589,000,000 of long-term debt, consisting of long-term bonds and bank loans at an estimated rate of 5.00%.		
Cash	$536,523	
Non-Controlling Interest		$536,523
To record the tax equity issuance		
Retained earnings	$20,986	
Cash		$20,986
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, 2019 AND PRO FORMA
In Thousands - Unaudited

	December 31, 2019	Adjustments	Pro Forma
OPERATING REVENUE	$1,240,478		$1,240,478
OPERATING EXPENSES			
Fuel, Purchased Power and Gas - Utility	390,701		390,701
Transmission Services - Utility	69,768		69,768
Cost of Sales - Non-utility	80,608		80,608
Operating and Maintenance	264,271		264,271
Depreciation and Amortization	201,976		201,976
Taxes Other than Income	53,371		53,371
Other	0		0
Total Operating Expenses	1,060,695		1,060,695
OPERATING INCOME	179,783		179,783
OTHER INCOME (EXPENSE)			
Interest Expense	(64,874)	(29,450)	(94,324)
Other	63,997		63,997
Total Other Income (Expense)	(877)	(29,450)	(30,327)
INCOME BEFORE NON-CONTROLLING INTEREST AND INCOME TAXES	178,906	(29,450)	149,456
LESS: INCOME TAX EXPENSE (BENEFIT)	(6,589)	(8,464)	(15,053)
NET INCOME	185,495	(20,986)	164,509
LESS: NON-CONTROLLING INTEREST IN SUBSIDIARIES	(106)		(106)
NET INCOME ATTRIBUTABLE TO ALLETE	$185,601	($20,986)	$164,615

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

	Thousands
Interest Expense Interest on an estimated $528,000,000 of long-term borrowing at an estimated 5.00% rate.	($29,450)
Income Tax Credit Decrease in federal income taxes as a result of increase in interest charges calculated at a 18.94% tax rate.	$5,578
Income Tax Credit Decrease in state income taxes as a result of increase in interest charges calculated at a 9.8% tax rate.	$2,886
Net adjustment (decrease)	($20,986)

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, 2019 AND PRO FORMA
Thousands - Unaudited

	December 31, 2019	Adjustments	Pro Forma
OPERATING ACTIVITIES			
Net Income	$185,495	($20,986)	$164,509
Allowance for Funds Used During Construction - Equity	(2,312)		(2,312)
Loss (Income) from Equity Investments, Net of Dividends	(5,646)		(5,646)
Pretax Loss (Gain) on Sale	(1,961)		(1,961)
Loss (Gain) on Sale of Investments and Property, Plant and Equipment	380		380
Depreciation Expense	200,633		200,633
Amortization of Power Purchase Agreements	(11,600)		(11,600)
Other Amortization	11,732		11,732
Amortization of Other Intangible Assets and Other Assets	1,343		1,343
Deferred Income Tax Expense	(6,721)		(6,721)
Share-Based and ESOP Compensation Expense	6,316		6,316
Defined Benefit Pension and Other Postretirement Benefit Expense	1,228		1,228
Provision for Interim Rate Refund	(40,011)		(40,011)
Provision for Tax Reform Refund	(10,402)		(10,402)
Bad Debt Expense	(125)		(125)
Pretax Loss (Gain) on Sale of Subsidiary	(23,638)		(23,638)
Changes in Operating Assets and Liabilities			
Accounts Receivable	22,633		22,633
Inventories	(4,116)		(4,116)
Prepayments and Other	253		253
Accounts Payable	(8,809)		(8,809)
Other Current Liabilities	(13,705)		(13,705)
Cash Contributions to Defined Benefit Pension Plans	(10,431)		(10,431)
Change in Fair Value of Contingent Consideration	(47)		(47)
Other Assets	(25,216)		(25,216)
Other Liabilities	(15,898)		(15,898)
Cash from Operating Activities	249,375	(20,986)	228,389
INVESTING ACTIVITIES			
Proceeds from Sale of Available-for-sale Securities	12,124		12,124
Payments for Purchase of Available-for-sale Securities	(12,158)		(12,158)
Equity Investments	(37,866)		(37,866)
Additions to Property, Plant and Equipment	(577,757)		(577,757)
Proceeds from Sale of Property, Plant and Equipment	2,886		2,886
Proceeds from Sale of Subsidiaries	268,586		268,586
Other Investing Activities	18,216		18,216
Acquisition of Assets	(19,278)	(1,613,906)	(1,633,184)
Cash for Investing Activities	(345,247)	(1,613,906)	(1,959,153)
FINANCING ACTIVITIES			
Proceeds from Issuance of Common Stock	1,847	528,000	529,847
Proceeds from Issuance of Long-Term Debt	201,947	589,000	790,947
Repayments of Long-Term Debt	(72,189)		(72,189)
Proceeds of Non-Controlling Interest	105,937	536,523	642,460
Acquisition-Related Contingent Consideration Payments	(3,813)		(3,813)
Other Financing Activities	(3,077)		(3,077)
Dividends on Common Stock	(121,377)	(18,631)	(140,008)
Cash for Financing Activities	109,275	1,634,892	1,744,167
CHANGE IN CASH AND CASH EQUIVALENTS	13,403	0	13,403
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	79,113		79,113
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$92,516	$0	$92,516

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

	Thousands
Net Income To record the decrease in net income by the adjustments shown on the income statement.	($20,986)
Asset Additions To record addtions to assets.	($1,613,906)
Issuance of Common Stock To record the sale of an estimated 7,542,857 shares of common stock at $70.00 per share.	$528,000
Issuance of Long-Term Debt To record the sale of $589,000,000 of long-term debt, consisting of long-term bonds and bank loans at an estimated rate of 5.00%.	$589,000
Issuance of Tax Equity To record the tax equity issuance	$536,523
Dividends on Common Stock To record additional dividends on common stock at the current annual rate of $2.47.	($18,631)

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

ALLETE, Inc.
FUNDED DEBT
As of DECEMBER 31, 2019

Class and Series	Date of Issue	Date of Maturity	Par Value	Secured By	Rate (%)	12 Months Ended Interest	Amount Outstanding
First Mortgage Bonds							
Series due 08/01/20	08/01/05	08/01/20	$35,000,000	MP Utility Property	5 28	$1,848,000	$35,000,000
Series due 03/01/36	03/01/06	03/01/36	50,000,000	MP Utility Property	5 69	2,845,000	50,000,000
Series due 02/01/27	02/01/07	02/01/27	60,000,000	MP Utility Property	5 99	3,594,000	60,000,000
Series due 05/01/23	05/14/08	05/01/23	75,000,000	MP Utility Property	6 02	4,515,000	75,000,000
Series due 01/15/19	01/15/09	01/15/19	42,000,000	MP Utility Property	8 17	122,929	0
Series due 04/15/21	02/17/10	04/15/21	15,000,000	MP Utility Property	4 85	727,500	15,000,000
Series due 04/15/25	02/17/10	04/15/25	30,000,000	MP Utility Property	5 10	1,530,000	30,000,000
Series due 04/15/40	02/17/10	04/15/40	35,000,000	MP Utility Property	6 00	2,100,000	35,000,000
Series due 10/15/25	08/17/10	10/15/25	30,000,000	MP Utility Property	4 90	1,470,000	30,000,000
Series due 04/15/40	08/17/10	04/15/40	45,000,000	MP Utility Property	5 82	2,619,000	45,000,000
Series due 07/15/26	07/02/12	07/15/26	75,000,000	MP Utility Property	3 20	2,400,000	75,000,000
Series due 07/15/42	07/02/12	07/15/42	85,000,000	MP Utility Property	4 08	3,468,000	85,000,000
Series due 10/15/28	04/02/13	10/15/28	40,000,000	MP Utility Property	3 30	1,320,000	40,000,000
Series due 10/15/43	04/02/13	10/15/43	60,000,000	MP Utility Property	4 21	2,526,000	60,000,000
Series due 03/15/24	03/04/14	03/15/24	60,000,000	MP Utility Property	3 69	2,214,000	60,000,000
Series due 03/15/44	03/04/14	03/15/44	40,000,000	MP Utility Property	4 95	1,980,000	40,000,000
Series due 07/15/44	06/26/14	07/15/44	40,000,000	MP Utility Property	5 05	2,020,000	40,000,000
Series due 07/15/22	06/26/14	07/15/22	75,000,000	MP Utility Property	3 40	2,550,000	75,000,000
Series due 09/15/21	09/16/14	09/15/21	60,000,000	MP Utility Property	3 02	1,812,000	60,000,000
Series due 09/15/29	09/16/14	09/15/29	50,000,000	MP Utility Property	3 74	1,870,000	50,000,000
Series due 09/15/44	09/16/14	09/15/44	50,000,000	MP Utility Property	4 39	2,195,000	50,000,000
Series due 09/15/20	09/24/15	09/15/20	40,000,000	MP Utility Property	2 80	1,120,000	40,000,000
Series due 09/16/30	09/24/15	09/16/30	60,000,000	MP Utility Property	3 86	2,316,000	60,000,000
Series due 04/16/48	04/16/18	04/16/48	60,000,000	MP Utility Property	4 07	2,442,000	60,000,000
Series due 03/1/29	03/01/19	03/01/29	70,000,000	MP Utility Property	4 08	2,380,000	70,000,000
Series due 03/1/49	03/01/19	03/01/49	30,000,000	MP Utility Property	4 47	1,117,500	30,000,000
Variable Demand Revenue Refunding Bonds							
Series 1997 A due 06/01/20	06/24/97	6/01/20	13,500,000	Unsecured	Variable	201,381	13,500,000
Industrial Revenue Bonds							
Collier County	07/05/06	10/1/25	27,800,000	Unsecured	Variable	426,357	27,800,000
Senior Unsecured							
Series due 06/01/27	06/01/17	06/01/27	80,000,000	Unsecured	3 11	2,488,000	80,000,000
Term Loan	08/25/17	08/25/20	110,000,000	Unsecured	Variable	1,489,313	110,000,000
Subsidiary and Other Obligations						1,616,732	112,537,031
Total Funded Debt - Continuing Operations						$61,323,712	$1,613,837,031
Total Interest Paid January 1, 2019 to December 31, 2019[1]						$63,547,546	-

[1] Different from amount above due to timing of interest payments

BRIEF DESCRIPTION OF COMPANY’S MORTGAGE AND DEED OF TRUST, INCLUDING THE FIRST THROUGH FORTIETH 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, and Andres Serrano respective successor trustees).

The Mortgage and Deed of Trust has been supplemented and amended by the First through Thirty-ninth 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, and the Fortieth Supplemental Indenture was dated as of March 1, 2019.

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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	35,000,000
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	75,000,000
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	15,000,000
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	60,000,000
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	75,000,000
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	60,000,000
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	40,000,000
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

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 51,678,681 shares were outstanding as December 31, 2019.

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.

ALLETE, Inc.
DIVIDENDS PAID IN LAST FIVE YEARS

	CALENDAR 2019	CALENDAR 2018	CALENDAR 2017	CALENDAR 2016	CALENDAR 2015
COMMON DIVIDENDS	$121,376,645	$115,028,418	$108,661,464	$102,662,259	$97,895,561
Paid Per Share	$2.3500	$2 2400	$2.1400	$2.0800	$2.0200
PREFERRED DIVIDENDS (1)	-				

(1) No preferred stock outstanding.

ALLETE, Inc.
CONSOLIDATED CASH FLOW - 2019 Actuals
Thousands - Unaudited

	Q1 2019	Q2 2019	Q3 2019	Q4 2019	2019
Cash Flows from Operating Activities					
Net Income	$70,536	$34,145	$31,234	$49,580	$185,495
AFUDC Equity	(586)	(744)	(533)	(449)	(2,312)
Loss (Income) from Equity Investments, Net of Dividends	(1,181)	(994)	(1,057)	(2,414)	(5,646)
Depreciation Expense	50,655	50,174	49,438	50,366	200,633
Deferred Income Tax Expense	2,618	(4,737)	(2,300)	(2,302)	(6,721)
Working Capital & Other Assets / Liabilities	(43,086)	(61,570)	4,286	(21,704)	(122,074)
Net Cash Provided by Operations	78,956	16,274	81,068	73,077	249,375
Cash Flows from Investing Activities					
Capital Expenditures	($80,482)	($157,265)	($170,432)	($202,795)	($610,974)
AFUDC Debt	(182)	(229)	(166)	(140)	(717)
Construction Payables	(1,117)	22,201	(14,776)	27,626	33,934
Proceeds from Sale of Subsidiaries	264,660	(415)	1,851	2,490	268,586
Changes to Other Investments	9,566	12,653	(649)	(468)	21,102
Other Investing Activities	(7,375)	(16,053)	(21,741)	(12,009)	(57,178)
Net Cash Used for Investing Activities	185,070	(139,108)	(205,913)	(185,296)	(345,247)
Cash Flows from Financing Activities					
Debt Proceeds (Net)	$55,364	($6,059)	$83,612	($4,125)	$128,792
Common Stock Proceeds	802	706	138	201	1,847
Dividends on Common Stock	(30,326)	(30,336)	(30,354)	(30,361)	(121,377)
Other Financing Activities	(3,815)	2	0	103,826	100,013
Net Cash provided by (used for) Financing Activities	22,025	(35,687)	53,396	69,541	109,275
Net Increase (Decrease) in Cash	**$286,051**	**($158,521)**	**($71,449)**	**($42,678)**	**$13,403**

ALLETE, Inc.
CONSOLIDATED CASH FLOW - 2020 Forecasted
Thousands - Unaudited

	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	2020
	TRADE SECRET DATA EXCISED												
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													
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													
Incremental Equity Tax/Minority/NCI													
Additional Equity													
Dividends													
Net Cash provided by (used for) Financing Activities													
Net Increase (Decrease) in Cash													

ALLETE, Inc.
CONSOLIDATED CASH FLOW - 2021 Forecasted
Thousands - Unaudited

	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	2021 YTD
	TRADE SECRET DATA EXCISED						
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							
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							
Additional Equity Issuance For Non Reg CapEx							
Dividends							
Net Cash provided by (used for) Financing Activities							
Net Increase (Decrease) in Cash							

ALLETE, Inc.
Projected Consolidated Sources and Uses of Funds
January 1, 2020 - June 30, 2021
($ Millions)

Sources of Funds:	2020 Total	6 Months Ending June 30, 2021
	TRADE SECRET DATA EXCISED	
Debt Issuances[1]	[redacted]	
Equity Issuances[2]		
Internal Cash Generation		
Decrease (Increase) in Cash Balances		
Total		
Uses of Funds:		
Regulated Utility Capital Expenditures		
Generation	$47	$26
Transmission	73	71
Distribution/Customer Service/Other	61	58
Total Regulated Utility Operations	$181	$155
	TRADE SECRET DATA EXCISED	
Non-Regulated Capital Expenditures[3]	[redacted]	
Total Capital Expenditures		
Construction Payables (Increase) Decrease	$87	($8)
Debt Maturities	213	16
Common Dividends[4]	134	72
	TRADE SECRET DATA EXCISED	
Total	[redacted]	

[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.
[4] Dividends shown assume the current quarterly dividend rate of 61.75 cents per share and are not intended to represent the actual dividends paid.

ALLETE Inc.
Non-Recurring Security Issuances
January 1, 2019 - December 31, 2019

Docket Number	Date	Type of Security	Amount of Issuance	Purpose
E015/S-18-155	March 1, 2019	ALLETE First Mortgage Bonds[1]	$100,000,000 from two series: $70,000,000 @ 4.08% due 2029 and $30,000,000 @ 4.47% due 2049 Included estimated issuance costs of $800,000	To fund utility capital investments and/or for general corporate purposes.
E015/S-18-155	August 14, 2019	Amended and Restated Term Loan Agreement[2]	$100,000,000 Included estimated issuance costs of $35,000	To fund general corporate purposes.

[1] The compliance filings for non-recurring security issuances contain estimated issuance costs. Actual issuance costs for the First Mortgage Bonds were $932,998.
[2] The compliance filings for non-recurring security issuances contain estimated issuance costs. Actual issuance costs for the Term Loan were $33,397.

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

	2019 Projections [b]	2019 Actuals	Variance	Projections as of February 15, 2020 [a]				
				2020	2021	2022	2023	2024
Generation [c]	35	44	9	47	51	24	17	30
Generation Total	**35**	**44**	**9**	**47**	**51**	**24**	**17**	**30**
Transmission								
Other Transmission Rider/Rider-Eligible [d]	127	117	(10)	26	-	-	-	-
Other [e]	38	21	(17)	47	141	217	147	37
Transmission Total	**165**	**138**	**(27)**	**73**	**141**	**217**	**147**	**37**
Distribution/Customer Service/Other [f]	47	47	-	53	52	59	70	60
Distribution Total	**47**	**47**	-	**53**	**52**	**59**	**70**	**60**
Other	2	3	1	8	64	72	164	25
South Shore Energy (NTEC)	**2**	**3**	**1**	**8**	**64**	**72**	**164**	**25**
Total Regulated Utility Operations	**249**	**232**	**(18)**	**181**	**308**	**372**	**398**	**152**
	TRADE SECRET DATA EXCISED							
Non-Regulated Capital Expenditures [g]		[redacted]						
Total Capital Expenditures								

a Amounts include AFUDC
b 2019 Projection amounts as reported in Minnesota Power's 2019 Capital Structure Filing (Docket No. E015/S-19-170)
c Includes costs related to ongoing generation upkeep
d Includes costs related to construction of the Great Northern Transmission Line
e Includes costs related to ongoing transmission upkeep and DC line upgrade
f Includes capital expenditures at Superior Water, Light & Power and ongoing distribution upkeep
g 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 2019 Projected Generation Capital Expenditures to the 2019 actual investment, the Company experienced variances mainly due to higher spend on unplanned projects and a slight increase on base generation maintenance projects.

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 take advantage of our geographical location between sources of renewable energy and end users. When comparing the 2019 Projected Transmission Capital Expenditures to the 2019 actual investment, the Company experienced lower spend mainly due to weather related delays, including delay of materials, as well as price related savings on construction contract work and materials. Also included was an $8 million credit due to a transfer of a Large Generator Interconnection Agreement (LGIA) as referenced in Docket No. E-015/AI-17-304.

Other Transmission Rider/Rider-Eligible expenditures include construction costs for the Great Northern Transmission Line (GNTL). The variance was mainly due to cost savings on contract work at the Warroad River site.

Distribution

Additional investment is planned for Minnesota Power's existing facilities to maintain and expand its system to address reliability. When comparing the 2019 Projected Distribution Capital Expenditures to the 2019 actual investment, the Company did not experience any significant variances.

Other

This includes planned investments at South Shore Energy, an ALLETE subsidiary, for construction at Nemadji Trail Energy Center (NTEC). When comparing the 2019 Projected Other Regulated Capital Expenditures to the 2019 actual investment, the Company did not experience any significant variances. Please note that the spend was previously recorded in the Non-Regulated Capital Expenditures section but is now recorded in the Regulated Capital Expenditures section for consistency with the Company's 10-K filing.

Non-Regulated Capital Expenditures

When comparing the 2019 Projected Non-Regulated Capital Expenditures to the 2019 actual investment, the Company experienced a variance due to the deferral of initiatives.

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

AFFIDAVIT OF SERVICE VIA ELECTRONIC FILING

Tiana Heger of the City of Duluth, County of St. Louis, State of Minnesota, says that on the 13th day of February, 2020, she served Minnesota Power's 2020 Capital Structure Petition on the Minnesota Public Utilities Commission and the Energy Resources Division via electronic filing. The persons on E-Docket's Official Service List for this Docket were served as requested.

Tiana Heger