



AN ALLETE COMPANY

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May 18, 2017

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 Transmission Assets and Substation Access Agreement Between United Taconite LLC and Minnesota Power
Docket No. E015/PA-17-_____

Dear Mr. Wolf:

Enclosed for filing with the Commission please find Minnesota Power's Petition for Approval of Transmission Assets and Substation Access Agreement Between United Taconite LLC and Minnesota Power.

If you have any questions regarding this letter, please do not hesitate to contact me at the number above.

Yours truly,

A handwritten signature in black ink that reads 'David R. Moeller'.

David R. Moeller

DRM:sr
Attach.

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

In the Matter of the Petition of
Minnesota Power for Approval
of Transmission Assets and
Substation Access Agreement
Between United Taconite LLC and
Minnesota Power

Docket No. E015/PA-17-_____

PETITION FOR APPROVAL

SUMMARY OF FILING

Minnesota Power respectfully submits to the Minnesota Public Utilities Commission (“Commission”) this Petition seeking approval of a Transmission Assets and Substation Access Agreement (“Agreement”) between United Taconite LLC (“United Taconite”) and Minnesota Power. Under the Agreement, Minnesota Power intends to purchase from United Taconite the identified transmission assets. United Taconite will grant access to and egress from the Transmission Assets Land, and operations on the Substation Land through a Substation Access Easement. Minnesota Power requests an order pursuant to Minn. Stat. § 216B.50 approving the Agreement.

**STATE OF MINNESOTA
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In the Matter of the Petition of
Minnesota Power for Approval
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Substation Access Agreement
Between United Taconite LLC and
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PETITION FOR APPROVAL

I. INTRODUCTION

Minnesota Power respectfully submits to the Minnesota Public Utilities Commission (“Commission”) this Petition seeking approval of a Transmission Assets and Substation Access Agreement (“Agreement”) between United Taconite LLC (“United Taconite”) and Minnesota Power. Under the Agreement, Minnesota Power intends to purchase from United Taconite the identified transmission assets. United Taconite will grant access to and egress from the Transmission Assets Land, and operations on the Substation Land through a Substation Access Easement.¹

Minnesota Power and United Taconite have historically worked in collaboration to operate and maintain the bulk electric transmission system that interconnects to the ETCO Substation that is located on United Taconite property near Forbes in northern Minnesota. Minnesota Power and United Taconite each owns transmission assets within the ETCO Substation. Recognizing the mutual benefit of Minnesota Power’s ownership of the identified transmission assets in Schedule 2.1.1 of the Agreement, United Taconite has agreed to sell its ownership interests in identified transmission assets.²

Since the purchase of transmission assets is for greater than \$100,000 in value, the Agreement falls under the purview of the Commission and Minnesota Power requests an order pursuant to Minn. Stat. § 216B.50 approving the Agreement.

¹ A map showing the road that allows Minnesota Power to access the transmission assets is included as Attachment A.

² As included in Mr. Michael A. Perala’s Direct Testimony (Vol. III, pages 20-24) in Minnesota Power’s current rate review case (Docket No. E015/GR-16-664).

II. PROCEDURAL MATTERS

A. General Filing Information

Pursuant to Minn. Stat. § 216B.50 and Minn. Rule 7829.1300, Minnesota Power provides the following required 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 has eFiled this Petition on the Department of Commerce – Division of Energy Resources and served a copy on the Minnesota Office of the Attorney General - Antitrust and Utilities Division. A summary of the filing prepared in accordance with Minn. Rules 7829.1300, subp. 1 was served on all parties on its 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))

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

This Petition is being filed on May 18, 2017. Upon Commission approval, Minnesota Power would file final accounting entries within 60 days of closing.

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

The applicable statute is Minn. Stat. § 216B.50 and Minn. Rules 7825.1600-1800. These provisions do not establish an explicit time deadline for Commission action.

This Petition falls within the definition of a “Miscellaneous Tariff Filing” under Minn. Rule 7829.0100, subp. 11 since no determination of Minnesota Power’s general revenue requirement is necessary. Minn. Rule 7829.1400, subp. 1 and 4 permits 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))

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

This Petition will have no effect on Minnesota Power’s base rates.

9. Service List (Minn. Rule 7829.0700)

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Director of Global Energy Procurement
Cliffs Natural Resources, Inc.
200 Public Square, Suite 3400
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III. DESCRIPTION OF FILING

A. BACKGROUND

Minnesota Power is an electric utility and operating in a service territory which includes substantial parts of northern Minnesota. United Taconite is wholly owned by Cliffs Natural Resources (“Cliffs”) and owns and operates an open pit iron ore mine in Eveleth, Minnesota, and processing facility near Forbes, Minnesota.³

B. THE AGREEMENT

Minnesota Power and United Taconite have historically worked in collaboration to operate and maintain the bulk electric transmission system that interconnects to the ETCO Substation. Minnesota Power and United Taconite each owns transmission assets within the ETCO Substation. In order to better operate and maintain these transmission assets, United Taconite has agreed to sell its ownership interests in identified transmission assets (see Schedule 2.1.1) and Minnesota Power has agreed to purchase the ownership interests of identified transmission assets for \$422, 921. The Agreement, which is attached as Exhibit A, is a straightforward commercial agreement and related bills of sale that will be executed at closing. Specifically, United Taconite will sell all right, title and interest in and to the Transmission Assets arising from, in connection with, necessary or used in conjunction with the operation, maintenance, repair, upgrade, or replacement of the Transmission Assets including: all major equipment, jumpers, bus conductor, power wiring, foundations, bus supports, structural steel, insulators, battery systems, relaying, and associated DC (direct current) control systems except as specified in Schedule 2.1.1.

In addition, United Taconite will grant access to and egress from the ETCO Substation through a Substation Access Easement. The Substation Access Easement formally allows Minnesota Power the right to access, operate and maintain equipment at the ETCO Substation that is located on United Taconite property.

³ On November 9, 2016, the Commission issued an Order extending an Electric Service Agreement (“ESA”) between Minnesota Power and Cliffs Natural Resources (“Cliffs”). Under the ESA, Cliffs will purchase all of its electric service requirements for its United Taconite and North Shore Mining facilities from Minnesota Power through at least 2026 (Docket No. E015/M-16-534).

C. THE AGREEMENT IS IN THE PUBLIC INTEREST

The Agreement is in the public interest and approval should be granted. The purchase of these transmission assets is at OICD (original installed cost depreciated). Cliffs owns transmission assets that comprise parts of Minnesota Power's transmission system. The large loads present at Minnesota Power's large power customers often require Cliffs' main substations to be a part of Minnesota Power's network transmission system, with power both going to serve the customer load at the site and also flowing through the substation to other parts of Minnesota Power's transmission grid. Having both ownership and control of these transmission assets allows Minnesota Power to realize better coordination, planning, and efficiency of operation, maintenance, construction, and necessary upgrading of the overall transmission system than can be realized as compared to when parts of the system are owned and operated by different parties. Additionally, as compliance with NERC (North American Electric Reliability Corporation) requirements becomes increasingly more complex, it is mutually beneficial for Minnesota Power, an experienced transmission owner and utility, to assume responsibility to operate, maintain and report on the bulk electric system and relieve United Taconite, an experienced iron ore mining and processing company, of that responsibility.

Minn. Stat. § 216B.50 governs the Commission's review of this Petition. This statute provides, in relevant part:

Upon the filing of an application for the approval and consent of the commission thereto the commission shall investigate, with or without public hearing, and in case of a public hearing, upon such notice as the commission may require, and if it shall find that the proposed action is consistent with the public interest it shall give its consent and approval by order in writing.

Thus, if the Commission finds that the transaction is "consistent with the public interest," it must approve the Petition. In prior cases, the Commission established that this standard "does not require an affirmative finding of public benefit, just a finding that the transaction is compatible with the public interest."⁴

⁴ *In the Matter of the Proposed Merger of Minnegasco, Inc. With and Into ARKLA, Inc.*, Order Approving Merger, Docket No. G-008/PA-90-604 (1990).

The asset purchase of United Taconite’s transmission assets and granting access to the site to Minnesota Power through a Substation Access Easement meets the Commission’s standard under Section 50. Minnesota Power is purchasing the transmission assets at depreciated book value. The estimated accounting entries that Minnesota Power will make to record the asset exchange is provided in Exhibit B.

D. FILING COMPLIANCE

The effectiveness of the Agreement is contingent upon Commission approval. Minnesota Power has complied with the requirements of Section 50 in seeking approval before the purchase of the properties. Moreover, the information provided with this Petition meets the requirements of the relevant Rules. Under Section 50, the Commission must consider the “reasonable value” of the property purchased. The information provided gives the Commission ample basis for making that determination. In addition, however, a Section 50 filing must contain information required by Minn. Rules 7825.1400 and 7825.1800. These Rules are primarily designed to collect information pertinent to capital structure filings and for the purpose of investigating the issuance of securities. Minnesota Power believes that these Rules have no direct relevance to ascertaining the reasonableness of property purchase such as the transmission asset that are the subject of this Petition. In any event, Minnesota Power has provided the cost, depreciation and price information referenced in these Rules. See Exhibits A and B. Consequently, to the extent the informational requirement of Minn. Rules 7825.1400 and 1800 apply to this Docket, Minnesota Power seeks a variance since those requirements are not relevant to this Petition. Under Minnesota Rule 7829.3200, the Commission shall grant a variance to its rules when it determines that the following requirements are met:

- A. enforcement of the rule would impose an excessive burden upon the applicant or others affected by the rule;
- B. granting the variance would not adversely affect the public interest;
and
- C. granting the variance would not conflict with standards imposed by law.

The public interest will not be adversely affected and no other applicable law or statute will be violated; a variance is therefore justified.

IV. CONCLUSION

Minnesota Power respectfully requests that the Commission approve Minnesota Power's Petition filed in compliance with Minn. Stat. § 216B.50.

Dated: May 18, 2017

Respectfully submitted,

A handwritten signature in black ink that reads "David R. Moeller". The signature is written in a cursive, flowing style.

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30 West Superior Street
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**TRANSMISSION ASSETS AND SUBSTATION ACCESS
AGREEMENT**

BY AND BETWEEN

ALLETE, INC. D/B/A MINNESOTA POWER

AND

UNITED TACONITE LLC

DATE: December 9, 2016

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EXHIBIT C	TRANSMISSION ASSETS AND SUBSTATION ACCESS EASEMENT
EXHIBIT D	BILL OF SALE
EXHIBIT E	CLIFFS GUARANTY

TRANSMISSION ASSETS AND SUBSTATION ACCESS AGREEMENT

THIS TRANSMISSION ASSETS AND SUBSTATION ACCESS AGREEMENT (this “Agreement”) is made and entered into as of December 9, 2016 (the “Effective Date”), by and between ALLETE, INC. D/B/A MINNESOTA POWER, a Minnesota corporation (the “Purchaser”) and UNITED TACONITE LLC, a Delaware limited liability company (the “Seller”). Individually, Purchaser and Seller are referred to herein as a “Party” and collectively, as the “Parties.”

RECITALS

A. Seller owns certain transmission assets as set forth on Schedule 2.1.1 hereto (the “Transmission Assets”) located within certain facilities near Forbes, Minnesota (the “Transmission Assets Facilities”), on land owned by Seller (the “Transmission Assets Land”). The Transmission Assets Land legal description is set forth on Exhibit A.

B. Purchaser is a division of ALLETE, Inc. and supplies (i) retail electric services in a 26,000 square mile service area in northeastern Minnesota, and (ii) wholesale electric service to several northeastern Minnesota municipalities.

C. Purchaser will purchase from Seller pursuant to this Agreement the Transmission Assets and desires (i) to maintain and operate such assets in the Transmission Assets Facilities on the Transmission Assets Land, and (ii) to acquire access to and egress from the Transmission Assets Facilities and the Transmission Assets Land over, across, and on land owned by Seller (the “Substation Access Land”) separate from the Transmission Assets Land. The Substation Access Land is depicted on Exhibit B.

D. Pursuant to this Agreement, Seller grants to Purchaser an easement for (i) maintenance and operation of the Transmission Assets in the Transmission Assets Facilities on the Transmission Assets Land (the “Transmission Assets Land Easement”), and (ii) access to and egress from the Transmission Assets Land over and across, and operations on the Substation Access Land (the “Substation Access Easement”). The Transmission Assets Land Easement and the Substation Access Easement are set forth in Exhibit C as the “Transmission Assets and Substation Access Easement.”

E. Pursuant to this Agreement, Seller will (i) sell and deliver to Purchaser the Transmission Assets, and will transfer, convey, and assign the Transmission Assets to Purchaser by bill of sale as set forth in Exhibit D (the “Bill of Sale”), and (ii) grant to Purchaser the Transmission Assets and Substation Access Easement; **provided, however** that such sale and easement grant will not become effective unless and until the transfer of the Transmission Assets is (x) approved by the Federal Energy Regulatory Commission (“FERC”) and, (y) as necessary and applicable in the sole determination of Purchaser, the Minnesota Public Utility Commission (“MPUC”) (the “Transfer Effective Date”).

F. The Parties enter into this Agreement pursuant to that certain Energy Transaction and Undertaking Agreement dated May 23, 2016 between and among Purchaser, Cliffs Natural Resources Inc., an Ohio corporation (“CLIFFS”), Silver Bay Power Company, Northshore Mining Company, Seller, and Cliffs Erie LLC.

G. CLIFFS is a guarantor of the obligations of Seller under this Agreement and the Transmission Assets and Substation Access Easement pursuant to that certain separate CLIFFS guaranty of even date herewith of the performance obligations of Seller under this Agreement as set forth on Exhibit E (the “Cliffs Guaranty”).

AGREEMENT

In consideration of the foregoing Recitals, each of which is incorporated by reference herein as an essential term hereof, and the mutual promises contained in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Purchaser and Seller hereby agree as follows.

ARTICLE 1

DEFINITIONS

For purposes of this Agreement, the following terms have the meanings specified:

“**Affiliate**” when used in reference to a specified Person, means any Person that, directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with the specified Person.

“**Agreement**” has the meaning set forth in the introductory paragraph to this Agreement.

“**Applicable Laws**” means any and all laws, ordinances, constitutions, regulations, statutes, treaties, rules, codes, and Injunctions adopted, enacted, implemented, promulgated, issued, entered or deemed applicable by or under the authority of any Governmental Body having jurisdiction over a specified Person or any of such Person’s properties or assets, including Environmental Laws.

“**Bill of Sale**” has the meaning set forth in the Recitals.

“**CLIFFS**” has the meaning set forth in the Recitals.

“**Cliffs Guaranty**” has the meaning set forth in the Recitals.

“**Closing**” has the meaning set forth in Section 2.3.

“**Closing Date**” has the meaning set forth in Section 2.3.

“**Contract**” means any agreement, lease, license agreement (other than a license granted by a Governmental Body), contract, consensual obligation, promise, commitment, arrangement, understanding or undertaking, (whether written or oral and whether express or implied) of any type, nature or description that is legally binding. As used herein, the word “Contract” will be limited in scope if modified by an adjective specifying the type of contract to which this Agreement or a Section hereof refers.

“**Direct Claim**” has the meaning set forth in Section 6.3.1.

“**Direct Indemnification Defense Notice**” has the meaning set forth in Section 6.3.1.

“**Direct Indemnification Notice**” has the meaning set forth in Section 6.3.1.

“**Effective Date**” has the meaning set forth in the Preamble.

“**Encumbrance**” means any lien, pledge, option, charge, security interest, contingent or conditional sale, or other title claim, mortgage, adverse claim or restriction (whether voting, sale, transfer, disposition or otherwise), whether voluntarily incurred, imposed by Contract or arising by operation of law.

“**Environmental Claim**” means administrative, regulatory or judicial actions, suits, demands, demand letters, claims, notices of non-compliance or violation, investigations or Proceedings, consent decrees, judgments, administrative orders or agreements, arising under any Environmental Law or any Permit issued under any Environmental Law, including (i) Environmental Claims by Governmental Bodies for enforcement, cleanup, removal, response, remedial or other actions or damages pursuant to any applicable Environmental Law, and (ii) Environmental Claims by any Third Party seeking damages or injunctive relief resulting from environmental conditions or arising from alleged injury or threat of injury to health, safety or the environment.

“**Environmental Laws**” means any and all Applicable Laws (i) regulating the use, treatment, generation, transportation, storage, control or disposal of any Hazardous Material, including, but not limited to, the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. § 9601 et seq.), the Resource Conservation and Recovery Act (42 U.S.C. § 6901 et seq.), the Hazardous Materials Transportation Act (49 U.S.C. § 1801 et seq.), the Federal Water Pollution Control Act (33 U.S.C. § 1251 et seq.), the Clean Water Act (33 U.S.C. § 1251 et seq.), the Clean Air Act (42 U.S.C. § 7401 et seq.), the Toxic Substances Control Act (15 U.S.C. § 2601 et seq.), and all state laws corollary thereto, and/or (ii) relating to the protection of the environment and public or worker health and safety, all as existing, defined or interpreted as of the Closing Date.

“**Environmental Liabilities**” means any Loss or Liability attributable to Seller’s maintenance, storage, transportation, disposal, use or other treatment of the Hazardous Materials before or after the Closing Date and arising from or under any Environmental Law, including those consisting of or relating to:

- (i) any legal or administrative Proceeding, Loss, claim, demand or response, remedial or inspection cost or expense arising under any Environmental Law;
- (ii) financial responsibility under any Environmental Law for cleanup costs or corrective action, including any cleanup, removal, containment or other remediation or response actions required by any Environmental Law and for any natural resource damages; or
- (iii) any other compliance, corrective or remedial measure required under any Environmental Law.

“**Excluded Transmission Assets**” has the meaning set forth in **Section 2.1.2**.

“**FERC**” has the meaning set forth in the Recitals.

“**Good Industry Practice**” means any of the practices, methods or acts engaged in or approved by a significant portion of the engineering and construction industry with respect to utility sites 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; (ii) makes due consideration for reliability, safety, and protection of the facilities and assets that are subject to the practices, methods, or acts; and (iii) is consistent with manufacturer’s recommendations and warranties. Good Industry 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.

“**Governmental Body**” means any:

- (i) nation, state, county, city, town, village, district or other jurisdiction of any nature;
- (ii) federal, state, local, municipal, foreign or other government;
- (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 or other tribunal);
- (iv) multi-national organization or body; and/or
- (v) body exercising, or entitled or purporting to exercise, any administrative, executive, judicial, legislative, police, regulatory or taxing authority or power of any nature.

“**Hazardous Materials**” means any and all (i) toxic or hazardous pollutants, contaminants, chemicals, wastes, materials or substances listed or identified in, or regulated by, any Environmental Law, and (ii) any of the following, whether or not included in the foregoing: solid, liquid and gaseous fuels.

“**Indemnified Party**” has the meaning set forth in Section 6.3.1.

“**Indemnifying Party**” has the meaning set forth in Section 6.3.1.

“**Injunction**” means any and all writs, rulings, awards, directives, injunctions (whether temporary, preliminary or permanent), judgments, decrees or orders (whether executive, judicial or otherwise) adopted, enacted, implemented, promulgated, issued, entered or deemed applicable by or under the authority of any Governmental Body.

“**Knowledge**” means that an individual will be deemed to have “Knowledge” of a particular fact or other matter if such individual is aware of such fact or other matter, or could have become aware in the course of a reasonable investigation of the fact or other matter; **provided, however**, that Knowledge attributable to a particular fact or other matter means the Knowledge of the officers and directors of the applicable Party.

“**Liability**” or “**Liabilities**” means any and all debts, liabilities and/or obligations of any type, nature or description (whether known or unknown, asserted or unasserted, secured or unsecured, absolute or contingent, accrued or unaccrued, liquidated or unliquidated and whether due or to become due).

“**Loss**” or “**Losses**” has the meaning set forth in Section 6.1.

“**MPUC**” has the meaning set forth in the Recitals.

“**Party**” or “**Parties**” has the meaning set forth in the introductory paragraph to this Agreement.

“**Permits**” means all right, title and interest in and to any permits, licenses, certificates, filings, authorizations, approvals, or other indicia of authority (and any pending applications for approval or renewal of a Permit), to own, construct, operate, sell, inventory, disburse or maintain any asset, conduct any business or perform any activity as issued by any Governmental Body.

“**Person**” means any individual, corporation (including any non-profit corporation), general, limited or limited liability partnership, limited liability company, joint venture, estate, trust, association, organization, or other entity or Governmental Body.

“**Proceeding**” means any suit, litigation, arbitration, hearing, audit, investigation or other action (whether civil, criminal, administrative or investigative) commenced, brought, conducted, or heard by or before, or otherwise involving, any Governmental Body or arbitrator.

“**Purchaser**” has the meaning set forth in the Recitals.

“**Purchaser Indemnified Parties**” has the meaning set forth in **Section 6.1**.

“**Seller**” has the meaning set forth in the Recitals.

“**Seller Indemnified Parties**” has the meaning set forth in **Section 6.2**.

“**Substation Access Easement**” has the meaning set forth in the Recitals.

“**Substation Access Land**” has the meaning set forth in the Recitals.

“**Third Party**” or “**Third Parties**” means a Person or Persons not a Party to this Agreement.

“**Third Party Claim**” has the meaning set forth in **Section 6.3.2**.

“**Third Party Claim Notice**” has the meaning set forth in **Section 6.3.2**.

“**Third Party Defense Notice**” has the meaning set forth in **Section 6.3.2**.

“**Transfer Effective Date**” has the meaning set forth in the Recitals.

“**Transmission Assets**” has the meaning set forth in the Recitals.

“**Transmission Assets and Substation Access Easement**” has the meaning set forth in the Recitals.

“**Transmission Assets Land**” has the meaning set forth in the Recitals.

ARTICLE 2

PURCHASE OF CERTAIN TRANSMISSION ASSETS OF SELLER

2.1 Purchase of Transmission Assets by Purchaser; Excluded Transmission Assets.

2.1.1 Purchased Transmission Assets. In reliance upon the representations, warranties and covenants contained in this Agreement, Purchaser hereby purchases the Transmission Assets set forth on **Schedule 2.1.1** from Seller, and Seller hereby sells, transfers, conveys, assigns, and will deliver the Transmission Assets to Purchaser pursuant to the Bill of Sale, subject to the regulatory approvals of FERC and (if applicable) MPUC as described in **Section 2.5** (Effect of Denial of Regulatory Approval). The sale and delivery, and the transfer, conveyance, and assignment by the Bill of Sale with regard to the Transmission Assets by Seller conveys good and marketable title to the Transmission Assets, free and clear of any and all Encumbrances, subject to the regulatory approvals described above. The Parties acknowledge that the Bill of Sale will not be delivered by Seller to Purchaser unless and until each of the

FERC and (if applicable) MPUC have approved the transfer of the Transmission Assets from Seller to Purchaser.

2.1.2 Excluded Transmission Assets. All transmission assets at Seller's Forbes facility that are (i) not listed on **Schedule 2.1.1**, or (ii) not owned by Purchaser, are excluded from the sale by Seller to Purchaser and will not be acquired by Purchaser (the "**Excluded Transmission Assets**").

2.1.3 No Warranties. The Parties acknowledge that Purchaser has had access to and has inspected the Transmission Assets, and is familiar with their condition, capacity, and state of repair. Subject to the representations made by Seller in **Section 3.10** (Transmission Assets) and Seller's obligations set forth in **Article 5** (Covenants of the Parties) and **Article 6** (Indemnification), the Transmission Assets are sold and delivered, and will be transferred, conveyed, and assigned AS IS, WHERE IS, WITH ALL FAULTS, WITHOUT ANY EXPRESS OR IMPLIED WARRANTIES, AND EXCLUDING SPECIFICALLY (WITHOUT LIMITATION) WARRANTIES OF MERCHANTABILITY AND FITNESS FOR ANY PARTICULAR PURPOSE.

2.2 Liabilities. Unless specifically stated herein, Purchaser is not assuming and has not assumed any Liabilities of Seller or any other Person with respect to the transactions described herein, including with respect to the Transmission Assets Land or the Substation Access Land. Seller will remain liable at all times for any and all of its Liabilities, including those Liabilities arising from, in connection with or incident to the Transmission Assets Land or the Substation Access Land.

2.3 Closing and Closing Date. The closing of the purchase of the Transmission Assets and the grant of the Transmission Assets and Substation Access Easement, with all the documents delivered hereunder, is the date hereof (the "**Closing**"). Such date is referred to in this Agreement as the "**Closing Date**."

2.4 Documents Delivered at Closing.

2.4.1 Documents Delivered by Seller.

(a) **Closing Deliveries.** At the Closing, Seller has executed, where necessary or appropriate, and delivered to Purchaser, or Seller's counsel (with a copy to Purchaser's counsel) as described in **Section 2.4.1(b)** and **Section 2.4.2**, each and all of the following:

(i) Transmission Assets and Substation Access Easement executed by Seller and attached hereto as **Exhibit C**;

(ii) Bill of Sale for the Transmission Assets executed by Seller and attached hereto as **Exhibit D**;

(iii) Cliffs Guaranty executed by CLIFFS and attached hereto as **Exhibit E**;

(iv) all consents and waivers, if any, required for the authorization and consummation of the transactions contemplated by this Agreement, including any approvals, consents and/or waivers under any agreements by, among, or affecting (x) Seller with respect to such transactions, or (y) Seller; and

(v) such other documents and items as were deemed reasonably necessary or appropriate to effect the consummation of the transactions contemplated hereby or which were deemed customary under local law.

(b) Escrow of Certain Closing Documents. Notwithstanding the foregoing, the Bill of Sale and the Transmission Assets and Substation Access Easement will be held in escrow by counsel to Seller pending the Transfer Effective Date. Upon the Transfer Effective Date, and promptly following notification of the Transfer Effective Date, counsel to Seller will deliver to Purchaser the Bill of Sale and filing originals of the Transmission Assets and Substation Access Easement, in accordance with the notice provisions hereof.

2.4.2 Documents Delivered by Purchaser. At the Closing, Purchaser has executed, where necessary or appropriate, and delivered to Seller each and all of such other documents and items as were deemed reasonably necessary or appropriate to effect the consummation of the transactions contemplated hereby or which were deemed customary under local law, subject to the provisions of **Section 2.1.1** (FERC/MPUC approval) and **Section 2.5** (Effect of Denial of Regulatory Approval) and pending the Transfer Effective Date.

2.5 Effect of Denial of Regulatory Approval. This Agreement becomes effective on the Effective Date. Promptly following the Effective Date Purchaser will make application to (i) FERC and (ii) as deemed necessary by Purchaser in its sole discretion, to MPUC, in each case of (i) and (ii) above, for approval of the transfer of the Transmission Assets from Seller to Purchaser. The transfer of the Transmission Assets by the Bill of Sale, and the grant of the Transmission Assets and Substation Access Easement will not become effective until the Transfer Effective Date, and such documents will be held by counsel to Seller pending notification of such required approvals that would result in the Transfer Effective Date. Purchaser will advise Seller in writing as to the (x) Transfer Effective Date, or (y) termination by Purchaser of (1) the Bill of Sale with regard to the transfer of the Transmission Assets, (2) this Agreement with regard to the Transmission Assets and Substation Access Easement, in each case of (1) and (2) above due to the lack of required approval by either FERC or MPUC, as applicable.

ARTICLE 3

REPRESENTATIONS AND WARRANTIES OF SELLER

As an inducement to Purchaser to enter into this Agreement and to consummate the transactions contemplated hereby, Seller represents and warrants to Purchaser that each and all of the following representations and warranties are true and correct as of the Effective Date.

3.1 Organization – Seller. Seller is a limited liability company organized, legally existing and in good standing under the laws of the state of Delaware, and has all requisite power and authority, as a limited liability company and otherwise, to own, operate and lease its properties and assets and to conduct its business as it is now being conducted. Seller is in good standing under the laws of the state of Minnesota as a foreign limited liability company and under the laws of the state of Delaware.

3.2 Due Authorization. The execution, delivery and performance of this Agreement by Seller pursuant to this Agreement, and the consummation of the transactions contemplated hereby, have been validly authorized by all necessary action. This Agreement has been validly executed and delivered by Seller, and its obligations hereunder are or will be upon such execution and delivery valid, legally binding and enforceable against it in accordance with their respective terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, and other laws of general application affecting enforcement of creditors' rights generally and laws relating to the availability of specific performance, injunctive relief or other equitable remedies.

3.3 No Breach. Seller has full power and authority, corporate and otherwise, to perform its obligations under this Agreement. The execution and delivery of this Agreement, and the consummation

of the transactions contemplated hereby and thereby will not: (i) violate any provision of the articles of organization or bylaws (or comparable governing documents or instruments) of Seller, (ii) violate any Applicable Laws or Injunction applicable to Seller, (iii) require any filing with, Permit from, authorization, consent or approval of, or the giving of any notice to, any Person, (iv) result in a violation or breach of, or constitute (with or without due notice or lapse of time or both) a default (or give another Person any rights of termination, cancellation or acceleration) under, any of the terms, conditions or provisions of any note, bond, mortgage, indenture, license, franchise, Permit (including, but not limited to, any Permits, appeals or authorizations of any Governmental Body), lease or other Contract to which Seller is a party, or by which Seller or any of its assets or properties may be bound.

3.4 Right and Authority. Seller warrants that it has the full right and authority to grant, and has granted to Purchaser, valid and enforceable easements as set forth in the Transmission Assets and Substation Access Easement, subject to matters of record. It is understood that the rights, privileges, and easements hereby granted will extend only to the interest or interests of Seller.

3.5 Litigation. There is no pending Proceeding with respect to Seller (i) relating or incidental to the Transmission Assets Land or the Substation Access Land that has been commenced by or served upon Seller or of which Seller has Knowledge, or (ii) to the Knowledge of Seller that, as of the date of execution of this Agreement, challenges, or that will have the effect of preventing, delaying, making illegal, or otherwise interfering with, any of the transactions contemplated hereby. To the Knowledge of Seller, no such Proceeding has been threatened. Seller is not a party to or subject to the provisions of any Injunction which could, individually or in the aggregate, reasonably be expected to impair the ability of Seller to consummate the transactions contemplated hereby or to perform its obligations hereunder.

3.6 Compliance with Laws. Seller has maintained and operated the Transmission Assets Land and the Substation Access Land in compliance with the requirements of all Applicable Laws and has received no notice indicating otherwise.

3.7 Environmental Matters. Seller has not with respect to the Transmission Assets Land or the Substation Access Land generated, transported, stored, handled, disposed of or contracted for the disposal of any Hazardous Materials, except in material compliance with Environmental Laws. Seller has operated the Transmission Assets Land and the Substation Access Land in accordance with and pursuant to all Permits required under Environmental Law, and Seller has no Knowledge of any investigation, notice, Proceeding or order affecting the Transmission Assets Land or the Substation Access Land concerning any environmental condition or Environmental Claim; **provided, however,** to the extent applicable to the foregoing, Purchaser acknowledges that Seller is required to and will be recording a notice of deed restriction on the Substation Access Land in connection with the remediation of polychlorinated biphenyl on the Substation Access Land that was completed by Seller in 2010. Seller acknowledges and agrees that except as it modifies the representations and warranties contained in this **Section 3.7**, disclosure of this prior remediation and deed restriction in no way affects Purchaser's rights under this Agreement.

3.8 Contracts. Seller is not a party to any Contract relating to or affecting the Transmission Assets Land or the Substation Access Land, except as evidenced by documents recorded in the land title records in St. Louis County, Minnesota.

3.9 Permits. If Seller has maintained, stored, transported, disposed of, or used any Hazardous Materials on or in connection with the Transmission Assets Land or the Substation Access Land, Seller has obtained all Permits from each and every Governmental Body necessary to do so.

3.10 Transmission Assets. All of the properties and assets included in the Transmission Assets (i) have been maintained in accordance with Applicable Law and industry standard in all material respects, (ii) are in reasonable operating condition and repair, and (iii) are the assets used in the transmission of electricity by Seller in the ordinary course of business.

ARTICLE 4

REPRESENTATIONS AND WARRANTIES OF PURCHASER

As an inducement for Seller to enter into this Agreement and consummate the transactions contemplated hereby, Purchaser hereby represents and warrants to Seller that each and all of the following representations and warranties are true and correct as of the Effective Date.

4.1 Organization. Purchaser is a corporation organized, legally existing and in good standing under the laws of the state of Minnesota, and has all requisite power and authority, corporate and otherwise, to own, operate and lease its properties and assets and to conduct its business as it is now being conducted.

4.2 Due Authorization. The execution, delivery and performance of this Agreement by Purchaser, and the consummation of the transactions contemplated hereby have been validly authorized by all necessary corporate action on the part of Purchaser. This Agreement to be either or both executed and delivered by Purchaser has been validly authorized, executed and delivered by Purchaser and the obligations of Purchaser hereunder are or will be valid, legally binding and enforceable against Purchaser in accordance with their terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, and other laws of general application affecting enforcement of creditors' rights generally and laws relating to the availability of specific performance, injunctive relief or other equitable remedies.

4.3 No Breach. Purchaser has full power and authority, corporate and otherwise, to perform its obligations under this Agreement. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby will not: (i) violate any provision of the articles of incorporation or bylaws (or comparable governing documents or instruments) of Purchaser, (ii) violate any Applicable Laws or Injunction applicable to Purchaser, (iii) except only as may be provided in documented interests recorded in the land title records in St. Louis County, Minnesota, require any filing with, Permit from, authorization, consent or approval of, or the giving of any notice to, any Person, (iv) result in a violation or breach of, or constitute (with or without due notice or lapse of time or both) a default (or give another Person any rights of termination, cancellation or acceleration) under, any of the terms, conditions or provisions of any note, bond, mortgage, indenture, license, franchise, Permit (including, but not limited to, any Permits, appeals or authorizations of any Governmental Body), lease or other Contract to which Purchaser is a party, or by which it or any of its assets or properties may be bound, except only as may be provided in documented interests recorded in the land title records in St. Louis County, Minnesota.

ARTICLE 5

COVENANTS OF THE PARTIES

5.1 Transmission Assets Covenants.

5.1.1 Valuation of Transmission Assets. Seller and Purchaser will (i) exchange information on equipment and installation costs with respect to the Transmission Assets referred to in

Section 5.1.2, (ii) promptly apprise each other of all material occurrences and events with respect to the Transmission Assets after the Effective Date to and through the Transfer Effective Date, and (iii) agree upon the value of the Transmission Assets transferred pursuant to the Bill of Sale, the valuation date of which will be the Effective Date.

5.1.2 Post Effective Date Repair and Replacement of Transmission Assets.

(a) **General Rule for Transmission Assets – Post Effective Date.** Upon and after the Effective Date until the Transfer Effective Date, Purchaser will have the right to (i) repair and replace the Transmission Assets, including replacement for upgrades, and (ii) add new assets to the Transmission Assets Facilities. Except as provided in **Section 5.1.2(b)**, the replacement of Transmission Assets (excluding repairs that require replacement) and the replacement in or addition of assets to the Transmission Assets Facilities will be at Purchaser's sole cost and expense. The Parties acknowledge and agree that any such assets added or replaced at the Transmission Assets Facility by Purchaser will be owned by Purchaser. Seller hereby grants Purchaser access rights (both ingress and egress) to the Transmission Assets Land and the Transmission Assets located thereon in order to exercise its rights under this **Section 5.1.2**.

(b) **Seller Replacement of 16L2 Airbreak Switch.** If not completed prior to the Effective Date, following the Effective Date, Seller will purchase, at Seller's expense, an airbreak switch with a minimum of 1,200 amp rating to replace the existing 16L2 switch. Purchaser (i) has provided specifications to Seller with respect to the new 16L2 switch, (ii) will install the new 16L2 switch at Purchaser's cost, and (iii) will own the new 16L2 switch as part of the Transmission Assets purchased hereunder.

(c) **Seller Obligation to Operate, Maintain, Repair, and Replace Transmission Assets.** Upon and after the Effective Date until the Transfer Effective Date, Seller will (i) have the obligation to maintain and repair the Transmission Assets in good working order, and (ii) replace any Transmission Assets that arise from a required repair, if necessary; **provided, however,** consistent with **Section 5.1.2(a)** and subject to **Section 5.1.2(b)**, Purchaser will reimburse Seller for any replacement of Transmission Assets during the period from the Effective Date to the Transfer Effective Date. Transmission Assets that are purchased by Seller and reimbursed by Purchaser will be owned by Purchaser.

(d) **Standard of Repair and Replacement.** Each of Seller and Purchaser will perform the obligations set forth in this **Section 5.1.2** in accordance with Good Industry Practice. The Parties will cooperate and coordinate to complete the foregoing obligations in a manner anticipated to plan outages and comply with the timeframes set forth above.

5.2 Covenants Regarding Legal Descriptions for Transmission Assets Land. The Parties acknowledge and agree that the legal description for the Transmission Assets Land may not be complete or entirely accurate as of either or both the Effective Date and the Transfer Effective Date. The Parties have provided a good faith legal description of the Transmission Assets Land as set forth in (i) **Exhibit A** of this Agreement, and, (ii) **Exhibit A** of the Transmission Assets and Substation Access Easement. The Parties covenant and agree that such legal description in this Agreement and the Transmission Assets and Substation Access Easement will be promptly determined after the Effective Date, and this Agreement and the Transmission Assets and Substation Access Easement will each be amended for the agreed upon final legal descriptions that are determined by survey and other mechanisms to determine the proper presentation of the Transmission Assets Land.

5.3 Delivery of Escrow Documents Upon the Transfer Effective Date. Seller will cause its counsel to release and deliver to Purchaser, or will do so itself, the Bill of Sale and the Transmission Assets and Substation Access Easement promptly following notice of the Transfer Effective Date by Purchaser.

5.4 Covenants Regarding Operation of the Transmission Assets.

5.4.1 Compliance with Laws. Purchaser will maintain and operate the Transmission Assets and Transmission Assets Facilities on the Transmission Assets Land in compliance with the requirements of all Applicable Laws.

5.4.2 Environmental Matters. Purchaser will not with respect to the Transmission Assets Land or the Substation Access Land generate, transport, store, handle, dispose of or contract for the disposal of any Hazardous Materials, except in material compliance with Environmental Laws. Purchaser will operate the Transmission Assets and the Transmission Assets Facilities on the Transmission Assets Land and exercise its rights and privileges granted by the Transmission Assets and Substation Access Easement in accordance with and pursuant to all Permits required under Environmental Law, and immediately notify Seller to the extent of its Knowledge of any investigation, notice, Proceeding or order affecting the Transmission Assets Land or the Substation Access Land concerning any environmental condition or Environmental Claim.

5.4.3 Permits. If Purchaser maintains, stores, transports, disposes of, or uses any Hazardous Materials on or in connection with the Transmission Assets Land or the Substation Access Land, Purchaser will obtain all Permits from each and every Governmental Body necessary to do so.

ARTICLE 6

INDEMNIFICATION

6.1 Indemnification by Seller. Seller hereby covenants and agrees to indemnify, defend, and hold Purchaser and its officers, directors, employees, Affiliates, shareholders, members and agents, and each of their respective heirs, personal representatives, successors and assigns (the “**Purchaser Indemnified Parties**”) harmless from, against and in respect of any and all losses, costs, expenses (including without limitation, reasonable attorneys’ fees and disbursements of counsel), Liabilities, damages, fines, penalties, charges, assessments, judgments, awards, settlements, claims, causes of action and other obligations of any nature whatsoever (individually, a “**Loss**” and collectively, “**Losses**”) that any of them may at any time, directly or indirectly, suffer, sustain, incur or become subject to, to the extent arising out of, based upon or resulting from or on account of each of the following:

- (i) the breach or falsity of any representation or warranty made by Seller in this Agreement;
- (ii) the breach of any covenant or agreement made by Seller in this Agreement;
- (iii) any claim made against Purchaser Indemnified Parties which arises from, in connection with, or incidental to any Environmental Liability or Environmental Claim to the extent directly or indirectly related to the Transmission Assets Land or the Substation Access Land both prior to and after the Effective Date where such claim (x) is based on the ownership or management of the Transmission Assets Land or the Substation Access Land by Seller, and (y) does not arise from or occur in connection with and is not incident to the actions or omissions of

Purchaser, or its Affiliates, agents, contractors, or subcontractors, or their respective officers, directors, employees, Affiliates, shareholders, members and agents, on or after the Effective Date;

(iv) any claim made against Purchaser Indemnified Parties (x) which arises from, in connection with, or incidental to the ownership, use, operation, or management of the Transmission Assets Land or the Substation Access Land by or on behalf of Seller, including Losses or personal injury arising from, in connection with, or incidental to the ownership, use, operation, maintenance, or management by Seller of the Transmission Assets Land or the Substation Access Land prior to or after the Effective Date, and (y) which do not arise from, are not in connection with, and not incidental to actions or omissions of Purchaser, or its Affiliates, agents, contractors, or subcontractors, or their respective officers, directors, employees, Affiliates, shareholders, members and agents, on or after the Effective Date;

(v) any claim made against Purchaser Indemnified Parties related to any Proceeding relating to any breach or claim for which Seller is obligated to indemnify Purchaser Indemnified Parties under this **Section 6.1**; or

(vi) any claim made against Purchaser Indemnified Parties related to any Liabilities of Seller, including tax Liabilities, arising before or after the Effective Date.

6.2 Indemnification by Purchaser. Purchaser covenants and agrees to defend, indemnify and hold Seller and its officers, directors, employees, Affiliates, shareholders, members and agents, and each of their respective heirs, personal representatives, successors and assigns (the “**Seller Indemnified Parties**”), harmless from, against and in respect of any and all Losses that any of them may at any time, directly or indirectly, suffer, sustain, incur or become subject to, to the extent arising out of, based upon or resulting from or on account of each or all of the following:

(i) the breach or falsity of any representation or warranty made by Purchaser in this Agreement;

(ii) the breach of any covenant or agreement made by Purchaser in this Agreement;

(iii) any claim made against Seller Indemnified Parties which arises from, in connection with, or incidental to any Environmental Liability or Environmental Claim to the extent directly or indirectly related to the use, operation, or management of the Transmission Assets Land or the Substation Access Land by Purchaser or its Affiliates, agents, contractors, or subcontractors, or their respective officers, directors, employees, Affiliates, shareholders, members and agents, on or after the Effective Date.

(iv) any claim made against Seller Indemnified Parties which arises from, in connection with, or incidental to the use, operation, or management of the Transmission Assets Land or the Substation Access Land by or on behalf of Purchaser, including Losses, personal injuries, mechanics’ lien claims, or claims arising from, in connection with, or incidental to the use, operation, maintenance, improvement, or management of the Transmission Assets Land or the Substation Access Land by Purchaser or its Affiliates, agents, contractors, or subcontractors, or their respective officers, directors, employees, Affiliates, shareholders, members and agents, on or after the Effective Date;

(v) any claim made against Seller Indemnified Parties related to any Proceeding relating to any breach or claim for which Purchaser is obligated to indemnify Seller Indemnified Parties under this **Section 6.2**; or

(vi) any claim made against Seller Indemnified Parties related to any Liabilities of Purchaser, including tax Liabilities, arising before or after the Effective Date.

6.3 Procedure for Indemnification.

6.3.1 Direct Claims. In the event that any Person entitled to indemnification under this Agreement (an “**Indemnified Party**”) has a claim for indemnification for any matter not involving a Third Party Claim (a “**Direct Claim**”), such Indemnified Party may assert such Direct Claim by giving written notice (a “**Direct Indemnification Notice**”) to the Person required to provide indemnification of the Indemnified Party under this Agreement (an “**Indemnifying Party**”) in accordance with **Sections 6.1** and **6.2**. The Direct Indemnification Notice will contain an estimate of the amount of the Losses attributable to such Direct Claim to the extent then feasible (which estimate will not be conclusive of the final amount of such Direct Claim) and describe in reasonable detail the Direct Claim and the basis of the Indemnified Party’s request for indemnification under this Agreement. If the Indemnifying Party does not notify (the “**Direct Indemnification Defense Notice**”) the Indemnified Party in writing within thirty (30) days from its receipt of the Direct Indemnification Notice that the Indemnifying Party disputes such Direct Claim, the Direct Claim specified by the Indemnified Party in the Direct Indemnification Notice will be conclusively deemed an accepted, final and binding Liability of the Indemnifying Party hereunder. If the Indemnifying Party has timely disputed such Direct Claim by delivery of a Direct Indemnification Defense Notice, as provided above, and the Indemnified Party and Indemnifying Party have not resolved the dispute within fifteen (15) days after the Indemnified Party’s receipt of the Direct Indemnification Defense Notice, then the Parties may pursue all available legal remedies.

6.3.2 Third Party Claims. In the event that any Proceedings will be instituted or that any claim or demand will be asserted by any Third Party in respect of which indemnification may be sought under **Sections 6.1** and **6.2** hereof (“**Third Party Claim**”), the Indemnified Party will with reasonable promptness deliver written notice of the Third Party Claim to the Indemnifying Party specifying the nature of such Third Party Claim and the amount or the estimated amount thereof to the extent then feasible (which estimate will not be conclusive of the final amount of such Third Party Claim) (the “**Third Party Claim Notice**”). Subject to the provisions of this **Section 6.3.2**, the Indemnifying Party will have the right, upon written notice to the Indemnified Party (the “**Third Party Defense Notice**”) within thirty (30) days after receipt from the Indemnified Party of the Third Party Claim Notice, to conduct, at its sole expense, the defense of such Indemnified Party against such Third Party Claim with counsel of its choice (which counsel must be approved by the Indemnified Party (such approval not to be unreasonably withheld, conditioned or delayed)), and to defend against, negotiate, settle or otherwise deal with any Third Party Claim; **provided that** (i) the Indemnifying Party will have acknowledged in writing to the Indemnified Party its unqualified obligation to indemnify the Indemnified Party as provided hereunder, and (ii) the Indemnifying Party must conduct the defense of the Third Party Claim actively and diligently after assuming control of the defense in order to maintain control of the defense. Notwithstanding anything herein to the contrary, without the written consent of (x) Purchaser, with respect to Purchaser Indemnified Parties, and (y) Seller, with respect to Seller Indemnified Parties, the Indemnifying Party will not be entitled to (A) settle any Third Party Claim to the extent that any such Third Party Claim seeks, in addition to or in lieu of monetary damages, any injunctive or other equitable relief; or (B) assume such Third Party Claim if such claim relates to or arises in connection with any criminal Proceeding, action, indictment, allegation, or investigation.

6.3.3 Effect of No Defense Notice. If the Indemnifying Party elects not to defend against, negotiate, settle or otherwise deal with any Third Party Claim which relates to any Losses indemnified by the Indemnifying Party hereunder in accordance with **Section 6.3.2**, fails to give the Third Party Defense Notice within the thirty (30) day notice period specified in **Section 6.3.2**, contests its obligation to indemnify the Indemnified Party for such Losses under this Agreement in whole or in part or

fails to conduct the defense of the Third Party Claim actively and diligently after assuming control of the defense, the Indemnified Party may defend against, negotiate, settle or otherwise deal with such Third Party Claim. If the Indemnified Party defends any Third Party Claim, then the Indemnifying Party will be liable for all costs, expenses, settlement amounts or other Losses paid or incurred in connection therewith, including, without limitation, the prompt reimbursement of defense costs upon submission of periodic bills.

6.3.4 Effect of Timely Defense Notice. If the Indemnifying Party timely delivers the Third Party Defense Notice and assumes the defense of any Third Party Claim in accordance with **Section 6.3.2**, the Indemnifying Party will be entitled to have the exclusive control over the defense and/or settlement of the subject Third Party Claim, the Indemnified Party will cooperate with and make available to the Indemnifying Party such assistance and materials as it may reasonably request, all at the expense of the Indemnifying Party, and the Indemnified Party will have the right, at its sole cost and expense, to participate (by presence and observation only) in the defense assisted by counsel of its own choosing; **provided, however**, that such Indemnified Party will be entitled to participate in any such defense with separate counsel at the expense of the Indemnifying Party if (i) so requested by the Indemnifying Party to participate or (ii) in the reasonable opinion of counsel to the Indemnified Party a conflict or potential conflict exists between the Indemnified Party and the Indemnifying Party that would make such separate representation advisable.

6.3.5 Limitations on Settlement Authority. Notwithstanding anything in this **Section 6.3** to the contrary, without the prior written consent of the Indemnified Party, the Indemnifying Party will not enter into any settlement of any Third Party Claim or cease to defend against such claim, if pursuant to or as a result of such settlement or cessation, (i) injunctive relief or specific performance would be imposed against the Indemnified Party, (ii) such settlement or cessation would lead to Liability or create any financial or other obligation on the part of the Indemnified Party, (iii) such settlement would impose a covenant not to compete on an Indemnified Party, (iv) such settlement does not contain an unqualified release of the Indemnified Party, or (v) such settlement involves a remedy relating to an admission of liability of any degree by the Indemnified Party.

6.3.6 Binding Effect. After any final decision, judgment or award will have been rendered by a Governmental Body of competent jurisdiction and the expiration of the time in which to appeal therefrom, or a settlement will have been consummated (subject to **Section 6.3(g)**), or the Indemnified Party and the Indemnifying Party will have arrived at a mutually binding agreement, in each case with respect to any Third Party Claim hereunder, the Indemnified Party will forward to the Indemnifying Party notice of any sums due and owing by the Indemnifying Party pursuant to this Agreement with respect to such Third Party Claim and the Indemnifying Party will pay all of such remaining sums so due and owing to the Indemnified Party in accordance with this Agreement.

6.3.7 Effect of Untimely Claim Notice. A failure by an Indemnified Party to give timely, complete or accurate notice as provided in this **Section 6.3** will not affect the rights or obligations of any Party hereunder except and only to the extent that, as a result of such failure, the Indemnifying Party was materially damaged or prejudiced as a result of such failure to give timely notice.

6.3.8 Limitation of Liability. Notwithstanding anything to the contrary in this Agreement, each Party's Liability to the other will be limited to direct damages only (which may include Third Party Claims), and except as to Third Party Claims, neither Party will be liable to the other Party for any consequential, incidental, indirect, special, exemplary or punitive damages (including Loss of actual or anticipated profits or revenues; Loss by reason of shutdown or non-operation; increased expense of operation, borrowing or financing; loss of use or productivity; and increased cost of capital) arising hereunder, regardless of whether any such claim arises out of breach of contract, guaranty or warranty,

tort, product liability, indemnity, contribution, strict liability or any other legal or equitable theory; **provided, however**, it is specifically acknowledged and agreed that Third Party Claims that result in a claim of indemnification will not be limited as set forth above and the full amount of such Third Party Claims may be asserted as an indemnified amount for which the Indemnified Party may also seek defense and the obligation to hold harmless.

ARTICLE 7

MISCELLANEOUS

7.1 Survival of Representations and Warranties, Covenants and Agreements. Each of the representations and warranties of the Parties contained in this Agreement and in any Exhibit, certificate, instrument or document delivered by or on behalf of any of the Parties pursuant to this Agreement and the transactions contemplated hereby will survive for a period of eighteen (18) months after the Effective Date, after which no claim for indemnification for any misrepresentation, or for the breach or falsity of any representation or warranty under this Agreement may be brought, and no action with respect thereto may be commenced, and no Party will have any Liability or obligation with respect thereto, unless (i) the Indemnified Party gave written notice to the Indemnifying Party specifying with particularity the misrepresentation or a breach of representation or warranty claimed on or before the expiration of such period, or (ii) the claim relates to any representation or warranty in **Sections 3.2** (Due Authorization), **3.3** (No Breach), **3.4** (Title and Right and Authority), **3.5** (Litigation), **3.6** (Compliance with Laws), **3.7** (Environmental Matters), **3.9** (Permits), **3.10** (Transmission Assets), **4.2** (Due Authorization), **4.3** (No Breach), **4.4** (Compliance With Laws), **4.5** (Environmental Matters), and **4.6** (Permits) in which case the representation or warranty will indefinitely survive the Effective Date. The covenants and agreements arising from, incident to or in connection with this Agreement will survive the Effective Date indefinitely, until such covenants and agreements are fully satisfied and require no performance or forbearance, or the rights of a Party hereto expire on a specific date by the terms hereof.

7.2 Further Acts and Assurances. The Parties agree that, at any time and from time to time, on and after the Effective Date, upon the reasonable request of the other Party, they will do or cause to be done all such further acts and things and execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered any and all papers, documents, instruments, agreements, assignments, transfers, assurances and conveyances as may be necessary or desirable to carry out and give effect to the provisions and intent of this Agreement. In addition, from and after the Effective Date, Purchaser and Seller will cooperate in all reasonable respects in connection with claims and Proceedings asserted by or against Third Parties, relating to or arising from the transactions contemplated hereby.

7.3 Public Announcements. The timing and content of all public announcements relating to the execution of this Agreement and the consummation of the transactions contemplated hereby will be approved by both Purchaser and Seller prior to the release of such public announcements, and each Party agrees to cooperate with the other Party as appropriate to comply with all Applicable Laws; **provided, however**, if Purchaser or Seller, either other both, (i) is required by any Applicable Law or exchange rule to release a public announcement, and (ii) is required by any Applicable Law or otherwise desires to inform either or both of FERC or MPUC of the transactions herein, Purchaser or Seller (respectively) will have an absolute right to do so upon prior notice to, but without the consent of, the other.

7.4 Notices. All notices, demands and other communications provided for hereunder will be in writing and will be given by personal delivery, via facsimile transmission (receipt telephonically confirmed), by nationally recognized overnight courier (prepaid), or by certified or registered first class mail, postage prepaid, return receipt requested, sent to each Party, at its address as set forth below or at such other address or in such other manner as may be designated by such Party in written notice to the

other Party. All such notices, demands and communications will be effective when personally delivered, one (1) business day after delivery to the overnight courier, upon telephone confirmation of facsimile transmission or upon receipt after dispatch by mail to the Party to whom the same is so given or made:

If to Purchaser: ALLETE, Inc. d/b/a Minnesota Power
30 West Superior Street
Duluth, Minnesota 55802
Attention: Patrick K. Mullen, Vice President Marketing and Corporate
Communication
Attention: General Counsel
Attention: Lyssa Supinski, Senior Attorney

With a copy to: Briggs and Morgan, P.A.
2200 IDS Center
80 South Eighth Street
Minneapolis, Minnesota 55402
Attention: Michael J. Grimes

If to Seller: United Taconite LLC
200 Public Square, Suite 3300
Cleveland, Ohio 44114

With a copy to: Cliffs Natural Resources Inc.
Attention: Legal Department
200 Public Square, Suite 3300
Cleveland, Ohio 44114

7.5 Entire Agreement. This Agreement, including the documents, instruments, and agreements to be executed by the Parties pursuant hereto, contains the entire agreement of the Parties and supersedes all prior or contemporaneous agreements and understandings, oral or written, between the Parties with respect to the subject matter hereof. The terms “this Agreement,” “hereof,” “herein,” “hereunder,” “hereto” and similar expressions refer to this Agreement as a whole and not to any particular article, section, subsection or other portion hereof and include the Schedules and Exhibits hereto and any document, instrument or agreement executed and/or delivered by the Parties pursuant hereto.

7.6 Schedules and Exhibits. All schedules and exhibits attached hereto or referred to herein are hereby incorporated in and made a part of this Agreement as if set forth in full herein.

7.7 Amendments. No purported amendment, modification or waiver of any provision of this Agreement will be effective unless in a writing specifically referring to this Agreement and signed by all of the Parties.

7.8 Successors and Assigns. This Agreement will be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns. Neither Purchaser nor Seller may assign this Agreement or its rights hereunder, or delegate any of its obligations hereunder, except with the prior written consent of the other.

7.9 Fees and Expenses. Each of the Parties will pay their own fees and expenses incurred in connection with negotiating and preparing this Agreement and consummating the transactions contemplated hereby, including but not limited to fees and disbursements of their respective attorneys, accountants, brokers, finders and investment bankers.

7.10 Governing Law and Jurisdiction. This Agreement, including the documents, instruments and agreements to be executed and/or delivered by the Parties pursuant hereto, will be construed, governed by and enforced in accordance with the internal laws of the state of Minnesota, without giving effect to the principles of comity or conflicts of laws thereof. Seller and Purchaser agree and consent that any legal action, suit or Proceeding seeking to enforce any provision of this Agreement will be instituted and adjudicated solely and exclusively in any court of general jurisdiction in Minnesota, or in the United States District Court having jurisdiction in Minnesota and Seller and Purchaser agree that venue will be proper in such courts and waive any objection which they may have now or hereafter to the venue of any such suit, action or Proceeding in such courts, and each hereby irrevocably consents and agrees to the jurisdiction of said courts in any such suit, action or Proceeding.

7.11 Counterparts and Electronic Signatures. This Agreement may be executed in two or more counterparts, each of which will be deemed an original but all of which together will constitute one and the same Agreement. The counterparts of this Agreement may be executed and delivered by facsimile or other electronic signature by any of the Parties to any other Party and the receiving Party may rely on the receipt of such document so executed and delivered by facsimile or other electronic means as if the original had been received.

7.12 Headings. The headings of the articles, sections and subsections of this Agreement are intended for the convenience of the Parties only and will in no way be held to explain, modify, construe, limit, amplify or aid in the interpretation of the provisions hereof.

7.13 Severability. In the event that any provision of this Agreement is declared or held by any court of competent jurisdiction to be invalid or unenforceable, such provision will be severable from, and such invalidity or unenforceability will not be construed to have any effect on, the remaining provisions of this Agreement, unless such invalid or unenforceable provision goes to the essence of this Agreement, in which case the entire Agreement may be declared invalid and not binding upon any of the Parties.

7.14 Parties in Interest. Nothing expressed or implied in this Agreement is intended or will be construed to confer any rights or remedies under or by reason of this Agreement upon any Person other than Seller and Purchaser, their respective successors and permitted assigns, and, with respect to Purchaser Indemnified Parties and Seller Indemnified Parties, as described in Article 7. Nothing in this Agreement is intended to relieve or discharge the Liabilities of any Third Party to Purchaser or Seller.

7.15 Waiver. The terms, conditions, warranties, representations and indemnities contained in this Agreement, including the documents, instruments and agreements executed and/or delivered by the Parties pursuant hereto, may be waived only by a written instrument executed by the Party waiving compliance. Any such waiver will only be effective in the specific instance and for the specific purpose for which it was given and will not be deemed a waiver of any other provision hereof or of the same breach or default upon any recurrence thereof. No failure on the part of a Party to exercise and no delay in exercising any right hereunder will operate as a waiver thereof nor will any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right.

7.16 Construction. The Parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement will be construed as if drafted jointly by the Parties and no presumption or burden of proof will arise favoring or disfavoring any Party by virtue of the authorship of any of the provisions of this Agreement. The words “including,” “include” or “includes” will mean including without limitation. The Parties intend that each representation, warranty and covenant contained herein will have independent significance. Unless the context otherwise requires, words importing the singular number will include the plural and

vice versa and words importing the use of any gender will include all genders. If any Party has breached any representation, warranty or covenant contained herein in any respect, the fact that there exists another representation, warranty or covenant relating to the same subject matter (regardless of the relative levels of specificity) which the Party has not breached will not detract from or mitigate the fact that the Party is in breach of the first representation, warranty or covenant.

7.17 Specific Performance. The Parties hereto agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the Parties will be entitled to equitable (including injunctive) relief to prevent breaches of this Agreement and to enforce specifically the terms and provisions hereof in any court of the United States or any state having jurisdiction, this being in addition to any other remedy to which they are entitled at law or in equity.

[SIGNATURE PAGE FOLLOWS]

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

EXECUTION VERSION

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed individually or by authorized representatives as of the day, month and year first above written.

SELLER:

PURCHASER:

UNITED TACONITE LLC

ALLETE, INC. d/b/a Minnesota Power

By: _____



Terry G. Bedor

Its: President

By: _____

Alan R. Hodnik

Its: President and CEO

**[SIGNATURE PAGE TO
TRANSMISSION ASSETS AND SUBSTATION ACCESS AGREEMENT]**

EXECUTION VERSION

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed individually or by authorized representatives as of the day, month and year first above written.

SELLER:

PURCHASER:

UNITED TACONITE LLC

ALLETE, INC. d/b/a Minnesota Power

By: _____
Terry G. Fedor
Its: President

By:  _____
Alan R. Hodnik
Its: President and CEO

**[SIGNATURE PAGE TO
TRANSMISSION ASSETS AND SUBSTATION ACCESS AGREEMENT]**

SCHEDULE 2.1.1

TRANSMISSION ASSETS

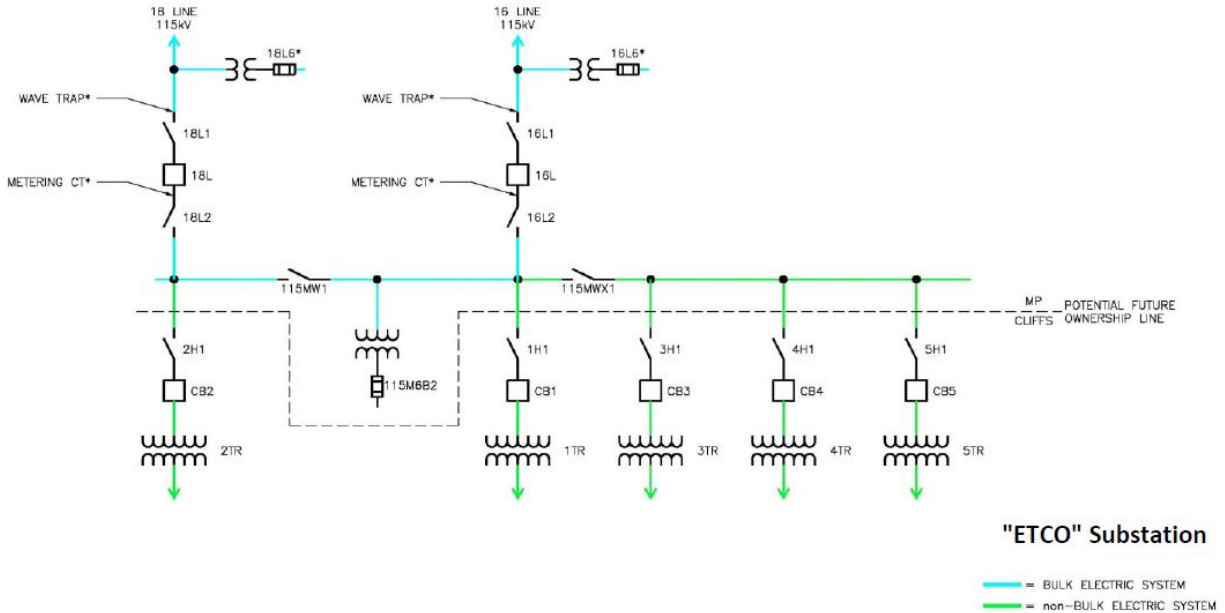
All right, title and interest in and to the Transmission Assets arising from, in connection with, necessary or used in conjunction with the operation, maintenance, repair, upgrade, or replacement of the Transmission Assets, including:

All major equipment*, jumpers, bus conductor, power wiring, foundations, bus supports, structural steel, insulators, battery systems, relaying, and associated DC control systems, up to but not including Seller's 1H1, 2H1, 3H1, 4H1, and 5H1 switches. The proposed point of change of ownership is where the power wiring meets the switch assemblies. Purchaser also acquires the Transmission Assets and Substation Access Easement granting Purchaser the right to access, operate, and maintain equipment on the site.

* Major Equipment:

- 18L breaker, 18L1 switch, 18L2 switch
- 16L breaker, 16L1 switch, 16L2 switch
- 115MWI switch
- 115MWXI switch
- 115M6B2 bus potential transformer
- 115kV bus differential relay panel

The basic technical drawing of the substation and the assets therein is as follows:



[Note: The 18L6 and 16L6 potential transformers are owned by Purchaser prior to the Effective Date, and Purchaser will continue to own such transformers following the Effective Date.]

EXHIBIT A

TRANSMISSION ASSETS LAND LEGAL DESCRIPTION

**[PER SECTION 5.2 OF THIS AGREEMENT
THE LAND DESCRIPTION WILL BE INSERTED UPON COMPLETION AND
CERTIFICATION OF A LAND LEGAL DESCRIPTION BY SURVEY.]**

EXHIBIT B

SUBSTATION ACCESS LAND DEPICTION

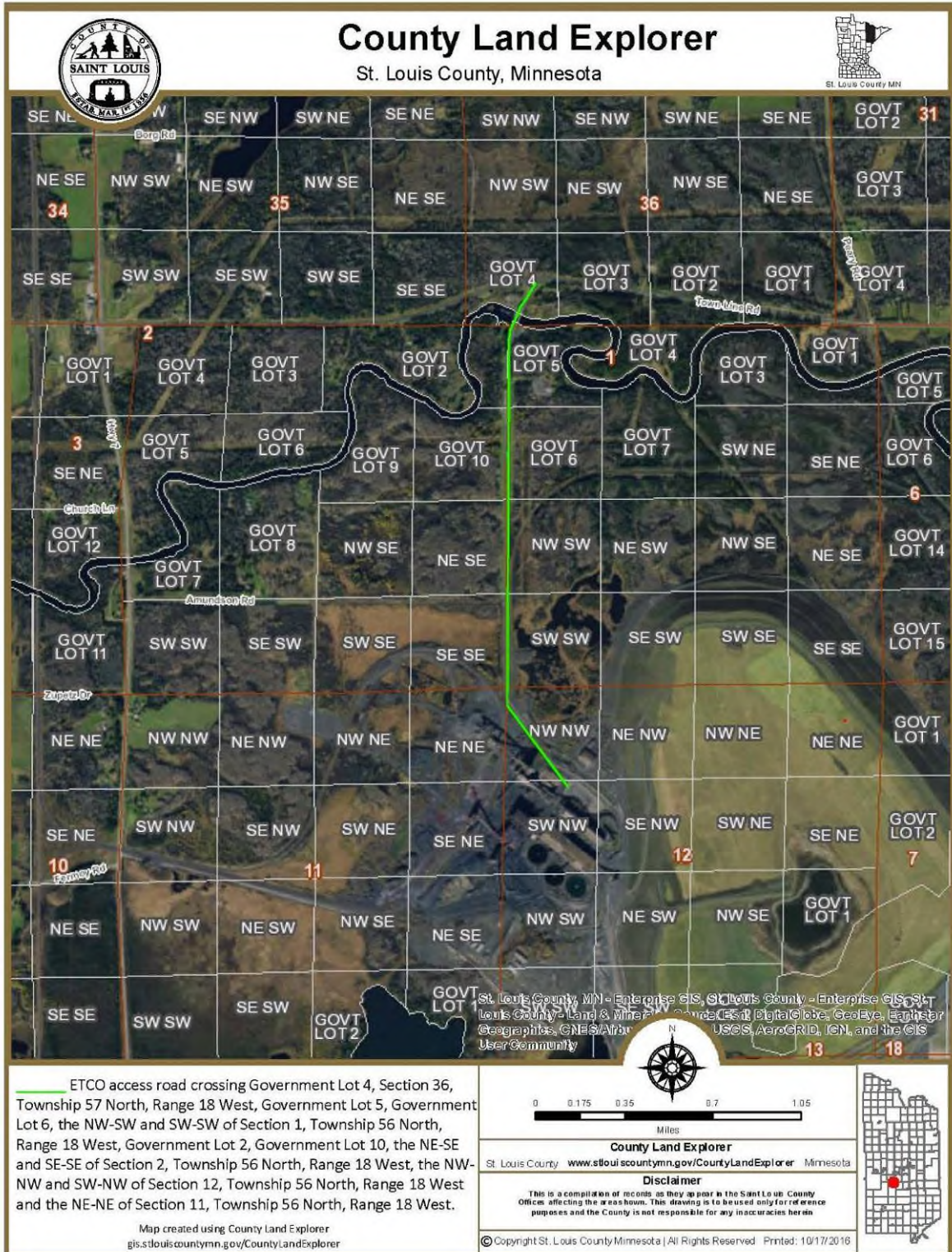


EXHIBIT C

TRANSMISSION ASSETS AND SUBSTATION ACCESS EASEMENT

THIS TRANSMISSION ASSETS AND SUBSTATION ACCESS EASEMENT (this “**Easement**”) is made and entered into as of December 9, 2016 (the “**Effective Date**”), by and between **ALLETE, INC. D/B/A MINNESOTA POWER**, a Minnesota corporation (the “**Grantee**”) and **UNITED TACONITE LLC**, a Delaware limited liability company (the “**Grantor**”). Individually, the Grantee and the Grantor are referred to herein as a “**Party**” and collectively, as the “**Parties**.”

RECITALS

A. The Grantee is a division of ALLETE, Inc. and supplies (i) retail electric services in a 26,000 square mile service area in northeastern Minnesota, and (ii) wholesale electric service to several northeastern Minnesota municipalities.

B. This Easement arises from that certain “**Transmission Assets and Substation Access Agreement**” by and between the Grantor and the Grantee of even date herewith.

C. Concurrently with this Easement, the Grantee has purchased from the Grantor certain transmission assets (the “**Transmission Assets**”) located within certain facilities near Forbes, Minnesota (the “**Transmission Assets Facilities**”). The Transmission Assets are located on land owned by the Grantor (the “**Transmission Assets Land**”). The Transmission Assets Land legal description is set forth on **Exhibit A**.

D. The Grantee desires to (i) maintain and operate the Transmission Assets in the Transmission Assets Facilities on the Transmission Assets Land, and (ii) acquire access to and egress from the Transmission Assets Facilities and the Transmission Assets Land over, across, and on land owned by the Grantor, including the ability to maintain and operate such roads and routes (the “**Substation Access Land**”) separate from the Transmission Assets Land. The Substation Access Land is depicted on **Exhibit B**.

E. Pursuant to this Easement, the Grantor does hereby grant to the Grantee an easement for, among other things, (x) maintenance and operation of the Transmission Assets and any other assets owned by the Grantee in the Transmission Assets Facilities on the Transmission Assets Land (the “**Transmission Assets Land Easement**”), and (y) access to and egress from the Transmission Assets Land over and across, and operations on the Substation Access Land (the “**Substation Access Easement**”).

EASEMENT

In consideration of the foregoing Recitals, each of which is incorporated by reference herein as an essential term hereof, and the covenants contained in this Easement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Grantee and the Grantor hereby agree as follows.

1. **Grant of Easements.**

1.1 **Transmission Assets Land Easement.** Subject to the other terms and conditions of this Easement, the Grantor, for good and valuable consideration paid to the Grantor by the Grantee (which is irrevocably acknowledged by the Grantor), does hereby grant to the Grantee, and its successors and

assigns, a perpetual and irrevocable easement for the purposes of maintaining and operating the Transmission Assets in the Transmission Assets Facilities on the Transmission Assets Land, including the right to construct, operate, maintain, use, upgrade, rebuild, relocate or remove all or part of the transmission assets of the Grantee located at the Transmission Assets Facility, including all major equipment (breakers, switches, transformers, relays), jumpers, bus conductors, power wiring, foundations, bus supports, structural steel, insulators, battery systems, relaying, and associated control systems, up to but not including the Grantor's 1H1, 2H1, 4H1, and 5H1 switches, with all transmission line, interconnection fixtures and equipment related or connecting to said Transmission Assets Facilities, together with communication equipment relating to the operation of such Transmission Assets Facilities. All Transmission Assets, buildings, fixtures, and other equipment installed, placed, or connecting to the Transmission Assets Facilities will be and remain the property of the Grantee.

1.2 **Substation Access Easement.** Subject to the other terms and conditions of this Easement, the Grantor, for good and valuable consideration paid to the Grantor by the Grantee (which is irrevocably acknowledged by the Grantor), does hereby grant to the Grantee, and its successors and assigns, a perpetual and irrevocable easement for providing ingress and egress and vehicular and pedestrian access over and across the Substation Access Land to the Transmission Assets Land and the Transmission Assets Facilities. If the route specified by the Substation Access Easement is temporarily unavailable (for example, due to repair or maintenance) or impractical for the access the Grantee requires in a particular circumstance, the Grantor will advise the Grantee at the time of the requested access of an equally functional and appropriate alternate route for access of the Grantee at that time. Any such alternate route will be granted to the Grantee at no charge and any and all costs of creating such alternate route will be at the sole cost and expense of the Grantee.

2. **Use, and Limitations on Entry.** The Grantee will be entitled to use and enjoy the Transmission Assets Land Easement and the Substation Access Easement directly, and indirectly through its Affiliates, contractors, subcontractors and agents, and their respective officers, directors and employees. **Provided, however,** that the Grantee will provide notice to the Grantor no less than forty-eight (48) hours before entering the Transmission Assets Land or the Substation Access Land, unless Emergency conditions do not allow such advance notice. Persons representing the Grantee that access the Transmission Assets Land or the Substation Access Land will have (i) received instruction or training regarding the Grantor's safety, traffic, and environmental regulations, and Mine Safety Health Administration ("MSHA") regulations, (ii) viewed the Grantor's site-specific video as required by **Section 3** (Grantor and MSHA Regulations), and (iii) registered at the Grantor's security gate. As used herein, "**Emergency**" means any circumstance or condition that will or could imminently be expected to materially harm the safe and reliable operation of all or a portion of the Transmission Assets Facilities, the transmission grid, or otherwise endanger public safety, property, or the environment.

3. **Grantor and MSHA Regulations.**

3.1 **Grantee Covenants Regarding Regulations.** The Grantee covenants and agrees that it will comply with, and cause all of its Affiliates, contractors, subcontractors, agents and employees to comply with all reasonable safety, traffic, and environmental regulations (i) that are uniformly applied to the Grantor and the Grantee which may, from time to time, be established by the Grantor and communicated in writing to the Grantee, or (ii) which may otherwise apply, primarily (and by way of clarification) including those arising under Applicable Laws. The foregoing will include existing and future MSHA training and the Grantor's reasonable and uniformly applied safety and environmental policies pertaining to the Transmission Assets Land or the Substation Access Land and to the Grantor's private roads.

3.2 **Grantee Covenant to Cure Violations.** The Grantee covenants and agrees that its Affiliates, contractors, subcontractors and agents, and their respective officers, directors and employees will follow the Grantor's safety, traffic, and environmental regulations and policies, and all applicable MSHA regulations, and will cure a failure to do so or violation thereof within (i) three (3) business days after receiving notice of such failure from the Grantor or the regulator, or (ii) if such failure is not curable within such three (3) business day period, then the Grantee will have a reasonable time to cure, based on the character of the failure, so long as the Grantee continuously and diligently pursues such cure. The Grantee acknowledges that Persons accessing the Transmission Assets Land or the Substation Access Land may be required to first receive instruction or training regarding the Grantor's safety, traffic, and environmental regulations, and MSHA regulations, and view a site-specific video.

4. **Condition of Transmission Assets Land and Substation Access Land; Grantee's Liability for Use and Operation.**

4.1 **Acknowledgement of Inspection.** The Parties acknowledge that the Grantee has had access to and has inspected the Transmission Assets Land and the Substation Access Land, and is generally familiar with the condition and state of repair of such lands.

4.2 **Physical Condition and Claims With Respect to the Transmission Assets Land or the Substation Access Land.** The Grantor has not made any express or implied representation or warranty concerning the safety or physical condition of the Transmission Assets Land or the Substation Access Land and accepts the same AS IS, WHERE IS, WITH ALL FAULTS, WITHOUT ANY EXPRESS OR IMPLIED WARRANTIES. Grantee covenants and agrees not to make any claim against the Grantor, or against any Persons being at any time upon any part of the Transmission Assets Land or the Substation Access Land (with the permission or consent of the Grantor) for losses, costs, expenses (including without limitation, reasonable attorneys' fees and disbursements of counsel), or Liabilities indirectly or directly resulting from or due to (i) the physical condition of the Transmission Assets Land or the Substation Access Land or any change therein, or (ii) use of the Transmission Assets Land Easement or the Substation Access Easement by the Grantee, or by its Affiliates contractors, subcontractors and agents, and their respective officers, directors or employees.

4.3 **Indemnification.**

4.3.1 Indemnification by Grantee. The Grantee will hold the Grantor harmless from and defend and indemnify the Grantor for all such losses, costs, expenses (including without limitation, reasonable attorneys' fees and disbursements of counsel), and Liabilities resulting solely from the use or operation by the Grantee of the Transmission Assets, the Transmission Assets Facilities, the Transmission Assets Land, or the Substation Access Land (or by its Affiliates, contractors, subcontractors and agents, and their respective officers, directors and employees).

4.3.2 Indemnification by Grantor. The Grantor will hold the Grantee harmless from and defend and indemnify the Grantor for all such losses, costs, expenses (including without limitation, reasonable attorneys' fees and disbursements of counsel), and Liabilities resulting from the use or operation by the Grantor of the Transmission Assets Facilities associated with the Grantor, any Environmental Claim arising from, in connection with, or incident to the Grantor's ownership or operation of either or both of the Transmission Assets Land or the Substation Access Land (or by its Affiliates, contractors, subcontractors and agents, and their respective officers, directors and employees).

4.3.3 Procedure for Indemnification. The procedure for indemnification hereunder will be the procedures set forth in **Section 6.3** of the **Transmission Assets and Substation Access Agreement**.

5. **Use and Enjoyment.** The rights granted by the Grantor to the Grantee pursuant to this Easement are nonexclusive, and the Grantor reserves unto itself and its successors and assigns the right to use and occupy the Transmission Assets Land or the Substation Access Land. However, the exercise of any rights or privileges reserved by the Grantor (or its successors or assigns), or otherwise created by this Easement, will not unreasonably impair or impede the use and enjoyment by the Grantee (or its successors or assigns) of the Transmission Assets, Transmission Assets Land, or the Substation Access Land.

6. **Relocation and Termination of Easement(s).**

6.1 **Relocation of Easements at Option of Grantor.**

6.1.1 Grantor Relocation Right. At the option of the Grantor, in the exercise of reasonable business necessity, the Grantor may advise the Grantee that it has determined to relocate one or both of (i) the Transmission Assets Land Easement to lands it owns other than the Transmission Assets Land, and (ii) the Substation Access Easement to lands other than the Substation Access Land (each a “**Relocated Easement**” or collectively the “**Relocated Easements**”), **provided, however**, the relocation right with respect to the Transmission Assets Land Easement cannot be exercised by the Grantor unless the Grantor is also concurrently relocating all of its transmission assets and facilities at and from such existing operating location. The Grantor will make best efforts to relocate the Grantee such that the Relocated Easement(s) are as contiguous as reasonably possible to and with the Grantor’s own relocation of its own assets and facilities.

6.1.2 Required Content of Relocation Notice and Relocation Date. If the Grantor exercises its right under **Section 6.1.1**, the Grantor will notify the Grantee of the proposed relocation by written notice (the “**Relocation Notice**”). The Relocation Notice given by the Grantor will contain, at a minimum, (i) the date of the proposed relocation of the Transmission Assets Land, the Substation Access Land, or both, as applicable, and such Relocation Notice will state a date not earlier than twenty-four (24) months from and after the date of the Relocation Notice (each Relocation Notice will result in a “**Relocation Date**”), (ii) the legal description(s) of the relocated Transmission Assets Land (the “**Relocated Transmission Assets Land**”) and the relocated Substation Access Land (the “**Relocated Substation Access Land**”), (iii) the business purpose of relocation, and (iv) drafts of either or both of the Relocated Easement(s), and (v) identify by legal description the lands owned by the Grantor to which the Grantor proposes for the Relocated Transmission Assets Land and the Relocated Substation Access Land to which the Relocated Easement(s) apply. If there is any delay as a consequence of regulatory approvals by a Governmental Body or events of Force Majeure, the Grantee will be given a reasonable and equitable extension of time beyond the Relocation Date to complete its obligations hereunder in consideration of the nature and complexity of the approval required or the Force Majeure event.

6.1.3 Cooperation. After the Grantor has given a Relocation Notice to the Grantee, the Grantor and the Grantee will diligently in a prompt manner (i) negotiate and finalize the amendment to this Easement for the Relocated Transmission Assets Land and the Relocated Substation Access Land, as applicable, (ii) take all actions reasonably necessary to properly survey and legally describe the Relocated Transmission Assets Land and the Relocated Substation Access Land in recordable form, (iii) establish a work plan and scope of work that establishes reasonable timeline milestones for each stage of the anticipated relocations and guidelines for the cooperation of the Parties with respect to interconnection between the applicable facilities of the Parties, and (iv) if the Relocated Transmission Assets Land and the Relocated Substation Access Land is not suitable to the Grantee, in its sole discretion and in the exercise of reasonable business judgement, the Grantor and the Grantee will work in good faith to identify by mutual agreement lands owned by the Grantor reasonably suitable as substitutions for, as applicable, the Transmission Assets Land and the Substation Access Land, each to be the subject of the Relocated Easement(s), as the case may be. The Parties acknowledge and agree that (x) the foregoing relocation

may include the need for a new utility easement for access to the Relocated Transmission Assets Land, and (y) such utility easement, if needed, will be granted by the Grantor and negotiated in good faith by the Parties.

6.2 **Relocation Amendment and Recording.** If the Grantor exercises its option to relocate the Transmission Assets Land or the Substation Access Land, the Parties will execute a recordable amendment of this Easement (the “**Relocation Amendment**”) confirming (i) relocation of the Transmission Assets Land or the Substation Access Land releasing such land(s) previously encumbered thereby as of the Relocation Date, and (ii) substituting for the legal description of the released lands with the legal description for, as applicable, the Relocated Transmission Assets Land or the Relocated Substation Access Land, as the case may be. The Grantee will have the right to file and record the Relocation Amendment with any Governmental Body having jurisdiction over the Relocated Transmission Assets Land or the Relocated Substation Access Land, as applicable.

6.3 **Grantee Relocation and Access to Relocation Land(s).** Upon execution of the Relocation Amendment, and thereafter until the Relocation Date, the Grantee will have the right to (i) remove from either or both the Transmission Assets Land and the Substation Access Land, as applicable, the Transmission Assets and all other or additional equipment and infrastructure ancillary or corollary thereto, and (ii) may immediately begin moving or relocating such assets, equipment, and infrastructure to the Relocated Transmission Assets Land or Relocated Substation Access Land, as the case may be. The Grantee may also immediately begin development, construction, and operations upon the Relocated Transmission Assets Land and the Relocated Substation Access Land. No later than the Relocation Date, the Grantee will (x) remove all its Transmission Assets, equipment, and all other or additional infrastructure ancillary or corollary thereto from the, as applicable, Transmission Assets Land or the Substation Access Land being released from this Easement and (y) remove debris and restore the affected land to its previous condition to the extent reasonably possible.

6.4 **Relocation Costs and Expenses.** All costs and expenses incurred by the Grantee to, without limitation, develop, engineer, remove and relocate, demolish and dispose of, fabricate, construct, and commission the existing or new Transmission Assets and all other or additional equipment and infrastructure ancillary or corollary thereto, to the Relocated Transmission Assets Land or Relocated Substation Access Land, as the case may be, to and on any of the Transmission Assets Land, the Relocated Transmission Assets Land, the Substation Access Land, and the Relocated Substation Access Land, as the case may be, together with the costs and expenses incurred to amend this Easement, will be paid by a Party or the Parties as follows:

(i) If the Relocation Date specified in the Relocation Notice is within the first ten (10) years following the Effective Date of this Easement, 100% of said costs and expenses will be paid by the Grantor.

(ii) If the Relocation Date specified in the Relocation Notice is more than ten (10) years after the Effective Date of this Easement but within twenty (20) years following the Effective Date of this Easement, the Grantor and the Grantee will each pay 50% of said costs and expenses.

(iii) If the Relocation Date specified in the Relocation Notice is more than twenty (20) years after the Effective Date of this Easement, 100% of said costs and expenses will be paid by the Grantee.

6.5 **Termination by Grantee.**

6.5.1 Grantee Termination of Easements. At the option of the Grantee, in the exercise of its exclusive discretion, it may terminate either or both of the Transmission Assets Land Easement and the Substation Access Easement, whether or not subject to any Relocation Amendment(s), by giving to the Grantor written notice of termination (the “**Termination Notice**”) no less than sixty (60) days in advance of the termination date selected by the Grantee and stated in the Termination Notice (the “**Termination Date**”). The Grantee will be required to comply with the removal provisions set forth in **Section 6.5.2.**

6.5.2 Termination by Grantee and Removal of Grantee Property. If the Grantee exercises its option to terminate the Transmission Assets Land Easement as described in **Section 6.5.1,** the Grantee will remove from the Transmission Assets Land or the Relocated Transmission Assets Land, as applicable, the Transmission Assets and all other or additional equipment and infrastructure ancillary or corollary thereto. If the Grantee exercises its option to terminate the Substation Access Easement the Grantee will remove from the Substation Access Land or the Relocated Substation Access Land, as applicable, all other or additional equipment and infrastructure ancillary or corollary thereto, all at its own cost and expense. In each case, Grantee will remove debris and restore the affected land to its previous condition to the extent reasonably possible. The Grantor and the Grantee will (i) diligently in a reasonably prompt manner execute a recordable amendment of this Easement confirming termination of all or part of this Easement as of the Termination Date, and (ii) release from this Easement (x) the Transmission Assets Land or Relocated Transmission Assets Land, as applicable, and (y) the Substation Access Land or the Relocated Substation Access Land, as applicable.

7. **Assignment of Easement.** The Grantee will have the right to assign all or any portion of the Easement, this instrument, or the Transmission Assets on either an exclusive or nonexclusive basis to one or more Persons. Unless otherwise agreed in writing by the Grantor and Grantee, no such assignment shall relieve Grantee of any Liability under this Easement.

8. **Easement Runs With the Land.** This Easement, including the Transmission Assets Land Easement and the Substation Access Easement, the Relocated Easements, and any Relocation Amendment, will run with and against the Transmission Assets Land, the Substation Access Land, the Relocated Transmission Assets Land, and the Relocated Substation Access Land. It is mutually understood and agreed that this Easement covers all the agreements and stipulations between the Parties and that the terms herein may only be modified in writing. This instrument shall be governed by the laws of the state of Minnesota, without regard to conflicts of laws provisions or the principals of comity.

9. **Notices.** All notices, demands and other communications provided for hereunder will be in writing and will be given by personal delivery, by nationally recognized overnight courier (prepaid), or by certified or registered first class mail, postage prepaid, return receipt requested, sent to each Party, at its address as set forth below or at such other address or in such other manner as may be designated by such Party in written notice to the other Party. All such notices, demands and communications will be effective when personally delivered, one (1) business day after delivery to the overnight courier, or upon receipt after dispatch by mail to the Party to whom the same is so given or made:

If to Purchaser: ALLETE, Inc. d/b/a Minnesota Power
30 West Superior Street
Duluth, Minnesota 55802
Attention: Patrick K. Mullen, Vice President Marketing and Corporate
Communication
Attention: General Counsel
Attention: Lyssa Supinski, Senior Attorney

With a copy to: Briggs and Morgan, P.A.
2200 IDS Center
80 South Eighth Street
Minneapolis, Minnesota 55402
Attention: Michael J. Grimes

If to Seller: United Taconite LLC
200 Public Square, Suite 3300
Cleveland, Ohio 44114

With a copy to: Cliffs Natural Resources Inc.
Attention: Legal Department
200 Public Square, Suite 3300
Cleveland, Ohio 44114

The notice addresses and the notification Persons provided above may be changed pursuant to a written to the other Party in accordance with this **Section 9**.

10. **Specific Performance.** The Parties hereto agree that irreparable damage would occur in the event that any of the provisions of this Easement, as presently existing or as amended, were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the Parties will be entitled to equitable (including injunctive) relief to prevent breaches of this Easement, as amended, and to enforce specifically the terms and provisions hereof in any court of the United States or any state having jurisdiction, this being in addition to any other remedy to which they are entitled at law or in equity.

11. **Definitions.** Capitalized terms that are not defined in the text of this Easement are defined as follows:

“**Affiliate**” when used in reference to a specified Person, means any Person that, directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with the specified Person.

“**Applicable Laws**” means any and all laws, ordinances, constitutions, regulations, statutes, treaties, rules, codes, and Injunctions adopted, enacted, implemented, promulgated, issued, entered or deemed applicable by or under the authority of any Governmental Body having jurisdiction over a specified Person or any of such Person’s properties or assets, including Environmental Laws.

“**Environmental Claim**” means administrative, regulatory or judicial actions, suits, demands, demand letters, claims, notices of non-compliance or violation, investigations or Proceedings, consent decrees, judgments, administrative orders or agreements, arising under any Environmental Law or any Permit issued under any Environmental Law, including (i) Environmental Claims by Governmental Bodies for enforcement, cleanup, removal, response, remedial or other actions or damages pursuant to any

applicable Environmental Law, and (ii) Environmental Claims by any Third Party (other than an Affiliate of a Party) seeking damages or injunctive relief resulting from environmental conditions or arising from alleged injury or threat of injury to health, safety or the environment.

“**Environmental Laws**” means any and all Applicable Laws (i) regulating the use, treatment, generation, transportation, storage, control or disposal of any Hazardous Material, including, but not limited to, the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. § 9601 et seq.), the Resource Conservation and Recovery Act (42 U.S.C. § 6901 et seq.), the Hazardous Materials Transportation Act (49 U.S.C. § 1801 et seq.), the Federal Water Pollution Control Act (33 U.S.C. § 1251 et seq.), the Clean Water Act (33 U.S.C. § 1251 et seq.), the Clean Air Act (42 U.S.C. § 7401 et seq.), the Toxic Substances Control Act (15 U.S.C. § 2601 et seq.), and all state laws corollary thereto, and/or (ii) relating to the protection of the environment and public or worker health and safety, all as existing, defined or interpreted as of the date hereof.

“**Environmental Liabilities**” means any loss or Liability attributable to the Grantor’s maintenance, storage, transportation, disposal, use or other treatment of the Hazardous Materials before or after the date hereof and arising from or under any Environmental Law, including those consisting of or relating to:

- (i) any legal or administrative Proceeding, loss, claim, demand or response, remedial or inspection cost or expense arising under any Environmental Law;
- (ii) financial responsibility under any Environmental Law for cleanup costs or corrective action, including any cleanup, removal, containment or other remediation or response actions required by any Environmental Law and for any natural resource damages; or
- (iii) any other compliance, corrective or remedial measure required under any Environmental Law.

“**Force Majeure**” means the occurrence of an event or series of events that is beyond the reasonable control of the Person affected that hinders the performance of such Person under this Easement and does not result from the fault, negligence, willful, wanton or reckless conduct, or intentional misconduct of the affected Person or such Person’s failure to comply with Applicable Law or good industry practice; and such event or series of events could not have been avoided by the affected Person through the exercise of reasonable diligence, including the following:

- (i) acts of God or the public enemy;
- (ii) expropriation or confiscation of either or both of the Relocated Transmission Assets Land and the Relocated Substation Access Land;
- (iii) war, terrorism, rebellion, sabotage, civil unrest or riot;
- (iv) fires, explosions, hurricanes, floods, tornadoes, microbursts, other abnormally severe weather events or other natural catastrophes;
- (v) actions or inaction of a Governmental Body;
- (vi) a change in Applicable Law;

(vii) conditions at, on or affecting the Relocated Transmission Assets Land or the Relocated Substation Access Land, including the existence of Hazardous Materials or archeological materials;

(viii) operating conditions on the transmission grid that restrict outages, testing, commissioning or access; and

(ix) strikes and other labor disturbances.

“Governmental Body” means any:

(i) nation, state, county, city, town, village, district or other jurisdiction of any nature;

(ii) federal, state, local, municipal, foreign or other government;

(iii) governmental or quasi-governmental authority of any nature (including any governmental agency, branch, board, commission, department, instrumentality, office or other Person, and any court or other tribunal);

(iv) multi-national organization or body; and/or

(v) body exercising, or entitled or purporting to exercise, any administrative, executive, judicial, legislative, police, regulatory or taxing authority or power of any nature.

“Hazardous Materials” means any and all (i) toxic or hazardous pollutants, contaminants, chemicals, wastes, materials or substances listed or identified in, or regulated by, any Environmental Law, and (ii) any of the following, whether or not included in the foregoing: solid, liquid and gaseous fuels.

“Injunction” means any and all writs, rulings, awards, directives, injunctions (whether temporary, preliminary or permanent), judgments, decrees or orders (whether executive, judicial or otherwise) adopted, enacted, implemented, promulgated, issued, entered or deemed applicable by or under the authority of any Governmental Body.

“Liability” or **“Liabilities”** means any and all debts, liabilities and/or obligations of any type, nature or description (whether known or unknown, asserted or unasserted, secured or unsecured, absolute or contingent, accrued or unaccrued, liquidated or unliquidated and whether due or to become due).

“Permits” means all right, title and interest in and to any permits, licenses, certificates, filings, authorizations, approvals, or other indicia of authority (and any pending applications for approval or renewal of a Permit), to own, construct, operate, sell, inventory, disburse or maintain any asset, conduct any business or perform any activity as issued by any Governmental Body.

“Person” means any individual, corporation (including any non-profit corporation), general, limited or limited liability partnership, limited liability company, joint venture, estate, trust, association, organization, or other entity or Governmental Body.

“Proceeding” means any suit, litigation, arbitration, hearing, audit, investigation or other action (whether civil, criminal, administrative or investigative) commenced, brought, conducted, or heard by or before, or otherwise involving, any Governmental Body or arbitrator.

“Third Party” or “Third Parties” means a Person or Persons not a Party to this Easement.

[SIGNATURE PAGE FOLLOWS]

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IN WITNESS WHEREOF, the Parties have caused this Easement to be executed individually or by authorized representatives as of the day, month and year first above written.

GRANTOR:

GRANTEE:

UNITED TACONITE LLC

ALLETE, INC. d/b/a Minnesota Power

By: _____
Terry G. Fedor
Its: President

By: _____
Alan R. Hodnik
Its: President and CEO

STATE OF OHIO)
) ss.
COUNTY OF CUYAHOGA)

The attached or foregoing instrument was acknowledged before me this ____ day of _____, 2016, by Terry G. Fedor, President of United Taconite LLC, a Delaware limited liability company, on behalf of the limited liability company.

Notary Public

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

The attached or foregoing instrument was acknowledged before me this ____ day of _____, 2016, by Alan R. Hodnik, President and CEO of ALLETE, Inc., d/b/a Minnesota Power, a Minnesota corporation, on behalf of the corporation.

Notary Public

This Instrument was drafted by:
Cliffs Natural Resources Inc.
200 Public Square, Suite 3300
Cleveland, Ohio 44114

Upon Recording Return to:
ALLETE, Inc. d/b/a Minnesota Power
30 West Superior Street
Duluth, Minnesota 55802
Attention: General Counsel

[SIGNATURE PAGE TO TRANSMISSION ASSETS AND SUBSTATION EASEMENT]

EXHIBIT A

TRANSMISSION ASSETS LAND LEGAL DESCRIPTION

**[PER SECTION 5.2 OF THIS AGREEMENT
THE LAND DESCRIPTION WILL BE INSERTED UPON COMPLETION AND
CERTIFICATION OF A LAND LEGAL DESCRIPTION BY SURVEY.]**

EXHIBIT B

SUBSTATION ACCESS LAND DEPICTION

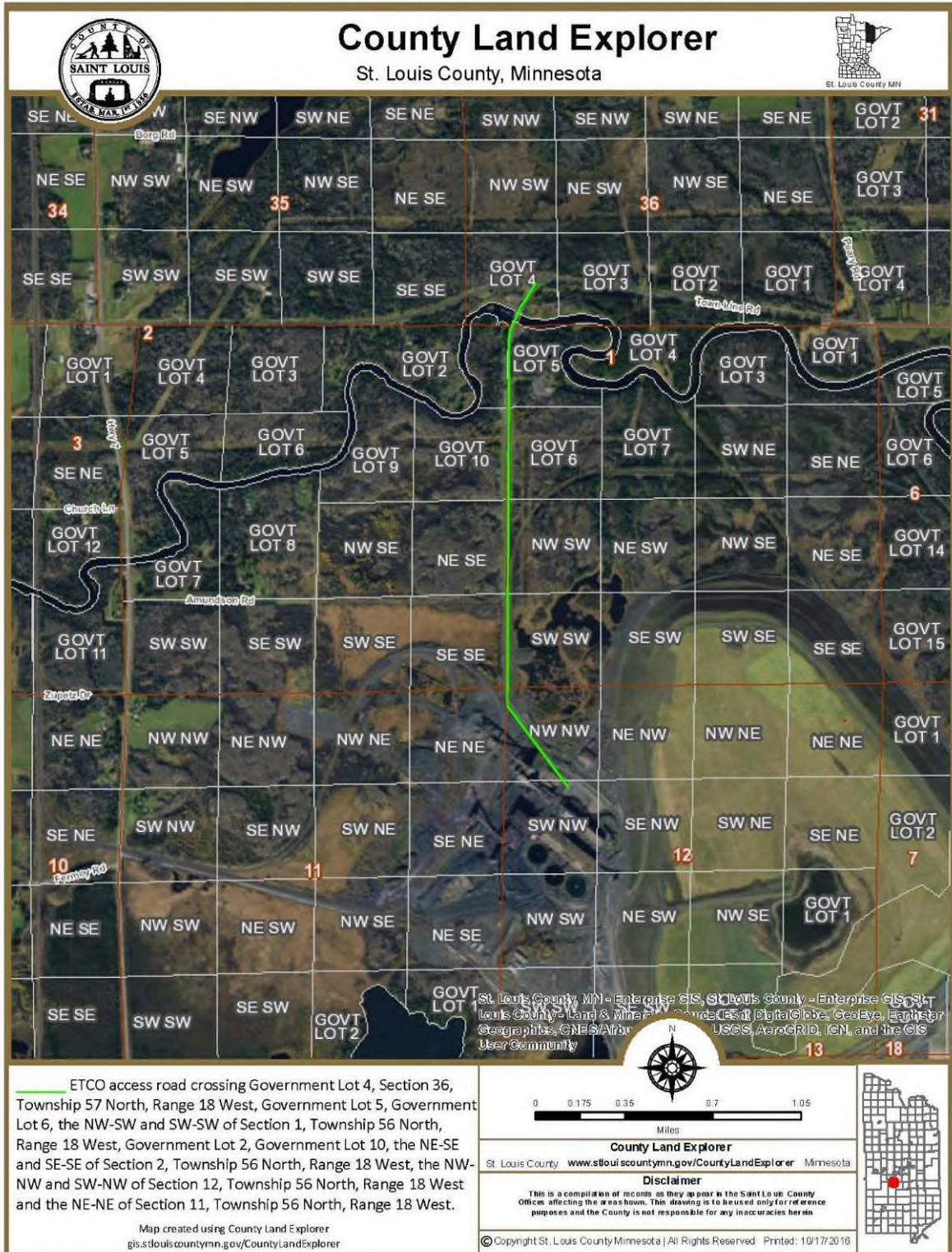


EXHIBIT D

BILL OF SALE

UNITED TACONITE LLC, a Delaware limited liability company (the "**Company**"), for good and valuable consideration given by **ALLETE, INC.**, d/b/a Minnesota Power, a Minnesota corporation (the "**Purchaser**"), the receipt of which is hereby acknowledged by the Company, pursuant to that certain Transmission Assets and Substation Access Agreement by and among the Purchaser, the Company, and Northshore Mining Company, a Delaware corporation, dated as of December 9, 2016 (the "**Transmission Assets Agreement**"), by these presents does hereby convey, grant, bargain, sell, transfer, set over, assign, deliver and confirm unto the Purchaser, its successors and assigns, forever, free and clear of all encumbrances and liabilities with respect thereto, or as expressly provided in and pursuant to the Transmission Assets Agreement, the UTAC Transmission Assets, as defined by and in the Transmission Assets Agreement.

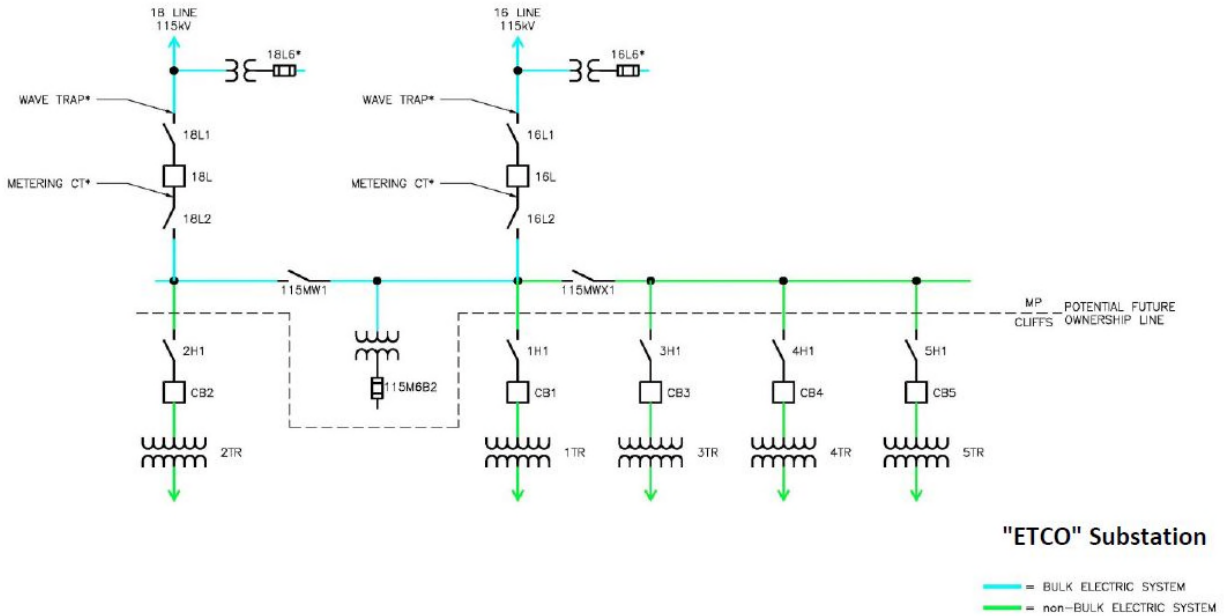
All right, title and interest in and to the UTAC Transmission Assets arising from, in connection with, necessary or used in conjunction with the operation, maintenance, repair, upgrade, or replacement of the UTAC Transmission Assets, including:

All major equipment*, jumpers, bus conductor, power wiring, foundations, bus supports, structural steel, insulators, battery systems, relaying, and associated DC control systems, up to but not including Seller's 1H1, 2H1, 3H1, 4H1, and 5H1 switches. The proposed point of change of ownership is where the power wiring meets the switch assemblies. The Purchaser also acquires the Transmission Assets and Substation Access Easement pursuant to the Transmission Assets Agreement granting the Purchaser the right to access, operate, and maintain equipment on the site.

* Major Equipment:

- 18L breaker, 18L1 switch, 18L2 switch
- 16L breaker, 16L1 switch, 16L2 switch
- 115MWI switch
- 115MWXI switch
- 115M6B2 bus potential transformer
- 115kV bus differential relay panel

The basic technical drawing of the substation and the assets therein is as follows:



In furtherance of the foregoing, the Company agrees that it will, at any time and from time to time, on and after the Transfer Effective Date (as defined by the Transmission Assets Agreement), upon the reasonable request of the Purchaser, do or cause to be done all such further acts and things and execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, any and all papers, documents, instruments, agreements, assignments, transfers, assurances and conveyances as may be necessary or desirable to carry out and give effect to the provisions and intent of the Transmission Assets Agreement and this Transmission Assets Bill of Sale. In addition, from and after the Transfer Effective Date, the Purchaser and the Company will afford to the other and their respective attorneys, accountants and other representatives access, during normal business hours, to such personnel, books and records relating to the Company as may reasonably be required in connection with the preparation of financial information, the filing of tax returns and the operation of the transmission assets, and will cooperate in all reasonable respects in connection with claims and Proceedings asserted by or against third parties, relating to or arising from the transactions contemplated hereby.

This instrument shall be effective at the close of business on the date hereof, and the transfer of the UTAC Transmission Assets shall be effective and shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and assigns on and after the Transfer Effective Date.

All terms or phrases capitalized herein and not otherwise defined shall have the meaning(s) ascribed to them in the Transmission Assets Agreement.

[SIGNATURE PAGE FOLLOWS]

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IN WITNESS WHEREOF, the Company has caused this Transmission Assets Bill of Sale to be executed by an authorized representative, effective as of the 9th day of December, 2016.

COMPANY:

UNITED TACONITE LLC

By _____

Terry G. Fedor

Its: President

[SIGNATURE PAGE TO TRANSMISSION ASSETS BILL OF SALE]

EXHIBIT E

CLIFFS GUARANTY

THIS GUARANTY (this “**Guaranty**”), entered into as of December 9, 2016, is given by **CLIFFS NATURAL RESOURCES INC.**, an Ohio corporation, (the “**Guarantor**”), as the ultimate parent company of **SILVER BAY POWER COMPANY**, a Delaware corporation (“**SBPC**”), **NORTHSHORE MINING COMPANY**, a Delaware corporation (“**NMC**”), and **UNITED TACONITE LLC**, a Delaware limited liability company (“**UTAC**”) in favor of **ALLETE, INC. d/b/a MINNESOTA POWER**, a Minnesota corporation (the “**Guaranty Party**”).

RECITALS

A. The Guarantor, the Guaranty Party, SBPC, NMC, and UTAC entered into that certain Energy Transaction and Undertaking Agreement dated May 23, 2016 (the “**Framework Agreement**”).

B. Section 7.1 of the Framework Agreement requires the Guarantor to execute and deliver this Guaranty.

C. Pursuant to Section 7.2 of the Framework Agreement NMC has concurrently delivered a separate guaranty to the Guaranty Party with respect to the due performance of that certain Steam and Related Services Agreement between SBPC and the Guaranty Party dated of even date herewith (the “**NMC Guaranty**”).

D. NMC and the Guaranty Party have concurrently entered into that certain NMC Solar Site Option, Land Purchase, and Easements Agreement (the “**NMC Solar Option Agreement**”).

E. UTAC and the Guaranty Party have concurrently entered into that certain UTAC Solar Site Option, Land Purchase, and Easements Agreement (the “**UTAC Solar Option Agreement**”).

F. SBPC, NMC, and the Guaranty Party have concurrently entered into that certain Steam and Related Services Agreement of even date herewith (the “**Steam Agreement**”).

G. UTAC and the Guaranty Party have concurrently entered into that certain (i) Transmission Assets and Substation Access Agreement, and (ii) Transmission Assets and Substation Access Easement, each of even date herewith (collectively the “**Transmission Assets Agreements**”).

H. NMC and the Guaranty Party have concurrently entered into that certain (i) Switching Station Land Interests Agreement, and (ii) Switching Station Easement, each of even date herewith (collectively the “**Switching Station Agreements**”).

I. Collectively the NMC Guaranty, the NMC Solar Option Agreements, the UTAC Solar Option Agreements, the Omnibus Amendment, the Steam Agreement, the Transmission

Assets Agreements, the Switching Station Agreements, are referred to herein collectively as the “**Agreements**” and each may be referred to as an “**Agreement**”.

J. The Guaranty Party desires to have the Guarantor guaranty the Obligations (defined below) of SBPC, UTAC, and NMC under the Agreements and the Guarantor desires to provide such guaranty.

K. Any terms or phrases not otherwise defined herein shall have the meaning set forth in the Framework Agreement or the respective Agreements, as the context may dictate.

AGREEMENT

NOW THEREFORE, in consideration of the above Recitals (which are each incorporated by reference herein) and the promises set forth in this Guaranty, and for other good and valuable consideration, the receipt, nature and sufficiency of which are hereby acknowledged, the Guarantor and the Guaranty Party agree as follows:

1. **Obligation**. The Guarantor hereby absolutely, unconditionally and irrevocably guaranties full and prompt performance and, if applicable, payment when due of all of the obligations under the Agreements, including of (i) NMC under the NMC Solar Option Agreements, the Steam Agreement, and the Switching Station Agreements, (ii) SBPC under the Steam Agreement, and (iii) UTAC under the UTAC Solar Option Agreements and the Transmission Assets Agreements (individually, an “**Obligation**” and collectively, the “**Obligations**”). Except as provided in **Section 13** of this Guaranty, once effective this Guaranty is continuing and absolute, shall remain in full force and effect, and shall not be released, diminished, impaired or terminated until all of the Obligations have been indefeasibly paid, performed or otherwise satisfied, as applicable, (including the Guaranty Party’s costs of collection, satisfaction or performance in connection with the enforcement of this Guaranty) finally and fully (notwithstanding, without limitation, the bankruptcy, insolvency or dissolution or termination of the existence of SBPC, NMC, UTAC, or the Guarantor, or their respective successors or assigns). Notwithstanding any other provisions of this Guaranty to the contrary, this Guaranty shall not diminish or expand, or otherwise modify, the Obligations under any one or more of the Agreements (which Obligations shall be limited as expressly set forth in the applicable Agreement).

2. **Nature of Guaranty**. The Obligations of the Guarantor shall be primary and effective immediately upon any non-performance of the Obligations, respectively, of SBPC, NMC, and UTAC, under any one or more of the applicable Agreements to which such entities are a party. No delay or omission on the Guaranty Party’s part in exercising any right hereunder shall operate as a waiver of such right or any other right and a waiver on one occasion shall not be a bar to or waiver of any right on any other occasion.

3. **Guarantor Claims and Defenses**. The Guarantor shall have and exercise, without limitation, any and all defenses, claims and discharges of SBPC, NMC, and UTAC pertaining to any of the Obligations, including the defense of discharge by payment, performance or other satisfaction, as applicable, as if the Guarantor were SBPC, NMC, and UTAC. However, the Guarantor will not assert, plead or enforce against the Guaranty Party any defense of discharge in

bankruptcy, incapacity or usury that may be available to SBPC, NMC, and UTAC in respect of any of the Obligations.

4. Payments under Guaranty. All payments by the Guarantor to the Guaranty Party shall be made in the United States in United States Dollars and shall be paid within twenty (20) business days after receipt by the Guarantor from the Guaranty Party of written demand for such payment.

5. Amendments; Waiver; Laches; Remedies. No amendment or waiver of any provision of this Guaranty nor consent to any departure by the Guarantor therefrom shall be effective unless the same shall be in writing and signed by the Guaranty Party, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. No failure on the part of the Guaranty Party to exercise, and no delay in exercising any right under this Guaranty with respect to any of the Obligations shall operate as a waiver thereof; nor shall any single or partial exercise of any right under this Guaranty, or otherwise with respect to any of the Obligations preclude any other or further exercise thereof or the exercise of any other right. The remedies provided for in this Guaranty with respect to any of the Obligations are cumulative and not exclusive of any remedies provided by law.

6. Guaranty of Returned Payments. If, at any time, all or any part of any payments made by SBPC, NMC, and UTAC, the Guarantor, or their respective successors and permitted assigns, or any of their respective Affiliates, to the Guaranty Party are or must be rescinded or returned by or otherwise disgorged from the Guaranty Party as a result of the insolvency, bankruptcy or reorganization of SBPC, NMC, and UTAC, the Guarantor, its successors or any permitted assignee of the Guarantor, such payments shall, for the purposes of this Guaranty, to the extent that such payment is or must be rescinded or returned to any individual or entity, be deemed to have continued in existence notwithstanding the prior receipt by the Guaranty Party, and this Guaranty shall continue to be effective or reinstated, as the case may be, as to the Obligations, each and all as though such respective payments had not been made.

7. Costs and Expenses of Enforcement. The Guarantor agrees to pay the reasonable fees, costs and other expenses, including reasonable attorneys fees, incurred by the Guaranty Party in connection with any successful effort by the Guaranty Party to collect or otherwise enforce the provisions of this Guaranty, whether or not said fees, costs or expenses are incurred by the Guaranty Party after the expiration of this Guaranty (so long as a claim under this Guaranty was made prior to expiration).

8. Entire Agreement. This Guaranty constitutes the entire agreement between the Guarantor and the Guaranty Party with respect to the subject matter hereof and supersedes any prior understandings, agreements or representations by or between the Guarantor and the Guaranty Party, written or oral, to the extent they related in any way to the subject matter hereof.

9. Governing Law. This Guaranty shall be governed by and construed in accordance with the internal laws of the state of Minnesota without giving effect to any choice or conflict of law provision or rule (whether of the state of Minnesota or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the state of Minnesota.

10. Submission to Jurisdiction. Each of the parties submits to the jurisdiction of any state or federal court sitting in Minneapolis, Minnesota in any action or proceeding arising out of or relating to this Guaranty and agrees that all claims in respect of the action or proceeding may be heard and determined in any such court. Each party also agrees not to bring any action or proceeding arising out of or relating to this Guaranty in any other court. Each of the parties waives any defense of inconvenient forum to the maintenance of any action or proceeding so brought and waives any bond, surety or other security that might be required of any other party with respect thereto.

11. Succession and Assignment.

(a) This Guaranty shall be binding upon and inure to the benefit of the Guarantor and the Guaranty Party and their respective successors and permitted assigns.

(b) The Guarantor may not assign this Guaranty or any rights, interests or Obligations hereunder without the prior written approval of the Guaranty Party. The Guarantor shall provide prompt written notice to the Guaranty Party of any proposed assignment.

(c) The Guaranty Party may not assign this Guaranty or any rights, interests or obligations hereunder without the prior written approval of the Guarantor. The Guaranty Party shall provide prompt written notice to the Guarantor of any proposed assignment.

12. Equitable Relief. The Guarantor expressly acknowledges and agrees that damages alone will not be an adequate remedy for any breach by the Guarantor, or its assignees, of the covenants set forth in this Guaranty, and that the Guaranty Party, in addition to any other remedies it may have, shall be entitled to seek, as a matter of right, injunctive relief, including specific performance, in any court of competent jurisdiction with respect to any breach of this Guaranty by the Guarantor, or any of its assignees, of any such covenants. Notwithstanding the foregoing, the Guaranty Party's remedies hereunder shall be cumulative and shall not be limited to the equitable remedies described above; no choice of one remedy shall preclude the assertion or enforcement of any other remedy available to the Guaranty Party, including monetary damages.

13. Termination of Guaranty. Notwithstanding any provision of this Guaranty to the contrary, this Guaranty shall terminate and be of no further force or effect upon the earlier to occur of (i) the full and final performance, satisfaction or expiration of all of the Obligations under each of the Agreements, or (ii) the termination of each of the Agreements, subject to the survival provisions therein and the full and final performance, satisfaction, or expiration of all of the Obligations that survive such termination. Upon such full and final performance, termination or satisfaction, the Guarantor and its permitted assignee(s) shall have no further obligations hereunder.

[SIGNATURE PAGE FOLLOWS]

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IN WITNESS WHEREOF, the Guarantor has executed this Guaranty as of the date first written above.

CLIFFS NATURAL RESOURCES INC.

By _____
Clifford T. Smith
Its: Executive Vice President – Business
Development

[SIGNATURE PAGE TO GUARANTY OF CLIFFS NATURAL RESOURCES INC.]

Exhibit B
Page 1 of 1

Minnesota Power
Purchase of Transmission Assets from United Taconite
Summary of Entries

Entry #1 - To record the Original Installed Cost for Assets Purchased by Minnesota Power from United Taconite

Debit Account 101 Electric Plant In-Service - Owned	Account 3530	447,902.00	
	Credit Account 102 Electric Plant Purchased or Sold		447,902.00

Entry #2 - To record the Accumulated Depreciation for Assets Purchased by Minnesota Power from United Taconite

Debit Account 102 Electric Plant Purchased or Sold		24,981.00	
	Credit Account 108 Electric Depreciation Reserve	Account 3530	24,981.00

Entry #3 - To record payment for Assets Purchased by Minnesota Power from United Taconite

Debit Account 102 Electric Plant Purchased or Sold		422,921.00	
	Credit Account 131 Cash		422,921.00

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

AFFIDAVIT OF SERVICE VIA
ELECTRONIC FILING

SUSAN ROMANS of the City of Duluth, County of St. Louis, State of Minnesota, says that on the **18th** day of **May, 2017**, she served Minnesota Power's Petition on the Minnesota Public Utilities Commission and the Energy Resources Division of the Minnesota Department of Commerce via electronic filing. Parties requested paper copies were served as requested.



Susan Romans

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
William	Bond	william.bond@arcelormittal.com	ArcelorMittal USA - Minorca Mine Inc.	PO Box 1 5950 Old Highway 53 Virginia, MN 55792	Electronic Service	No	GEN_SL_Minnesota Power_MP's Large Power Service List
Greg	Chandler	N/A	UPM Blandin Paper	115 SW First St Grand Rapids, MN 55744	Paper Service	No	GEN_SL_Minnesota Power_MP's Large Power Service List
David	Chura	dchura@mnpower.com	Minnesota Power	30 West Superior Street Duluth, MN 55802	Electronic Service	No	GEN_SL_Minnesota Power_MP's Large Power Service List
Paul	Ciesielski	Paul.Ciesielski@arcelormittal.com	ArcelorMittal	3300 Dickey Road East Chicago, IN 46312	Paper Service	No	GEN_SL_Minnesota Power_MP's Large Power Service List
Jack	Croswell	N/A	Hibbing Taconite	P O Box 589 Hibbing, MN 55746	Paper Service	No	GEN_SL_Minnesota Power_MP's Large Power 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_MP's Large Power 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_MP's Large Power Service List
Shane	Henriksen	shane.henriksen@enbridge.com	Enbridge Energy Company, Inc.	1409 Hammond Ave FL 2 Superior, WI 54880	Electronic Service	No	GEN_SL_Minnesota Power_MP's Large Power Service List
James	Jarvi	N/A	Minnesota Ore Operations - U S Steel	P O Box 417 Mountain Iron, MN 55768	Paper Service	No	GEN_SL_Minnesota Power_MP's Large Power 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_MP's Large Power Service List
David	Langmo	david.langmo@sappi.com	Sappi North America	P O Box 511 2201 Avenue B Cloquet, MN 55720	Electronic Service	No	GEN_SL_Minnesota Power_MP's Large Power Service List

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
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_MP's Large Power Service List
Patrick	Loupin	PatrickLoupin@Packaging Corp.com	Packaging Corporation of America	PO Box 990050 Boise, ID 83799-0050	Electronic Service	No	GEN_SL_Minnesota Power_MP's Large Power Service List
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Keith	Matzdorf	keith.matzdorf@sappi.com	Sappi Fine Paper North America	PO Box 511 2201 Avenue B Cloquet, MN 55720	Electronic Service	No	GEN_SL_Minnesota Power_MP's Large Power Service List
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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_MP's Large Power Service List
Jim	Tieberg	jtieberg@polymetmining.com	PolyMet Mining, Inc.	P.O. Box 475 County Highway 666 Hoyt Lakes, MN 55750	Paper Service	No	GEN_SL_Minnesota Power_MP's Large Power Service List
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