

SETTLEMENT DECISION OPTION LIST

Compiled by Staff

October 3, 2025

DOCKET NUMBER	E-015/PA-24-198
ANALYSTS	Robert Manning, Godwin Ubani
DATE/TIME SUBMITTED	10/02/2025, 11:40 a.m.
TITLE	Compiled Settlement Decision Options
ATTACHMENT	No
SUBJECT	In the matter of the Petition of Minnesota Power for Acquisition of ALLETE by Canada Pension Plan Investment board and Global Infrastructure Partners

Staff note: This list compiles the decision options agreed to by ALLETE d/b/a Minnesota Power, Canada Pension Plan Investment Board, Global Infrastructure Management, the Minnesota Department of Commerce, Energy CENTS Coalition, IBEW Local 31, LIUNA Minnesota and North Dakota, North Central States Regional Council of Carpenters, the International Union of Operating Engineers Local 49, and other participants (collectively the “Resolving Parties”), through the July 11, 2025 Settlement Stipulation, September 24, 2025 Addendum to Settlement Stipulation, and September 30, 2025 Second Addendum to Settlement Stipulation.

Staff has compiled this list to help show the current, complete agreement of the Resolving Parties as their positions have evolved in parts through a series of documents. The filing of this demonstrative aid does not imply Staff endorsement of any particular decision options.

Staff Alternative Decision Option 5, introduced in the Comprehensive Decision Option List filed on October 3, 2025, incorporates all of the decision options listed below.

Approval or Denial of Proposed Transaction

5. Approve Minnesota Power’s Petition subject to the terms of the July 11, 2025 Settlement Stipulation, with the modified and additional conditions set forth below.

Modified and Additional Conditions

7. Require Minnesota Power to apply the modified return on equity agreed to in paragraph 1.14 of the Settlement Stipulation to reduce rates beginning with the first full month after close of the Acquisition and the Commission Order is final.
 - A. Require Minnesota Power, within 10 days of the order, to file an amended tariff with updated rate calculations and a customer notice bill insert for Commission approval.
 - B. Delegate authority to the Executive Secretary to approve the updated tariff and customer notice.

Resolving Parties Revised 8. Require Minnesota Power to file in this docket a ~~n annual-quarterly~~ report documenting any adjustments to the 5-year capital investment plan, with an explanation of why the adjustments are reasonable, prudent, and consistent with the goals of Settlement Stipulation Paragraphs 1.3–1.4 to ensure the availability of investment funds and the enforceability of the capital commitment. Further, require that Minnesota Power make an interim report, providing the same information, if there are any adjustments to the 5-year capital investment plan between annual reports.

10. Require ALLETE to file quarterly updates on the amount of residential arrears paid due to commitment in Paragraph 1.48 of the Settlement Stipulation. Additionally, require ALLETE to file a report when the commitment in Paragraph 1.48 of the Settlement Stipulation has been fulfilled, with sufficient detail for the Department and Commission to verify completion of this program.
11. Require ALLETE to file annual reporting on the Clean Firm Technology fund referenced in Paragraph 1.63 of the Settlement Stipulation, including sources of funding, total disbursements from the fund by project and FERC Account, and status of projects funded, until all projects financed entirely or partly by the Fund are completed, in service, and, if appropriate, included in rate base used to establish final rates in a Commission-approved rate case.

Other Compliance Filings

21. Require Minnesota Power to make a compliance filing, within 30 days of the order, identifying the full accounting of costs it incurred in negotiating the proposed transaction and in seeking regulatory approvals, including but not limited to the employee time spent in pursuing the acquisition.

Commissioner-Proposed Conditions

Tuma Revised Resolving Parties Revised Ham 23. Minnesota Power's rate of return on equity is capped at 9.78 percent (as approved in Docket No. E-015/GR-23-155) and Minnesota Power's equity ratio in its capital structure will be capped at 53.0 percent until December 31st, 2030.

This condition does not prohibit Minnesota Power from filing new rate cases or from proposing in rate cases what an ROE would be absent the temporary cap. The Commission may reduce the rate of return on equity by up to 100 basis points if it finds any significant violation of conditions imposed in this docket in addition to all other enforcement authorities granted in the Settlement Stipulation and Addendum and within the statutory authority of the Commission.

Resolving Parties Revised Ham 24. Until the end of fiscal year 2030, Allete shall file with the Minnesota Public Utilities Commission any and all relevant information required under Securities and Exchange Commission rules which were applicable when Allete was publicly traded. The Commission delegates authority to the Executive Secretary to approve or modify the Company's plan for compliance with this requirement, and such plan shall be filed with the Executive Secretary within 30 days after the close of the Acquisition.

Parties Revised Ham 25. ~~Allete shall undertake a~~ The Minnesota Department of Commerce ~~managed~~ shall be given the opportunity to review and approve the scope of work and review and ask questions related to the audit report of ALLETE's annual financial statement audit by an independent ~~third party~~ registered accounting firm, prior to the finalization of the audit report, to ensure that the audit will be (as to scope) and was (as to the audit report) conducted in accordance with auditing standards generally accepted in the United States of America ("US GAAS") until the end of fiscal year 2030. Allete shall pay the independent auditor directly for the cost of the audit. Allete shall file the result with the Minnesota Public Utilities Commission.

Ham New 26. Minnesota Power shall continue to comply with the conditions imposed by the April 26, 2002 Commission Order in Docket No. E-015/PA-01-539.

Resolving Parties Revised Sieben 27. In addition to any other commitments, Partners shall pay ~~\$75~~ \$50 million in bill credits to Minnesota Power, which MP shall distribute to customers by 2032 on an allocation and schedule to be approved by the Commission in a future proceeding. Within 30 days of the Order, MP shall file a plan assuring that this commitment is legally enforceable between MP and the Partners and irrevocable until fulfilled, even if the Partners sell the Company. The Commission delegates authority to the Executive Secretary to approve this plan if no party files an objection within 20 days of MP's filing. Additionally, MP shall file a proposal for distributing the bill credits either in its next rate case or in a petition by February 1, 2026, whichever is earlier.

Resolving Parties Combined Sieben 28/Partridge 38. MP shall consult with the Minnesota Department of Commerce and other participants in the IRP Docket before making the following filings, cross filed in this docket and in Docket No. E-015/RP-25-127 (the IRP Docket) within the timeframes set forth below unless such timeframes are modified in the IRP Docket. The Commission delegates authority to the Executive Secretary to modify the timelines:

- A. Within 90 days of the Order in this docket, MP shall file an alternative resource plan scenario, henceforth called the "Clean Firm Plan," that takes into account modifications made in this docket and accounts for Minn. Stat. § 216B.1691, subd. 2g (the Carbon-

Free Standard) in the most cost-effective manner possible. In the IRP docket, MP shall work with stakeholders to develop a Clean Firm Plan that will incorporate changed circumstances on account of the Stipulation and this Order. The Clean Firm Plan shall:

- i. Contemplate replacement and/or surplus use of the Boswell interconnection to achieve a lower emission scenario using the externality values that were updated in Docket No. E-999/CI-14-643.
 - ii. Minimize the size and capacity factor of natural gas resources.
 - iii. Be developed without the 750 MW of new combined-cycle natural gas resources proposed in Minnesota Power's IRP Docket while minimizing the risk of stranded assets for Minnesota Power customers.
 - iv. Include clean firm capacity to be funded by the \$50 million Clean Firm Fund commitment. The filing shall include details on how Minnesota Power plans to use the Fund including the size and type of the resource(s) to be developed, why the proposed resources are the best use of this Fund, in-service date(s) for proposed resources, and additional funding or financing sources being pursued, as applicable.
- B. The Clean Firm Plan shall be accompanied by a qualitative description of the scenario and its costs and benefits, as well as a quantitative analysis of how the scenario performs on the factors listed in Minnesota Rules part 7843.0500, subpart 3.
- C. As ordered in the 2023 IRP, Docket No. E-015/RP-21-33, Minnesota Power shall file in the current IRP Docket amended affiliated interest agreements and updated capacity dedication amounts for the Nemadji Trail Energy Center (NTEC), and parties may analyze whether that amount of NTEC capacity is in the public and ratepayer interest. Minnesota Power shall make the affiliated interest agreement filing by October 15, 2025 in the IRP Docket, and cross-file it in the NTEC affiliated interest agreement docket, No. E-015/AI-17-568.

Sieben New 29. The ALLETE Board shall consist of at least eight independent directors, at least three of whom must be from Minnesota.

Partridge Revised 30. Minnesota Power shall create a Long-term, Residential Energy Bill Mitigation Fund as follows, using \$10 million in funds provided by Alloy Parent that will be accounted for as a regulatory liability. The objective of the Long-term, Residential Energy Bill Mitigation Fund is to reduce space heating and cooling loads for eligible Minnesota Power electric customers. The Long-term, Residential Energy Bill Mitigation Fund is separate from, and additional to, Minnesota Power's Energy Conservation and Optimization portfolio, state weatherization programs, and the federal Weatherization Assistance Program.

- A. Alloy Parent shall make \$2 million installments to the Long-term, Residential Energy Bill Mitigation Fund annually, beginning January 1, 2026, until the \$10 million commitment is fulfilled. By January 10 of each year until the \$10 million commitment is fulfilled, Minnesota Power shall make a filing with the Commission confirming that the annual payment to the Long-term, Residential Energy Bill Mitigation Fund has been made.
- B. Alloy Parent and Minnesota Power shall complete all annual contributions to the Long-term, Residential Energy Bill Mitigation Fund totaling \$10 million no later than January 1, 2030.
- C. Neither contributions to the Long-term, Residential Energy Bill Mitigation Fund nor portions of an investment or project financed with the Fund are eligible for cost recovery from Minnesota ratepayers.
- D. Energy savings and the associated net benefits achieved through the Long-term, Residential Energy Bill Mitigation Fund are not eligible to be included in the calculation of Minnesota Power's Energy Conservation and Optimization utility financial incentive.
- E. Energy savings resulting from the Long-term, Residential Energy Bill Mitigation Fund may be achieved and expressed in electricity, natural gas, propane, or heating oil savings.
- F. The Long-term, Residential Energy Bill Mitigation Fund will only be used to support investments in weatherization, energy conservation, and electrification for Minnesota Power electric customers who qualify for low-income Energy Conservation and Optimization services, as determined by Minnesota Statutes § 216B.2402. Income-qualified multifamily buildings are also eligible for participation in the Long-term, Residential Energy Bill Mitigation Fund. Among eligible customers, Minnesota Power shall prioritize those who use delivered fuel for heating.
- G. The Long-term, Residential Energy Bill Mitigation Fund shall be used to install measures in the following categories: pre-weatherization, building envelope energy efficiency and air source heat pumps that can provide space heating and cooling.

Resolving Parties Revised Partridge 31. Minnesota Power shall work with the Department of Commerce ~~and other interested stakeholders~~ to develop and submit a plan to the Commission by June 1, 2026, detailing how it proposes to spend the Long-term, Residential Energy Bill Mitigation Fund for the subsequent three calendar years (2027 through 2029) and every three years thereafter until the fund is fully depleted. The plan may include workforce development initiatives, program administration, and complementary technologies for consideration by the

Commission. Where possible, the Company will leverage existing delivery channels to eliminate redundancies. The Commission shall approve, modify, or deny the plan.

- A. Minnesota Power shall submit an annual report each April 1, detailing Long-term, Residential Energy Bill Mitigation Fund achievements compared to forecast for the prior calendar year. The report shall include at least the following data for each program:
- i. Planned and actual spending
 - ii. Planned and actual participation
 - iii. Types and number of measures installed
 - iv. Planned and actual energy savings, expressed as kWh, Dth, or BTUs
 - v. Planned and actual kW demand reduction of additional participant, utility, and environmental benefits provided through the Long-term, Residential Energy Bill Mitigation Fund.

Resolving Parties Revised Partridge 32. The Partners and Minnesota Power shall continue to locate Minnesota Power's call center ~~staff, including Customer Care and Support Supervisors, Customer Care and Support Representatives, and Quality Assurance Specialists,~~ in Minnesota and maintain staffing levels of no less than 20-22 call center employees ~~(representing 10% below Minnesota Power's historic 5-year average Minnesota call center staffing levels)~~ for at least 10 years.

Resolving Parties Revised Partridge 34. Minnesota Power shall maintain internal expertise to provide high-quality utility service and continue to provide high-quality, Minnesota jobs. The Partners and Minnesota Power shall maintain employee staffing levels of no less than 10% below Minnesota Power's 5-year historic average employment levels (1,078 employees, as calculated based on Minnesota Power's response to IR 12) unless approved by the Commission ~~in a general rate case.~~

Partridge New 35. Minnesota Power shall continue to prioritize local, union labor whenever possible and shall require contractors and subcontractors to pay their workers prevailing wage.

Resolving Parties Revised Partridge 36. Modify Settlement Stipulation ¶ 1.58 as follows:

Minnesota Power nonunion employees will maintain the same or better position and compensation and benefits in aggregate for ~~two~~ five years following the close of the transaction ~~and all existing collective bargaining agreements will be honored.~~ This provision shall be subject to voluntary departures and terminations in the ordinary course and shall not apply to any nonunion employee who voluntarily agrees to a change in position or location. The Company acknowledges

IBEW Local 31's exclusive representation as identified in current collective bargain agreements and will continue to honor agreements as they are bargained.

Partridge New 37. Modify Settlement Stipulation ¶ 1.71 as follows:

The Partners and Minnesota Power acknowledge Minnesota Power's obligations under Minnesota's Carbon Free Standard Law and commit to support Minnesota Power with additional expertise and capital as necessary to enable Minnesota Power to comply with the Carbon Free Standard through implementation of Commission Orders, including in IRP and related dockets. ~~commit to efforts to achieve Minnesota's Carbon Free Standard with least cost pathways to compliance ultimately determined by the Commission in IRP and related dockets.~~

Resolving Parties Revised Tuma 39.

- A. Within 30 days after the order, the Company shall make a compliance filing identifying the full-time equivalent employee (FTE) count and the number of employees in each category or division of Minnesota Power such as ~~call center staff, billing, distribution system maintenance, power plant maintenance etc.~~ transmission and distribution, generation, and operations support services. The reporting shall identify how many FTEs are union versus nonunion and their work locations. The reporting shall identify contractor work hours related to the job classifications covered under the Company's current collective bargaining agreement. The Commission delegates authority to the Executive Secretary to approve the division classification made by Minnesota Power if no objection is filed by the Department or OAG within 14 days of the compliance filing. Additionally, Minnesota Power shall list the number of those employees with their primary work location in Minnesota and the number of FTEs presently unfilled at the time of the filing.
- B. The Company shall make compliance filings quarterly, on dates designated by the Executive Secretary or by the Commission ~~in a rate case order~~, reporting ~~the number of FTEs, unfilled FTEs, employees and their primary work location for the divisions identified~~ on the metrics identified in 39.A in the initial filing or modifications approved by the Commission.
- C. So long as Minnesota Power is owned by Alloy Parent or any successor company affiliated with Global Infrastructure Partners or Canada Pension Plan Investment Board, the Company may not reduce the identified FTE complement for ~~any of these divisions~~ each business area identified in Decision Option 39.A by more than 10 percent below Minnesota Power's 5-year historic average employment (as of the date of the Acquisition) or move the primary work location out of Minnesota ~~outside of a rate case~~ without prior Commission approval. The FTE count for each category and associated primary locations shall be reset with approval of the Commission ~~in future rate case orders~~.
- D. Upon filing a request to modify the FTE count in Minnesota or to relocate jobs to primary sites outside of Minnesota (unless it relates to a Company asset located outside of Minnesota) between rate cases, the Company must show such actions are reasonable,

prudent, will not reduce service quality, and are in the public interest. The Commission delegates authority to the Executive Secretary to approve the request if no objection is made by the Department or OAG and no request for further investigation is made by a Commissioner within 14 days of the filing of any such request.

Tuma New 41. Within 30 days after the order, the Company shall make a compliance filing identifying the “historical levels of economic development in the State of Minnesota” contemplated in the July 11, 2025 Settlement Stipulation at paragraph 1.66. The Commission delegates authority to the Executive Secretary to approve this base amount for future comparison if no objection is filed within 14 days of the compliance filing.

Resolving Parties’ Revised Tuma 42. Within 30 days after the order, the Company shall make a compliance filing identifying the base amount from which the affordability budget may not be reduced and showing the calculations used to determine that base amount, as contemplated in the July 11, 2025 Settlement Stipulation at paragraph 1.47. This shall be inclusive of any base budget changes determined through the current stakeholder process for the Customer Affordability of Residential Electricity (“CARE”) program under Docket No. E-015/M-11-409, pending Commission approval. The Commission delegates authority to the Executive Secretary to approve this base amount for future comparison if no objection is filed within 14 days of the compliance filing.

Resolving Parties’ Revised Tuma 43.

- A. Within ~~30~~ 60 days after the order, the Company shall make a compliance filing providing the specific details and tariff language modifications for the augmentation to the flat \$20 discount and Arrearage Forgiveness offering reducing residential arrears to pre-COVID-19 balances or lower as contemplated in the July 11, 2025 Settlement Stipulation at paragraph 1.48 after collaboration with the Commission’s Consumer Affairs Office, the Energy CENTS Coalition, and other interested stakeholders on the plan details. The Commission delegates authority to the Executive Secretary to approve the offering and tariff language if no objection is filed within 14 days of the compliance filing. (Resolving Parties)
- B. Within 90 days after the order or 30 days following the approval of tariff language in part A, whichever is later, the Company shall make a compliance filing providing a detailed work plan with specific time milestones for the ~~development implementation~~ of the additional similar flat \$20 discount and Arrearage ~~F~~orgiveness offering as contemplated in the July 11, 2025 Settlement Stipulation at paragraph 1.48 after collaboration with the Commission’s Consumer Affairs Office and the Energy CENTS Coalition, and other interested stakeholders on the ~~plan outreach~~ details for the plan determined in part A. The Commission delegates authority to the Executive Secretary to approve the stakeholder plan if no objection is filed within 14 days of the compliance filing.