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May 25, 2016

VIA ELECTRONIC FILING

Mr. Daniel P. Wolf, Executive Secretary
MN Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, MN 55101-2147

**RE: Minnesota Power's Petition for Approval of Affiliated Interests Between
ALLETE, Inc. and U.S. Water Services, Inc.
Docket No: E016/AI-16-_____**

Dear Mr. Wolf:

Please find attached for filing with the Minnesota Public Utilities Commission ("Commission") Minnesota Power's Petition for Approval of Affiliated Interests between ALLETE, Inc. and U.S. Water Services, Inc.

Yours truly,

A handwritten signature in black ink, appearing to read 'C. Anderson'.

Christopher D. Anderson

jmn
Attachments

STATEMENT REGARDING JUSTIFICATION FOR EXCISING
TRADE SECRET INFORMATION

Minnesota Power has excised material from this Petition because of the proprietary pricing information from its vendor. This is highly confidential; Minnesota Power's and its vendor's competitors would acquire valuable commercial and competitive information if this information were publicly available. Minnesota Power follows strict internal procedures to maintain the secrecy of this information.

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
Affiliate Interest Agreement Between
ALLETE and U.S. Water Services, Inc.

Docket No. E-016/AI-16-____
PETITION FOR APPROVAL

SUMMARY OF FILING

Minnesota Power files this affiliated interest Petition in order to obtain Minnesota Public Utilities Commission ("Commission") approval of the Alliance Agreement and associated documents (as described and included herein) that Minnesota Power has entered into with U.S. Water Services, Inc. ("USWS"). USWS is an affiliate of Minnesota Power's by virtue of a transaction that closed on February 10, 2015.

The Alliance Agreement and associated documents represent specialty chemical, equipment, and engineering services USWS will provide at Minnesota Power generating units or other utility plant or systems with the general goal of increasing water usage efficiency and/or capability, resulting in improved generation operations and regulatory or environmental compliance. A series of purchase orders will document the work performed by USWS, and annual reporting will both measure whether objectives have been met and provide the data necessary to measure prudence of costs incurred.

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

In the Matter of Minnesota Power's
Petition for Approval of
Affiliate Interest Agreement Between
ALLETE and U.S. Water Services, Inc.
Docket No. E-016/AI-16-____
PETITION FOR APPROVAL

I. Introduction

Minnesota Power files this affiliated interest Petition in order to obtain Minnesota Public Utilities Commission (“Commission”) approval of the Alliance Agreement and associated documents (as described and included herein) that Minnesota Power has entered into with U.S. Water Services, Inc. (“USWS”). The Alliance Agreement signifies USWS’ status as a business partner assisting in diagnosing and addressing Minnesota Power's industrial water usage requirements, and the document and its attachments govern existing and future purchase orders for USWS work at Minnesota Power generation stations (or other locations or needs). The Alliance Agreement provides the business partnership structure that governs the ongoing relationship between Minnesota Power and USWS as various projects are identified and pursued by the two companies, which will then be documented via mutually agreed-upon work scopes that estimate cost, benefits and measurement of success, with the benefits flowing to Minnesota Power ratepayers through cost savings and/or increased long-term efficiencies. This affiliate filing is intended to obtain Commission regulatory approval of the desired ongoing relationship between the parties.

USWS has established expertise in combining products and services in an integrated-solutions approach serving a variety of industries, and has developed a nation-wide footprint through organic growth and through acquisition of other smaller water solutions providers. USWS was founded in 1997 and is based in St. Michael, Minnesota. USWS has provided services to Minnesota Power generating stations for a number of

years. The parent company of USWS was acquired by ALLETE on February 10, 2015 as part of ALLETE's long-term goal of diversifying its business base through energy-centric businesses.¹ USWS' business model is described in greater detail in Section II of this Petition.

II. An Introduction to USWS

USWS was founded in 1997 and has developed into a nationwide company serving the water, energy, and process needs of a variety of businesses – from small industry to Fortune 500 companies. The USWS business model can be summarized at its highest level as providing integrated water management solutions for all types of business operations. This is accomplished by combining engineering, equipment, chemicals, and services in order to discover and apply optimal solutions for water, energy, process, and compliance issues faced by its industrial customers. The primary industries served by USWS include agriculture; biofuels; commercial facilities and data centers; education and higher learning; food and beverage; healthcare; oil and gas; and the power and utility sector.

USWS provides not only traditional chemical water treatment, but also equipment production, engineering services and equipment services. USWS engineers apply industry knowledge and experience through an integrated approach designed to optimize the mechanical, chemical and operational challenges faced to enhance overall plant profitability and work to find the optimal solution for each customer's unique water, energy and compliance needs. As a result, USWS is more than merely a commodity provider.

¹ A complete organization chart of ALLETE is attached as Exhibit A. Minnesota Power's diversification strategy into complementary energy-centric businesses has been consistently communicated in capital structure filings since the spin-off of the ADESA auto auction in 2004; the USWS acquisition, along with the development and growth of ALLETE Clean Energy, are the results of that diversification effort. With respect to the requirements of Minnesota Statute Sections 216B.48, 216B.49 and 216B.50, because the USWS acquisition was compliant with the Company's capital structure requirements, because no new affiliate or administrative services requirements resulted from the transaction, and because the USWS operations in the state consisted of neither utility plant nor operating unit under Commission precedent or statute, or rules and regulations, the Alliance Agreement has become the first Commission-jurisdictional activity of USWS and Minnesota Power.

USWS has been a service provider to Minnesota Power prior to ALLETE's acquisition of its parent company. The spreadsheet attached as Exhibit B provides the three year period of Minnesota Power's prior purchase order activity for USWS services to show the nature of the relationship prior to the business being acquired by ALLETE in early 2015. Any information regarding the projects represented by the identified purchase orders is available on a trade secret basis if any stakeholder has questions.

III. The Affiliated Interests Between ALLETE and USWS

Minnesota Power and USWS have entered into a series of purchase orders since February 10, 2015 – the date ALLETE acquired the USWS parent company. In a parallel negotiation, Minnesota Power and USWS representatives met to negotiate an Alliance Agreement. An Alliance Agreement is a special agreement Minnesota Power enters into with certain vendors, signifying a special relationship between the two companies; it is an agreement to work together on a specific project or series of projects of a similar kind or nature. The Alliance Agreement removes the need to negotiate terms and conditions on a project by project (or purchase order by purchase order) basis. Instead, those terms are negotiated upfront and become part of the alliance agreement and govern the series of work performed by the vendor. From the vendor's perspective, the Alliance Agreement means that Minnesota Power looks to the vendor to perform work in certain circumstances. An example is the alliance that Minnesota Power has with Lakehead Construction – which has employees available and onsite for Minnesota Power to supplement staff in extreme workload conditions in the event of outages or other projects at Minnesota Power generating units. The vendor has an idea of upcoming work that will require dedicated staff. From Minnesota Power's perspective, while the utility is not required to use the vendor for projects, the Company has comfort that the vendor can be called upon to perform work in situations where the need may develop on short-term or rush basis. In addition, efficiencies are realized since the vendor is familiar with and knowledgeable about Minnesota Power operations and facilities. Minnesota Power

addresses key pricing terms through provisions that capture benefits for its ratepayers. (In the USWS Alliance Agreement, these features are set forth in Section 6.)

Alliance Agreements are negotiated with a variety of vendors with whom Minnesota Power has special relationships – entered into either to arrange vendor services for the duration of certain specific projects, or to capture the unique capabilities a vendor offers in comparison to other vendors or specific products and services. In this case, pricing terms have been developed to capture cost savings that will benefit Minnesota Power and not be retained by USWS. This helps address the Commission’s concern that the work scope of the USWS Alliance is not being competitive bid. In addition, the unique nature of USWS’ integrated approach to water system needs makes competitive bidding difficult (if not impossible) because the work is neither strictly commodity or service based – it combines both with a unique engineered-solutions approach.

Exhibit C provides a listing of current Alliance Agreements in effect at Minnesota Power (with one in effect for its sister subsidiary Superior Water Light and Power). Any of the underlying agreements listed on Exhibit C can be provided to illustrate the general nature of alliance agreements, though they must be reviewed in the context of being negotiated at different times, with divergent entities for differing business purposes.

The Minnesota Power / USWS Alliance Agreement (attached as Exhibit D) features a series of contract documents entered into and agreed upfront:

- Overall terms and conditions governing work performed by USWS
- General conditions governing any major supply agreement issued by Minnesota Power – in this case, because installation of specialized equipment may take place, as well as providing chemicals, along with the possible implementation of unique process improvement plans.
- Chemical services terms and conditions to address commodity provision, pricing and responsibilities.

- Engineering services terms and conditions since standard or specialized equipment may be installed at Minnesota Power by USWS engineers.
- A specific statement of work for water treatment equipment, specialty chemicals, and engineering services.
- All purchase orders are intended to serve as attachments to and part of the Alliance Agreement.
- The USWS business continuity plan is included to assure Minnesota Power of how emergency events would affect USWS' ongoing provision of services.

The remainder of the terms and conditions of the Alliance Agreement include the following highlights:

- The initial term is through September 30, 2018 -- with allowance for two 1-year extensions at Minnesota Power's option.
- Minnesota Power has the right to terminate the Alliance Agreement both for its unilateral convenience or if USWS defaults. (Minnesota Power may terminate any individual purchase order without affecting other purchase orders or the Alliance Agreement itself.)
- Pricing is set forth in Section 6 of the Alliance Agreement. (Due to competitive issues, this section of the Alliance Agreement has been designated as Trade Secret.)
 - In summary, pricing will be reviewed on an annual basis; a price index will be followed for specialty chemicals and consumable equipment after joint review and mutual agreement (with price reductions via the formula passed back to Minnesota Power annually without further review); USWS will absorb the first 3% in price increases occurring outside the annual pricing review process; all costs will be transparent and auditable on a quarterly or annual basis; incentives and rebates from USWS suppliers will be passed on to Minnesota Power; and any service or commodity subject to bidding may have its margin adjusted.
 - Price escalations will be managed, monitored, and substantiated by USWS and shall be annually reviewed to ensure that pricing is competitive.

- Pricing is subject to a “most favored nations” clause in that Minnesota Power will not incur prices less favorable than any other contractor for the same or similar goods in the same or similar geography and of similar size.
- Minnesota Power purchase orders govern the acquisition of any good or service from USWS.
- Exhibit A-1 to the Alliance Agreement is the General Terms and Conditions for a major supply agreement (for work requiring installation services) which comprise more thorough contract terms similar to standard contract terms like those found in AIA forms (or other standards agreements) .
- Exhibit A-2 contains detailed terms governing the supply of chemicals.
- Exhibit A-3 provides contract terms governing engineering services.
- Exhibit B is the Statement of Work specifically addressing water treatment equipment, specialty chemicals and engineering services provided by USWS.

With the Alliance Agreement and its attachments as a backdrop, Minnesota Power has entered into a series of purchase orders or project proposals with USWS governing specific work projects. The listings of those twelve (12) purchase orders and eleven (11) project proposals are attached as Exhibit E, and the actual executed Purchase Orders and project proposals are attached as Exhibit F (which Exhibit is Trade Secret in its entirety).

Using the November 9, 2015 Boswell Unit 3 Condenser Chlorine Trial document (identified on Exhibit G) as an example, that report identifies an Objective; provides Background information and proposed Procedures; identifies a listing of specific action items and their proposed effects; and ends in a Conclusion identifying a desired result. Appendices to the report identify the equipment and material cost budget, along with the technical study objectives.

Considering this Boswell Unit 3 Trial as a representative example, the Commission can expect that each project proposal that will ultimately result in a purchase order that will outline an issue that Minnesota Power and USWS have jointly agreed

requires attention, will identify the propose steps to address the issue and the objectives the work scope seeks to achieve, and outlines the estimated price such steps will incur to achieve the objective. At the conclusion of each project a similar written report will analyze the action steps taken and whether the objective was achieved.

Taking this process a step further for purposes of appropriate regulatory review and the Commission’s ongoing jurisdiction over this affiliated interest agreement, Minnesota Power proposes that an annual compliance filing will list and supply the project scope papers and underlying purchase orders entered into during the prior calendar year, along with any completed post-project reports analyzing whether the project objectives were achieved.² This will create a written record of the projects and their supporting documentation for use in future rate proceedings – in order to measure the prudence of the costs incurred and the reasonableness of those costs that will be ultimately borne by ratepayers. In addition, any material changes to the Alliance Agreement and its supporting documents (such as price adjustments) can be tracked and provided to the Commission in this annual compliance filing.

IV. Procedural Matters

A. General Filing Information

Pursuant to Minn. rule 7829.1300, Minnesota Power provides the following required general filing information.

1. Summary of Filing (Minn. Rule 7829.1300, subp.1)

A one-paragraph summary accompanies this Petition.

2. Service on Other Parties (Minn. Rule 7829.1300, subp. 2)

Pursuant to Minn. Stat. §216.17, subd. 3 and Minn. Rules 7829.1300, subp. 2, Minnesota Power eFiles the Petition on the Minnesota Department of Commerce – Division of Energy Security and the Antitrust and Utilities Division of the Office of Attorney General. A summary of

² Minnesota Power proposes that this annual compliance filing be due by March 1 of each year – reporting on the prior year’s 1) project scope documents and 2) reports on projects completed. Projects not yet completed within the calendar year will be identified for tracking purposes.

the filing prepared in accordance with Minn. Rules 7829.1300, subp. 1 is being served on Minnesota Power's general service list.

3. Name, Address and Telephone Number of Utility (Minn. Rule 7829.1300, subp. 4(A))

Minnesota Power
30 West Superior Street
Duluth, MN 55802
(218) 722-2641

4. Name, Address and Telephone Number of Utility Attorney (Minn. Rule 7829.1300, subp. 4(B))

Christopher D. Anderson
Associate General Counsel
Minnesota Power
30 West Superior Street
Duluth, MN 55802
(218) 723-3961
canderson@allete.com

5. Date of Filing and Date Proposed Rate Takes Effect (Minn. Rule 7829.1300, subp. 4(C))

Minnesota Power makes this filing on May 25, 2016. There is no requested effective date.

6. Statute Controlling Schedule for Processing the Filing (Minn. Rule 7829.1300, subp. 4(D))

There is no statute controlling for this Petition. This Petition falls within the definition of a "Miscellaneous Tariff Filing" under Minn. Rules 7829.0100, subp. 11 and 7829.1400, subps. 1 and 4 permitting comments in response to a miscellaneous filing to be filed within 30 days, and reply comments to be filed no later than 10 days thereafter.

7. Utility Employee Responsible for Filing (Minn. Rule 7829.1300, subp. 4(E))

Herbert G. Minke
Director - Energy Policy and Regulation
Minnesota Power
30 West Superior Street
Duluth, MN 55802
(218) 723-3919
hminke@mnpower.com

8. Impact on Rates and Services (Minn. Rule 7829.1300, subp. 4(F))

This request will have no immediate effect on Minnesota Power's base rates. Should the affiliated agreements be approved, the work performed by USWS would comprise future operating and maintenance expenses eligible for recovery in future rate cases.

9. Service List (Minn. Rule 7829.0700)

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Minnesota Power
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canderson@allete.com

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Regulation
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V. Affiliate Interest Requirements

The following information is provided pursuant to the September 14, 1998 Order Initiating Repeal of Rule, Granting Generic Variance, and Clarifying Internal Operating Procedures in Docket Number E, G999/CI-98-651:

A. A heading that identifies the type of transaction.

The transaction is an Alliance Agreement and a series of purchase orders entered into between Minnesota Power and USWS.

B. The identity of the affiliated parties in the first sentence.

The affiliated parties under this Petition are Minnesota Power (a Minnesota utility and an operating division of ALLETE, Inc.) and U.S. Water Services, Inc., a wholly owned subsidiary of ALLETE, Inc. (See Exhibit A for a corporate organizational chart of ALLETE, Inc.)

C. A general description of the nature and terms of the agreement, including the effective date of the contract or arrangement and the length of the contract or arrangement.

Please refer to Section III of this Petition for the general description of the nature and terms of the Alliance Agreement. The Alliance Agreement was

entered into on April 25, 2016 with an initial term through September 30, 2018. Individual purchase orders for projects will be entered into during the term of the Alliance Agreement, and Minnesota Power proposes an annual compliance filing process to update the Commission on the new purchase orders entered into between the parties not otherwise listed in this Petition.

D. A list and the past history of all current contracts or agreements between the utility and the affiliate, the consideration received by the affiliate for such contracts or agreements, and a summary of the relevant cost records related to these ongoing transactions.

Prior to the February 10, 2015 acquisition of USWS by ALLETE, Inc., USWS had been an existing vendor supplying commodity services to Minnesota Power generating facilities. A list of purchase orders Minnesota Power entered into from January, 2012 through December, 2015 with USWS is attached as Exhibit B to show the nature of the relationship prior to the acquisition of USWS. The spreadsheet provides the consideration or amount of each purchase order. Further information regarding these cost records, the purchase orders, or any other supporting documentation can be obtained upon request.

E. A descriptive summary of the pertinent facts and reasons why such contract or agreement is in the public interest.

The Alliance Agreement and the underlying purchase orders are in the public interest for a variety of reasons. The Alliance Agreement signifies a strong business arrangement with upfront negotiated terms and conditions, paving the way for the actual work of addressing Minnesota Power's unique industrial water needs quickly and efficiently. Minnesota Power has negotiated a favorable contract in terms of pricing over the term, and retains the right to both obtain the benefit of price reductions or rebates and/or exit the Alliance upon notice. USWS and Minnesota Power are

committed to working together to justify the scope and cost of potential projects upfront through an agreed-upon scope of work, with the estimated cost and the criteria to determine and measure success established upfront and measured after the fact. Most importantly, Minnesota Power's ratepayers are protected because the purchase orders under the Alliance will be documented and reported to the Commission annually, with an established record measuring projected and actual costs.

F. The amount of compensation and, if applicable, a brief description of the cost allocation methodology or market information used to determine cost or price.

The amount of compensation of each purchase order will be agreed to upfront by Minnesota Power and USWS, and will be submitted and available to the Commission for review during the annual compliance process.

With respect to pricing in general, Minnesota Power believes the terms of pricing under the Alliance Agreement are very favorable in terms of protection from cost increases and capturing of cost reductions in the raw materials and services provided by USWS. The terms of Section 6.1 – 6.3 of the Alliance document clearly show how pricing is arrived at and how it will be adjusted to account for the changes described above.

G. If the service or good acquired from an affiliate is competitively available, an explanation must be included stating whether competitive bidding was used and, if it was used, a copy of the proposal or a summary must be included. If it is not competitively bid, an explanation must be included stating why bidding was not used.

The purchase orders entered into with USWS under the Alliance Agreement have not been subject to competitive bidding, and future work made pursuant to project proposals will also not be subject to competitive bid. The primary reason is that the work represented by the purchase orders and proposals have been the result of comprehensive analysis performed by USWS to address specific process improvements that have

been identified and brought forward to Minnesota Power. Unlike standard commodity pricing quotes or standardized general operations and maintenance work, the solutions brought forward by USWS are specialized and unique. Minnesota Power would not bid such work out if provided by any other entity due to its comprehensive and proprietary nature unique to that specific vendor. Despite the absence of competitive bidding, as noted in Section III above, the Alliance Agreement has been negotiated to obtain favorable pricing (including the “favored nations” clause) and other general contract terms and conditions in order to account for the fact that services and products provided by USWS will not be subject to competitive bid. In addition, Minnesota Power is not required or contractually committed in any way to use USWS for any project; nor is Minnesota Power required to pursue a project to completion even if it is scoped and analyzed by USWS. Further, because cost recovery of any purchase order completed under the Alliance is subject to review either via the compliance process or through a general rate case, both parties are incentivized to seek cost effective solutions or Minnesota Power faces the potential that recovery of costs in rates will not be granted. As a result, while competitive bidding will not be used in this case, the protections and incentives of the competitive bid process have been captured by the terms of the Alliance Agreement and the annual compliance process.

H. If the arrangement is in writing, a copy of that document must be attached.

A copy of the Alliance Agreement with USWS is attached as Exhibit D, as are the current purchase orders and project proposals (included in Exhibit F which are Trade Secret attachments in their entirety).

I. Whether, as a result of the affiliate transaction, the affiliate would have access to customer information, such as customer name, address, usage, or demographic information.

USWS has not and will not have any access to Minnesota Power's customer information or demographic information as a result of these agreements. Such information is not required in the course of performance under the Alliance Agreement or the individual purchase orders.

J. The filing must be verified.

A verification of this Petition is attached hereto as Exhibit H.

VI. Conclusion

Minnesota Power respectfully requests Commission approval of the Alliance Agreement, along with the current and future purchase orders entered into under the authority thereof. The terms of the Alliance Agreement and the proposed compliance protocol are beneficial to Minnesota Power ratepayers and satisfy the Commission's public interest standard.

Dated: May 25, 2016

Respectfully submitted,



Christopher D. Anderson
Associate General Counsel
Minnesota Power
30 W. Superior Street
Duluth, MN 55802

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

AFFIDAVIT OF SERVICE VIA
ELECTRONIC FILING

Jodi Nash of the City of Duluth, County of St. Louis, State of Minnesota, says that on the 25th day of May, 2016, she served Minnesota Power's Petition for Approval of Affiliated Interests between ALLETE, Inc. and U.S. Water Services, Inc. on the Minnesota Public Utilities Commission and the Office of Energy Security via electronic filing. All other parties were served as noted on the attached Service List.



Jodi Nash

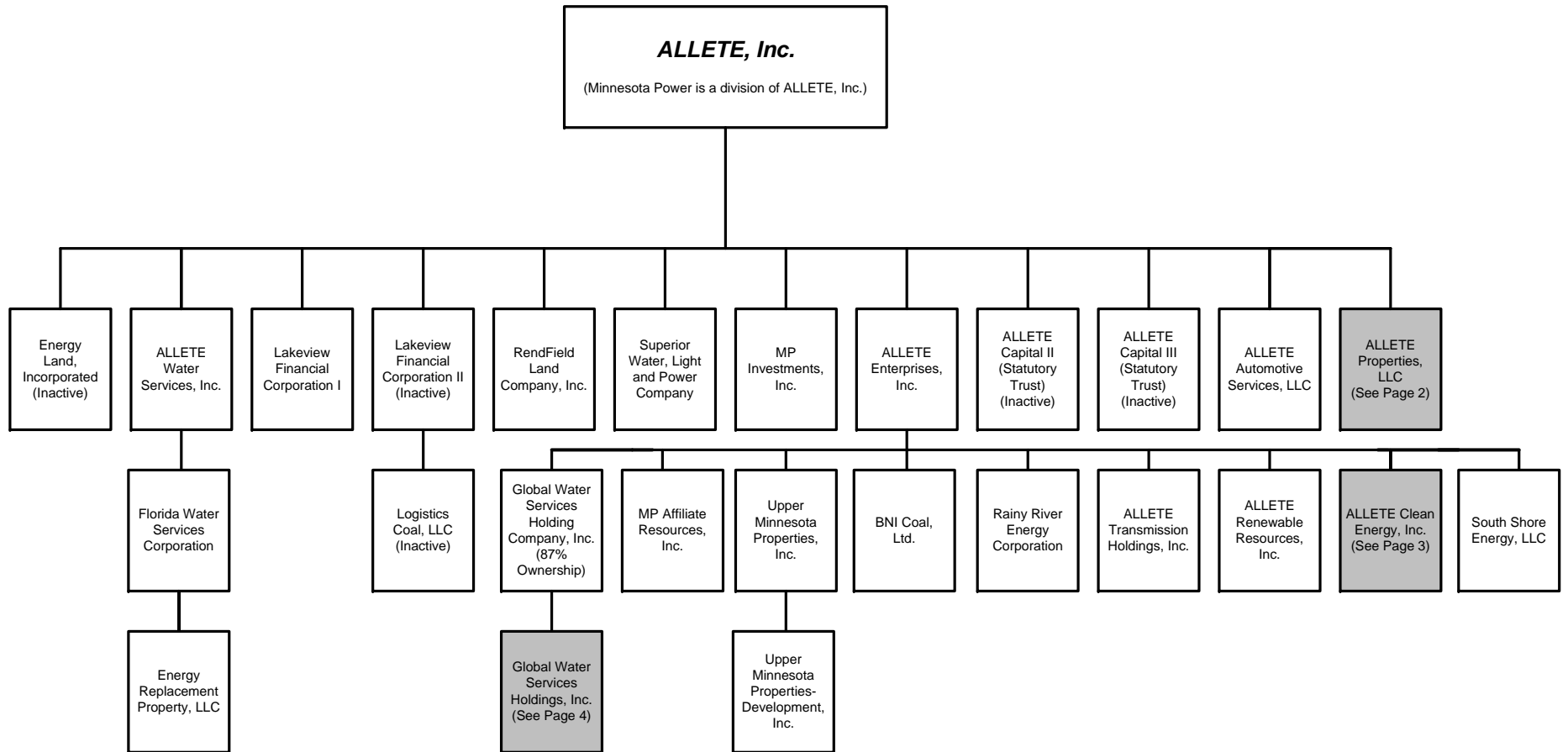
First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Julia	Anderson	Julia.Anderson@ag.state.mn.us	Office of the Attorney General-DOC	1800 BRM Tower 445 Minnesota St St. Paul, MN 551012134	Electronic Service	Yes	GEN_SL_Minnesota Power_Minnesota Power General Service List
Christopher	Anderson	canderson@allete.com	Minnesota Power	30 W Superior St Duluth, MN 558022191	Electronic Service	Yes	GEN_SL_Minnesota Power_Minnesota Power General Service List
Emma	Fazio	emma.fazio@stoel.com	Stoel Rives LLP	33 South Sixth Street Suite 4200 Minneapolis, MN 55402	Electronic Service	No	GEN_SL_Minnesota Power_Minnesota Power General Service List
Sharon	Ferguson	sharon.ferguson@state.mn.us	Department of Commerce	85 7th Place E Ste 500 Saint Paul, MN 551012198	Electronic Service	Yes	GEN_SL_Minnesota Power_Minnesota Power General Service List
Margaret	Hodnik	mhodnik@mnpower.com	Minnesota Power	30 West Superior Street Duluth, MN 55802	Electronic Service	No	GEN_SL_Minnesota Power_Minnesota Power General Service List
Lori	Hoyum	lhoyum@mnpower.com	Minnesota Power	30 West Superior Street Duluth, MN 55802	Electronic Service	No	GEN_SL_Minnesota Power_Minnesota Power General Service List
Michael	Krikava	mkrikava@briggs.com	Briggs And Morgan, P.A.	2200 IDS Center 80 S 8th St Minneapolis, MN 55402	Electronic Service	No	GEN_SL_Minnesota Power_Minnesota Power General Service List
Douglas	Larson	dlarson@dakotaelectric.com	Dakota Electric Association	4300 220th St W Farmington, MN 55024	Electronic Service	No	GEN_SL_Minnesota Power_Minnesota Power General Service List
James D.	Larson	james.larson@avantenergy.com	Avant Energy Services	220 S 6th St Ste 1300 Minneapolis, MN 55402	Electronic Service	No	GEN_SL_Minnesota Power_Minnesota Power General Service List
John	Lindell	agorud.ecf@ag.state.mn.us	Office of the Attorney General-RUD	1400 BRM Tower 445 Minnesota St St. Paul, MN 551012130	Electronic Service	Yes	GEN_SL_Minnesota Power_Minnesota Power General Service List
Susan	Ludwig	sludwig@mnpower.com	Minnesota Power	30 West Superior Street Duluth, MN 55802	Electronic Service	No	GEN_SL_Minnesota Power_Minnesota Power General Service List

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Pam	Marshall	pam@energycents.org	Energy CENTS Coalition	823 7th St E St. Paul, MN 55106	Electronic Service	No	GEN_SL_Minnesota Power_Minnesota Power General Service List
Herbert	Minke	hminke@allete.com	Minnesota Power	30 W Superior St Duluth, MN 55802	Electronic Service	No	GEN_SL_Minnesota Power_Minnesota Power General Service List
David	Moeller	dmoeller@allete.com	Minnesota Power	30 W Superior St Duluth, MN 558022093	Electronic Service	Yes	GEN_SL_Minnesota Power_Minnesota Power General Service List
Andrew	Moratzka	apmoratzka@stoel.com	Stoel Rives LLP	33 South Sixth Street Suite 4200 Minneapolis, MN 55402	Electronic Service	No	GEN_SL_Minnesota Power_Minnesota Power General Service List
Jennifer	Peterson	jjpeterson@mnpower.com	Minnesota Power	30 West Superior Street Duluth, MN 55802	Electronic Service	No	GEN_SL_Minnesota Power_Minnesota Power General Service List
Susan	Romans	sromans@allete.com	Minnesota Power	30 West Superior Street Legal Dept Duluth, MN 55802	Electronic Service	No	GEN_SL_Minnesota Power_Minnesota Power General Service List
Thomas	Scharff	thomas.scharff@newpagecorp.com	New Page Corporation	P.O. Box 8050 610 High Street Wisconsin Rapids, WI 544958050	Electronic Service	No	GEN_SL_Minnesota Power_Minnesota Power General Service List
Ron	Spangler, Jr.	rlspangler@otpc.com	Otter Tail Power Company	215 So. Cascade St. PO Box 496 Fergus Falls, MN 565380496	Electronic Service	No	GEN_SL_Minnesota Power_Minnesota Power General Service List
Eric	Swanson	eswanson@winthrop.com	Winthrop Weinstine	225 S 6th St Ste 3500 Capella Tower Minneapolis, MN 554024629	Electronic Service	No	GEN_SL_Minnesota Power_Minnesota Power General Service List
Karen	Turnboom	karen.turnboom@newpagecorp.com	NewPage Corporation	100 Central Avenue Duluth, MN 55807	Electronic Service	No	GEN_SL_Minnesota Power_Minnesota Power General Service List

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Daniel P	Wolf	dan.wolf@state.mn.us	Public Utilities Commission	121 7th Place East Suite 350 St. Paul, MN 551012147	Electronic Service	No	GEN_SL_Minnesota Power_Minnesota Power General Service List

EXHIBIT A

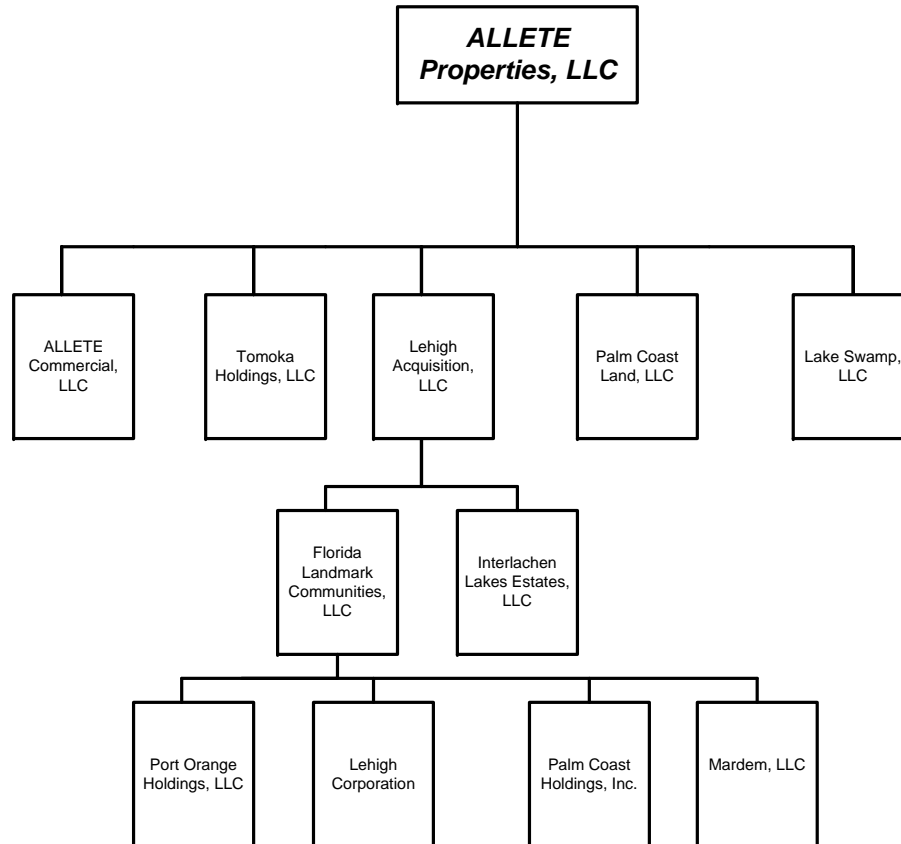
ALLETE, Inc. Legal Organization Chart



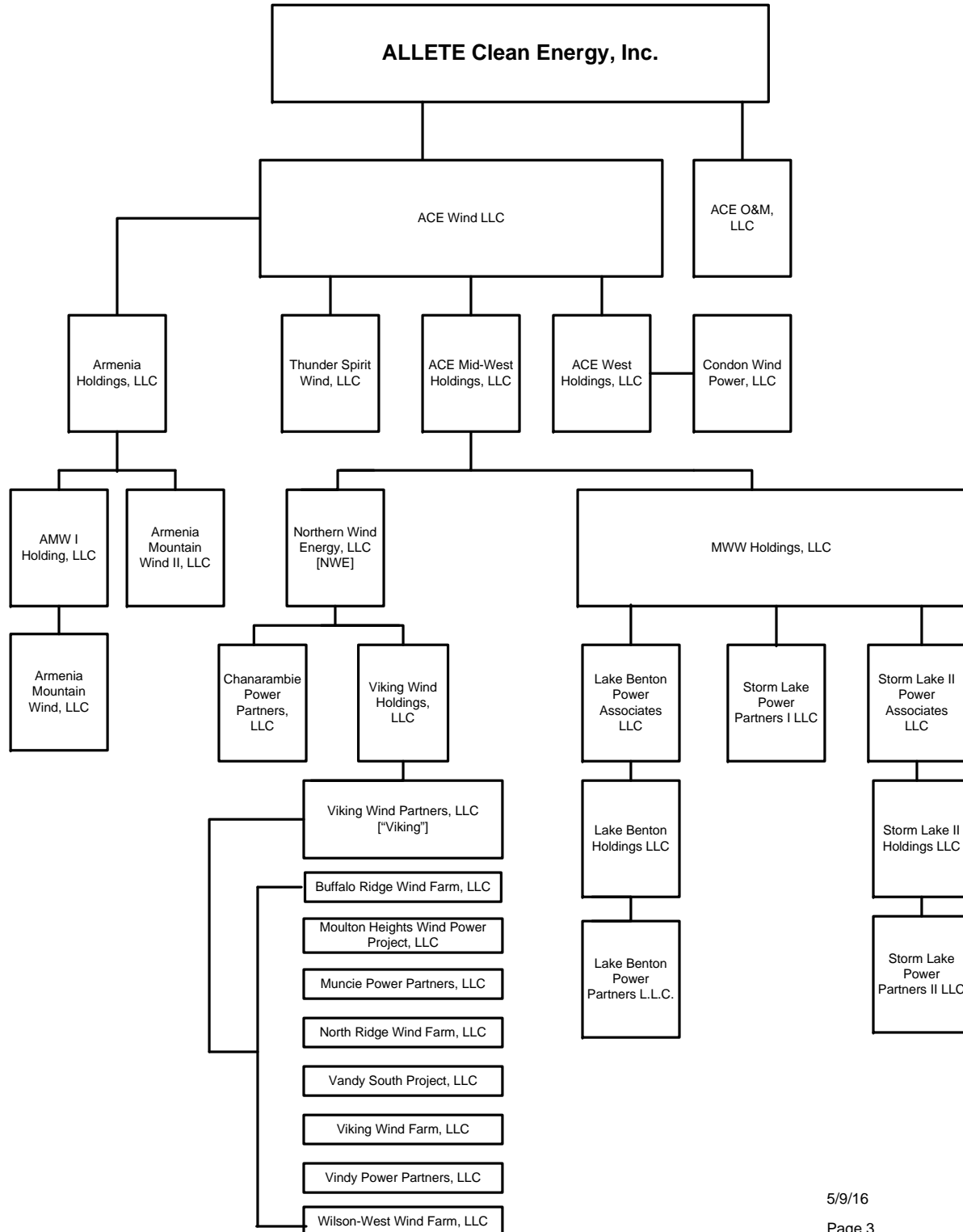
5/9/16

South Shore Energy, LLC formed under ALLETE Enterprises, Inc. on 1/5/16

ALLETE, Inc.
ALLETE Properties, LLC
Legal Organization Chart



ALLETE, Inc. ALLETE Clean Energy, Inc. Legal Organization Chart



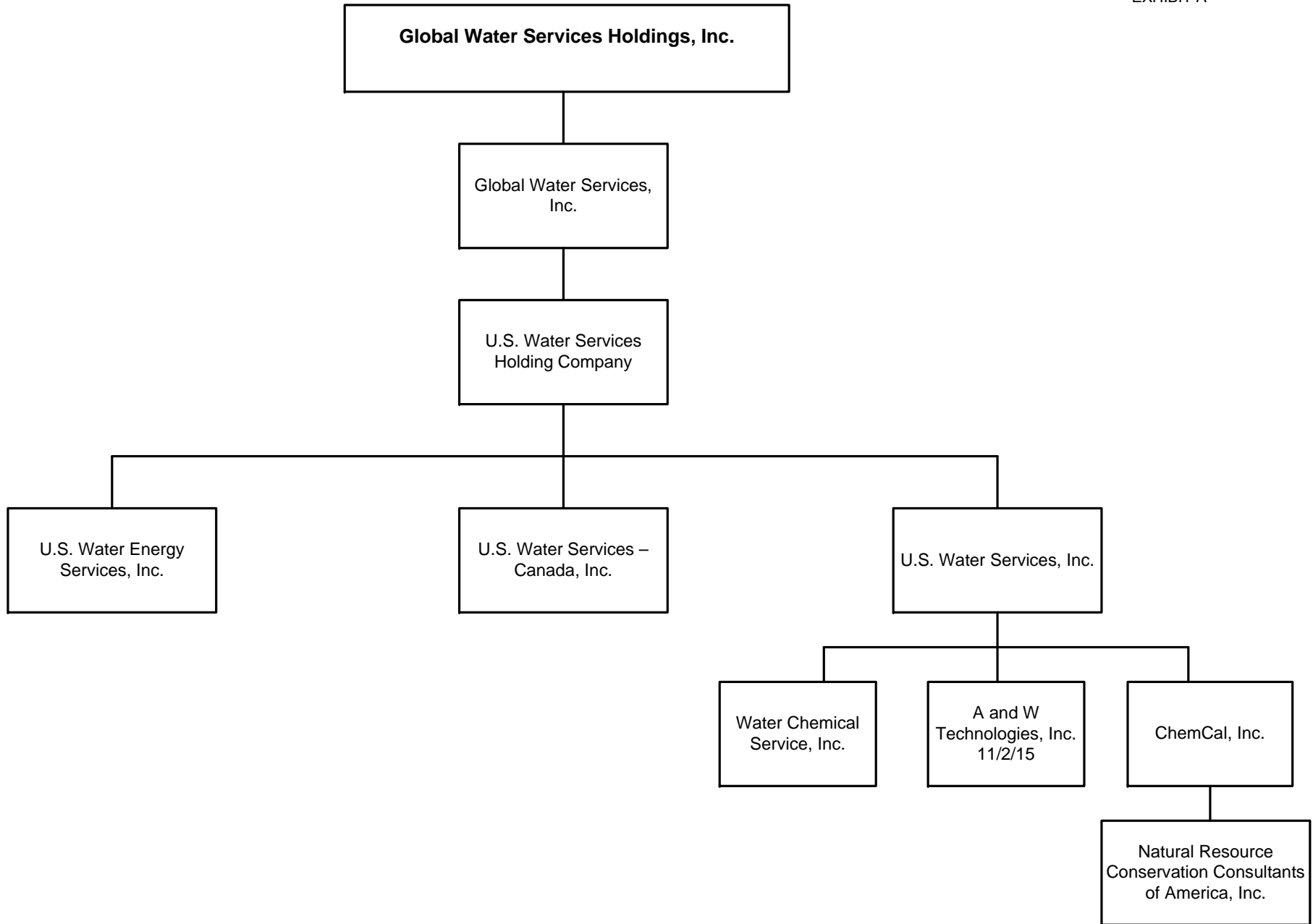


EXHIBIT B

US Water Services Spend
January 2012 through December 17, 2015

OU	Order	Rev	Description	Supplier	Order Date	Total	Status
MP (OU)	5311087880	0	LEC - Water Treatment O&M Planning Development	US WATER SERVICES INC	12/15/2015 12:47	\$ 2,400	Approved
MP (OU)	5311086288	0	HREC - RO Anti-Scalant	US WATER SERVICES INC	11/23/2015 7:19	\$ 5,335	Approved
MP (OU)	5311083006	0	Arrowhead - Phoszero	US WATER SERVICES INC	10/5/2015 10:20	\$ 2,581	Closed
MP (OU)	5311081802	0	HSC Non-Stock Inventory- US Water 35-0014 Degas Head Conversion Kit. Per Quote 15-07903-0911T	US WATER SERVICES INC	9/17/2015 14:16	\$ 127	Closed
MP (OU)	5311079009	1	Arrowhead - Water Treatment Equipment	US WATER SERVICES INC	8/6/2015 13:39	\$ 7,525	Closed
MP (OU)	5311078923	0		US WATER SERVICES INC	8/5/2015 12:56	\$ 5,910	Closed
MP (OU)	5311078913	0	Arrowhead Substation - Water Treatment Chemicals	US WATER SERVICES INC	8/5/2015 12:35	\$ 4,669	Approved
MP (OU)	5311071066	0		US WATER SERVICES INC	3/31/2015 12:20	\$ 5,335	Closed
MP (OU)	5311063931	0		US WATER SERVICES INC	12/11/2014 9:42	\$ 5,335	Closed
MP (OU)	5311055673	0		US WATER SERVICES INC	8/8/2014 7:06	\$ 5,335	Closed
MP (OU)	5311053076	0		US WATER SERVICES INC	6/26/2014 10:28	\$ 5,335	Closed
MP (OU)	5311052184	0		US WATER SERVICES INC	6/12/2014 13:37	\$ 1,294	Closed
MP (OU)	5311046276	0		US WATER SERVICES INC	3/13/2014 10:44	\$ 4,101	Closed
MP (OU)	5311038299	0	HREC - Tanks for Demineralizer	US WATER SERVICES INC	11/11/2013 16:52	\$ 5,101	Closed
MP (OU)	5311035584	0		US WATER SERVICES INC	9/30/2013 14:19	\$ 3,427	Closed

MP (OU)	5311035583	0		US WATER SERVICES INC	9/30/2013 14:18	\$ 4,698	Closed
MP (OU)	5311030025	2	Mixed Bed Ion Exchange System- Non Stock- Hibbard- PR 5411029672	US WATER SERVICES INC	6/28/2013 7:19	\$ 584,193	Closed
MP (OU)	5311029239	0	CONFIRMING PO TO PAY INVOICE INV103351	US WATER SERVICES INC	6/18/2013 14:18	\$ 5,196	Approved
MP (OU)	5311022668	0	HREC - RO System Operations Manual	US WATER SERVICES INC	2/26/2013 12:40	\$ 6,000	Closed
MP (OU)	5311016117	0	HREC- Dow-Filmtech membrane	US WATER SERVICES INC	10/26/2012 13:57	\$ 8,300	Closed
MP (OU)	5311014392	0		US WATER SERVICES INC	10/1/2012 14:39	\$ 12,206	Closed
MP (OU)	5311009401	4	Reverse Osmosis Machine - Hibbard Renewable Energy Center.	US WATER SERVICES INC	7/11/2012 12:54	\$ 470,654	Closed

TOTAL \$ 1,155,057

EXHIBIT C

ALLIANCE AGREEMENTS

1. Alliance Agreements
 - API Electric
 - Burns & McDonnell Engineering Company, Inc.
 - Invensys
 - Laskin Energy Center & Honeywell
2. Bell Lumber & Pole Co. Contract Agreement (2011)
3. Border States Electric Contract Documents (2013-2017)
4. Honeywell Master Purchasing Agreement (2007)
5. Hunt Electric Miscellaneous Electrical Maintenance Agreement (2013)
6. Invensys Systems, Inc. Master Agreement (2006)
 - Amendment No. 1 (2012)
 - Amendment No. 2 (2016)
7. J. F. Brennan Co., Inc. Hydroelectric Facilities Concrete Restoration (2011-2015)
 - Amendment No. 1
 - Amendment No. 2
 - Amendment No. 3
8. SWL&P and Lakehead Constructors Contract (2015-2020)

EXHIBIT D

Alliance Agreement

U.S. WATER SERVICES, INC.



&

ALLETE, INC.



**ALLETE / U.S. Water Services, Inc.
Alliance Agreement**

This **Alliance Agreement** (this or the "**Agreement**") is made this 25th day of April, 2016 ("**Effective Date**") by and between **ALLETE, Inc.**, d/b/a Minnesota Power, a Minnesota corporation, (referred to as "**Company**" and also referred to as "**ALLETE**" in the attached Statement of Work and referred to as "**Purchaser**" in the attached Terms and Conditions) and U.S. Water Services, Inc. ("**Supplier**", also referred to as "**US WATER**" in the attached Statement of Work and referred to as "**Seller**" in the attached Terms and Conditions), a Minnesota corporation, whose address is 12270 43rd Street NE, St. Michael, MN 55376.

"**Party**" or "**Parties**" refers to Company and/or Supplier, either individually or collectively, depending on the context in which the terms are used.

All notices required or permitted to be given hereunder shall be in writing and shall be by certified mail, return receipt, addressed as follows:

To Company: ALLETE, Inc.
30 West Superior Street
Duluth, Minnesota 55802-2093
Company Representative: Attention: Contracts Analyst

With copies to: ALLETE, Inc.
30 W. Superior Street
Duluth, MN 55802
ATTN: Manager- Purchasing

To Supplier: U.S. Water Services, Inc.
12270 43rd Street NE
St. Michael, MN 55376
Company Representative: Attention: Randy Meyer

With a copy to: U.S. Water Services, Inc.
12270 43rd Street NE
St. Michael, MN 55376
Attention: Michael Evans

All notices which Company is either required or authorized to give under the terms of this Agreement shall be deemed to have been sufficiently given to Supplier if given by (i) hand delivery, (ii) registered or certified mail, or (iii) a nationally recognized overnight delivery service for next business day delivery, addressed to Supplier's address on this Agreement unless specified elsewhere. Nothing contained in the foregoing shall be construed to restrict the transmission of routine communications between representatives of Supplier and Company.

RECITALS

- A. Supplier has significant expertise in providing and is qualified to provide integrated total water and energy management solutions, including the custom design and installation of water treatment equipment, the creation and supply of specialty chemicals for water treatment, the supply of filters and other similar commodity items, and the provision of related engineering services in a manner that capitalizes on the overall synergies of the individual components and results in reduced overall bottom line costs as described in the attached Statement of Work; and
- B. Company from time to time has need of such integrated total solutions for water and energy treatment programs, materials and services to support its regulated utility businesses and desires to obtain water treatment materials and services from Supplier due to the lack of availability of similar total integrated solutions in the marketplace; and
- C. The Parties, following discussion, have agreed upon the definitive terms, conditions, prices, specifications and procedures setting forth their agreement for purchase by Company of related materials and services to be furnished by Supplier under this Agreement; and
- D. The Parties acknowledge that they are related entities as ALLETE, Inc. (1) is a majority shareholder of Supplier, (2) is the sole shareholder of Superior, Water, Light and Power Company, and (3) has an operating division, Minnesota Power.

AGREEMENT

Company and Supplier, in consideration of the foregoing Recitals, each of which is incorporated by reference herein, and all other covenants in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, hereby agree to all that follows below.

1. TERMS AND CONDITIONS.

The terms and conditions that govern this Agreement shall be those expressly contained or referenced herein and in the Contract Documents defined in Section 2. Any other terms and conditions in any exhibits or documents not made part of this Agreement do not apply unless noted as such herein and agreed to in writing by the Parties. Any terms used but not defined herein shall have the meanings ascribed to them in the other Contract Documents (as defined below).

2. CONTRACT DOCUMENTS.

This Agreement consists of the following documents ("**Contract Documents**") and all exhibits and attachments thereto, each of which are incorporated by reference to constitute a part thereof. The Contract Documents are listed in their governing order from highest to lowest, with A. being highest. In the event a conflict or inconsistency exists between the Contract Documents, such conflict or inconsistency shall be resolved in favor of the higher-ranking document. Any Change Orders or an amendment to a

Contract Document shall rank higher than the documents they revise or change to the extent they conflict or are inconsistent with the original documents, and in all other circumstances they shall share the same precedence classification as the original documents they revise or change.

- A. This Alliance Agreement, with an Effective Date of 1-October-2015.
- B. Exhibit A – ALLETE / U.S. Water Negotiated Terms and Conditions (the “**Terms and Conditions**”). The Parties acknowledge and agree that, as described in this section, there are different sets of Terms and Conditions that apply to specific Work under this Agreement as identified below:
 - (1) Exhibit A-1: General Conditions for Major Supply Agreement with Installation Services. The Parties agree that the General Conditions for Major Supply Agreement with Installation Services apply to all purchase orders issued under this Agreement unless subject to the Chemical Supply Agreement or Engineering Services Agreement or otherwise expressly agreed by the Parties. The General Conditions for Major Supply Agreement with Installation Services apply to all purchases of consumables and equipment.
 - (2) Exhibit A-2: Chemical Services Agreement. The Parties agree that the Chemical Services Agreement applies to all purchases of chemicals.
 - (3) Exhibit A-3: Engineering Services Agreement. The Parties agree that the Engineering Services Agreement applies to all purchases of solely engineering services.
- C. Exhibit B – Statement of Work for water treatment equipment, specialty chemicals, and engineering services dated 1-October-2015 (“Statement of Work”).
- D. Purchase Order applicable to the Work as issued by the Company from time to time.
- E. Exhibit C – Contract Purchase Agreement 5311076805
- F. Exhibit D – U.S. Water Business Continuity Plan

3. **TERM.**

Unless earlier terminated pursuant to the terms and conditions of this Agreement, the term of this Agreement is from the Effective Date through 30-September-2018 (the “Initial Term”), subject to Company’s option to extend the Agreement. Company may extend this Agreement for up to two (2) extension periods, each of up to twelve (12) months, on the same terms, conditions, and pricing methods. Company will provide Supplier notice of such extension at least three (3) months before the end of the Initial Term or any extension under this Section. The word “Term” includes the Initial Term and any extension period.

4. **TERMINATION.**

- 4.1. Termination for Convenience. Company may, at its option, terminate the Agreement in whole or in part at any time by 90-day written notice thereof to Supplier, whether or not Supplier is in default.
- (a) Upon any such termination, Company shall pay for all Work completed which shall be invoiced and delivered to Company by Supplier within 20 days following termination unless other requirements are specified by Company upon termination.
- (b) Upon receipt of any such notice and unless the notice requires otherwise, Supplier shall forthwith:
- Discontinue the Work;
 - Place no further orders or subcontracts as to the Work other than as may be necessary for completion of any such portion of the Work under the Agreement that is not terminated;
 - Make best efforts to obtain cancellation upon terms satisfactory to Company of all orders and subcontracts to the extent they relate to the performance of the Work terminated;
 - As directed by Company, assist in the maintenance, protection and disposition of materials, supplies or property acquired pursuant to the Agreement; and
 - Deliver to Company all documents, drawings, plans, reports, specifications, data, estimates, summaries or other material and information, whether or not complete, related to the Work.
- 4.2. Termination for Default. Company may, by written notice of default to Supplier terminate the whole or any part of the Agreement if:
- (a) Supplier fails to perform any of their obligations under the Agreement, and Supplier does not cure such failure within ten (10) business days after receipt of notice by Company, or provide a plan that is acceptable to Company, in the sole discretion of Company, to commence a cure within ten (10) business days after receipt of notice and diligently and continuously pursue a cure thereafter; or
- (b) Supplier is generally unable to pay its debts as they come due, or makes an assignment for the benefit of creditors; or Supplier applies for or consents to the appointment of any receiver, trustee or similar officer for it or for all or any substantial part of its property, or such a receiver, trustee or similar officer is appointed without the application or consent of Supplier, and such appointment continues undischarged for a period of thirty (30) days; or Supplier institutes (by petition, application, answer or otherwise) any bankruptcy, insolvency, reorganization, readjustment of debt, dissolution, liquidation or similar proceeding under the applicable law of any jurisdiction, or any such proceeding is instituted against Supplier and is not dismissed within thirty (30) days of filing.

- (c) In the event Company terminates the Agreement as provided in this Section 4.2, Company may at its option arrange for completion of the Work. Supplier shall be liable to Company for all direct costs incurred by Company to cure Supplier's default, as well as all third party costs, expenses and other damages of any kind or nature incurred by Company as a consequence of default by Supplier or its subcontractors.
- (d) Unless otherwise stated in the notice, upon receipt of notice of termination for default, Supplier shall:
- Immediately discontinue the Work on the date and to the extent specified in the notice;
 - Place no further orders or subcontracts as to the Work, other than as may be necessary for completion of any such portion of the Work that is not terminated;
 - Make every reasonable effort to obtain cancellation upon terms satisfactory to Company of all orders and subcontracts to the extent they relate to the performance of the Work terminated;
 - As directed by Company, assist Company in the maintenance, protection and disposition of materials, supplies, property or the like acquired pursuant to the Agreement; and
 - Deliver to Company all documents, drawings, plans, reports, specifications, data, estimates, summaries or other material and information whether completed or in process related to the Work.
- (e) If after delivery of notice of termination it is determined for any reason that Supplier was not in default, Supplier's sole and exclusive remedy shall be the same as if Company had terminated the Agreement for convenience.
- 4.3. The rights and remedies of Company provided in this Article 4 shall be in addition to the rights and remedies provided at law or equity or otherwise under the Agreement. No failure or delay on the part of Company in exercising any right shall operate as a waiver thereof.
- 4.4 In addition to the termination rights provided herein, Company expressly retains the right to terminate each individual Purchase Order pursuant to its applicable Terms and Conditions. The termination of one Purchase Order shall not operate to terminate any other Purchase Order. In the event that Company chooses to terminate any or all Purchase Orders, which have been issued but not completed at the time of termination of this Agreement as provided under this Section 4, Company shall so indicate in its notice of termination to Supplier under this Section 4.

5. SCOPE OF WORK.

Supplier agrees to furnish all Work, including water treatment equipment, specialty chemicals and engineering services, in accordance with the Statement of Work.

6. **PRICE AND PAYMENTS.**[TRADE SECRET DATA EXCISED]

7. **TAXES.**

Supplier shall process and pay all sales, use and other taxes that are lawfully assessed in connection with the Work and shall be reimbursed by Company. The actual amount of sales, use and other taxes paid by Supplier shall be shown as separate items on all invoices. Company shall have the right to obtain evidence of Supplier's payment of all such taxes upon request.

8. **TITLE.**

Title to all Work, including goods, equipment and materials, shall pass to Company immediately upon delivery to Company at the applicable Company facility in accordance with the requirements of this Agreement.

9. **CONFIDENTIALITY.**

Both Parties shall maintain the confidentiality of all information secured from the other Party in connection with the Agreement. Such confidential information of the other Party, which includes but is not limited to records, books, financial data, projections, and customer, employee and vendor information furnished to or by a Party, together with any analyses, compilations, studies, reports or other documents based in whole or in part upon such information, shall not be divulged to any third party and shall not otherwise be exploited commercially by the non-disclosing Party, except with prior written consent of the disclosing Party or as compelled by applicable law. If either Party is or could be legally compelled to make disclosure of confidential information, such compelled Party will notify the other Party prior to making such disclosure and take all reasonably available steps to limit the effects of such disclosure and if possible, require the parties to whom the information is disclosed to maintain the confidentiality of such information. Company may disclose confidential information as may be required by a governmental authority with regard to Company's regulated utility business.

Any data gathered by or on behalf of Company and any and all complications, reports, extractions or copies of such data created by Supplier under this Agreement ("Company Data") are the sole property of Company and subject to this confidentiality obligation. Supplier acknowledges and agrees that it has only a limited right to collect, store and manipulate the Company Data as requested by Company pursuant to this Agreement. Supplier agrees to provide the Company Data to Company when requested by Company in the form and format as requested by Company.

10. **INDEPENDENT CONTRACTORS.**

While Company and Supplier are legally related entities (as described in Recital D above), that relationship does not alter the operations of either Party as required by this Section 10. With regard to any Work provided by Supplier to Company under this

Agreement, Company and Supplier are independent contractors. Nothing in this Agreement creates a relationship of agent and principal, partners, joint venturers or employer-employee between Company and Supplier (or any of Supplier's employees or agents). No act or obligation of either Party will in any way bind the other. All Supplier personnel servicing the Company account under this Agreement shall be removed from the account upon request by Company.

11. PURCHASE ORDERS.

Company only purchases goods and materials on individual purchase orders. Company's obligation to purchase from Supplier arises only if and when Company issues a purchase order to Supplier for a specific purchase and such purchase order shall be subject to the Terms and Conditions.

12. DISPUTE RESOLUTION.

The Parties agree that all disputes arising out of this Agreement shall be subject to this Section. In the event of a dispute, authorized representatives from each Party familiar with the Work will meet to resolve the dispute. If these representatives fail to resolve the dispute within seven (7) days, senior representatives from each Party will meet to resolve the dispute. If the senior representatives are unable to resolve the dispute in seven (7) days, such dispute shall be subject to the remaining provision below. Any disputes under the Agreement will be governed by the internal laws of the State of Minnesota, without regard to conflicts of laws, provisions, and any action brought with respect to the Agreement shall be brought and venued exclusively in St. Louis County, Minnesota.

13. ENTIRE AGREEMENT; WAIVER.

This Agreement constitutes the entire and sole agreement between the Parties concerning the subject matter of the Agreement and all prior negotiations, representations, understandings or agreements are not part of the Agreement and shall have no force or effect. Any waiver by either Party of any provision or condition of the Agreement must be in writing and signed by the Party to be bound. No such waiver shall be construed or deemed to be a waiver of any other provision or condition of the Agreement, nor a waiver of subsequent breach of the same provision or condition.

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[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the duly authorized representatives of the Parties hereto have read all the Exhibits and Contract Documents referenced herein and executed this Agreement.

ACCEPTED:

SUPPLIER

U.S. Water Services, Inc.

By: 
Authorized Signature

Print Name: RANDY MEYER

Title: CSO

ACCEPTED:

COMPANY

ALLETE, Inc., d/b/a Minnesota Power

By: 
Authorized Signature

Print Name: Bradley W. Dacks

Title: Chief Operating Officer - MP

Exhibit A

ALLETE/U.S. Water Negotiated Terms and Conditions

Exhibit A-1

**GENERAL CONDITIONS
FOR
MAJOR SUPPLY AGREEMENT
(INSTALLATION SERVICES)**

DATE: April 25, 2016

**i
(GENERAL CONDITIONS FOR MAJOR SUPPLY AGREEMENT – INSTALLATION SERVICES)**

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**GENERAL CONDITIONS
FOR
MAJOR SUPPLY AGREEMENT
(INSTALLATION SERVICES)**

1. **DEFINITIONS AND RULES OF CONSTRUCTION.**

1.1 Capitalized words, phrases and other expressions used herein that are not otherwise defined are defined in the Agreement. The capitalized words, phrases or other expressions used herein shall have the following meanings:

"Agreement" shall mean the Major Supply Agreement between the Parties hereto, and all documents and instruments thereto or arising therefrom, including the Contract Documents, Purchase Order(s)/Work Order(s) and these General Conditions.

"Applicable Law" or **"Applicable Laws"** shall mean any and all laws (including all statutory enactments and common law), ordinances, constitutions, regulations, statutes, treaties, rules, codes, standards, licenses, certificates, franchises, permits, requirements and injunctions that (i) have been adopted, enacted, implemented, promulgated, ordered, issued, entered or deemed applicable by or under the authority of any Governmental Body having jurisdiction over a specified person or entity (or the properties or assets of such person or entity), and (ii) are applicable to the Work.

"Applicable Transmission Rules" means the rules, orders, regulations, practices, procedures and protocols established by regional transmission organizations (such as the Midwest Independent Transmission System Operator, Inc.), electric reliability organizations (such as the North American Electric Reliability Corporation and the Midwest Reliability Organization) and comparable Persons that are applicable to the Project and/or its operation by force of Applicable Law or Good Utility Practice.

"Change Order" shall mean a document issued by Company and agreed to in writing by Supplier to amend the Agreement and/or the Purchase Order/Work Order.

"Claim" or **"Claims"** shall have the meaning set forth in Section 28.1 of these General Conditions.

"Company" shall mean the name of the entity set forth as the Company in the Agreement. With respect to actions, directives or decisions of Company, "Company" will also mean Company's construction manager or its designee.

"Company Indemnitees" shall have the meaning set forth in Section 28.1 of these General Conditions.

"Critical Energy Infrastructure Information" shall have the meaning set forth in Section 26.4.4 of these General Conditions.

"Critical Infrastructure" shall have the meaning set forth in Section 26.4.4 of these General Conditions.

"Design(s)" shall have the meaning set forth in Section 29.1 of these General Conditions.

"Documents" shall have the meaning set forth in Section 6.1 of these General Conditions.

(GENERAL CONDITIONS FOR MAJOR SUPPLY AGREEMENT – INSTALLATION SERVICES)

"Drawings" shall mean all (i) drawings or supplementary drawings furnished by Company as a basis for soliciting proposals, (ii) drawings, if any, submitted by Supplier with its proposal which are included in the Agreement, (iii) drawings furnished by Company to Supplier during the progress of the Work, and (iv) engineering data and drawings submitted by Supplier, if any, during the progress of the Work, provided such drawings are acceptable to Company.

"Final Acceptance" shall occur when Company has made its reasonable commercial determination that all Work is complete in accordance with the requirements of the Agreement, including these General Conditions.

"Force Majeure" shall have the meaning set forth in Section 9.6 of these General Conditions.

"General Conditions" shall mean this document and the terms and conditions contained or referred to herein.

"Good Utility Practice" means any of the practices, methods or acts engaged in or approved by a significant portion of the electric utility industry in the region during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition in a manner that: (i) is consistent with Applicable Law and Applicable Transmission Rules, (ii) makes due consideration for reliability, safety and protection of equipment and the Project, and (iii) is consistent with manufacturer's recommendations and warranties. Good Utility Practice is not intended to be limited to the optimum practice, method or act to the exclusion of all others, but rather to be a range of acceptable practices, methods or acts generally accepted in the region.

"Goods" shall mean the personal property to be supplied under the Agreement, including but not limited to parts, Drawings, items of merchandise, supplies, raw materials, components, intermediate assemblies, finished products and equipment.

"Governmental Body" shall mean any:

- (i) nation, state, county, city, town, village, district or other jurisdiction of any nature;
- (ii) federal, state, local, municipal, foreign or other government; or
- (iii) governmental or quasi governmental authority of any nature (including any governmental agency, branch, board, commission, department, instrumentality, office or other entity, and any court), in any such case exercising, or entitled to exercise, administrative, executive, judicial, legislative, police, regulatory or taxing authority or power of any nature over the Agreement, the performance of the Work or the Parties.

"Party" or **"Parties"** shall mean Company and Supplier.

"Project" shall mean the entirety, or a portion of, the Work being provided by Supplier and its Subcontractors under the Agreement.

"Project Schedule" shall have the meaning set forth in Section 9.2 of these General Conditions.

"Purchase Order/Work Order" shall mean the specific authorizing document, including all documents attached thereto or referenced therein.

"Sanctions" shall have the meaning set forth in Section 4.3 of these General Conditions.

"Site" may be defined in the Purchase Order/Work Order.

"Subcontractor" shall mean any person, firm, or corporation that performs work for or provides labor, equipment, supplies and/or Goods to Supplier in connection with the Work.

"Supplier" shall mean the "Supplier" as set forth in the Agreement.

"Work" shall mean the services and/or Goods Supplier has agreed to furnish pursuant to the Agreement. This may include, but is not limited to, the equipment, supplies, Goods (including raw materials, components, intermediate assemblies and end products) and related ancillary labor and other work to be furnished under the Agreement, including without limitation, Design, inspection, testing, expediting and delivery.

- 1.2 The Parties further agree that the following rules of construction shall apply in the interpretation of the Agreement, including these General Conditions:
- (i) whenever the words "as ordered," "as directed," "as required," "as permitted," "as allowed" or similar words or phrases are used in the Agreement, they shall mean that the order, direction, requirement, permission or allowance of Company is intended only to the extent of compliance with the terms of the Agreement;
 - (ii) the words "approved," "reasonable," "suitable," "acceptable," "proper," "satisfactory" or similar words, unless otherwise particularly specified in the Agreement, shall mean approved, suitable, acceptable, proper or satisfactory in the reasonable judgment of Company;
 - (iii) whenever the expression "it is understood and agreed" or a similar expression is used in the Agreement, such expression shall mean the mutual agreement of the Parties;
 - (iv) Reference in these General Conditions, the Agreement or any exhibit or Purchase Order/Work Order to the standards of any technical society, organization or association, or to any national, state or local codes or standards (including those of any Governmental Body), shall mean the latest standard or code adopted, as amended from time to time, unless specifically stated otherwise; and
 - (v) The specifications, codes, and standards referenced in the Agreement (including addenda, and amendments) shall govern in all cases where references thereto are made. In case of conflict between the referenced specifications, codes, or standards and the Agreement, the most stringent requirements shall apply to the extent of such differences except in the case where the Agreement acknowledges an exception to a referenced specification, code, or standard. In all but the latter cases, Supplier shall notify the Company engineer of conflicts between referenced specification, codes, or standards and the Agreement.

2. AGREEMENT DOCUMENTS.

- 2.1 The Work shall be performed in accordance with the Agreement. Any additional terms proposed or exceptions taken by Supplier to any provision of the Agreement shall become part of the Agreement only if accepted by Company in writing. In the event of a conflict between the Agreement and other Documents, the Agreement shall govern.
- 2.2 Company may scan, and preserve electronically, the Agreement and other Documents related to the Agreement. Once scanned, and electronically preserved, Company may destroy the paper originals of these Documents. All such Documents scanned and electronically preserved by Company, may be treated as original Documents for all purposes, at the discretion of Company, and Supplier acknowledges that an electronically preserved copy of the Agreement, or any document, shall constitute the best evidence thereof.

3. OTHER CONTRACTS.

- 3.1 Company reserves the right to award other contracts in connection with the Project. Supplier shall cooperate, schedule and coordinate performance of its Work with the work of any other suppliers, contractors and consultants so as not to delay or interfere with their work, or with the timely completion of the Project. Company also reserves the right to contract with others for the same type of work as is the subject of the Agreement or to employ its own personnel in the work.

4. APPLICABLE LAW.

- 4.1 Supplier and its Subcontractors, and their employees, agents and representatives shall at all times perform the Work in a safe and professional manner and comply with Applicable Laws, Applicable Transmission Rules and other legal requirements, as such are amended from time to time. Supplier shall be responsible for the acts and omissions of its Subcontractors (and subcontractors of Subcontractors) in connection with the Agreement.
- 4.2 Supplier and its Subcontractors will conduct all Work under the Agreement in an economically, socially and environmentally responsible manner. Supplier and its Subcontractors further agree to ensure that their employees, agents and representatives perform the Work in accordance with Company's Code of Business Conduct, as in effect from time to time, which is available upon request.
- 4.3 Supplier shall promptly notify Company if Supplier becomes aware that its Work supplied pursuant to the Agreement are not in compliance with Applicable Laws ("**Sanctions**"). Supplier shall provide copies of any documents evidencing such Sanctions. Supplier will keep Company informed on a regular basis of the progress made and resolution of such Sanctions, whether resulting in a requirement by Supplier or its Subcontractors to pay fines, modify operations, or comply with said Sanctions in any other manner.
- 4.4 If Company determines that Supplier is failing to comply with any Applicable Laws and other legal requirements under the Agreement, or observes unsafe work practices and/or conditions on the part of Supplier or Supplier's or Subcontractors' employees or agents, Company may (i) advise Supplier of such and direct Supplier to stop the Work, and (ii) Supplier shall cause all such Work to stop. Supplier shall bear all additional costs including those that affect the Project Schedule which may result from Work stopped in accordance with this Section 4.4. In the event that such work stoppage is ultimately deemed by Company to have been unnecessary, Company shall bear the additional cost

(GENERAL CONDITIONS FOR MAJOR SUPPLY AGREEMENT – INSTALLATION SERVICES)

of such work stoppage and shall afford Supplier a reasonable extension in the Project Schedule for completion of the Work.

- 4.5 Supplier warrants that neither it nor any of its Subcontractors have transferred, nor will it or they, transfer anything of value to any employee, agent or other representative of Company, where such was or is made with the intent and/or understanding of obtaining favorable treatment with respect to the Agreement and/or the Work.
- 4.6 Any material changes in Applicable Laws or Applicable Transmission Rules or Company's standard specifications after the date of execution of the Agreement, which have more than a de minimis effect on the cost or schedule of Supplier's Work, may be the subject of a request for a Change Order, subject to Article 14.

5. **SECURITY.**

- 5.1 Company requires security screening of all personnel of Supplier and/or its Subcontractors working in security sensitive positions. Security sensitive positions include those that require or involve unescorted or unsupervised access to Company computer systems, Site, equipment, material, customer property or issuance of an access card or keys to Company facilities or as required by regulation.
- 5.2 Company's security clearance process for Supplier and/or Subcontractor personnel may include but is not limited to a criminal history check, Social Security number verification and drug testing.
- 5.3 Detailed results of the background screening will only be discussed with the individual screened. Consultant/Subcontractor will be notified only that the individual has been granted or denied a security clearance. Those denied a security clearance may not work in a security sensitive position at Company. Company may require the removal or replacement of any Subcontractor personnel for any reason.
- 5.4 (a) Supplier shall conduct background checks on all members of the Supplier project team (including any Subcontractors and suppliers of Supplier) who will have access to Company's Critical Cyber Assets, in accordance with the North American Electric Reliability Corporation ("NERC"), Critical Infrastructure Protection ("CIP") requirements. Supplier shall also provide all members of the Supplier project team (including any Subcontractors and suppliers of Supplier) who will have access to Company's Critical Cyber Assets with NERC CIP Awareness Training that shall be compliant with all applicable NERC CIP training requirements. Supplier shall send written certification to Company promptly upon request confirming that the background checks have been successfully carried out and that the NERC CIP awareness training has been completed. Such certification shall be in form acceptable to Company and shall list the names of the individuals for whom Supplier is providing the certification, the date of the background check, the date of completion of the NERC CIP awareness training, the individual's employer, and all such other information as Company may require. Supplier hereby agrees to indemnify and hold Company harmless from and against any and all claims, costs, damages, losses, fines, interest and penalties arising out of Supplier's failure to fully comply with any of the foregoing obligations.
- (b) Company shall have the right, at its option, to perform background checks on all members of the Supplier project team (including any subcontractors and suppliers of Supplier). In the event that Company elects to conduct its own background checks, Supplier shall certify to Company the names of all individuals (including any subcontractors and suppliers of Supplier) who will have access to Company's Critical

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Cyber Assets in accordance with all applicable NERC CIP requirements. Additionally, Supplier shall provide Company with all other cooperation reasonably requested by Company in connection with its performing such background checks.

(c) In the event that the applicable NERC CIP requirements are revised, modified or replaced such that other or additional information is needed from Supplier (or subcontractors or suppliers of Supplier) in order for Company to maintain compliance with then-applicable NERC CIP requirements, Supplier shall promptly provide all such requested information, together with any certification with respect thereto as Company may require.

(d) In the event that Supplier is unable or unwilling to provide the information and/or certifications required hereinabove, Company shall have the right, notwithstanding any other provision of this Agreement, to terminate this Agreement without premium, penalty or other cancellation charge and, upon any such termination, Supplier shall be responsible for: (a) all penalties and fines levied against Company as a result of Supplier's failure to comply with the obligations set forth in this Section, and (b) all out-of-pocket costs and expenses incurred by Company in obtaining a replacement Supplier to provide the Goods, Work and/or services being provided by Supplier under this Agreement.

6. OWNERSHIP AND LICENSING OF WORK.

- 6.1 With respect to all major supply acquisitions of Goods by Company pursuant to this Agreement, Supplier shall provide to Company any and all, without limitation, manuals, Drawings, instructions and documentation that is necessary to properly install, maintain, repair and otherwise operate the equipment or other Goods in the manner contemplated by Supplier and/or consistent with best industry practices and Applicable Law.
- 6.2 All Drawings, Designs, plans, specifications, calculations, reports and other documents ("**Documents**"), whether in hard copy or electronic media, prepared as work-made-for-hire pursuant to the Agreement shall become the sole and exclusive property of Company and title thereto shall pass to Company upon transmittal to Company. For the purpose of these General Conditions, work-made-for-hire shall mean any Document or other Drawings prepared by Supplier within the scope of the Agreement. Rights to Suppliers intellectual property if any, developed, utilized or modified in the performance of the Work shall remain the property of Supplier, but is hereby irrevocably and perpetually licensed to Company on a royalty-free basis.
- 6.3 All Documents provided to Supplier by Company or any party acting on behalf of, or under contract to, Company, shall remain the sole and exclusive property of Company; and Supplier shall not have any rights therein except a limited right to use such Documents solely in connection with the Project.
- 6.4 Company reserves the right to reproduce, modify and use in any manner, any and all Documents. Nothing contained in this Article 6 shall be construed as limiting or depriving Supplier of its right to use its basic knowledge and skill to design or carry out other projects or work for itself or others, whether or not such projects are similar to the Work to be performed under the Agreement. Any reuse of the Documents or Drawings by Company without prior written verification or adaptation by Supplier for the specific purpose intended will be at Company's sole risk and without liability or legal exposure to Supplier.

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- 6.5 Supplier shall, and shall cause its employees, representatives, agents and Subcontractors to execute and deliver any and all forms and instruments necessary or desirable to transfer the Documents such that Company shall have of record its, as applicable, rights, interests, title and ownership in and to the Documents, free and clear of all third party encumbrances and interests.

7. **CERTIFICATION OF DOCUMENTS.**

- 7.1 Any and all Documents and Contract Documents (as defined in the Agreement) shall be certified by Supplier if required by Applicable Law or Applicable Transmission Rules.

8. **SUPPLIER'S RESPONSIBILITIES.**

- 8.1 Supplier shall give all notices related to the Work to applicable Governmental Bodies and obtain and pay for all licenses, permits and inspections required for the Work. The foregoing shall not include general permits obtained by Company for the Site. Company shall have the right to inspect and obtain copies of all written licenses, permits or approvals, issued by any Governmental Body to Supplier or its Subcontractors that are applicable to the performance of the Agreement.
- 8.2 Supplier, and its employees and Subcontractors, shall comply with all applicable provisions of Company's Project or Site policy and procedures, including but not limited to any instructions and procedures pertaining to Project Site security, industrial safety, environmental directives, work authorization, equipment control, emergency plans, and hazardous materials. Company shall provide Supplier with such Documents and any and all changes thereto. In addition, Supplier and its employees and Subcontractors shall comply with and enforce, among Supplier's employees and Subcontractors, Project rules which affect the performance of the Work, including but not limited to work hours, check-in and check-out procedures, Site safety and security regulations, and emergency plans and procedures.
- 8.3 Supplier shall be responsible for and shall bear any and all risk of loss or damage to the Work in progress and to all materials delivered to the Site until Final Acceptance, including Company-furnished equipment and materials. Supplier shall also at all times conduct the Work in a manner to avoid risk of loss, theft or damage by vandalism, sabotage or other means to Company's property and the Project.
- 8.4 Supplier shall remove or cause to be removed from any Site, any person employed or engaged by Supplier or any of its Subcontractors whom Company deems unfit. Company shall notify Supplier of any such demand and Supplier shall promptly provide another person to perform the Work.
- 8.5 Supplier shall be responsible for and shall bear any and all risk of loss or damages to the Work in progress and finished Goods until the finished and conforming Goods are delivered to the Site and received and accepted by Company as conforming Goods subject to rejection or revocation as described in Section 8.7 below.
- 8.6 Supplier shall adequately wrap, pack, crate, load, enclose and brace Goods to be furnished under the Agreement in a good and workmanlike manner.
- 8.7 Supplier shall bear all risks as to rejected Goods after notice of rejection or revocation of acceptance except that Company shall be responsible for the loss, or destruction of, or damage to the rejected Goods in Company's possession only if such loss, destruction or

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damage results from the negligence of Company or its employees and agents acting within the scope of their employment.

- 8.8 Supplier shall provide as a part of its services adequate testing and inspection to ensure complete compliance with the specifications. Such testing and inspection shall not imply acceptance of Work by Company. Supplier shall provide adequate and competent supervisory personnel to ensure compliance with the specifications. All costs for such testing and inspection shall be paid for by Supplier. In addition to the above testing and inspection, Company will provide independent testing as specified in the technical sections of the Agreement, at Company's expense.

9. SCHEDULING.

- 9.1 Supplier agrees that time is a significant factor in Company's decision to engage Supplier to perform the Work, including Supplier's agreement to adhere to the Project Schedule.
- 9.2 Company and Supplier shall agree on a schedule of the Work (the "**Project Schedule**") indicating the dates for the start and completion of the various stages of the Work. Company may, in its discretion, prepare a Project Schedule or delegate the Project Schedule to Supplier. Supplier shall strictly adhere to the Project Schedule. Supplier shall make no shipments in advance of a Company specified shipping date without the prior written approval of Company. Company reserves the right to direct Supplier to reschedule the order and rate of progress of performance of the Work so as not to interfere with the performance of work by Company and/or other suppliers.
- 9.3 If requested by Company, Supplier shall promptly submit regular progress data as to the Work that shall include the (i) start date, (ii) percentage of completion for each stage of Work, (iii) the anticipated or actual finish date for all Project activities of Supplier during the period, and (iv) a comparison of exceptions and deviations from the Project Schedule. Other information, such as actual hours expended, shall be furnished monthly or as requested by Company. If requested by Company, Supplier shall participate in the Project Schedule update meetings.
- 9.4 If at any time during the performance of the Work Supplier's progress does not keep pace with the requirements of the Project Schedule, Company may order Supplier to take steps to improve its progress without additional cost to Company; provided, however, that Supplier shall have five (5) days to develop and implement its recovery plan for the Project Schedule (in consultation with Company) from and after the date notified by Company. Supplier's recovery plan will be diligently and continuously pursued by Supplier. Neither such notice by Company, nor Company's failure to issue such notice, shall relieve Supplier of its obligation to perform in accordance with the Agreement, including completion of quality Work in the timeframe required by the Project Schedule. Failure of Supplier to comply with the notice of Company may be grounds for determination by Company that Supplier is not pursuing the Work with such diligence as shall assure completion within the times specified. The failure of Company's furnished materials to arrive as scheduled, or the failure of other construction contractors or suppliers to meet the Project Schedule, shall not be justification for an extension of time, except where such failure causes, in the reasonable determination of Company, an actual delay in Supplier's Work. Upon such determination, Company may terminate for default pursuant to Article 25 of these General Conditions.
- 9.5 Should the actions of Company cause a significant delay of the Work, Supplier shall notify Company in writing within five (5) business days from the beginning of such delay. If Company and Supplier determine the facts justify an extension of time and/or additional

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compensation and no remaining float time exists in the Project Schedule, the Agreement will be modified in writing as appropriate. Company may, in its sole discretion and in lieu of granting an extension of time, require Supplier to regain the Project Schedule, and Company shall compensate Supplier for any required additional charges; provided, however, that no adjustment shall be made for any delay to the extent that performance would have otherwise been delayed by any other cause, including the fault or negligence of Supplier.

9.6 With respect to events of "**Force Majeure**": Company and Supplier shall be excused from performing in accordance with the Project Schedule in the event of an occurrence of Force Majeure. Force Majeure is defined as fire, floods, earthquake, hurricane, tornado, explosion, catastrophe, accident, war or war-like operations (whether or not a state of war is declared), riot, Acts of God, acts of terrorism, insurrection, orders of a Governmental Body and Applicable Laws and Applicable Transmission Rules that prevent performance, to the extent (i) such event of Force Majeure is beyond the reasonable control of the Party claiming Force Majeure, and (ii) the Party claiming Force Majeure gives prompt written notice of the same to the other Party.

9.6.1 In the event of any such delay, Supplier's sole remedy shall be a time extension for the completion dates required by the Project Schedule, which extension shall be the time period lost by reason of the Force Majeure.

9.6.2 Delays caused by unfavorable weather (that is not abnormal for the season and geographic area), unsuitable ground conditions, inadequate construction force, strikes or labor disturbances involving the personnel of Supplier or any of its Subcontractors on the Project, market conditions, or the failure of either Party to place orders for equipment or materials sufficiently in advance to ensure delivery when needed shall not be considered a Force Majeure.

9.6.3 Notwithstanding the foregoing, in the event that the delay resulting from the Force Majeure event continues for more than sixty (60) days, Company shall have the right to terminate the Agreement, and any such termination shall be deemed to be a cancellation for default by Supplier pursuant to Section 24 of these General Conditions.

10. **FAMILIARITY WITH THE WORK.**

10.1 By executing the Agreement, Supplier represents that it understands the scope of Work under which the Agreement is to be performed and has correlated its understanding with the requirements of the Work.

10.2 No pleas of ignorance of scope of work that exist or hereafter may exist, or of conditions or difficulties that may be encountered in the execution of the Work will be accepted as an excuse for failure or omission on the part of Supplier to fulfill in every detail all requirements of the Agreement, nor will they be a basis for any Claim whatsoever for extra compensation or time.

11. **RESPONSIBILITY AS TO OTHER SUPPLIERS.**

11.1 Supplier shall properly coordinate its Work with other suppliers, contractors and consultants working on the Project to assure that each such other supplier, contractor and consultant may (i) store their respective materials and equipment on or around the Site, and (ii) carry out their respective work assignments within the Project. Any costs to

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Company or Company's other suppliers caused by defective or ill-timed performance of Work by Supplier shall be borne exclusively by Supplier.

- 11.2 If any part of Supplier's performance of the Work depends upon the work of any of Company's other suppliers, contractors, consultants or Company, Supplier shall inspect that work and promptly report to Company in writing any discrepancies or defects in such work that render it unsuitable for such performance. Failure of Supplier to inspect the work and report in writing to Company any discrepancies or defects shall constitute an acceptance of the other work as fit and proper to receive performance of the Work and Supplier shall bear all costs incurred in rendering such other work suitable.
- 11.3 Should Supplier's work or property be damaged by the acts or neglect of any other supplier(s), or should Supplier cause damage to the work or property of any other supplier(s), Supplier shall separately resolve such matter with the other supplier(s) without involving Company and without impeding the Work or that of other suppliers. Supplier shall separately resolve disputes with the other contractor(s) without involving Company and without impeding the Work or that of other contractors.

12. **INSPECTION.**

- 12.1 The Work and all portions thereof shall be subject to inspection by Company or its designee at all times. Any such inspection shall not relieve Supplier of the responsibility to strictly comply with its performance requirements and other obligations under the Agreement, it being understood that any such inspection by Company shall in no way (i) be construed as constituting or implying either a waiver or acceptance of the work, or (ii) affect any of Company's rights or remedies under the Agreement.
- 12.2 Supplier shall furnish promptly, without additional charge, all facilities, labor and material reasonably needed for performing such safe and convenient inspection as may be desired by Company. Company reserves the right to charge to Supplier any additional cost of inspection when material or workmanship is not ready at the time specified by Supplier for inspection or when re-inspection is necessitated by prior rejection. If required by Company, Work must be uncovered for observation and replaced at Supplier's expense.
- 12.3 Supplier shall make available to Company any and all data, including but not limited to, test results, welding information, and radiographic, ultrasonic and non-destructive examination reports, related to performance of the Work. Company's review of any such data shall in no way relieve Supplier of its responsibility for the professional quality, technical accuracy and completeness of such data.

13. **USE OF COMPLETED SEGMENTS OF WORK.**

- 13.1 Whenever, as determined by Company, any segment of the Work performed by Supplier is in a condition suitable for use, Company may at its sole option take possession of or use such segment. Such use by Company shall in no case be construed as constituting Final Acceptance, and shall not relieve Supplier of any of its responsibilities under the Agreement, other than for (i) that portion of the Work for which Company has taken possession, and (ii) ordinary wear and tear with respect to such Work.

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14. **WORK CHANGES.**

- 14.1 Company, without invalidating the Agreement, may at any time make changes to or deviations from the scope of the Work with a Change Order issued by an authorized representative of Company to Supplier.
- 14.2 If Supplier claims that the Change Order causes an increase or decrease in the cost of or the time required for performance of the Work, Supplier shall give Company written notice of such increase or decrease within ten (10) business days following the receipt of such a request. Supplier shall also provide sufficient documentation to Company to justify the increase or decrease in the cost of or the time required for performance of the Work
- 14.3 If accepted in writing by Company, an equitable adjustment shall be made by Company in the price or delivery schedule, or both, and the Change Order shall be deemed to modify the Agreement.
- 14.4 Supplier's failure to comply with Section 14.2 of these General Conditions shall constitute Supplier's agreement to perform any such Change Order in accordance with the price and schedule specified in the original order and/or subsequent revisions thereto.
- 14.5 All changes and extras must follow these general rules:
- (i) Supplier must not perform any work it sees as changes or extras without Company's approval.
 - (ii) Supplier shall not be reimbursed for work it performed as extra or change without prior approval of Company.
 - (iii) Supplier must inform Company in writing that a particular phase of the Work is an extra or change. The reason Supplier is claiming an extra or change shall be clearly stated. Supplier shall include the cost of performing such extra or change with a breakdown of labor, material, equipment, overhead and profit.
 - (iv) The total cost of change and extra unless otherwise specifically agreed upon and stated shall be lump sum.
 - (v) For payment of changes and extras Supplier shall submit all applicable invoices for materials and equipment rental to Company.

15. **SUSPENSION OF WORK.**

- 15.1 Company may, by written notice to Supplier, suspend at any time the performance of all or any portion of the Work. During the period of suspension, Supplier shall use its commercially reasonable efforts to minimize costs associated with suspension.
- 15.2 Upon receipt of any such written notice, Supplier shall, unless such notice requires otherwise:
- 15.2.1 Immediately discontinue the Work on the date and to the extent specified in the notice;
 - 15.2.2 Place no further orders or subcontracts for materials, work or the like with respect to suspended Work other than to the extent required in the notice;

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- 15.2.3 Promptly make every reasonable effort to obtain suspension upon terms satisfactory to Company of all orders, subcontracts, rental agreements and the like to the extent they relate to performance of the Work suspended; and
- 15.2.4 Promptly make every reasonable effort upon terms satisfactory to Company to protect or maintain the Work.
- 15.3 As full compensation for such suspension, Supplier shall be reimbursed for the following costs, to the extent reasonable and if such costs directly result from the suspension of the Work:
- 15.3.1 A standby charge based upon the period of suspension of the Work, which standby charge shall be sufficient to reimburse Supplier for its actual costs of keeping its organization and equipment committed to the Work in a standby status;
- 15.3.2 The actual costs associated with mobilization and demobilization of Supplier's forces and equipment; and
- 15.3.3 Any actual increased cost of the Work incurred by Supplier.

All costs to be reimbursed must be requested within forty-five (45) days following termination of the suspension. Any such costs shall be documented and evidenced by all supporting documentation requested by Company and shall be subject to the audit rights of Company as set forth in these General Conditions.

- 15.4 Upon receipt of notice to resume suspended Work, Supplier shall promptly resume performance of the suspended Work to the extent required in the notice. Supplier hereby expressly waives any Claim it may have for additional time or extra compensation because of any suspension of the Work unless such Claim along with a revised Project Schedule (with respect to the Work suspended) is presented to Company in writing within ten (10) calendar days after Supplier's receipt of notice to resume the Work. No compensation or extension of time shall be granted if the suspension results from Supplier's noncompliance with the requirements of the Agreement or from any cause other than Company's suspension order pursuant to this Article 15 of these General Conditions.

16. **SUPPLIER WARRANTIES.**

- 16.1 All Goods incorporated into the Work shall be new and of the most suitable grade given the intended use by Company.
- 16.2 Supplier warrants that all Work, including without limitation, the Goods, will conform to the kind, quality and capability designated or described by the Agreement. Supplier shall perform the Work with due care, skill and diligence, in accordance with Applicable Law and applicable professional standards, industry procedures (including NERC CIP) and construction practices. Unless a greater period of time is specified in the Agreement, Supplier shall warrant the Work and all Goods, including parts, equipment, materials and labor furnished under the Agreement to be as specified herein and free from defects in (i) title (including any liens, encumbrances or other third party interests) at all times after passage to Company, and (ii) Design, material and workmanship for the longer period of (A) twelve (12) months after Final Acceptance or the period of any manufacturer's warranty, or (B) with respect to warranty work performed by Supplier, for an additional period of one (1) year following such warranty work. Any and all manufacturer warranties

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shall be and hereby are transferred to Company pursuant to the provisions and operation of the Agreement. After delivery of conforming Goods to the Site, Company shall store, maintain and install the Goods consistent with Supplier's written instructions or, in the absence of such instructions, in accordance with prudent industry practices.

- 16.3 Supplier is not responsible for repairs or alterations made by others without mutual written agreement between Supplier and Company. Supplier does not warrant the Goods or any repair/replacement part against the effects or erosion, corrosion, or normal wear and tear due to operation or the environment. The warranty and remedies set forth herein are conditioned upon proper storage, installation, use and maintenance of the Goods in all material respects, and in accordance with Supplier's written recommendations.
- 16.4 Upon receipt of notice from Company of any failure to comply with the terms of the Agreement including these General Conditions, including without limitation any defect with respect to the Work, either prior to or after Final Acceptance, Supplier shall without additional compensation correct any such defects within a time acceptable to Company and reimburse Company for any resulting costs, expenses or damages suffered by Company, including but not limited to costs of removal, reinstallation, re-procurement and any other third party costs, damages and losses incurred by Company. If Supplier fails to timely replace any such defective Work, Company may cause such defective Work to be replaced by another and all expenses thereof shall be the responsibility of Supplier. Company shall be entitled to deduct such expense and any resulting damages from amounts otherwise due to Supplier.
- 16.5 The rights and remedies of Company provided in this Article 16 shall not be exclusive and shall be in addition to all other rights and remedies of Company (i) as set forth in these General Conditions, (ii) under Applicable Law, or (iii) in an equitable proceeding. No failure on the part of Company in the exercise of any right or remedy shall operate as a waiver of or by Company of its right to exercise any other right or remedy.
- 16.6 In the event of an emergency where in the judgment of Company the delay resulting from giving formal notice would cause serious loss or damage which could be prevented by immediate action, defects may be corrected by Company, or a third party chosen by Company, without giving prior notice to Supplier, and the cost of the corrections shall be paid by Supplier. In the event such action is taken by Company, Supplier will be notified promptly and shall assist wherever possible in making the necessary corrections.
- 16.7 Company's rights of warranty and other remedies set forth in this Article 16 are in addition to (i) the non-warranty rights and remedies provided for the benefit of Company in this Agreement, including these General Conditions, and (ii) the warranties of Subcontractors or suppliers. Supplier shall provide Company prior to Final Acceptance a copy of all written warranties provided to Supplier by any Subcontractors and suppliers.
- 16.8 In the event that Company and Supplier have agreed to certain liquidated damages with respect to certain performance guarantees, the receipt of liquidated damages by Company shall not affect Company's rights to (i) warranties under this Article 16, or (ii) indemnification under any other Article hereof (including Articles 28 and 29) or (iii) other unrelated breaches of the Agreement. The Parties acknowledge and agree that liquidated damages, if any, that are accrued and/or paid by Supplier are meant to compensate Company solely for the effects of Supplier completion delays and the failure of Supplier to meet specified performance guarantees.

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- 16.9 Inspection, test, acceptance, or use by Company of the Goods shall not affect Supplier's obligations under Supplier's warranty, and such warranty shall survive inspection, test, acceptance and use when used in accordance with written directions of Supplier (or any third party manufacturer supplying any part of the Goods). All guarantees and warranties shall be transferred to Company upon Final Acceptance, and Supplier shall, upon request of Company, obtain the written consent of the third party manufacturer/vendor of major components to such transfer.
- 16.10 NO OTHER REPRESENTATION, OR WARRANTY WITH RESPECT TO THE QUALITY AND CONFORMITY OF THE WORK, EXPRESS OR IMPLIED, INCLUDING THE IMPLIED WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE, IS INTENDED IN OR BY THE AGREEMENT.

17. **INSURANCE.**

- 17.1 Supplier shall purchase and maintain such insurance as shall protect Supplier and Company from Claims which may in any way arise out of or be in any manner connected with the performance of the Agreement, whether such Claims arise out of the act or failure to act of Supplier, Company, or of the direct or indirect delegee, appointee or employee of either. Supplier shall provide evidence of all such insurance at the request of Company. Such insurance shall be as specified below unless additional insurance is required by the Purchase Order/Work Order, and, except for worker's compensation, all insurance policies shall name Company as an additional insured with insurance companies that are (a) authorized to do business under the laws of the State(s) in which Supplier conducts business related to this Agreement, and (b) rated A- or better by A.M. Best rating service in amounts not less than:

17.1.1 Worker's Compensation statutory limit;

17.1.2 Employer's Liability in the amount of one million dollars (\$1,000,000);

17.1.3 Commercial General Liability, occurrence form, providing bodily injury, personal injury, and property damage liability coverage with limits of not less than two million dollars (\$2,000,000) per occurrence, four million dollars (\$4,000,000) aggregate and including but not limited to Broad Form Property Damage with no explosion, collapse and underground (XCU) exclusions, and contractual liability coverage for the indemnity promise contained herein; and

17.1.4 Comprehensive Automobile Liability with combined single limits of not less than two million dollars (\$2,000,000).

17.1.5 Professional liability insurance covering Supplier and any architect-engineer of Subcontractor for errors, omissions or negligent acts arising out of the performance of (or the failure to perform) professional services hereunder as an architect or engineer. Such insurance will have a limit of liability of not less than \$1,000,000 (one million dollars) for each claim, and not less than \$5,000,000 (five million dollars) in the aggregate and will remain in effect for a period of two (2) years after the date on which the Project achieves commercial operation.

All dollar amounts of coverage set forth above shall be per occurrence and in the aggregate and include a cross liability and severability of interest clause. The policies described herein shall (i) be endorsed to show that the insurers waive subrogation against Company, its affiliates, directors, officers and employees, (ii) the insurance is

primary and non-contributory, and (iii) not expire, terminate or otherwise discontinue coverage except upon not less than thirty (30) days prior written notice to Company.

- 17.2 Certificates of insurance acceptable to Company shall be filed with Company prior to commencement of the Work, and each renewal period for the Work. These certificates shall contain a provision that should coverages afforded under the policies be canceled before the expiration date thereof, notice will be delivered to the Company. Notwithstanding the foregoing, Supplier has a continuing obligation to provide the insurance coverage described in this Article 17 and none of the insurance required herein shall be canceled, changed or allowed to lapse until the period of Supplier's obligations under the Agreement has been completed or until such later date or time specified in the Purchase Order/Work Order. Such notices shall be sent to:

ALLETE, Inc.
30 West Superior Street
Duluth, Minnesota 55802-2093

Attention: Contracts Analyst

- 17.3 Insurance specified herein shall be minimum requirements and Supplier is responsible for providing any additional insurance deemed necessary to protect the interests of both Supplier and Company from other hazards or Claims in excess of the minimum coverage. The liability of Supplier under any warranty or indemnity provision contained in the Agreement including these General Conditions is not limited to available insurance coverage.

18. **FINAL ACCEPTANCE.**

- 18.1 Supplier shall notify Company in writing when it believes the conditions of Final Acceptance are deemed achieved by Supplier.
- 18.2 After receipt of Supplier's notification pursuant to Section 18.1 above, Company shall be deemed to have determined its Final Acceptance of the Work performed by Supplier by Company's payment of the final invoice submitted by Supplier for the Project. Payments made hereunder do not excuse non-conforming Work under the Agreement.

19. **PRICE AND PAYMENT TERMS.**

- 19.1 Payments shall be made as stated in the Agreement. Unless a different term is agreed to between the Parties, payments will be made thirty (30) days after receipt of an invoice approved by Company in accordance with the payment terms herein, and the Agreement and Company's then current policies and procedures.
- 19.2 Payments otherwise due may be withheld on account of defective Work not remedied, Claims made or liens filed, damage by Supplier to Company or others not adjusted, failure to make payments to Subcontractors, or for any other failure to perform in accordance with the Agreement; provided, however, that the amount of payments withheld shall not exceed the reasonably estimated amount of the matter in dispute. No payment for any Goods purchased hereunder will be made prior to the earlier of shipment or delivery of such Goods. Services under the Agreement must be performed prior to payment by Company, other than customary mobilization costs.
- 19.3 All Supplier invoices shall reference (i) the Agreement, (ii) the Purchase Order, and (iii) any other applicable reference numbers. Such invoices shall also contain a complete

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description of all charges submitted in the format requested by Company. Each invoice or other application for payment must be accompanied by a lien waiver from Supplier and all subcontractors and material suppliers for the Work for which payment is to be made. Supplier shall provide Company a final invoice within sixty (60) days of Final Acceptance.

- 19.4 In making payments hereunder, Company shall be entitled to conclusively presume that payment information furnished by Supplier is accurate, including account number(s) and name of payee. All payments shall be in U.S. dollars.
- 19.5 When requested, Supplier shall provide to Company an itemized schedule of quantities and values of the various functions necessary to perform the Work. Supplier shall use Company's system of accounts to submit any itemized cost breakdown requested by Company.
- 19.6 Supplier irrevocably agrees that acceptance by Supplier of final payment shall fully and completely release Company from all Claims and demands that Supplier may have or has against Company and/or its corporate affiliates and their respective officers, directors, employees, agents, representatives and customers arising out of, resulting from, or in any way connected with the Work performed by Supplier pursuant to the Agreement, including any Purchase Order(s). Supplier further acknowledges and agrees that such final payment, together with all payments made prior to the final payment, constitutes full payment of all amounts due Supplier under the Agreement, including under any Purchase Order(s) and all amounts due for all Claims of any type and all extra Work. In accepting the final payment, Supplier further warrants and represents that all Claims, bills, payrolls, expenses, costs, taxes, and other indebtedness incurred in connection with the Work performed pursuant to the Agreement, including Purchase Order(s) have been paid in full.

20. **RIGHT TO AUDIT.**

- 20.1 Supplier shall maintain during the course of the Work, and retain not less than seven (7) years after completion thereof, complete and accurate records of all Supplier's records arising from, in connection with or incident to the Work and the Project, including without limitation, all (i) costs which are chargeable to Company under the Agreement, and (ii) Documents, granted authority, permits and other evidentiary data that evidences compliance with the Agreement (including these General Conditions) and all Applicable Laws and Applicable Transmission Rules. Company shall have the right, during normal working hours, to inspect, reproduce, and audit such records of Supplier by authorized representatives of its own or any third party contract compliance-auditing firm selected by Company. The records to be thus maintained and retained by Supplier must provide sufficient detail to evidence the propriety of all such chargeable costs and compliance with the Agreement (including these General Conditions) and all Applicable Laws and Applicable Transmission Rules. Such records shall include (without limitation):
- 20.1.1 Payroll records (hours, employee name, employee classification, multiplier breakdown etc.) that account for total time worked under such contract.
- 20.1.2 Invoices (including all back-up details) for purchases, receiving and issuing documents, and all inventory records for Supplier's stock or capital items.
- 20.1.3 Paid invoices and canceled checks for purchased materials, Subcontractors and third party charges.

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- 20.1.4 Records relating to airfreight and ground transportation, including but not limited to handling, hauling, and disposing of materials/equipment.
- 20.1.5 Accurate, auditable records of gifts, entertainment, and gratuities to individual Company personnel.

In addition, Supplier shall cause all of its Subcontractors to adhere to and comply with the requirements set forth above.

- 20.2 In conducting any audit, Company requires that Supplier provide electronic data files containing all required information for all Company activity for the entire audit period. The data files shall be in a file format compatible with industry accepted financial and other applicable software applications, and contain data elements of all items invoiced or processed by Supplier. As it is not administratively feasible for either Party to conduct an audit of the entire population of invoices and/or documentary information, both Parties agree that statistical sampling and extrapolation techniques premised upon proven scientific principles and analyses may be used. The foregoing shall not preclude, and Company shall have the right to audit any original Supplier documentation, whether or not contained in the statistical or other sample.
- 20.3 Each of the Parties understand and agree that in the event that payment errors have occurred in connection with the Project, payment of a Party shall be subject to the following: If the total aggregate errors found demonstrate underpayments to Supplier, Company shall reimburse Supplier for the corresponding underpayments; conversely, should the total aggregate errors found demonstrate overpayments to Supplier, then Company shall be reimbursed for the corresponding overpayments made. Both Parties agree that any undercharges or overpayments, once identified and agreed upon, shall be paid within thirty (30) days of notice to the other Party.
- 20.4 The foregoing shall not be applicable to the fixed-price portion of the Work, but shall include all Work performed pursuant to a Change Order or on a time-and-material basis. Notwithstanding the foregoing, Supplier shall cooperate with and provide documents in connection with any inquiry, audit or other investigation by or pursuant to the authority of a Governmental Body.

21. **TAXES.**

- 21.1 Unless otherwise specified in these General Conditions or in the Agreement, Supplier shall process and pay all sales, use and other taxes that are lawfully assessed in connection with the Work and shall be reimbursed by Company. The actual amount of sales, use and other taxes paid by Supplier shall be shown as separate items on all invoices.

22. **BONDS/LETTERS OF CREDIT AND SUPPLIER FINANCIAL STATEMENTS.**

- 22.1 Where required in the Purchase Order(s)/Work Order(s) or elsewhere in the Agreement or these General Conditions, Supplier shall furnish bond(s) and/or an irrevocable letter(s) of credit, as applicable, securing the performance of the Agreement, with such surety(ies) and/or financial institution(s) acceptable to Company in its sole discretion and in form acceptable to Company. Supplier shall deliver the bond(s) and/or letter(s) of credit to Company no later than the date of commencement of the Work or as otherwise specified by Company.

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22.2 Company shall have the right to request of and receive from Supplier the annual and most recent financial statements of Supplier for the purpose of determining Supplier's continuing financial ability to perform the Work in accordance with these General Conditions and as otherwise required by the Agreement. The financial statements required to be produced shall include, at a minimum, the balance sheet, income statement, statement of cash flows and, if available, footnotes to the financial statements and any written transmittal (such as an opinion or statement of review) by Supplier's independent accountants. Supplier represents and warrants that all such financial statements as provided to Company shall (i) be true, correct and complete, (ii) fairly state the financial condition of Supplier, and (iii) be presented in accordance with generally accepted accounting principles, consistently applied. Such financial statements shall be delivered to Company, to the attention of Company representative from whom Company's request was received, within five (5) business days after Supplier's receipt of Company's request.

23. **TRAVEL EXPENSES.**

23.1 For agreed to reimbursable travel, Supplier shall make its own travel arrangements and must utilize the lowest cost airfare available taking into account the exigencies of the Work and the circumstances requiring such travel. Supplier's invoice must provide documentation to substantiate all charges. Notwithstanding the foregoing, all such expenses must be in accordance with Company's then current guidelines regarding payments to contractors for travel expenses. Company will pay no additional amounts for travel related expenses in connection with firm price agreements.

24. **TERMINATION FOR CONVENIENCE.**

24.1 Company may, at its option, terminate the Agreement in whole or in part at any time by written notice thereof to Supplier, whether or not Supplier is in default.

24.2 Upon any such termination, Company shall pay for all Work completed and the reasonable cost of demobilization, not to exceed the total price of the Agreement, as amended by Change Orders. No amount shall be allowed for anticipated profit on unperformed Work or overhead. Upon receipt of any such notice and unless the notice requires otherwise, Supplier shall forthwith:

24.2.1 Discontinue the Work (including the removal of workers and all other agents of Supplier from the Project Site);

24.2.2 Place no further orders or subcontracts as to the Work other than as may be necessary for completion of any such portion of the Work under the Agreement that is not terminated;

24.2.3 Make best efforts to obtain cancellation upon terms satisfactory to Company of all orders and subcontracts to the extent they relate to the performance of the Work terminated;

24.2.4 As directed by Company, assist in the maintenance, protection and disposition of materials, supplies or property acquired pursuant to the Agreement; and

24.2.5 Deliver to Company all Documents, Drawings, plans, reports, specifications, data, estimates, summaries or other material and information, whether or not complete, related to the Work.

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24.3 Payment by Company of the amounts it is required to pay under this Section shall constitute full and final satisfaction by Company of all payment obligations required by this Agreement.

25. **TERMINATION FOR DEFAULT.**

25.1 Company may, by written notice of default to Supplier terminate the whole or any part of the Agreement if:

25.1.1 Supplier or its Subcontractors fail to perform any of their material obligations under the Agreement or fail to make progress so as to endanger timely completion of the Work, and Supplier does not cure such failure within five (5) business days after receipt of notice by Company, or provide a plan that is acceptable to Company, in the sole discretion of Company, to commence a cure within five (5) business days after receipt of notice and diligently and continuously pursue a cure thereafter; or

25.1.2 Supplier is generally unable to pay its debts as they come due, or makes an assignment for the benefit of creditors; or Supplier applies for or consents to the appointment of any receiver, trustee or similar officer for it or for all or any substantial part of its property, or such a receiver, trustee or similar officer is appointed without the application or consent of Supplier, and such appointment continues undischarged for a period of thirty (30) days; or Supplier institutes (by petition, application, answer or otherwise) any bankruptcy, insolvency, reorganization, readjustment of debt, dissolution, liquidation or similar proceeding under the Applicable Law of any jurisdiction, or any such proceeding is instituted against Supplier and is not dismissed within thirty (30) days of filing.

25.2 In the event Company terminates the Agreement as provided in this Article 25, Company may at its option arrange for completion of the Work. Supplier shall be liable to Company for all direct costs incurred by Company to cure Suppliers default, as well as all third party costs, expenses and other damages of any kind or nature incurred by Company as a consequence of default by Supplier or its Subcontractors.

25.3 Unless otherwise stated in the notice, upon receipt of notice of termination for default, Supplier shall:

25.3.1 Immediately discontinue the Work on the date and to the extent specified in the notice;

25.3.2 Place no further orders or subcontracts as to the Work, other than as may be necessary for completion of any such portion of the Work that is not terminated;

25.3.3 Make every reasonable effort to obtain cancellation upon terms satisfactory to Company of all orders and subcontracts to the extent they relate to the performance of the Work terminated;

25.3.4 As directed by Company, assist Company in the maintenance, protection and disposition of materials, supplies, property or the like acquired pursuant to the Agreement; and

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- 25.3.5 Deliver to Company all Documents, Drawings, plans, reports, specifications, data, estimates, summaries or other material and information whether completed or in process related to the Work.
- 25.4 If after delivery of notice of termination it is determined for any reason that Supplier was not in default, Supplier's sole and exclusive remedy shall be the same as if Company had terminated the Agreement for convenience pursuant to Article 24 of these General Conditions.
- 25.5 The rights and remedies of Company provided in this Article 25 shall be in addition to the rights and remedies provided at law or equity or otherwise under the Agreement. No failure or delay on the part of Company in exercising any right shall operate as a waiver thereof.

26. **CONFIDENTIAL INFORMATION.**

- 26.1 The Parties shall maintain the confidentiality of all information secured from the other Party in connection with the Agreement. Such confidential information of the other Party, which includes but is not limited to records, books, financial data, projections, and customer, employee and vendor information furnished to or by a Party, together with any analyses, compilations, studies, reports or other documents based in whole or in part upon such information, shall not be divulged to any third party and shall not otherwise be exploited commercially by the non-disclosing Party, except with prior written consent of the disclosing Party or as compelled by Applicable Law. If either Party is or could be legally compelled to make disclosure of confidential information, such compelled Party will notify the other Party prior to making such disclosure and take all reasonably available steps to limit the effects of such disclosure and if possible, require the parties to whom the information is disclosed to maintain the confidentiality of such information.
- 26.2 This Article 26 and the restrictions contained herein shall not apply to any data and documentation:
- 26.2.1 Which is in the public domain at the time it was disclosed or at any time thereafter through no fault of the disclosing Party;
- 26.2.2 Which was already known to the disclosing Party at the time of disclosure;
- 26.2.3 After three (3) years from the date of execution of the Agreement unless (i) the restriction applies to a trade secret, in which case the restriction shall not expire, and/or (ii) is subject to a longer restriction by a third party;
- 26.2.4 Which is independently developed by the disclosing Party; or
- 26.2.5 Which becomes known to the disclosing Party from an independent source, where such source has not violated an agreement of confidentiality.
- 26.3 Notwithstanding the preceding, Company may disclose or otherwise make available such Supplier proprietary data (i) to its attorneys, employees, agents and representatives, (ii) pursuant to Applicable Law, including, without limitation, court order, subpoena and regulatory rules or advice, (iii) to a third party with whom Company contracts for maintenance, operation, training, modification, repair or consultation, provided that said third party agrees to be bound in writing by similar limitations on use and disclosure of such data as contained herein, and (iv) to any taxing authority to the extent necessary to either respond to any audit or request for information or to file for any tax credit,

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deduction or other benefit. Company agrees to take all reasonable action by instruction to its employees who are permitted access to Supplier proprietary data to satisfy its obligations under this Article 26.

26.4 In addition to the requirements of Section 26.1 regarding Supplier's treatment of confidential information of Company, Supplier agrees that:

26.4.1 Company is a public utility subject to Federal Energy Regulatory Commission (FERC) standards of conduct rules regarding disclosure of non-public transmission information to its merchant function and marketing affiliate personnel (18 C.F.R. Part 358 effective September 22, 2004); and

26.4.2 If the Work involves the transmission assets of Company, Supplier will not reveal any non-public transmission information to any person employed by Company in a sales or marketing function of Company or by an energy affiliate (as those terms are defined in 18 C.F.R. Part 358). Supplier shall strictly comply with any communication protocols established by Company to prevent the disclosure of non-public transmission information with respect to the performance of Work; and

26.4.3 Supplier certifies on behalf of itself and its employees, agents and representatives that it and they are aware of the requirements of 18 C.F.R. Part 388. Supplier further certifies that after diligent review of 18 C.F.R. Part 388, it has no reason to believe that it or any of its employees, agents or representatives who may be granted access to Confidential Information that is also Critical Energy Infrastructure Information would be restricted from access to such Critical Energy Infrastructure Information pursuant to 18 C.F.R. Part 388.

26.4.4 "**Critical Energy Infrastructure Information**" (CEII) as used in these General Conditions means information that has been previously designated as CEII when filed with the FERC, or all information disclosed to Supplier or its representatives, by Company in connection with the Work, including information about proposed or existing Critical Infrastructure that: (i) relates to the production, generation, transportation, transmission, or distribution of energy, (ii) could be useful to a person in planning an attack on Critical Infrastructure, (iii) is exempt from mandatory disclosure under the Freedom of Information Act, 5 U.S.C. 552, and (iv) does not simply give the location of the Critical Infrastructure. "**Critical Infrastructure**" as used in these General Conditions means systems and assets, whether physical or virtual, that are so vital to the United States that the incapacity or destruction of such systems or assets would have a debilitating impact on the security, national economic security, national public health or safety, or any combination of those matters. Supplier agrees not to use CEII that is Confidential Information for purposes other than in connection with the Work.

27. **NOTICE OF CLAIMS AND LIENS.**

27.1 Supplier agrees not to assert or pursue any Claim against Company for damages of any kind or nature unless written notice thereof shall have been given to Company within ten (10) days after the occurrence giving rise to such damages.

27.2 The Work performed by Supplier shall pass to Company and be free and clear of all liens, encumbrances and third party interests (other than a Claim made by Supplier pursuant to Section 27.1). In the event Company is notified in writing of a third party Claim or Claims arising from the Work performed by Supplier, Company shall notify Supplier of such Claim or Claims and Supplier shall appoint a representative who will have the authority to

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settle any Claims, subject to the prior approval of any settlement terms by Company. If Supplier fails to appoint a representative to settle such Claims, Company shall have the right to make settlement thereof and charge the same to Supplier.

- 27.3 Supplier shall not allow lien Claims, third party interests or any encumbrances to be (i) filed against Company, or (ii) placed upon the Work and/or Company property. Supplier further agrees to defend, indemnify, save and hold harmless Company from and against all such Claims, damages and expenses, including liens of Subcontractors, laborers, equipment suppliers, service providers and other persons or entities arising out of, resulting from or in any way connected with the Work performed (or omitted to be performed) under or pursuant to the Agreement, including these General Conditions and any Purchase Order(s)/Work Order(s). If a lien or encumbrance has been filed or noticed, Supplier shall bond-over the lien or encumbrances not later than the earlier of five (5) days after the lien or encumbrance has been filed or notice has been received. If Supplier chooses to bond-over the lien or encumbrance, the amount of the bond shall not be less than one hundred fifty percent (150%) of the Claim. Any such bond shall survive the termination or expiration of the Agreement. Supplier will furnish, when requested by Company, written evidence that all Claims, bills, payrolls, costs, taxes and other indebtedness, incurred in connection with the Work, have either been paid in full or bonded-over, including, without limitation, releases or waivers of all liens and Claims of Supplier, its Subcontractors and laborers. If any liens, Claims or other encumbrances are outstanding against Supplier or Company as a consequence of the Work, Company may retain from money due Supplier sufficient amounts to indemnify and hold Company harmless.

28. **INDEMNITY.**

- 28.1 Supplier agrees to defend, indemnify and hold harmless Company and its shareholders, members, partners, affiliates, employees, representatives and agents (including Company's third party beneficiaries and Company's construction manager and engineer) (collectively, the "**Company Indemnitees**") from and against all liability (including any strict liability) arising from any and all claims, suits, actions, costs (including reasonable attorneys fees and costs of investigation), expenses, damages, losses, fines, interest, penalties, assessments, judgments, demands, causes of action and litigation/arbitration of any kind or character (individually, a "**Claim**" and collectively, "**Claims**") arising from Supplier's (A) willful or negligent acts or omissions or those of Supplier's officers, employees, representatives, agents, affiliates or Subcontractors, or (B) breach of the Agreement, including passage of good and marketable title to the Work, that may be imposed on, incurred by or asserted by a third party against any Company Indemnitee. Supplier shall have the sole authority to direct the defense or settle any Claim indemnified by Supplier; provided, that Company may monitor such matters through counsel of its choice and at its own cost; and provided, further, that Supplier may not settle any indemnified Claim unless such settlement includes a release of, and the consent of (not to be unreasonably withheld) Company. The foregoing indemnity will be applicable whether or not materials, equipment or property were or are owned by Company. The indemnification obligations hereunder are not limited by insurance coverage; and shall survive the expiration or termination of the Agreement.
- 28.2 With respect to third party Claims of negligence, (i) Supplier shall be responsible for that portion of any award by way of judgment in which it is determined that Supplier was negligent, but only to the amount represented by the percentage of such negligence so determined against Supplier and any joint tortfeasor in the action (other than Company and the other Company Indemnitees), and (ii) if Company or any of the other Company Indemnitees are determined in such judgment award to have been negligent and any

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have a percentage of such negligence allocated to it or them, Company and the other Company Indemnitees shall be responsible solely for the amount represented by the percentage of their respective negligence so determined; provided, however, the foregoing shall not be deemed to relieve Supplier of its obligation to (A) defend Company and the other Company Indemnitees in any such third party Claim, and (B) indemnify and hold Company and the other Company Indemnitees harmless from and against (1) all legal and associated fees arising from, in connection with or incident to the third party Claim, and (2) the allocated negligence liability of Supplier and any other person or entity for their negligent and other acts or omissions. No matter the outcome of the third party Claim, Supplier shall not have the right to seek payment of (and Company and the other Company Indemnitees shall not have any obligation to pay) the legal and other defense fees and costs of Company and the other Company Indemnitees which arise in connection with any such third party Claim. No settlement of any such third party Claim against Company or any of the other Company Indemnitees shall be made unless consented to in writing in advance by Company, which consent shall not be unreasonably withheld.

29. **INFRINGEMENT.**

- 29.1 Royalties and fees for patents, trademarks, copyrights or trade secrets related to designs, materials, parts, articles, apparatus, devices, equipment or processes and the like ("**Design(s)**") used in or created pursuant to the Agreement, are included in the Agreement price. Supplier shall, at its own expense, hold harmless and defend Company against any Claim, suit or proceeding brought against Company which is based upon any Claim that manufacture, sale or use of any such Design, material, article, apparatus, device, equipment or process, or any part thereof, constitutes an infringement of any patent, trademark, copyright or trade secret, or any other proprietary right, of a third party, and Supplier shall pay all defense costs and damages and costs awarded against Company, including attorneys' fees resulting therefrom.
- 29.2 If any Design(s), or any part thereof is found to constitute infringement and/or its use is enjoined, Supplier shall, at its own expense, subject to the following provisions, either: (i) procure for Company an irrevocable, royalty-free license to continue Company's use of the Design(s), (ii) with Company's prior written approval, replace the same with equal but noninfringing Design(s), or (iii) with Company's prior written approval modify the Design(s) so it becomes noninfringing, provided that no such replacement or modification shall in any way amend or relieve Supplier of its obligations set forth in the Agreement, including these General Conditions.
- 29.3 Notwithstanding any proprietary legends or claims of copyright, Company may copy or reproduce Documents and information furnished by Supplier and distribute such copies or reproduction to others in connection with the Project. Supplier is responsible for obtaining necessary permission and releases from any third parties and shall, at its own expense, hold harmless and defend Company against any and all Claims, suits or proceedings based upon any Claim that a proprietary right or copyright has been infringed.

30. **LIMITATION OF LIABILITY.**

- 30.1 In no event shall Company or any third party beneficiary to the Agreement be liable to Supplier for any special, incidental, indirect, punitive or consequential loss or damage whether or not such loss or damage is caused by the fault or negligence of Company, its employees, or agents. Company's liability on any Claim of any kind for any loss or damage arising out of or in connection with or resulting from the Agreement or from

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performance or breach thereof shall in no case exceed the contract amount of the Work, plus any applicable Change Orders.

- 30.2 In no event shall Supplier be liable to Company or any third party beneficiary to the Agreement for any special, incidental, indirect, punitive or consequential loss or damage whether or not such loss or damage is caused by the fault or negligence of Supplier its employees, agents or Subcontractors. This exclusion of liability for special, incidental, indirect, punitive or consequential loss or damage applies to loss of profits or revenue, cost of capital, loss of use of equipment or facilities, and cost of purchased or replacement power or Claims of customers due to loss of service. This exclusion does not apply to third party Claims requiring indemnification under Articles 28 and 29 of these General Conditions or if the Agreement is terminated by Company for default pursuant to the Agreement, including Article 25 of these General Conditions.
- 30.3 Supplier shall not be liable to Company or any third party beneficiary to the Agreement for damages that exceed five million dollars (\$5,000,000). This limitation of liability does not apply to damages due to Claims of:
- 30.3.1 indemnification under Articles 28 and 29 of these General Conditions; or
- 30.3.2 loss or damages for breach of the Agreement pursuant to a termination for default under or pursuant to Article 25 of these General Conditions.

31. **DISPUTES.**

- 31.1 The Parties agree that all disputes arising out of the Agreement shall be subject to this Article 31.
- 31.2 In the event of a dispute, authorized representatives from each Party familiar with the Work will meet to resolve the dispute. If these representatives fail to resolve the dispute within seven (7) days, senior representatives from each Party will meet to resolve the dispute. If the senior representatives are unable to resolve the dispute in seven (7) days, such dispute shall be subject to the remaining provisions below.
- 31.3 Any disputes under the Agreement will be governed by the internal laws of the State of Minnesota, without regard to conflicts of laws, provisions, and any action brought with respect to the Agreement shall be brought and venued exclusively in St. Louis County, Minnesota.

32. **INDEPENDENT CONTRACTOR.**

- 32.1 While Company and Supplier are legally related entities, that relationship does not alter the operations of either Party as required by this Section 32. With regard to any Work provided by Supplier to Company under this Agreement, Company and Supplier are independent contractors. Nothing in this Agreement creates a relationship of agent and principal, partners, joint venturers or employer-employee between Company and Supplier (or any of Supplier's employees or agents). No act or obligation of either Party will in any way bind the other. All Supplier personnel servicing the Company account under this Agreement shall be removed from the account upon request by Company.

33. **ASSIGNMENT AND SUBCONTRACTING.**

- 33.1 Supplier shall not assign the Agreement, or any part thereof, nor delegate in whole or in part, its responsibilities hereunder, without the prior written consent of Company. Unless

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otherwise agreed to in writing by Company, no assignment will release or discharge Supplier from any obligations under the Agreement.

33.2 Supplier may not subcontract its responsibilities under the Agreement without the prior written permission of Company. To the extent Company agrees to allow Supplier to subcontract any portion of the Work, Supplier shall ensure that all Subcontractors are bound by the terms of the Agreement, including these General Conditions, in a writing executed by Supplier and Subcontractor. Company shall be and is an intended third party beneficiary of any Subcontractor agreement. Any delegation of the Work through subcontracting shall not relieve Supplier of its responsibilities under the Agreement nor result in extra cost or liability to Company.

33.3 It is the intent of these General Conditions that Supplier shall perform the majority of the Work with its own forces and under the management of its own organization. Specific portions of the Work may be subcontracted only to Subcontractors who have been listed in the proposal data and who are accepted by Company.

34. **EQUAL EMPLOYMENT OPPORTUNITY.**

34.1 When this Agreement is used for procurement in support of Purchaser's electric utility business, Supplier and its Subcontractors shall abide by the requirements of §§ 41 CFR 60-1.4(a), 60-300.5(a) and 60-741.5(a). These regulations prohibit discrimination against qualified individuals based on their status as protected veterans or individuals with disabilities, and prohibit discrimination against all individuals based on their race, color, religion, sex, or national origin. These regulations require that covered prime contractors and subcontractors take affirmative action to employ and advance in employment individuals without regard to race, color, religion, sex national origin, protected veteran status or disability.

35. **THIRD PARTY BENEFICIARIES.**

35.1 Except for the third parties described or named in the Agreement, including these General Conditions, no provision of the Agreement shall in any way inure to the benefit of any third person so as to make any such person a third party beneficiary of the Agreement or of any one or more of the terms of these General Conditions.

36. **PUBLICITY.**

36.1 Supplier shall not make any announcement or release any information, publicity or photographs concerning the Agreement or the Project or any part thereof to any member of the public, press or any official body, unless prior written consent is obtained from Company.

37. **HEADINGS.**

37.1 Article headings and titles are included for the convenience of the Parties and shall not affect the meanings of the terms or conditions hereof.

38. **SEVERABILITY.**

38.1 In the event any words, phrases, clauses, sentences or other provisions hereof are invalid or violate any Applicable Law, such offending provision(s) shall be ineffective to the extent of such violation without invalidating the remainder of such provision or the Agreement, and the remaining clauses of such provision or the remaining provisions of

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the Agreement shall be construed consistent with the intent of the Parties hereto as closely as possible, and the Agreement, as reformed, shall be valid, enforceable and in full force and effect.

39. **ENTIRE AGREEMENT AND WAIVER.**

39.1 The Agreement constitutes the entire and sole agreement between the Parties concerning the subject matter of the Agreement and all prior negotiations, representations, understandings or agreements are not part of the Agreement and shall have no force or effect. Any waiver by either Party of any provision or condition of the Agreement must be in writing and signed by the Party to be bound. No such waiver shall be construed or deemed to be a waiver of any other provision or condition of the Agreement, nor a waiver of subsequent breach of the same provision or condition.

40. **AUTHORITY OF COMPANY AND ITS REPRESENTATIVES.**

40.1 Company's construction manager and its other designated representative(s) will direct and coordinate all Project contracts. Company and its construction manager or such designated representative(s) at all times shall have reasonable access to the work or the shops of Supplier for inspection of the Work or any part thereof. Except as otherwise specified in the Contract Documents, such representative shall make all explanations and directions which shall be necessary to the performance of the Work required, including interpretation of the Contract Documents; however, Supplier's right of dispute resolution shall apply to all decisions and directions of such representative.

41. **SURVIVAL.**

41.1 In the event of completion, performance, termination or expiration of the Agreement, the following sections (in their entirety) and subsections of these General Conditions shall survive any such completion, performance, termination or expiration: Articles 16 (Supplier Warranties), 17 (Insurance), 20 (Right to Audit), 21 (Taxes), 22.1 (Bonds/Letters of Credit), 26 (Confidential Information), 28 (Indemnity), 29 (Infringement), 30 (Limitation of Liability), 31 (Disputes), 35 (Third Party Beneficiaries), 36 (Publicity), 37 (Headings), 38 (Severability), 39 (Entire Agreement and Waiver), 40 (Authority of Company and its Representatives) and 41 (Survival).

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EXHIBIT A-2**CHEMICAL SUPPLY AGREEMENT**

This CHEMICAL SUPPLY AGREEMENT (this "Agreement") is made and entered into as of the 25th day of April, 2016 (the "Effective Date"), by and between U.S. Water Services, Inc., a Minnesota corporation ("Seller"), and ALLETE, Inc., d/b/a Minnesota Power, a Minnesota corporation, ("Buyer"). Together, Seller and Buyer are "Parties" to this Agreement and either Seller or Buyer individually is a "Party" to this Agreement.

NOW THEREFORE, in consideration of the mutual covenants and obligations stated in this Agreement, the receipt and sufficiency of which the Parties acknowledge, Seller and Buyer hereby agree as follows:

SECTION 1. SALE AND PURCHASE OF PRODUCT

Subject to the terms and condition of this Agreement, Seller shall sell to Buyer, and Buyer shall purchase from Seller from time to time, each of the product(s) set forth below in the amounts and at the price set forth below:

Product(s)	Those Products Categories listed in the Alliance Agreement Exhibit B Statement of Work – Attachment 1.
Price of Product(s)	The price shall be accordance with the Alliance Agreement Exhibit B Statement of Work – Attachment 2 and 2a.
Freight	Pre-paid Destination

SECTION 2 TERM

The "Term" of this Agreement shall begin on the Effective Date and shall continue thereafter to and including September 30th, 2018 unless extended or earlier terminated in accordance with this Agreement.

SECTION 3. CHEMICAL ORDERS

Buyer may submit to Seller, via e-mail or fax, a written order for a specific amount of the chemicals listed in Exhibit A to be purchased by Buyer and delivered by Seller (“Order”).

Orders shall be sent to the following email thanson@uswaterservices.com, faxed to 763-553-0613 or called in to 715-919-0377.

Acknowledgements/Notices of shipment shall be sent to the requestor placing the order.

Seller may change its contact information for Orders, and Buyer may change its contact information for acknowledgements and notices of shipment, in each case by written Notice to the other Party.

As more fully set forth in Section 20 (Complete Agreement), the terms and conditions of this Agreement will prevail notwithstanding any different, conflicting, or additional terms and conditions that may appear on any purchase order, invoice, acknowledgements or any such form or document even if signed by both Parties hereto.

SECTION 4. WARRANTY

4.1 Warranty. Seller represents warrants that the goods and services furnished will be free from defects in materials and workmanship, merchantable and in full conformity with the applicable specifications set forth in Exhibit B, and Seller’s description, promises or samples, and that such goods will be fit for the Buyer’s intended use provided Seller has reason to know of such use, and that Seller will convey the good title to the goods, free and clear from all liens, claims and encumbrances. No implied warranties of Seller are excluded or disclaimed. Seller shall give prior notice to Buyer of any significant change(s) in materials, manufacturing processes, or test methods for mutual assessment of the probable effect on Buyer’s processes or product performance. Seller warrants that the manufacture of the goods and any component part hereunder, and the use or resale of such goods do not infringe the claims of any U.S. or foreign patent, copyright, trademark or trade secret. Seller represents and warrants that the production and furnishing of the goods hereunder comply with all applicable laws, permits, rules and regulations, and further, that the delivery of such goods complies with all applicable laws, permits, rules and regulations regarding packaging, marking and shipping of the goods. Seller also represents and warrants that the goods are listed on the TSCA Inventory maintained by the U.S. Environmental Protection Agency under the Toxic Substances Control Act, and that Seller shall provide Buyer with documentation confirming such listing upon request.

4.2 Compliance. Seller represents and warrants that, if Seller is legally required to comply with the provisions of the following, all goods and services furnished under this Agreement shall be produced in compliance with and Seller shall abide by provisions of

the following which are incorporated herein by reference to the extent that such provisions are applicable to Seller and this Agreement: Employee Non-Discriminatory and Equal Opportunity requirements contained in Executive Orders No. 11246, 11758 and any subsequent related orders; Certification of Nonsegregated Facilities, as required by Order of the U.S. Secretary of Labor cited at 32 Federal Register 7437 and any subsequent related orders; Employer Information Report (EEO-1, Standard Form 100) under Section 60-1.7 of Title 41 of the Code of Federal Regulations and any subsequent related regulations; Affirmative Action for Disabled Veterans and Veterans of the Vietnam Era as mentioned in 38 United States Code Section 1787 and the Vietnam Era Veterans Readjustment Act and subsequent related law; laws relating to Utilization of Minority Business Enterprises and Minority Business Enterprises Subcontractor Program as provided in Section 800 of Title 10 of the Code of Federal Regulations and any subsequent related regulations and orders; and laws relating to Employment of the Handicapped under Section 503 of the Rehabilitation Act of 1973 and subsequent related law.

4.3 Environmental Laws. Seller shall observe and comply with all federal, state or local laws, statutes, codes enactments, ordinances, rules, regulations, permits, consents, approvals, authorizations, licenses, judgments, orders, writs, decrees, injunctions, common laws (including without limitation the common law respecting nuisance and tortious liability), or other requirements having the force and effect of law or regulation, relating to the protection of human health and safety, occupational health and safety, the environment, or natural resources and wildlife, including, without limitation (i) the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (CERCLA), (ii) the Solid Waste Disposal Act, (iii) the Resource Conservation and Recovery Act (RCRA), (iv) the Toxic Substances Control Act (TSCA), (v) the Federal Insecticide, Fungicide and Rodenticide Act (FIFRA), (vi) the Clean Water Act, (vii) the Clean Air Act, (viii) the Occupational Safety and Health Act (OSHA), (ix) the Safe Drinking Water Act, (x) the Minnesota Environmental Response and Liability Act (MERLA), and (xi) the Department of Transportation rules on hazardous materials, all as amended and in effect from time to time (“Environmental Laws”).

Seller shall consult with the Buyer in all cases where there is a question, or additional clarification is needed regarding compliance with Environmental Laws or permits.

4.4 Safety and Health. Seller specifically represents and warrants that all goods and services provided herein meet current safety standards established and promulgated under the Federal Occupational Safety and Health Act (OSHA) of 1970, or under any applicable law of a state in lieu thereof, for the protection of employees who will be affected by the use or performance of said articles and services. In Minnesota the rules governing safety include, but are not limited to, the Minnesota Occupational Safety and Health Codes and the Minnesota Manual on Uniform Traffic Control Devices, Appendix B. Additionally, the Contractor shall abide by and be signatory to Minnesota Power’s *Contractor Safety Orientation Manual*. A copy of Minnesota Power’s *Safety Manual* is available upon request.

4.5 Buyer's Property. Buyer has a strong regard for environmental stewardship and human health and safety. Consistent with this policy, Seller is responsible for conducting its activities on Buyer's property in such a manner as to protect human health and safety and the physical environment which may be associated with the Agreement. Seller represents and warrants that all operations, products, services and reports are conducted or completed in compliance with all applicable Environmental Laws.

Seller has a duty to understand when its actions or contemplated actions may have an effect on any environmental requirements stated or implied herein, and shall demonstrate competency in environmental compliance.

4.6 Remedy. In the event Seller (i) offers or supplies any defective goods or services or any goods or services not in accordance with Buyer's location-specific requirements, specifications, or Seller's express or implied warranties hereunder, (ii) breaches any warranties or covenants, or (iii) fails to timely supply conforming goods or services hereunder, Buyer may, at its option: (a) reject such goods or services; (b) terminate this Agreement or any part hereof, including but not limited to a product-specific termination or a location-specific termination; (c) return such goods and charge Seller all costs, expenses and damages related to the return; (d) cover and charge Seller for any loss, costs and damages incurred; (e) require Seller to replace or otherwise correct, without expense to Buyer, any such goods or services; or (f) retain such goods and charge Seller for any damages. All rights and remedies stated herein shall be in addition to any rights and remedies provided by law, and shall survive any inspection, test, acceptance and payment. In addition to the rights set forth in this Section 4, Buyer may upon written notice to Seller, terminate this Agreement in whole or part, including but not limited to a product-specific termination or a location-specific termination (a) if reasonable grounds for insecurity arise as to Seller's expected performance (including timely performance) within ten (10) days after Buyer's written demand for adequate assurance.

SECTION 5. SHIPPING AND DELIVERY; ACCEPTANCE

5.1 Information to be Provided by Seller. Upon execution of the Agreement, Seller shall provide to Buyer the following information:

- (i) Seller's safety training program
- (ii) Seller's certifications applicable to the goods and services provided hereunder
- (iii) Seller's transportation and delivery spill response plans
- (iv) Seller's driver training program, including DOT Hazardous Materials training, applicable to the goods and services to be provided hereunder
- (v) A list of personal protective equipment for the transportation vehicles to be used for delivery of the goods to be furnished hereunder as well as documentation that drivers' delivery of said goods have met all associated OSHA requirements for the use of the same

5.2 Packaging, Packing Lists and Bills of Lading. Seller shall be responsible for proper packaging, loading and tie-down, as applicable, to prevent damage during

transportation. Seller must bill all returnable containers on a separate memo invoice; return transportation charges will be collect and for Seller's account. Buyer's weight and/or count will be accepted as final and conclusive on all shipments not accompanied by such packing list.

5.2 Timing of Delivery. Time of the essence. Seller shall furnish sufficient labor and management forces, plant and equipment and shall work such hours (including night shift, overtime, weekend and holiday work) as may be required to assure timely delivery as set forth in Exhibit B.

5.3 Title and Risk of Loss□ Title and risk of loss and damage to all goods shall remain in Seller until receipt of the goods at Buyer's location. Title shall pass to Buyer upon Buyer's acceptance of goods at Buyer's location.

5.4 Inspection and Acceptance. All goods furnished to Buyer hereunder shall be subject to Buyer's inspection and acceptance or rejection within a reasonable time after delivery irrespective of payment date. The making or failure to make any inspection of, payment for, or acceptance of the goods shall in no way impair Buyer's right to reject or revoke its acceptance of non-conforming goods or to avail itself of any other remedies to which Buyer may be entitled, notwithstanding knowledge of the nonconformity, its substantiality or ease of discovery. Buyer shall have a reasonable time to submit claims of count, weight, quantity, loss or damage to delivered goods.

5.5 Testing and Lab Analyses. Buyer reserves the right to sample all goods furnished hereunder to ensure the goods are compliant with specifications set forth in Exhibit B. Seller shall provide Buyer copies of Seller's ongoing quality assurance tests and quality control lab analyses.

SECTION 6. TAXES, FEES AND ROYALTIES

All taxes, fees and royalties are included in the price of the goods and services as set forth in Exhibit A, other than any applicable state sales tax, which shall be to Buyer's account.

SECTION 7. INVOICING AND PAYMENT

Seller shall invoice Buyer for each shipment of goods hereunder, and, unless otherwise specified, payment shall be net 30 days after receipt of invoice. Buyer shall timely pay all undisputed portions of each disputed invoice. All amounts due hereunder shall be subject to setoff and recoupment. Payment shall not constitute acceptance for goods and services or waiver of any claims related thereto.

SECTION 8. INSURANCE

Without limiting any of the other obligations or liabilities of Seller, Seller shall provide and maintain such insurance as shall protect Seller and Buyer from claims which may in any way arise out of or be in any manner connected with the performance of the

Agreement, whether such claims arise out of the act or failure to act of Seller, Buyer, or of the direct or indirect delegee, appointee or employee of either. Such insurance shall be as specified below unless additional insurance is required by the purchase order, and, except for worker's compensation, all insurance policies shall name Buyer and its Indemnitees under Section 11.2 as additional insureds with insurance companies that are (a) authorized to do business under the laws of the State(s) in which Consultant conducts business related to this Agreement, and (b) rated A- or better by A.M. Best rating service in amounts not less than:

Type of Coverage	Limits
(i) Workers' Compensation Coverage, including coverage under the United States Longshoremen's and Harbor Workers' Compensation Act, the Jones Act and the Federal Employers' Liability Act, where applicable.	Statutory
(ii) Employers' Liability Coverage	\$1,000,000
(iii) Commercial General Liability, occurrence form, providing bodily injury, personal injury, and property damage liability coverage, including but not limited to Broad Form Property Damage with no explosion, collapse and underground (XCU) exclusions, contractual liability coverage for the indemnity promise contained herein, and including MCS-90.	
General Aggregate	\$4,000,000
Products - Completed Operations Aggregate	\$2,000,000
Personal & Advertising Injury	\$2,000,000
Each Occurrence	\$2,000,000
Contractual	\$2,000,000
Fire Damage (any one fire)	\$50,000
Medical Expense (any one person)	\$5,000
(iv) Comprehensive Automobile Liability, covering all automobiles, trucks, tractors, trailers, motorcycles, mobile equipment or other automotive equipment whether owned, hired, or leased or used by the Seller, and including MCS-90.	
Bodily Injury/Property Damage Combined Single Limit	\$1,000,000
(v) Professional Liability	\$1,000,000

(vi) Pollution Liability \$2,000,000

All dollar amounts of coverage set forth above shall be per occurrence and in the aggregate and include a cross liability and severability of interest clause. The policies described herein shall (a) be endorsed to show that the insurers waive subrogation against Buyer, its affiliates, directors, officers and employees, (b) the insurance is primary and non-contributory, and (c) require notice to be delivered to Buyer should any of the policies be cancelled before the expiration date thereof. Seller shall, before commencing work under this Agreement, deliver to Purchasing and Contracts, ALLETE, Inc., 30 West Superior Street, Duluth, Minnesota 55802, certification of insurance coverage completed by its insurance carrier(s) or agent(s) certifying that minimum insurance coverages as required herein are in effect.

SECTION 9. TERMINATION

9.1 Termination for Convenience. Buyer shall have the right to terminate the Agreement or any part thereof, including but not limited to a product-specific termination or a location-specific termination, upon sixty (60) days written Notice to Seller; provided, however, that such termination shall not be effective as to any Orders placed prior to such termination.

9.2 Termination by Buyer for Default. Buyer shall have the right to terminate or suspend this Agreement, by written Notice to Seller, in whole or in part, including but not limited to a product-specific termination or a location-specific termination, in the case of a breach of this Agreement by Seller, if such breach is not cured by the later of (i) seven (7) days after written Notice from Buyer and (ii) the expiration of a time period established in a plan provided by Seller to Buyer within three (3) days of Seller's receipt of such Notice, and acceptable to Buyer in its sole discretion, to commence a cure within seven (7) days after receipt of such Notice and diligently and continuously pursue a cure thereafter (a "Seller Event of Default"). Seller shall have the right to terminate or suspend this Agreement, by written Notice to Buyer, in whole or in part, in the case of (a) a failure by Buyer to make any payment due hereunder (other than the disputed portion of any amount due hereunder that is being disputed in good faith) if such failure is not cured within ten (10) days after written Notice from Seller. For the purpose of this Section 9.2, Seller shall be conclusively deemed to have breached this Agreement in the event Seller becomes insolvent or makes an assignment for the benefit of a creditor or commits an act of bankruptcy or files or has filed against it a petition in bankruptcy or reorganization proceedings.

SECTION 10. FORCE MAJEURE

10.1 Definition of Force Majeure. "Force Majeure" means an event or condition that prevents or delays the performance by a Party of its obligations under this Agreement to the extent beyond the reasonable control, and without the fault or negligence, of the Party claiming relief, and which by the reasonable exercise of due diligence such claiming Party is unable to prevent or overcome. Force Majeure is defined as fire, floods,

earthquake, hurricane, tornado, explosion, accident, war or war-like operations (whether or not a state of war is declared), riot, Acts of God, acts of terrorism, insurrection, enactment of new applicable law or order, or changes in applicable law that prevent performance, and breakdowns of or damage to Buyer's plants, equipment, facilities, or power systems interconnected with generating stations (including shutdowns for unplanned maintenance as may be necessary to mitigate or eliminate the imminent threat of such breakdowns or damage). Force Majeure shall not include delays caused by unfavorable weather that is not abnormal for the season and geographic area, unsuitable ground conditions, inadequate construction force, strikes or labor disturbances involving the personnel of Seller or any of its subcontractors, market conditions or the failure of either Party to place orders for equipment or materials sufficiently in advance to ensure delivery when needed.

10.2 Effect of Force Majeure. If Force Majeure prevents either Party from performing any of its obligations under this Agreement, and if such Party gives to the other Party Notice of the Force Majeure (which Notice (i) shall identify the event of Force Majeure and, to the extent known, the expected length of time during which the event of Force Majeure will be in effect and the plan of the Party experiencing the Force Majeure to correct or remove it and (ii) be delivered promptly after the start of the Force Majeure event), then the obligations of the Party giving such Notice are excused to the extent made necessary by the Force Majeure and during its continuance, which time period shall be called the "Force Majeure Period." An event of Force Majeure shall excuse the obligations of the notifying Party only to the extent that the Party takes all commercially reasonable actions necessary to overcome the Force Majeure with all reasonable dispatch. Only the Party suffering a Force Majeure may claim Force Majeure relief; provided, however, that the other Party shall be excused from its obligations that depend upon the performance of the obligations excused by the Force Majeure event. An attempt by the Party suffering an event of Force Majeure to perform its obligations notwithstanding the Force Majeure shall not constitute a waiver of the right to claim Force Majeure if such attempt proves unsuccessful. Notwithstanding the foregoing, the Party affected by Force Majeure, in its sole discretion, shall not be required to submit to unreasonable conditions or restrictions imposed by any governmental authority or contract counterparty, or to make significant capital expenditures, to overcome the Force Majeure. In the event, and to the extent, a Force Majeure prevents Buyer from accepting goods and services, Seller's sole remedy shall be an extension of the Term of this Agreement for the time period lost by reason of the Force Majeure.

SECTION 11. INDEMNIFICATION

11.1 Intellectual Property. Seller shall, at its own expense, hold harmless, protect and defend Buyer against any claim, suit or proceeding brought against Buyer which is based on a claim, whether rightful or otherwise, that the goods or any part thereof, furnished under this Agreement, constitute(s) an infringement of any U.S. intellectual property rights, and Seller shall pay all damages, costs, and expenses arising from such claim.

11.2 General Indemnification by Seller. Seller shall completely indemnify, defend, and hold Buyer, its officers, agents and representatives (“Buyer Indemnitees”) harmless from and against all claims for personal injury, property damage, wrongful death or other damages, losses and expenses, including attorneys’ fees (“Claims”), arising out of, or resulting from, Seller’s negligence or willful misconduct. It is expressly understood and agreed that this obligation to completely indemnify, defend and hold harmless shall apply and be enforceable for all Claims except to the extent caused by the negligence or willful misconduct of the Buyer Indemnitees. If a Claim is made by an employee of Seller against a Buyer Indemnitee, Seller shall and hereby agrees to indemnify the Buyer Indemnitee to the same extent as if the Claim was made by a non-employee of the Seller without regard to any limitation on Seller’s liability for injuries to its employees, whether established by judicial decision, statute or otherwise. This provision shall also be enforceable in addition to and beyond any insurance coverages required for the protection of Buyer as permitted by law.

SECTION 12. CHOICE OF LAW; VENUE

This Agreement and the rights of all parties hereunder shall be construed under and governed by the laws of the State of Minnesota. The Parties agree to submit to the exclusive jurisdiction of the State and Federal courts sitting in St. Louis County, Minnesota, and waive any objections to such location based on jurisdiction, venue or inconvenient forum.

SECTION 13. ASSIGNMENTS

Buyer reserves the right to assign this Agreement to successors, assigns, affiliates or subsidiaries without further notice to or consent of Seller. No part of this Agreement may be assigned or subcontracted by Seller without Buyer’s written consent.

SECTION 14. CONFIDENTIALITY

Except as permitted or directed in writing by Buyer, Seller shall not during the term of this Agreement or thereafter divulge, furnish or make accessible to anyone or use in any way any confidential, trade secret, or proprietary information (including but not limited to personnel, financial or other matters) of Buyer that Seller has acquired or become acquainted with in the performance of any of its obligations under this Agreement, whether such information is developed by the Seller or others. Seller shall promptly notify Buyer of any request by any entity for information covered by this Agreement. Unless otherwise agreed to by the Parties in writing, all information of Buyer that Seller acquires or becomes acquainted with in the performance of any duty under this Agreement shall be considered confidential, trade secret or proprietary information belonging to Buyer.

SECTION 15. NOTICES

Except as otherwise specifically provided by this Agreement, any notice provided for pursuant to this Agreement or given or made in connection with this Agreement (“Notice”) shall be in writing and shall be deemed properly and sufficiently given or made if delivered in person with receipt acknowledged in writing by the recipient, or sent by registered or certified mail return receipt requested, to the respective Parties at the addresses specified below:

If to Seller, addressed to: U.S. Water Services, Inc.
12270 43rd Street NE
St. Michael, MN 55376
Company Representative: Attention: Randy Meyer

If to Buyer, addressed to:

ALLETE, Inc.
30 West Superior Street
Duluth, Minnesota 55802
Attn: Manager of Purchasing and Contracts

SECTION 16. SELLER AS AN INDEPENDENT CONTRACTOR

It is agreed and understood that during the performance of this Agreement, Seller shall be considered an independent contractor, and not an agent of Buyer.

SECTION 17. WAIVERS

The failure of either Party to require strict performance of any provision of this Agreement by the other Party, or the forbearance to exercise any right or remedy under this Agreement shall not be construed as a waiver by such Party of the right to require strict performance of any such provision or the relinquishment by such Party of any such right or remedy it might have with respect to any subsequent breach of such provisions. All waivers shall be signed in writing, designated a waiver, and signed by the waiving Party, and shall recite the rights waived.

SECTION 18. HEADINGS AND SECTION NUMBERS; CONSTRUCTION

18.1 Headings Not to Affect Construction□ The headings of the sections of this Agreement are inserted for convenience only and shall have no effect on the construction, interpretation or meaning of this Agreement.

18.2 References to Section Numbers□ All references in this Agreement to a section of this Agreement will be interpreted to refer to the entire section, including subsections.

SECTION 19. AMENDMENTS

Any and all amendments, supplements and modifications to this Agreement shall be effective only if in writing and signed by the Parties.

SECTION 20. COMPLETE AGREEMENT

This Agreement is the complete and total expression of all agreements, contracts, covenants and other promises between Seller and Buyer related to the sale of goods and services set forth herein to Buyer. The terms and conditions of this Agreement will prevail notwithstanding any different, conflicting, or additional terms and conditions that may appear on any purchase order, invoice, acknowledgement or any other such form or document even if signed by both Parties. No preprinted terms and conditions or other preprinted provisions contained in or attached to or referred to in any purchase order submitted by Buyer or in any order acknowledgment, acceptance, or invoice issued by Seller shall operate to amend, modify, supplement or supersede the provisions contained in this Agreement, and any provision or statement in any purchase order issued by Buyer or in any order acknowledgment, acceptance, or invoice issued by Seller that purports to make the terms of such document exclusive or binding shall be void as it relates to this Agreement.

SECTION 21. COUNTERPARTS

Buyer and Seller may execute this Agreement in two or more counterparts, each of which shall constitute an original document and all of which taken together shall constitute a single Agreement.

SECTION 22. SURVIVAL

The provisions of Sections 4 (Warranty), 5, (Shipping and Delivery; Acceptance), 6 (Taxes, Fees and Royalties), 7 (Invoicing and Payment), 8 (Insurance), 9 (Termination), 11 (Indemnification), 12 (Choice of Law; Venue), 13 (Assignments), 14 (Confidentiality), 15 (Notices), 16 (Seller as Independent Contractor), 18 (Headings and Section Numbers; Construction), 20 (Complete Agreement), 22 (Survival), and 23 (Severability) shall survive expiration or termination of this Agreement.

SECTION 23. SEVERABILITY

Whenever possible, each provision of this Agreement shall be interpreted in such a manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision or any other jurisdiction, but this Agreement shall be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision had never been contained herein.

SECTION 24. EQUAL EMPLOYMENT OPPORTUNITY

When this Agreement is used for procurement in support of Purchaser's electric utility business, Supplier and its Subcontractors shall abide by the requirements of §§ 41 CFR 60-1.4(a), 60-300.5(a) and 60-741.5(a). These regulations prohibit discrimination against qualified individuals based on their status as protected veterans or individuals with disabilities, and prohibit discrimination against all individuals based on their race, color, religion, sex, or national origin. These regulations require that covered prime contractors and subcontractors take affirmative action to employ and advance in employment individuals without regard to race, color, religion, sex national origin, protected veteran status or disability.

SECTION 25. BUYER LOCATION-SPECIFIC REQUIREMENTS

All chemicals deliveries to Minnesota Power locations or Superior Water Light and Power are to be made between 8am and 2pm CST. **ALL** live unload transfer of chemicals require an escort.

NOTE: If there any environmental concerns or questions please contact one of the following individuals:

Contact List for any Environmental Questions or Concerns

Name	Phone #
Service Dispatch	218-720-2764

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EXHIBIT A-3
Engineering Services Agreement
Contract Terms and Conditions

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Terms and Conditions

1. ALLETE ENGINEERING SERVICES TERMS AND CONDITIONS

1. Agreement

In consideration of the mutual promises contained in this Agreement, the parties agree as follows:

2. Requests for Services

This Agreement does not obligate Minnesota Power to request services from Engineer, nor does it obligate Engineer to accept orders for work. From time to time, Minnesota Power may request in writing that Engineer perform engineering services for Minnesota Power ("Requests for Services"). Any Request for Services shall address:

- a. Time and location of services
- b. Assigned engineering personnel
- c. Objectives and purposes
- d. Actual scope of services
- e. Deliverables – reports, etc.
- f. Funding limitations respecting Exhibit A Compensation

Promptly after receipt of a Request for Services, Engineer shall advise Company in writing which of such services it agrees to provide (hereinafter the "Services"). Accepted Requests for Services shall be made part hereof and incorporated herein by this reference in the form of a Purchase Orders, but in case of conflict between this Agreement and any Requests for Services, accepted Requests for Services, or Purchase Orders, this Agreement shall govern.

3. Performance Schedules

Time is of the essence in this Agreement and Engineer shall commence and complete the Services within agreed-upon schedules

4. Ownership of Work and Rights in Work

All deliverables, including but not limited to plans, specifications, reports, studies, drawings, final underlying calculations, and data supporting the deliverables, prepared in the course of Engineer supplying the Services shall be the sole and exclusive property of Minnesota Power and will be delivered to Minnesota Power by Engineer promptly. Engineer shall provide copyright assignments or other documents requested by Company to vest unrestricted title in Minnesota Power to all of the above property. There will be no restriction upon Minnesota Power's right to use, disclose or otherwise deal with the Services provided by Engineer hereunder; provided, however, that any reuse of the deliverables other than as anticipated in the Purchase Order shall be at Minnesota Power's sole risk.

Minnesota Power shall have the exclusive right to use all of the information and technology supplied by Engineer in connection with providing the Services, including the right to design and build without further participation by Engineer.

-

Engineer shall retain records and documents related to this Agreement and the Services performed under any Request for Services or purchase order for a minimum of three (3) years after the completion of

services for any Purchase Order. The same shall be available for examination by Minnesota Power or its designee at reasonable times upon reasonable advance notice. Minnesota Power shall be entitled to obtain for its files a copy of all documents and all other information related thereto, including any information or material furnished to the Engineer by any third parties.

5. Examination and Evaluation of Information

Minnesota Power has made or shall make available to Engineer all information in its possession; concerning the physical condition of any Minnesota Power property that is the subject of or involved in the Services, and concerning Minnesota Power’s existing processes and other facts which Engineer identifies as specifically necessary and relevant to the Services. Engineer represents that Engineer has examined or shall carefully examine all such information and other information available concerning such property, has visited or shall visit such property, is or shall become familiar with the physical condition of the property and surrounding terrain, is or shall become fully informed as to all existing conditions and limitations, including all laws, ordinances, and regulations affecting this Agreement and the Services, including the terms of any governmental permits and regulatory or administrative orders applicable to the property which Minnesota Power has disclosed to Engineer, is or shall be satisfied that Engineer has or is able to obtain the type of personnel, machinery, equipment, tools, materials, transportation and whatever else is necessary to complete the performance of the Services, and Engineer’s compensation includes a sum sufficient to cover the cost of all items required to complete the Services contemplated by this Agreement whether or not specifically described herein. Engineer has made or shall make Engineer’s independent evaluation of Minnesota Power-provided and other information and has not relied upon, and shall not rely upon, any such Minnesota Power-provided or other information or conclusion of Minnesota Power except as set forth in writing by Engineer. Failure of Engineer to have made a full investigation as contemplated above shall not relieve Engineer from any of the obligations of this Agreement and Engineer shall not be entitled to additional compensation for Services arising out of such failure.

6. Payment for Services Rendered

Minnesota Power will pay Engineer for Work satisfactorily performed in accordance with the billing rates set forth in Exhibit A attached hereto or as specifically defined on individual Purchase Orders authorizing the Work. Engineer may submit updated Exhibit A annually; provided, however, that the amount to be paid for any service or labor or material furnished or used in connection with the Services shall not exceed Engineer’s usual and customary charge for such services, labor or material in the locality where the Services are to be performed.

On or about the fifth day of each month, Engineer shall submit to Minnesota Power an itemized invoice in a form satisfactory to Minnesota Power showing Engineer’s charges including reimbursable expenses for the preceding month. Within thirty (30) days from receipt of monthly invoices, appropriately supported by receipts or other documentation satisfactory to Minnesota Power, Minnesota Power shall pay Engineer the undisputed invoiced amounts and advise Engineer in accordance with such reconciliation. All claims for monies due or to become due from Minnesota Power shall be subject to deduction by Minnesota Power for any set-off or counterclaim arising out of this Agreement or any other agreement with Engineer, whether such set-off or counterclaim arose before or after any permitted assignment or delegation by Engineer. As a condition of payment, Engineer agrees to provide appropriate waiver of mechanic’s liens. Engineer shall submit request for written MP pre-authorization for all out-of-pocket travel expenses incurred in the performance of the Services.

7. Accounting of Costs

Engineer shall ensure that Engineer and Engineer’s subcontractors maintain a true, correct and complete set of records, including books and accounts in accordance with generally accepted accounting principles consistently applied, pertaining to the Services performed hereunder and Engineer shall ensure that neither

Engineer nor any of Engineer's subcontractors pay any commission or fees or grant any rebates or other remuneration or gratuity to Minnesota Power or Minnesota Power's affiliated entities, or employees, officers, directors, and agents of Minnesota Power, or affiliates (collectively referred to as "Minnesota Power Entities"), and that neither Engineer nor any of Engineer's subcontractors grant any secret rebates, one to the other, nor pay any commission or fees to the employees or officers of the other in connection with the Services. Minnesota Power may, upon request, inspect audit, and reproduce any and all records of Engineer relating to Services performed hereunder; provided, however, Engineer shall have the right to exclude any trade secrets from inspection. Engineer shall ensure that Minnesota Power has a comparable right to audit records of Engineer's subcontractors.

8. Progress Reports

With Engineer's monthly invoices, Engineer shall submit monthly progress reports which shall provide by work activities: a comparison of the actual commencement and completion times with the scheduled times; the percentage of the Services complete, and an estimate of the man-hours necessary to complete the Services. With respect to cost reimbursable items, Engineer shall also provide a comparison of actual costs incurred with budgeted costs.

9. Notice of Claims and Liens.

a. Engineer agrees not to assert or pursue any claim against Minnesota Power for damages of any kind or nature unless written notice thereof shall have been given to Purchaser within ten (10) days after the occurrence giving rise to such damages.

b. The Work performed by Engineer shall pass to Purchaser and be free and clear of all liens, encumbrances and third party interests. In the event Purchaser is notified in writing of a third party claim or claims arising from the Work performed by Engineer, Purchaser shall notify Engineer of such claim or claims and Engineer shall appoint a representative who will have the authority to settle any claims, subject to the prior approval of any settlement terms by Purchaser. If Engineer fails to appoint a representative to settle such claims, Purchaser shall have the right to make settlement thereof and charge the same to Engineer.

c. The Engineer shall not allow lien claims, third party interests or any other encumbrances to be (1) filed against Purchaser or (2) placed upon the Work and/or Purchaser's property. The Engineer agrees to defend, indemnify, save and hold harmless Purchaser and its affiliates, employees, officers, or directors from and against all such claims, damages or expenses, including liens of subcontractors, laborers, equipment suppliers, service providers and other persons or entities arising out of, resulting from or in any way connected with the Work performed (or omitted to be performed) under or pursuant to this Agreement, including any Purchase Order. If a lien or encumbrance has been filed or noticed, Engineer shall bond-over the lien or encumbrance not later than the earlier of five (5) days after the lien or encumbrance has been filed or notice has been received. If Engineer chooses to bond-over the lien or encumbrance, the amount of the bond shall not be less than one hundred fifty percent (150%) of the claim. Any such bond shall survive the termination or expiration of the Agreement or Purchase Order. Engineer shall furnish, when requested by Purchaser written evidence that all claims, bills, payrolls, costs, taxes and other indebtedness, incurred in connection with the Work, have either been paid in full or bonded-over, including, without limitation, releases or waivers of all liens and claims of Engineer, its subcontractors and laborers. If any liens, claims or other encumbrances are outstanding against Engineer or Purchaser as a consequence of the Work, Purchaser may retain from money due Engineer sufficient amounts to indemnify and hold Purchaser harmless.

10. Compliance with Laws

Engineer shall give all necessary notices and shall comply and ensure that all Engineer's subcontractors and suppliers shall comply with all applicable federal, state, and local laws, ordinances, governmental rules and regulations relative to the Services, including, without limiting the foregoing, those relating to the

preservation of the public health and safety. Engineer shall furnish to Minnesota Power such documentation evidencing such compliance therewith as Minnesota Power may request. Engineer shall also comply with Minnesota Power's safety, health, and environmental policies and rules to the extent Minnesota Power has provided the same in writing. Engineer shall be liable for any fines or assessments levied against Engineer or Minnesota Power by any federal, state or local governmental agency for violations of safety, health, environmental, or other laws, rules, or regulations by employees, agents or subcontractors of Engineer. Minnesota Power, in addition to Minnesota Power's other rights and remedies, reserves the right to terminate this Agreement or any applicable Request for Services immediately, without further payment obligations if, in the discretion of Minnesota Power, Engineer has failed to enforce or comply with applicable safety, health, environmental or other laws, regulations, policies, requirements or rules.

11. Standard of Performance.

Engineer warrants that:

- a. the Services shall be performed under the direction of personnel registered with the Minnesota State Board of Architecture, Engineering, Land Surveying, Landscape Architecture, Geoscience and Interior Design in accordance with the terms of this Agreement and shall comply with:
 - i. all then existing, generally applicable federal, state and local laws, ordinances and governmental rules, regulations and requirements;
 - ii. and the standards of professional engineers performing under similar circumstances at the same time and in the same locality; and
 - iii. in accordance with Good Utility Practice which shall mean methods and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition.

- b. the Services shall be consistent with such performance and function requirements of Minnesota Power and fit for the purposes intended by Minnesota Power, as such purposes and requirements are made known to Engineer in writing prior to the time Engineer accepts a Request for Services, and

- c. the Services shall be in conformance with specifications contained in the applicable agreement documents.

- d. The Engineer shall designate Key Personnel providing the Services. The Engineer shall provide MP with the qualifications of Key Personnel. MP shall have the right to interview the Key Personnel and to reject such Key Personnel for Good Cause at any time during the Term of this Agreement. Good Cause for purposes of rejection shall have the meaning set forth in Article 19 paragraphs c., d., & e. of this Agreement.

If, during performance of the Services or within one (1) year after completion of the Services or termination of this Agreement or the applicable Request for Services, any portion of the Services or its performance fails to conform to the above warranty, Engineer shall promptly correct, at Engineer's own expense, such nonconformance in Engineer's services after receipt of a written notice from Minnesota Power given written thirty (30) days after discovery and evaluation of such nonconformance. With respect to such corrections, the warranty shall continue for an additional one (1) year period. In addition, Engineer agrees to perform or cause the performance of construction re-work at its expense, and to bear the excess cost of modifying or replacing equipment, materials or supplies necessitated by such re-performed engineering services.

In addition to the above, Minnesota Power shall, by assignment or otherwise, receive the benefit of all material and equipment warranties for any materials or equipment supplied by Engineer.

12. Indemnification.

Engineer agrees to completely indemnify, defend, and hold harmless Minnesota Power its officers, agents, and representatives (“Indemnitees”) from and against all claims, liability, deficiencies, and costs, including all reasonable expenses and attorney fees, arising out of, or in connection with, Engineer’s, or any of Engineer’s subcontractors’, breach of its obligations under this Agreement or claims for personal injury, property damage, wrongful death or other damages, losses or expenses, arising out of performance of the Services. It is expressly understood and agreed that this obligation to completely indemnify, defend and hold harmless shall apply and be enforceable for all Claims except to the extent caused by the negligence or willful misconduct of the Indemnitees. If a Claim is made by an employee of the Engineer against an Indemnitee, Engineer shall and hereby agrees to indemnify the Indemnitee to the same extent as if the Claim was made by a non-employee of Engineer without regard to any limitation on Engineer’s liability for injuries to its employees, whether established by judicial decision, statute or otherwise. To the extent permitted by law, this provision shall also be enforceable in addition to and beyond any insurance coverages required for the protection of Minnesota Power.

13. Patent Indemnity

Engineer shall notify Minnesota Power if Engineer has or acquires knowledge of any intellectual property rights under which a suit for alleged infringement thereof can reasonably be brought in connection with the Services or the product thereof. Engineer shall defend of behalf of Minnesota Power, but at Engineer’s expense, any claim, proceeding, or action at law or suit in equity, whether rightful or otherwise, which may be brought against Minnesota Power or its Indemnitees at any time for infringement of any intellectual property rights allegedly relating to performance of the Services, including but not limited to, designs, plans, drawings, or specifications provided by Engineer to Minnesota Power hereunder; provided Minnesota Power promptly notifies Engineer in writing of the institution of such claim, proceeding, action or suit and permits Engineer to control Minnesota Power’s defense. Engineer shall pay all costs and expenses of any such claim, proceeding, action or suit, including compensation and expenses of experts and counsel of Engineer’s choice and selection, and Engineer shall also pay and save Minnesota Power and Minnesota Power Indemnitees free and harmless from any damages or other sums awarded or assessed in any such claim, proceeding, action or suit, including compensation and expenses of experts and counsel of its choice and selection. Minnesota Power may be represented by counsel of Minnesota Power’s own selection at Minnesota Power’s own expense, and agrees to cooperate fully in the defense of any such claims, proceeding, action or suit and to furnish all relevant evidence in Minnesota Power’s control. No compromise or settlement directly or indirectly affecting Minnesota Power’s operations may be agreed to without Minnesota Power’s consent.

14. Insurance Requirements

Without limiting any of the other obligations or liabilities of the Engineer, the Engineer shall provide and maintain, such insurance as shall protect Consultant and Minnesota Power from claims which may in any way arise out of or be in any manner connected with the performance of the Agreement, whether such claims arise out of the act of failure to act of Consultant, Minnesota Power, or of the direct or indirect delegee, appointee or employee of either. Such insurance shall be as specified below unless additional insurance is required by the Purchase Order, and, except for worker’s compensation, all insurance policies shall name Minnesota Power and its Indemnitees under paragraph 10 as additional insureds with insurance companies rated A- or better by A.M. Best rating service in amounts not less than:

Type of Coverage

- (i) Workers’ Compensation and including coverage---Statutory under the United States Longshoremens and Harbor Workers’ Compensation Act, the Jones Act and the Federal Employers’ Liability Act, where applicable
- (ii) Employers’ Liability Coverage-----\$1,000,000

(iii) Commercial General Liability (Occurrence), naming Minnesota Power as an additional primary insured, including coverage for damage arising from explosion, collapse and/or underground property damage (XCU) as well as Engineer's protection.

General Aggregate-----	\$4,000,000
Products - Completed Operations Aggregate--	\$2,000,000
Personal & Advertising Injury-----	\$2,000,000
Each Occurrence-----	\$2,000,000
Contractual-----	\$2,000,000
Fire Damage (any one fire)-----	\$50,000
Medical Expense (any one person)-----	\$5,000

(iv) Comprehensive Automobile Liability, covering all automobiles, trucks, tractors, trailers, motorcycles, mobile equipment or other automotive equipment whether owned, hired, or leased or used by the Engineer.

Bodily Injury/Property Damage-----	\$1,000,000
Combined Single Limit	
Professional Liability-----	\$1,000,000

All dollar amounts of coverage set forth above shall be per occurrence and in the aggregate and include a cross liability and severability of interest clause. The policies described herein shall (a) be endorsed to show that the insurers waive subrogation against Minnesota Power, its affiliates, directors, officers and employees, (b) the insurance is primary and non-contributory, and (c) required notice to be delivered to Buyer should any of the policies be cancelled before the expiration date thereof. The Engineer shall, before commencing work under this Contract, deliver to Purchasing and Contracts, Minnesota Power, 30 West Superior Street, Duluth, Minnesota 55802, certification of insurance coverage completed by its insurance carrier(s) or agent(s) certifying that minimum insurance coverages as required herein are in effect. Waiver of insurance subrogation shall be mutual as to all losses covered by the insurance of the party sustaining the loss.

15. Independent Engineer

While Company and Engineer are legally related entities, that relationship does not alter the operations of either party as required by this Section 15. With regard to any services provided by Engineer to Company under this Agreement, both parties are independent contractors. Nothing in this Agreement creates a relationship of agent and principal, partners, joint venturers or employer-employee between Company and Engineer (or any of Engineer's employees or agents). No act or obligation of either party will in any way bind the other. All Engineer personnel servicing the Company account under this Agreement shall be removed from the account upon request by Company.

16. Confidential Information

Any information, whether written or in computer-readable form, disclosed by Minnesota Power as part of the Project and designated in writing by Minnesota Power as "Confidential" or "Proprietary" at the time of disclosure, and the existence of the project of which the Services are a part, shall be treated as Confidential Information. If Minnesota Power has oral information that it desires to be treated as Confidential Information, it shall so state to Engineer prior to disclosure and obtain Engineer's agreement to receive it on a confidential basis. Engineer shall not during the term of this Agreement or thereafter divulge, furnish or make accessible to anyone or use in any way any Confidential Information of Minnesota Power that Engineer has acquired or become acquainted with in the performance of any of its obligations under this Agreement, whether such information is developed by the Engineer or others. Engineer shall promptly notify Minnesota Power of any request by any entity for information covered by this Agreement. Any

Confidential information acquired or developed by Engineer hereunder shall be turned over to Minnesota Power, if and to the extent requested by Minnesota Power.

17. Representative

Minnesota Power shall have the right at any time to appoint and have a representative (hereinafter “Minnesota Power’s Representative”) available during all phases of the Services. Minnesota Power reserves the right to change the designation of Minnesota Power’s Representative from time to time. Minnesota Power’s Representative shall have the right, by giving written notice to Engineer from time to time, to delegate Minnesota Power’s Representative’s responsibilities to other representatives of Minnesota Power in connection with specific portions of the Services. Minnesota Power’s Representative is hereby given authority, on behalf of Minnesota Power, to give approval, and to take action to the extent necessary for the orderly and expeditious prosecution of the Services, but shall not have authority to amend or modify this Agreement, except that Minnesota Power’s Representative shall have authority to order minor changes in the Services not involving an adjustment in Engineer’s compensation or an extension of the Services schedule and not inconsistent with the intent of this Agreement. Such changes shall be implemented by written order, and shall be binding on Minnesota Power and Engineer. Engineer shall carry out such written orders promptly. In addition to Minnesota Power’s Representative’s duties and authority specified in this paragraph and elsewhere in this Agreement, Minnesota Power’s Representative shall have authority to suspend the Services whenever Minnesota Power’s Representative deems such action necessary to secure the proper performance of the Services. Engineer shall have a competent representative (hereinafter “Engineer’s Representative”) at all times who shall have authority to act, in all respects with regard to this Agreement or Engineer’s activities related to this Agreement. Notice to Engineer’s Representative shall be notice to Engineer. Engineer shall provide MP Representative with reasonable access to Engineer’s work place for the purpose of observing performance of the Services.

18. Term

This Agreement shall be effective as of the date of signing and shall remain in effect unless terminated by a Party by providing not less than one (1) year’s prior written notice to the other Party except as provided in Article 19 or Article 20 of this Agreement

19. Termination “For Cause” by Minnesota Power

Minnesota Power may terminate this Agreement or applicable Request for Service at any time and with no prior notice for good cause. The term “good cause” as used in this Agreement shall mean:

- a. breach of a material term of this agreement by Engineer, and failure to cure such br within thirty (30) days after notice thereof
- b. Engineer becomes insolvent or makes an assignment for the benefit of creditors or is adjudicated a bankrupt or admits in writing Engineer’s inability to pay Engineer’s debts generally as the same become due, or should any proceedings be instituted by Engineer under any state or federal law for the relief of debts or for the appointment of a receiver, trustee or liquidator of Engineer, or should a voluntary petition in bankruptcy or for a reorganization or for an adjudication of Engineer as an insolvent or a bankrupt be filed, or should an attachment be levied upon Engineer’s equipment and not removed within five (5) days therefrom;
- c. conduct which could diminish the reputation or goodwill of Minnesota Power;
- d. inability to perform the Work or adverse medical condition which keeps Engineer fro performing any Work for a period of one (1) month;
 or

- e. arrest or indictment for any felony or for any misdemeanor involving conduct reflecting turpitude or dishonesty.

20. Termination for Convenience

Minnesota Power may terminate this Agreement or any Requests for Services hereunder at any time without cause upon written notice to Engineer. In the event of termination under the preceding sentence, at the option of Minnesota Power, Engineer will complete any Work then in process and will be compensated for such Work and reimbursable expenses in accordance with this Agreement.

21. Reflection on Minnesota Power

Engineer acknowledges and agrees that it must remain mindful of, and sensitive to, the fact that all of its activities and statements in connection with the Work will also reflect on Minnesota Power

22. Notices

All notices to a Party under this Agreement shall be in writing and sent via nationally recognized overnight courier or first-class United States mail to such Party's address as set forth below or to such other address specified by the Party in writing:

If to Minnesota Power:

ALLETE, Inc.
Attention: Contracts Analyst
30 W Superior St.
Duluth, MN 55802

With a copy concurrently to:

ALLETE, Inc.
Attention: Manager - Purchasing
30 W Superior St.
Duluth, MN 55802

23. Assignments and Subcontracts

Engineer shall not assign or subcontract any part of this Agreement or the Services without the prior written consent of Minnesota Power, nor shall Engineer assign any monies due or to become due to Engineer hereunder without the prior written consent of Minnesota Power, which consent may be withheld for any reason. In addition to the foregoing, Engineer shall provide Minnesota Power with advance written notice of the identity of laborers, equipment suppliers, service providers and any other person or entities connect with the Services pursuant to this Agreement and all Requests for Services. Engineer shall impose upon Engineer's subcontractors the same responsibilities which Engineer assumes by the terms and conditions of this Agreement. Engineer agrees that Engineer will be fully responsible to Minnesota Power for the acts and omissions of Engineer's subcontractors and of persons either directly or indirectly employed by all subcontractors.

This Agreement and applicable Requests for Services shall inure to the benefit of and be binding upon the successors and permitted assigns of the parties hereto.

24. Governing Law

This Agreement shall be subject to and governed by the laws of the United States and the State of Minnesota, excluding its choice of law provisions. The Parties agree to submit to the exclusive jurisdiction of the State and Federal Courts sitting in St. Louis County, Minnesota, and waive any objections to the Court based on jurisdiction, venue or inconvenient forum.

25. Severability

To the extent any provision of this Agreement is declared void or otherwise enforceable by a court or other tribunal of competent jurisdiction, such provision shall be deemed to have been severed from this Agreement, the remaining terms of which shall otherwise remain in full force and effect

26. Safety and Performance

To the extent work is performed on Minnesota Power premises, the Engineer shall place the highest priority on safety and health. Engineer shall, prior to commencing the Work, become familiar with Minnesota Power Engineer Safety requirements and perform the Work in compliance therewith.

27. Limitation of Liability

Except for indemnification obligations set forth in Articles 12 and 13, and breaches of confidentiality under Article 16, in no event shall either party be liable in connection with this Agreement and/or the Services, regardless of the form or action or theory of recovery, for any: (a) indirect, special, exemplary, consequential, liquidated, incidental or punitive damages, even if advised of the possibility of such damages; and/or (b) lost profits, lost revenues, lost business expectancy, business expectancy, business interruption losses and/or benefit of the bargain damages.

Except for indemnification obligations set forth in Articles 12 and 13, and breaches of confidentiality under Article 16, each party's aggregate liability shall be limited to \$5,000,000 as to all claims arising out of an accepted Request for Services or Purchase Order.

28. Survival.

Notwithstanding any termination of this Agreement or any applicable Requests for Services, any duty or obligation which has been incurred and which has not been fully observed, performed, or discharged, and any right, unconditional or conditional, which has been created and has not been fully enjoyed, enforced, or observed, performed, or satisfied (including, but not limited to, the duties, obligations, and rights with respect to confidentiality) shall survive such expiration or termination until such duty or obligation has been fully observed, performed, or discharged and such right has been enforced, enjoyed or satisfied.

29. Modification; Waiver; Construction

No change in, addition to, or waiver of any of the provisions of this Agreement shall be binding upon either party unless in writing signed by an authorized representative of each party. No waiver by either party of any breach by the other party of any of the provisions of this Agreement shall be construed as a waiver of any subsequent breach, whether of the same or of a different provision in this Agreement. If any provision

of any Exhibit of this Agreement conflicts with any provision of any other portion of this Agreement, the provision contained in the Exhibit shall be controlling.] Further, no presumption shall be deemed to exist in favor or against either party hereto as a result of the preparation and/or negotiation of this Agreement.

30. Entire Agreement

This Agreement, its exhibits and attachments, Request for Services hereunder and Minnesota Power's related Purchase Order, if any, contain the entire agreement between the parties with respect to the subject matter hereof. All previous and collateral agreements, representations, and conditions relating to the subject matter of this Agreement are superseded by this Agreement. Any representations, promises, or conditions not incorporated herein shall not be binding upon the Parties of their respective assigns and successors. This Agreement may not be modified or amended except in writing and signed by a duly authorized representative of each of the Parties.

PRINTED TERMS AND CONDITIONS IN PURCHASE ORDERS ISSUED BY ENGINEER TO MINNESOTA POWER OR BY MINNESOTA POWER TO ENGINEER WITH RESPECT TO THIS AGREEMENT SHALL BE OF NO FORCE OR EFFECT, AND SHALL BE SUPERSEDED BY THE TERMS AND CONDITIONS WHICH ARE CONTAINED IN THIS AGREEMENT.

31. Headings

The headings used in these terms and conditions are for the convenience of the Seller and the Purchaser; and shall be of no legal force and effect.

**ALLIANCE AGREEMENT
ALLETE / U.S. Water Services, Inc.**

EXHIBIT B

STATEMENT OF WORK

STATEMENT OF WORK

WATER TREATMENT EQUIPMENT, SPECIALTY CHEMICALS AND ENGINEERING SERVICES

U.S. WATER SERVICES, INC.



&

ALLETE, INC.



EFFECTIVE
APRIL 25, 2016

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This Statement of Work is incorporated into and deemed part of the Alliance Agreement between U.S. Water Services, Inc. and ALLETE, Inc., with an effective date of October 1, 2015 (the "Agreement").

DESCRIPTION OF SERVICES

Overview

U.S. Water Services, Inc. shall provide water treatment equipment, specialty chemicals and engineering services as required for maintenance and operational purposes to ALLETE, Inc. (ALLETE) as and when ordered by ALLETE.

ALLETE and U.S. WATER will mutually agree to a single point of contact for this Agreement between ALLETE and U.S. WATER. Customer Service and other order management activities will be handled through existing personnel at the St. Michael branch.

This Agreement is nonexclusive in nature and ALLETE may procure materials from suppliers other than U.S. WATER.

Material & Inventory

- Scope of material will consist of consumables, water treatment equipment and specialty chemicals.
- A final list of material will be developed collaboratively; final approval of the list resides with ALLETE and is subject to change at ALLETE's discretion. Reference Statement of Work Attachment 1.

Packaging & Labeling

U.S. WATER will be responsible for proper packaging, loading and tie-down, as applicable, to prevent damage during transportation.

Delivery System

- Rush and emergency orders will be made when requested by ALLETE. Freight charges associated with rush and emergency orders will be determined at the time of order.

24/7 Emergency Response

- For after hours or emergency needs, U.S. WATER will provide 24/7 toll free emergency helpline. U.S. WATER employees will be available for product or technical assistance. A U.S. WATER representative will respond as soon as possible. In no event will response time exceed one hour.
- U.S. WATER will coordinate mobilization plans with ALLETE and will be prepared to assist ALLETE in expediting material well in advance of a disaster pursuant to U.S. WATER's Business Continuity Plan.

Business Continuity & Disaster Recovery Plan

- U.S. WATER shall ensure their technology and staff can recover and be operational within 24 hours of a business disrupting event.

E-Commerce and EDI Implementation Plan

U.S. WATER shall comply with the following no-later-than June 30, 2016:

- Punch out catalog via Oracle Supplier Network
- Capability to receive PO's via Oracle Supplier Network

U.S. WATER shall use its best efforts to comply with the following by a deadline agreed to by both parties:

- Electronic Invoicing
- Electronic Payments
- Electronic Order Acknowledgements
- Electronic Change Orders

PERFORMANCE METRICS & REPORTING

Reporting

The following are standard metrics that will be used for performance monitoring. U.S. WATER shall provide the data and reports to ALLETE in such form and format and with such frequency as requested by ALLETE:

Sales Dollars by Month – Year to date total invoiced sales dollars by month. A rolling 12-month total is also shown.

On-time Delivery (OTD) – OTD is measured by line item. A line item is considered to be on time if it is shipped 100% complete on or before the need-by date recorded on the purchase order. OTD is calculated for all stock items shipped in a month. It is calculated as:

$$\text{OTD\%} = \frac{(\# \text{ of lines ordered} - \# \text{ of lines not shipped complete and by need-by date})}{(\# \text{ of lines ordered})}$$

Total Customer Cost Management (TCCM) – Documented cost savings reports shall be generated to summarize the impact of U.S. WATER's technical and process services. U.S. WATER reporting is quantified to report both hard and soft cost-savings initiatives. These initiatives focus on increasing revenue, reducing expenditures, enhancing assets, and improving processes. These reports are based on ALLETE's valuation and validated by the ALLETE core-team representatives.

Account Balance Outstanding – Account balance by month.

Account Balance Details – Account balance currently due and past due payments shown by number of days late. Data is from our SAP system on the first working day of each month.

Profit and Loss (P&L) Statement – U.S. WATER's quarterly results as it relates to operating the Alliance. U.S. WATER will provide quarterly via email.

Customer Surveys – Surveys various customers or groups of customers the contract serves. Each survey is designed to target the customer’s areas of interest and where feedback would be beneficial to continue improvement efforts.

Variance Reporting – Documents exceptions to service, usually summarized monthly and delivered to the Core Team.

- *Backorder Reports* – U.S. WATER shall provide to ALLETE on a weekly basis via email
- *Open Order Reports* – U.S. WATER shall provide to ALLETE on a weekly basis via email

Additional Variance Reports monitored monthly by U.S. WATER branch operations personnel:

- *On Time and In Full (OTIF)* – Material delivered with one shipment complete to the site by the need date.
- *Order Accuracy* – Percent of excess material and/or inaccurate material captured and reported for improvement.
- *Billing Accuracy* – Number of total pricing mismatches captured and corrected on purchase orders and invoices.
- *Shipment Quantities (Units and Dollars)*
- *Return Quantities (Units and Dollars)*

All of the U.S. WATER reports can be delivered via a variety of methods including paper, e-mail, and over the Web. U.S. WATER will work with ALLETE to develop and provide any necessary reports outlined above.

KEY PERFORMANCE INDICATORS (KPI'S)

U.S. Water will provide KPI reporting and access to ALLETE.

Standard KPI's include:

- Monthly Spend trend analysis
- On-time Delivery – specified ALLETE Storeroom or Project Site as defined on the PO
- Fill Rate
- On-time & In Full
- Shipment and invoicing accuracy

MANAGEMENT REVIEWS

ALLETE and U.S. WATER Alliance management teams shall attend review meetings to increase communication and maintain focus on ALLETE organizational objectives, discuss ways to improve service and efficiency, review annual plans, articulate ALLETE’s direction and allow U.S. WATER to align their business processes to support ALLETE goals and objectives, share the results of savings documentation, review the relationship profit and loss statement, provide updates on current projects, and discuss ways to improve service or seek out new opportunities.

Core Team Structure

Cross functional teams will be formed for the strategic direction and planning and to facilitate the operation of the Agreement.

Executive sponsors - Meets with Alliance Team (AT) on an annual basis to resolve issues and roadblocks escalated by the AT. Makes critical business decisions, provides approval of project scope/deliverables. Ensures strategic direction and focus, and assigns resources to further goals and objectives.

U.S. WATER

Randy Meyer – *Chief Sales Officer*

ALLETE

Brad Oachs – *Chief Operating Officer-MP*

Josh Skelton – *General Manager-Thermal Operations*

Steve Benoit- *Director- Support Services*

Diana McFadden – *Manager-Purchasing*

Alliance Team (AT) - Meets quarterly to monitor U.S. WATER performance metrics toward goals. Ensures Annual Plan goals are established and resolves issues & roadblocks encountered by sub teams. Allocates appropriate resources to initiatives and approves project scope and project deliverables. Approves and validates the future direction and areas of opportunity.

U.S. WATER

Nathan Bach – *Director of Capital Projects, Engineering & Equip.*

Randy Meyer – *Chief Sales Officer*

Travis Hanson– *Area Manager*

ALLETE

Jodi Piekarski – *Managing Superintendent- LEC and Production Planning*

Tracey Mattfield – *Contract Administrator*

Amy DeCaigny- *Supervisor, Purchasing*

Pete Schommer- *Supervising Engineer*

ANNUAL PLAN AND COST REDUCTIONS

The strategic management team, made up of key personnel from U.S. WATER and ALLETE, shall create an annual plan at the beginning of each contract year which will document goals and expectations for the coming year. The goals and expectations shall include cost savings, supplier diversity, key performance indicators, projects, profitability, etc. The plan will be reviewed during the annual meeting of the alliance team.

Annual Cost Reduction

U.S. WATER and ALLETE shall collaborate and seek out opportunities to increase ALLETE bottom line profit, reduce expenditures, improve asset performance, and implement process improvements that provide lasting opportunities for ALLETE.

U.S. WATER's goal for the cost improvement program with ALLETE will be a 3.0% year-over-year savings. To drive the improvement effort, U.S. WATER will establish guidelines in conjunction with ALLETE to determine how savings are identified and calculated.

All cost savings strategies shall be presented to ALLETE for review and approval of the proposed calculations. Any accepted cost savings shall be compiled into a comprehensive report and presented to the ALLETE strategic management team on a quarterly basis.

Savings Categories Defined:

Expenditure savings - the price paid and quantities required for the goods and services being procured.

Assets savings - recognizing utility regulation nuances that may reduce some of the risk of asset ownership.

Process savings – reducing labor costs and the associated overheads that makeup a significant portion of operating cost.

EXHIBIT B

**ATTACHMENTS TRADE
SECRET IN THEIR
ENTIRETY
ATTACHMENTS
EXCISED**

THIS ORDER IS NOT YET APPROVED

Contract Purchase Agreement: 5311076805,Rev:0



Minnesota Power (OU)
 30 W Superior St
 Duluth, MN 55802
 United States
 Telephone 218-722-2641
 (PURCHASER)

Purchase Order	5311076805
Revision	0
Order Date	01-JUL-2015
Buyer	Mattfield, Tracey
Buyer eMail	tmattfield@allete.com
Buyer Telephone	218-722-5642 ext-4301
Revision Date	
Buyer Fax Number	218-313-4322

To Supplier:

US WATER SERVICES INC
 12270 43 ST NE
 ST MICHAEL, MN 55376
 United States

Attention:TRAVISHANSON

Phone:

Fax:

Ship To:

MINNESOTA POWER
 SEE INSTRUCTIONS AT LINE LEVEL
 Duluth, MN 55802
 United States

Attention:Please refer to line details below

Direct Invoice To

Accounts Payables
 Post Office Box 16999
 Duluth,Minnesota 55816
 Fax Number 218.723.3911
 accountspayable@mnpower.com

Direct Questions To

Purchasing Department
 30 West Superior Street
 Duluth ,MN 55802
 Fax Number 218.723.3984

Note To Supplier

- 1) Current Purchase Order Number must be noted on each Invoice and bill of Lading
- 2) Sales Tax must be noted as separate line item on invoice
- 3) Ethics and Integrity Hot Line: 1-866-776-6951

Payment Terms	Freight Terms	FOB	Ship Via	Estimated Amount
30NET	PREPAID	Destination	BST	

CPA to provide Water Treatment Equipment, Water Treatment Consumables, Specialty Chemicals & Engineering Services as requested by Minnesota Power personnel during the period of 10/1/15 - 9/30/18.

TERMS & CONDITIONS PER ALLIANCE AGREEMENT EXHIBIT A.

ALL INVOICES MUST INCLUDE THE PURCHASE ORDER NUMBER AND THE REQUESTOR'S NAME.

INVOICES SHOULD BE EMAILED TO
 accountspayable@allete.com



Signatures

Buyer

Supplier



(Authorized Representative Signature)

(Authorized Representative Signature)

Mattfield, Tracey
(Name)

(Name)

(Title)

(Title)

(Date)

(Date)

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A. TERMS AND CONDITIONS OF PURCHASE ORDER

1. Terms and Conditions per Attached Document

Terms and Conditions per Alliance Agreement Exhibit A.

EXHIBIT D

**TRADE SECRET IN ITS
ENTIRETY
EXHIBIT EXCISED**

EXHIBIT E

OU	Order	Rev	Description	Supplier	Site	Order Date	Total	Curr	Status	Acknowledgment
MP (OU)	5.31E+09	0	BEC - U3 - Engineering and analysis consultation - Continuous Chlorination Trial	US WATER SERVICES INC	M_ST MICHAEL	4/25/2016 8:06	3,000.00	USD	Approved	
MP (OU)	5.31E+09	0	Arrowhead HVDC - Pole 2 Zero Phosphorous Water Treatment Upgrade	US WATER SERVICES INC	M_ST MICHAEL	3/21/2016 11:20	14,159.91	USD	Approved	Accepted
MP (OU)	5.31E+09	0	HREC - RO Chemicals & Service	US WATER SERVICES INC	M_ST MICHAEL	3/17/2016 13:25	24,000.00	USD	Approved	Accepted
MP (OU)	5.31E+09	0		US WATER SERVICES INC	M_ST MICHAEL	2/22/2016 10:39	1,520.00	USD	Closed	
MP (OU)	5.31E+09	0	LEC - Water Treatment O&M Planning Development	US WATER SERVICES INC	M_ST MICHAEL	12/15/2015 12:47	2,400.00	USD	Approved	Accepted

MP (OU)	5.31E+09	0 HREC - RO Anti-Scalant	US WATER SERVICES INC	M_ST MICHAEL	11/23/2015 7:19	5,335.00 USD	Approved	Requires Acknowledgment
MP (OU)	5.31E+09	0 Arrowhead - Phoszero	US WATER SERVICES INC	M_ST MICHAEL	10/5/2015 10:20	2,580.75 USD	Closed	
MP (OU)	5.31E+09	HSC Non-Stock Inventory- US Water 35-0014 Degas Head Conversion Kit. Per Quote 15-07903-0911T	US WATER SERVICES INC	M_ST MICHAEL	9/17/2015 14:16	127.3 USD	Closed	
MP (OU)	5.31E+09	1 Arrowhead - Water Treatment Equipment	US WATER SERVICES INC	M_ST MICHAEL	8/6/2015 13:39	7,524.61 USD	Closed	
MP (OU)	5.31E+09	0	US WATER SERVICES INC	M_ST MICHAEL	8/5/2015 12:56	5,910.37 USD	Closed	
MP (OU)	5.31E+09	0 Arrowhead Substation - Water Treatment Chemicals	US WATER SERVICES INC	M_ST MICHAEL	8/5/2015 12:35	4,669.00 USD	Closed	Accepted

MP (OU)	5.31E+09	0	US WATER SERVICES INC	M_ST MICHAEL	3/31/2015 12:20	5,335.00 USD	Closed
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PROJECT PROPOSALS

1. Arrowhead Business Review (Dec. 2015)
2. Boswell Chlorination Report (Oct. 2015)
3. Boswell Chlorination Trial Plan (Nov. 2015)
4. Boswell Consulting Memo (May 2016)
5. Boswell Sulfate Pilot Rental Memo (May 2016)
6. Hibbard Business Review (Jan. 2016)
7. REC Water Treatment Proposal (Nov. 2015)
8. Sulfate Removal Progress Report Ettringite (3/25/2016)
9. Sulfate Removal Progress Report Ettringite (4/18/2016)
10. US Water MP Arrowhead Final Report (June 2015)
11. USWS Proposal – MN Power REC WT

EXHIBIT F

**TRADE SECRET IN ITS
ENTIRETY
EXHIBIT EXCISED**

EXHIBIT G

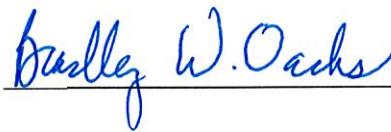
**TRADE SECRET IN ITS
ENTIRETY
EXHIBIT EXCISED**

EXHIBIT H

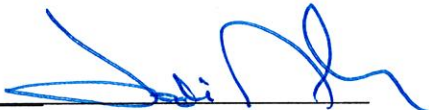
VERIFICATION

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

Bradley W. Oachs, being first duly sworn, deposes and says that he is the Chief Operating Officer of Minnesota Power; that he has read the foregoing Petition and knows the contents thereof; that he has read the agreements and exhibits attached hereto; and, that the statements in the Petition and the copies of the agreements are true and correct to the best of his knowledge and belief.



Subscribed and sworn to before me
this 25th day of May, 2016.



Notary Public

