

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

<b>In the Matter of the Petition of Minnesota</b>	<b>) VIA ELECTRONIC FILING</b>
<b>Power for the Acquisition of ALLETE by</b>	<b>) MPUC Docket No.</b>
<b>Canada Pension Plan Investment Board</b>	<b>) E015/PA-24-198</b>
<b>and Global Infrastructure Partners</b>	<b>) OAH Docket No. 25-2500-40339</b>

**SIERRA CLUB'S REPLY COMMENTS ON PROPOSED  
SETTLEMENT AND REPLY TO EXCEPTIONS TO  
ADMINISTRATIVE LAW JUDGE'S REPORT**

August 14, 2025

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## INTRODUCTION

The evidence in this proceeding shows that the proposed Acquisition of ALLETE (“Acquisition”) by Global Infrastructure Partners and Canada Pension Plan Investment Board (together, the “Partners”) poses significant risks to ratepayers which outweigh any claimed benefits: the Acquisition may not help Minnesota Power’s (the “Company”) compliance with the Carbon Free Standard, it does not guarantee access to capital, it is likely to contribute to higher rates, and it would result in a loss of local control and reduced transparency. Based on this evidence, the Administrative Law Judge (“ALJ”) correctly recognized that the Acquisition is not in the public interest, setting out her factual findings and legal conclusions in a thorough and well-supported report (“ALJ Report”) which recommended denial of the Acquisition.<sup>1</sup>

In the face of this evidence, the Company and the Partners (together, “Petitioners”) attempt to discredit the ALJ Report, misstate the legal standard, mischaracterize the factual record, and greatly overstate the effects of the very limited commitments contained in the Proposed Settlement with the Department of Commerce (“DOC”).<sup>2</sup> Many of the commitments in the Proposed Settlement are illusory, and it does not offer any benefits sufficient to tip the balance in favor of approval. The Commission should not allow Petitioners’ tactics to distract from the essential facts of this case: while the proposed Acquisition might be lucrative for the Partners or for ALLETE’s current shareholders, the record shows that it is a bad deal for

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<sup>1</sup> Docket No. E015/PA-24-198, Administrative Law Judge’s Findings of Fact, Conclusions of Law, and Recommendations at 3, 61 ¶ 15, 62 ¶ 1, 66, 67 (July 15, 2025) (hereinafter “ALJ Report”).

<sup>2</sup> See Docket No. E015/PA-24-198, Exceptions of Minnesota Power, Canada Pension Plan Investment Board, and Global Infrastructure Partners (Aug. 4, 2025) (hereinafter “Petitioner Exceptions”); Docket No. E015/PA-24-198, Settlement Stipulation Between Minnesota Department of Commerce, ALLETE, Inc. D/B/A Minnesota Power, Canada Pension Plan Investment Board, and Global Infrastructure Partners (July 11, 2025) (hereinafter “Proposed Settlement”).

1 Minnesota Power ratepayers. The Commission should adopt the ALJ Report, reject the Proposed  
2 Settlement, and disapprove the Acquisition.

3 **I. THE ALJ REPORT IS IMPARTIAL, FAIR, AND THOROUGH.**

4 The ALJ Report reaches well-supported, carefully reasoned conclusions based on a  
5 thorough and impartial review of the evidence in this proceeding. Because Petitioners disagree  
6 with the ALJ's conclusions, they attempt to discredit the ALJ Report by baselessly suggesting  
7 that the report is somehow one-sided or unfair, or that the ALJ failed to consider the evidence  
8 offered by Petitioners.<sup>3</sup> This is nonsense.

10 The record in this case includes hundreds of pages of testimony put forward by twenty-  
11 two witnesses, including eleven witnesses sponsored by Petitioners. The ALJ held a three-day  
12 evidentiary hearing and received two rounds of briefing by the parties. The ALJ Report makes  
13 clear that the ALJ carefully considered all of the evidence, including evidence put forward by  
14 Petitioners, not just the evidence favorable to Intervenors. The ALJ Report includes extensive  
15 discussion of Petitioners' evidence and Petitioners' contentions throughout its analysis of each  
16 issue.<sup>4</sup> The ALJ did not ignore Petitioners' evidence—rather, she carefully weighed the  
17 credibility of the testimony and evidence offered by each party, and ultimately determined that  
18 Petitioners' evidence on several key issues was less credible than that offered by Intervenors.<sup>5</sup>  
19 The ALJ elaborated on the basis for these credibility determinations.<sup>6</sup> While the Commission  
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26 <sup>3</sup> Petitioner Exceptions at 3-5.

27 <sup>4</sup> See, e.g., ALJ Report ¶¶ 123, 130, 136, 139-140, 155, 160, 165, 180, 213, 257, 269.

28 <sup>5</sup> See, e.g., *id.* at 25 ¶ 131, 40, 44, 45 ¶ 216, 47, 66, 67 fn. 547.

<sup>6</sup> See *id.*

1 exercises independent judgement in its review of the entire evidentiary record,<sup>7</sup> the Commission  
2 should give significant weight to the ALJ's factual findings and credibility determinations.<sup>8</sup>

3 Petitioners provide no valid reason to question the ALJ's credibility determinations.  
4 Petitioners fail to meaningfully respond to the ALJ's finding that "the Petitioner's agreements  
5 and private discussions do not comport with their public statements,"<sup>9</sup> nor do they rebut the  
6 ALJ's conclusion that Petitioners' misleading representations about last-minute changes to a key  
7 agreement setting out Petitioner commitments had "absolutely no credibility."<sup>10</sup>

9 The Petitioners complain that the ALJ Report included language similar to Intervenor's  
10 proposed findings of fact and conclusions of law.<sup>11</sup> But there is nothing improper about this: the  
11 ALJ asked all parties, including Petitioners, to file proposed findings of fact along with reply  
12 briefing in May.<sup>12</sup> In light of the ALJ's determination that Intervenor's evidence was more  
13 credible than Petitioners' evidence, it is entirely appropriate that the ALJ Report would  
14 incorporate language from Intervenor's proposed findings in the Report. This routine practice  
15 does nothing to change the fact that the ALJ Report is evenhanded and impartial.  
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17 Moreover, even if the ALJ had adopted Intervenor's proposed findings in their entirety  
18 and without modification, which is not the case here, the published Minnesota cases cited by  
19 Petitioners confirm that a judge's adoption of one party's proposed findings of fact and  
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23 <sup>7</sup> *In the Matter of the Excess Surplus Status of Blue Cross & Blue Shield of Minnesota*, 624  
24 N.W.2d 264, 278 (Minn. 2001) (when reviewing an ALJ report, agency decision-makers should  
25 "weigh all of the evidence presented and come to an independent decision.")

26 <sup>8</sup> *See Fahey v. Avnet, Inc.*, 525 N.W.2d 568, 571 (Minn. Ct. App. 1994); *Hengemuhle v. Long*  
27 *Prairie Jaycees*, 358 N.W.2d 54, 59-60 (Minn. 1984).

28 <sup>9</sup> ALJ Report at 66.

<sup>10</sup> *Id.* at 67 fn. 547.

<sup>11</sup> Petitioner Exceptions at 4-5.

<sup>12</sup> Docket No. E015/PA-24-198, First Prehearing Order at 3 (Oct. 28, 2024); Evidentiary Hearing  
Transcript Volume (Tr. Vol.) 3 at 850.

1 conclusions of law is an acceptable practice and “does not constitute grounds for reversal.”<sup>13</sup>

2 Petitioners fail to show that the ALJ Report is anything other than unbiased and well-supported.

3 Notably, DOC (which opposed the Acquisition as recently as May and sponsored  
4 witnesses who raised numerous concerns about the transaction<sup>14</sup>) does not question the fairness  
5 or accuracy of the ALJ Report, which it acknowledges was based on a “thorough record  
6 review.”<sup>15</sup> Instead, DOC simply asserts that the report does not sufficiently consider the  
7 provisions of the Proposed Settlement between DOC and Petitioners.<sup>16</sup> On the contrary, the ALJ  
8 Report did address the Proposed Settlement, which was filed only two business days before the  
9 ALJ Report was due, and determined that it did not change the report’s conclusions or tip the  
10 balance in favor of approval.<sup>17</sup> This result is unsurprising, because most of the Proposed  
11 Settlement simply replicates commitments that Petitioners had already proposed in testimony  
12 and that the ALJ addressed at length in the report, as Sierra Club and other Intervenors explained  
13 in their initial comments on the Proposed Settlement.<sup>18</sup>

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17 <sup>13</sup> *Dukes v. State*, 621 N.W.2d 246, 258-59 (Minn. 2001) (trial court’s “verbatim adoption” of  
18 one party’s proposed findings of fact and conclusions of law “does not constitute grounds for  
19 reversal”); *Bliss v. Bliss*, 493 N.W.2d 583, 590 (Minn. Ct. App. 1992) (judge’s adoption of one  
20 party’s proposed findings is an “acceptab[le]” practice and “not reversible error”); *Sigurdson v.*  
21 *Isanti County*, 408 N.W.2d 654, 657 (Minn. Ct. App. 1987) (“[N]o decision to our knowledge  
has held that verbatim adoption of a party’s proposed findings and conclusions is reversible error  
per se.”).

22 <sup>14</sup> See Docket No. E015/PA-24-198, Initial Brief of the Minnesota Department of Commerce  
(May 1, 2025); Docket No. E015/PA-24-198, Reply Brief of the Minnesota Department of  
23 Commerce (May 29, 2025); Ex. DOC-301 (Vavro Direct); Ex. DOC-302 (Vavro Surrebuttal);  
Ex. DOC-303 (Addonizio Direct); Ex. DOC-304 (Addonizio Surrebuttal).

24 <sup>15</sup> Docket No. E015/PA-24-198, Initial Comments and Arguments and Exceptions of the  
Minnesota Department of Commerce at 1 (Aug. 4, 2025).

25 <sup>16</sup> *Id.* at 2.

26 <sup>17</sup> ALJ Report at 67 fn. 549.

27 <sup>18</sup> Docket No. E015/PA-24-198, Sierra Club’s Comments in Opposition to Proposed Settlement  
at 1-2 (Aug. 4, 2025); see also Comments of the Office of the Attorney General—Residential  
28 Utilities Division on the Stipulation Between the Minnesota Department of Commerce and  
Petitioners at 3 (Aug. 4, 2025).

1 Ironically, while Petitioners attempt to malign the ALJ Report, it is Petitioners who  
2 present a one-sided view of the evidence in this case. Petitioners’ proposed findings of fact and  
3 conclusions of law (provided as Attachment D to Petitioners’ exceptions) distort the record in  
4 this case by focusing exclusively on alleged benefits of the Acquisition while ignoring or  
5 minimizing the abundant evidence of the transaction’s risks. The Commission should consider  
6 the entirety of the evidence in the record, which is thoroughly and fairly presented in the ALJ  
7 Report, and exercise its own independent judgment based on that evidence.<sup>19</sup>

## 9 **II. THE ALJ REPORT CORRECTLY APPLIED THE LEGAL STANDARD.**

10 Petitioners inaccurately claim that the ALJ Report applied an incorrect legal standard in  
11 this case.<sup>20</sup> Sierra Club and other Intervenors have explained that under Minn. Stat. § 216B.50,  
12 the standard for determining whether the Acquisition is consistent with the public interest  
13 requires a showing that the transaction would provide affirmative public benefits, not only that it  
14 would result in no net harm as Petitioners would have it.<sup>21</sup> But the ALJ Report’s legal and factual  
15 conclusions are sound *regardless* of which legal standard applies. The ALJ Report included a  
16 detailed discussion of the parties’ dispute over the legal standard, including Petitioners’ and  
17 Intervenors’ positions and applicable caselaw.<sup>22</sup> The ALJ Report finds that the “net benefit  
18 standard” likely applies.<sup>23</sup> Ultimately, however, the ALJ concludes that “resolution of the correct  
19 standard is not necessary” because it does not determine the outcome: “[t]he proposed  
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23 <sup>19</sup> *In the Matter of the Excess Surplus Status of Blue Cross & Blue Shield of Minnesota*, 624  
24 N.W.2d at 278.

25 <sup>20</sup> Petitioner Exceptions at 22.

26 <sup>21</sup> See Docket No. E015/PA-24-198, Sierra Club’s Initial Post-Hearing Brief, Public – Redacted  
27 at 11–13 (May 1, 2025) (hereinafter “Sierra Club Opening Br.”); Docket No. E015/PA-24-198,  
28 Sierra Club’s Reply Brief, Public – Redacted at 2–3 (May 29, 2025) (hereinafter “Sierra Club  
Reply Br.”).

<sup>22</sup> ALJ Report at 63-65.

<sup>23</sup> *Id.* at 65.

1 transaction does not pass muster *under either standard* because the Acquisition would result in  
2 net harm to the public interest.”<sup>24</sup> In other words, even if the ALJ Report had applied Petitioners  
3 proposed “no net harm” standard rather than a “net benefit” standard, the Acquisition would still  
4 fail to satisfy that standard because the ALJ Report finds that it would result in net harm.

5 **III. THE EVIDENCE SUPPORTS THE ALJ’S FINDING THAT THE ACQUISITION**  
6 **IS NOT IN THE PUBLIC INTEREST, WITH OR WITHOUT THE PROPOSED**  
7 **SETTLEMENT.**

8 The evidence in this proceeding shows that the proposed Acquisition has substantial risks  
9 and few benefits: it may threaten Minnesota Power’s compliance with the Carbon Free  
10 Standard,<sup>25</sup> does not guarantee access to capital,<sup>26</sup> is likely to contribute to higher rates,<sup>27</sup> and  
11 would result in the Partners’ total control of the ALLETE Board<sup>28</sup> and in reduced transparency.<sup>29</sup>  
12 Contrary to Petitioners’ claims, the ALJ Report’s factual and legal conclusions on these points  
13 are well-supported by the evidentiary record.

14 The Proposed Settlement does nothing to change these conclusions, as most of its  
15 commitments simply describe the status quo or restate existing legal requirements without  
16 offering any benefits. The few new commitments in the Proposed Settlement are far too limited  
17 to be meaningful: they do not mitigate the risks of the Acquisition and do not provide any  
18 benefits sufficient to outweigh the Acquisition’s harms.<sup>30</sup>  
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24 <sup>24</sup> *Id.* (emphasis added).

25 <sup>25</sup> See Sierra Club Opening Br. at 14–21; Sierra Club Reply Br. at 4–9.

26 <sup>26</sup> See Sierra Club Opening Br. at 22–25; Sierra Club Reply Br. at 10–13.

27 <sup>27</sup> See Sierra Club Opening Br. at 26–32; Sierra Club Reply Br. at 14–18.

28 <sup>28</sup> See Sierra Club Opening Br. at 32–35; Sierra Club Reply Br. at 18–20.

29 <sup>29</sup> See Sierra Club Opening Br. at 35–37; Sierra Club Reply Br. at 20–21.

30 <sup>30</sup> See Sierra Club’s Comments in Opposition to Proposed Settlement at 1-5 (Aug. 4, 2025).



1           **A. The Acquisition and Proposed Settlement Would Not Ensure a Clean Energy**  
2           **Transition or Compliance with the Carbon Free Standard.**

3           The ALJ Report correctly found that Petitioners have not shown that the proposed  
4 Acquisition is necessary or sufficient for the Company to comply with the Carbon Free  
5 Standard.<sup>31</sup> Petitioners' attempts to challenge the ALJ Report's conclusions do not hold water.  
6 Petitioners claim that the ALJ ignored evidence of the Partners' supposed commitment to a clean  
7 energy transition.<sup>32</sup> But while *Alloy Parent* commits to provide financing for the Company's  
8 five-year capital plan, the *Partners* have not made an enforceable commitment to provide any  
9 amount of capital specifically to fund renewable energy.<sup>33</sup> And while Petitioners claim that the  
10 Partners view compliance with the Carbon Free Standard as a benefit,<sup>34</sup> the Partners have  
11 declined to commit to achieve the Carbon Free Standard, instead promising only to make "efforts  
12 to achieve" the standard, an illusory statement which is not a meaningful commitment.<sup>35</sup>  
13 Moreover, both CPP and Blackrock (owner of GIP) have recently abandoned previous  
14 organization-wide emissions reduction targets and clean energy pledges, calling into question  
15 whether the Partners remain committed to decarbonization.<sup>36</sup>

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18           Petitioners also mischaracterize the ALJ Report, wrongly claiming that the ALJ Report  
19 called for delaying compliance with the Carbon Free Standard or that the ALJ Report concluded  
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21 <sup>31</sup> ALJ Report at 66.

22 <sup>32</sup> Petitioner Exceptions at 37.

23 <sup>33</sup> ALJ Report at 66, 40 ¶ 187; Tr. Vol. 1 at 225:20-23, 232:25-233:16 (Scissons); Tr. Vol. 3 at  
24 846 (Lane).

25 <sup>34</sup> Petitioner Exceptions at 37.

26 <sup>35</sup> Proposed Settlement at 13 ¶ 1.71; ALJ Report at 39-40 ¶ 185; Tr. Vol. 1 at 203:8-11 (Cady).

27 <sup>36</sup> See Docket No. E-015/PA-24-198, Public Comment by Brett Cease dated June 26, 2025  
28 (docketed July 10, 2025), available at

<https://www.edockets.state.mn.us/documents/%7B7000F697-0000-C710-AC8A-E5FB785D870D%7D/download?contentSequence=0&rowIndex=111>; Layan Odeh, *Canada's Largest Pension Plan Quietly Abandons Net-Zero Target*, Bloomberg (May 21, 2025), available at <https://www.bloomberg.com/news/articles/2025-05-21/canadas-largest-pension-plan-quietly>

1 that rejecting the Acquisition would delay compliance with the standard.<sup>37</sup> That is not what the  
2 ALJ Report says. On the contrary, the ALJ Report acknowledged that compliance with the  
3 Carbon Free Standard is a critically important legal requirement.<sup>38</sup> However, the ALJ Report  
4 found that “[t]he Petitioners did not prove by a preponderance of evidence that they will be  
5 unable to meet the Carbon Free Standard absent the Acquisition, nor did they guarantee or  
6 present sufficient evidence showing that the standard will be met as a result of the  
7 Acquisition.”<sup>39</sup> The ALJ Report finds that Petitioners failed to show the Acquisition is needed to  
8 meet the Carbon Free Standard or that the standard could not be met if the Company relied on  
9 capital from public markets. There is no credible evidence showing that rejecting the Acquisition  
10 would result in any delay in achieving the Carbon Free Standard.  
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13 Petitioners point to the “Clean Firm Technology Fund” included in the Proposed  
14 Settlement as a benefit of the Acquisition and assert that the fund would help facilitate the  
15 Company’s compliance with the Carbon Free Standard.<sup>40</sup> Sierra Club agrees that firm carbon-  
16 free resources can help advance the Company’s clean energy transition. But Petitioners’ \$50  
17 million proposal pales in comparison to the scale of the Company’s capital plans, which total  
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21 abandons-net-zero-target; *Canada's top pension fund drops net-zero emissions target*, Reuters  
22 (May 21, 2025), available at [https://www.reuters.com/sustainability/climate-energy/canadas-top-](https://www.reuters.com/sustainability/climate-energy/canadas-top-pension-fund-drops-netzero-emissions-target-2025-05-21/)  
23 *net zero alliance as Wall Street runs from climate groups*, Utility Dive (Jan. 13, 2025), available  
24 at [https://www.utilitydive.com/news/blackrock-leaves-nzam-wall-street-runs-from-](https://www.utilitydive.com/news/blackrock-leaves-nzam-wall-street-runs-from-climategroups-nzba-ca100/737161/)  
25 *climategroups-nzba-ca100/737161/*; Ross Kerber, *BlackRock quits climate group as Wall Street*  
26 *lowers environmental profile*, Reuters (Jan. 9, 2025), available at  
27 [https://www.reuters.com/sustainability/blackrock-quits-climate-group-wall-streets-](https://www.reuters.com/sustainability/blackrock-quits-climate-group-wall-streets-latestenvironmental-step-back-2025-01-09/)  
28 *latestenvironmental-step-back-2025-01-09/*.

<sup>37</sup> Petitioner Exceptions at 37-38, 58.

<sup>38</sup> ALJ Report at 59.

<sup>39</sup> *Id.* at 66.

<sup>40</sup> Petitioner Exceptions at 61-62.

1 nearly \$5 billion in the next five years and \$20 billion over the next two decades.<sup>41</sup> The proposed  
2 \$50 million commitment is grossly inadequate when the Company’s plans call for billions in  
3 spending. Moreover, there is no guarantee that the proposed “Clean Firm Technology Fund” will  
4 be used for fully carbon-free technologies. The Proposed Settlement includes a provision that  
5 expressly allows Minnesota Power to seek exemptions in order to use the fund for resources that  
6 *do not* meet the Company’s own definition of “clean firm technology” if DOC agrees.<sup>42</sup>  
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8 Moreover, Minnesota Power and DOC have recently argued in another Commission docket that  
9 the statutory definition of “carbon free” should be interpreted to treat carbon-emitting thermal  
10 generating technologies including solid waste, biomass, and renewable natural gas as fully or  
11 partially carbon free.<sup>43</sup> Given the Company’s position on this issue, there is a risk that Minnesota  
12 Power may seek to use the “Clean Firm Technology Fund” to finance development of carbon-  
13 emitting power plants that burn solid waste, biomass, or natural gas. If used in this way, the fund  
14 would impede the Company’s progress towards developing a legitimately carbon-free generating  
15 portfolio rather than helping to achieve the Carbon Free Standard.  
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18 **B. Petitioners Have Not Shown That the Acquisition is Needed or That it Would**  
19 **Improve the Company’s Access to Capital.**

20 The ALJ Report correctly found that Petitioners have failed to demonstrate (1) that the  
21 Acquisition is necessary to obtain sufficient capital to comply with the Carbon Free Standard,<sup>44</sup>  
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24 <sup>41</sup> Ex. MP-45 at 62 (ALLETE 2024 Form 10-K); Ex. MP-10 at 4:6–12 (Scissons Direct).

25 <sup>42</sup> Proposed Settlement at 12 ¶ 1.63.

26 <sup>43</sup> See Docket No. E-999/CI-24-352, Comments of the Minnesota Pollution Control Agency and  
27 the Minnesota Department of Commerce, 18 (Minn. Pub. Util. Comm’n June 5, 2025); Docket  
28 No. E-999/CI-24-352, Comments of Minnesota Power, 9-10 (Minn. Pub. Util. Comm’n June 5,  
2025); *see also* Docket No. E-999/CI-23-151, Comments of the Minnesota Department of  
Commerce, 2 (Minn. Pub. Util. Comm’n June 28, 2024).

<sup>44</sup> ALJ Report at 66.

1 (2) that the Acquisition is superior to alternative methods of raising capital, including on public  
2 markets<sup>45</sup> or (3) that the Acquisition would actually improve or ensure access to capital.<sup>46</sup>

3 First, Petitioners have provided no evidence for their claim that compliance with the  
4 Carbon Free Standard is “highly unlikely” without the Acquisition.<sup>47</sup> Sierra Club does not  
5 dispute that Minnesota Power needs some amount of capital in order to fund its transition to  
6 clean energy or comply with the Carbon Free Standard. However, Petitioners have not shown that  
7 the Company’s true capital need is as large as it claims. The record shows that the Company has  
8 consistently over-estimated its capital needs since 2019.<sup>48</sup> Moreover, Intervenor testimony and  
9 the ALJ Report identified several ways that ALLETE could mitigate its future capital needs,<sup>49</sup>  
10 including via the expanded use of power purchase agreements (“PPAs”),<sup>50</sup> demand response,  
11 energy efficiency measures, and grid-enhancing technologies,<sup>51</sup> or by selling its stake in joint  
12 transmission projects or non-utility subsidiaries.<sup>52</sup> Petitioners did not present any concrete  
13 evidence showing that it would be infeasible to reduce the Company’s capital needs using more  
14 or more of these strategies.  
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18 Moreover, the ALJ Report correctly found that Petitioners have not shown that ALLETE  
19 needs the Acquisition in order to meet its capital needs.<sup>53</sup> Petitioners have not demonstrated that  
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21 <sup>45</sup> *Id.* at 27 ¶ 135; *see also id.* at 25 ¶¶ 131–132.

22 <sup>46</sup> *Id.* at 28–29 ¶ 141, 66, 67.

23 <sup>47</sup> Petitioner Exceptions at 46.

24 <sup>48</sup> ALJ Report at 24 ¶ 128; Ex. DOC-303 at 28-29 (Addonizio Direct).

25 <sup>49</sup> ALJ Report at 23 ¶ 124.

26 <sup>50</sup> *Id.* at 24 ¶ 125; Ex. DOC-303 at 39 (Addonizio Direct); Ex. OAG-400 at 24 (Lebens Direct);  
27 Ex LPI-1001 at 14:2 (Walters Direct); Ex. Sierra Club-1100, Lane Direct (Public) at 17, 21; Ex.  
28 Sierra Club-1102 at 11-14 (Corrected Lane Surrebuttal).

<sup>51</sup> ALJ Report at 24 ¶ 125; Ex. Sierra Club-1100 at 17-19 (Lane Direct - Public).

<sup>52</sup> ALJ Report at 24 ¶ 126; Ex. DOC-303 at 39:14-15 (Addonizio Direct); Ex. DOC-304 at 8:19-  
9:2 (Addonizio Surrebuttal); Ex. OAG-400 at 24:21-23 (Lebens Direct); Ex. OAG-402 at 6:6  
(Lebens Surrebuttal); Ex. Sierra Club-1102 at 7:12-19 (Corrected Lane Surrebuttal).

<sup>53</sup> ALJ Report at 27 ¶ 135; *see also id.* 25, ¶¶ 131–132.

1 the Company could not raise sufficient capital via public markets. Petitioners claim that relying  
2 on public equity markets would be unreasonably risky and that doing so could raise financing  
3 costs,<sup>54</sup> but they do not provide any concrete evidence to support that claim, only conclusory  
4 assertions. Petitioners did not provide any quantitative analysis of the risks of equity issuances in  
5 public markets.<sup>55</sup> The record shows that Petitioners have historically had no difficulty raising  
6 capital in public markets,<sup>56</sup> and there is no evidence in the record showing that it would be  
7 infeasible or unreasonably risky to rely on public markets in the future, even if ALLETE's  
8 capital needs increase.

10         Petitioners argue that the primary goal of the Acquisition is to provide access to capital.  
11 Petitioners repeat the false claim that "the Partners have expressly committed to providing equity  
12 capital to fund ALLETE's five-year investment plan."<sup>57</sup> But the Proposed Settlement clearly  
13 states that the commitment to finance ALLETE's five-year capital plan is made by *Alloy Parent*,  
14 not the Partners.<sup>58</sup> Petitioners attempt to ignore this critical distinction. As the ALJ explained,  
15 "[a] commitment by Alloy Parent is not the same thing as a commitment by the Partners"  
16 because "[t]here is no guarantee that the Partners will provide capital to Alloy Parent."<sup>59</sup> The  
17 Partners themselves have not actually committed to provide any capital to ALLETE, as the ALJ  
18 Report correctly recognizes.<sup>60</sup> The Partners have made no commitments as to how long they will  
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22 <sup>54</sup> Petitioner Exceptions at 55, 57.

23 <sup>55</sup> See Tr. Vol. 1 at 286–293 (Taran).

24 <sup>56</sup> Ex. MP-11 at 7:30-31 (Taran Direct); Ex. MP-30 at 3:17-20, 23:27 (Quackenbush Rebuttal);  
25 Ex. Sierra Club-1100 at 11-12 (Lane Direct - Public); Ex. DOC-303, CMA-D-8 (Addonizio  
Direct).

26 <sup>57</sup> Petitioner Exceptions at 34.

27 <sup>58</sup> Proposed Settlement at 2–3, ¶ 1.3; see also Ex. MP-27 Schedule 1 at 1 (Cady Rebuttal); Tr.  
Vol. 1 at 126; Tr. Vol. 3 at 846.

28 <sup>59</sup> ALJ Report at 66.

<sup>60</sup> *Id.*

1 own ALLETE.<sup>61</sup> And neither Alloy Parent nor the Partners have committed to provide any  
2 capital to ALLETE beyond the Company's five-year plan.<sup>62</sup> After the Acquisition, the Company  
3 would have access to fewer sources of capital than it currently does, because ALLETE will  
4 become dependent on the Partners, who have the ability to withhold capital.<sup>63</sup> After the  
5 Acquisition, the Commission will have no ability to require the Partners to provide capital to  
6 Minnesota Power, and nothing in the Proposed Settlement changes this fact.<sup>64</sup>

### 8 **C. The Acquisition is Likely to Result in Overspending and Rate Increases.**

9 Minnesota Power has expressly acknowledged that it plans to increase rates and provided  
10 projections of those planned increases, which the Company has fought to keep confidential.<sup>65</sup>  
11 Petitioners argue that the Acquisition will not contribute to those rate increases or that the  
12 magnitude of future increases is speculative.<sup>66</sup> But the Partners are pursuing the Acquisition in  
13 order to maximize returns,<sup>67</sup> and if the transaction is approved they will have an incentive to  
14 direct the Company to seek even larger rate increases.<sup>68</sup> The Partners will likewise have an  
15 incentive to push the Company to prioritize capital spending in order to increase rate base, even  
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20 <sup>61</sup> *Id.* at 28; Ex. Sierra Club-1100, Attach. CL-2, Petitioners' Responses to CUB IRs 122(c),  
21 130(a) (Lane Direct - Public); Tr. Vol. 1 at 176:5-7 (Cady).

22 <sup>62</sup> Tr. Vol. 1 at 225:20-23, 232:25-233:16 (Scissons); *see also* Ex. LPI-1004, Schedule 2, DOC  
23 IR 60.01 Attach Supp 2 HCTS at 39 (Walters Surrebuttal).

24 <sup>63</sup> Tr. Vol. 1 at 78:4-11; Tr. Vol. 2 at 352, 353:21-24; Ex. OAG-400, Lebens Direct at 26; Ex.  
25 DOC-303, Addonizio Direct at 20, 43; Ex. DOC-304, Addonizio Surrebuttal at 20:17-20.

26 <sup>64</sup> ALJ Report at 67.

27 <sup>65</sup> *Id.* at 46 ¶ 222; Ex. Sierra Club-1100 at 32 (Lane Direct - TS); *id.*, Attach. CL-3, Minn. Power  
28 Response to Sierra Club IR 26, Attachment SIERRA IR 0026.02 Attach TS; Ex. OAG-403, 5,  
Schedule BPL-S-1 (Lebens Surrebuttal); *see also* Tr. Vol. 1 at 309:5-12 (Taran).

<sup>66</sup> Petitioner Exceptions at 36.

<sup>67</sup> *See* Ex. MP-13 at 4, 7 (Alley Direct); Ex. MP-14 at 15 (Bram Direct); Tr. Vol. 1 at 227  
(Scissons); Tr. Vol. 2 at 357 (Quackenbush); Ex. MP-19 at 5:7-8 (Bulkley Direct).

<sup>68</sup> *See* Ex. OAG-402 at 12 (Lebens Surrebuttal); Ex. LPI-1001 at 13 (Walters Direct).

1 if alternatives like power purchase agreements would have lower costs.<sup>69</sup> Petitioners attempt to  
2 dismiss concerns about overspending, noting that the Commission has the power to review  
3 resource planning in Integrated Resource Plans (“IRPs”) and to approve rate increases or  
4 disallow imprudent spending in rate cases.<sup>70</sup> But the Company’s investment decisions and  
5 resource proposals limit the range of options available to the Commission in rate cases and  
6 IRPs.<sup>71</sup> Petitioners ignore the importance of a utility’s proactive role in limiting spending that  
7 drives rate increases. Effective Commission oversight depends on utility cooperation and  
8 transparency, and the Acquisition may make ALLETE less cooperative and less transparent.<sup>72</sup>

9  
10 The Proposed Settlement does not mitigate the risks of overspending and rate increases.  
11 Petitioners’ commitments in the Proposed Settlement to delay the next rate case application by  
12 one year until November 2026 or to temporarily decrease return on equity (“ROE”) by 0.13  
13 percent until that rate case is filed does nothing to protect ratepayers from the likelihood that the  
14 Partners will direct the Company to seek large rate increases in future rate cases.<sup>73</sup> And  
15 Petitioners’ commitment not to recover transaction costs of the Acquisition from ratepayers is  
16 not an affirmative benefit, as those costs would not be incurred absent the Acquisition.<sup>74</sup>

#### 17 18 19 **D. Partner Control of the ALLETE Board Poses Risks to Ratepayers.**

20 Petitioners do not dispute the ALJ Report’s finding that the Acquisition would likely  
21 result in the Partners having “complete control” of the ALLETE Board of Directors.<sup>75</sup> Indeed,  
22

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23 <sup>69</sup> Ex. Sierra Club-1100 at 17-18 (Lane Direct – Public); Ex. Sierra Club-1102 at 8 (Corrected  
24 Lane Surrebuttal).

25 <sup>70</sup> See Petitioner Exceptions at 37, 42.

26 <sup>71</sup> Tr. Vol. 1 at 120–21, 197:6-21 (Cady); Ex. Sierra Club-1102 at 11 (Corrected Lane  
27 Surrebuttal).

28 <sup>72</sup> Ex. Sierra-1102 at 10 (Corrected Lane Surrebuttal); Ex. LPI-1001 at 7 (Walters Direct).

<sup>73</sup> See Sierra Club Comments in Opposition to Proposed Settlement at 8-9 (Aug. 4, 2025).

<sup>74</sup> ALJ Report at 32 ¶ 153.

<sup>75</sup> *Id.* at 54 ¶ 259; see Petitioner Exceptions at 39.

1 Petitioners' exceptions make little attempt to respond to the ALJ's conclusion that the Partners'  
2 domination of the ALLETE Board could pose risks to ratepayers. Petitioners simply point to the  
3 modifications to the Board governance structure contained in the Proposed Settlement, including  
4 the proposed addition of two more "independent" directors.<sup>76</sup> But Petitioners' proposal to  
5 include six "independent" directors on the Board does not meaningfully limit the Partners'  
6 control of the Board: each of those six directors would be appointed by the Partners, and they  
7 make up less than half of the fourteen total Board members.<sup>77</sup> And Petitioners' promise that  
8 ALLETE management will continue to oversee "day-to-day operations" is worth little when the  
9 Partners' consent rights give them the power to control every significant decision made by the  
10 Company.<sup>78</sup>

11  
12  
13 Petitioners argue that it would be "unrealistic" to limit the Partners' control of the Company and  
14 suggest that the Partners' interests would be fully aligned with ratepayer interests.<sup>79</sup> On the  
15 contrary, there is considerable risk that the Partners' pursuit of higher returns would lead to  
16 higher rates for customers, as discussed in Section III.C. The Proposed Settlement does not  
17 mitigate the risks to ratepayers resulting from the Partners' domination of the ALLETE board.  
18

#### 19 **E. The Acquisition Would Reduce Transparency.**

20 The ALJ Report correctly found that the Acquisition would reduce transparency because  
21 ALLETE would no longer be required to provide the same reports to the Securities and  
22 Exchange Commission ("SEC"), and that the more limited financial disclosure commitments  
23 proposed by Petitioners would not fully make up for that loss of transparency.<sup>80</sup> Petitioners  
24

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25 <sup>76</sup> Petitioner Exceptions at 40, 68.

26 <sup>77</sup> Proposed Settlement at 5 ¶ 1.23(b).

27 <sup>78</sup> Petitioner Exceptions at 39-40.

28 <sup>79</sup> *Id.*

<sup>80</sup> ALJ Report at 36 ¶¶ 173-174, 51 ¶¶ 243, 244.



1 attempt to dismiss the ALJ’s well-founded concerns, pointing to commitments in the Proposed  
2 Settlement that the Company and Alloy Parent would provide the Commission with access to  
3 books, records, and financial statements.<sup>81</sup> However, these commitments have a critical flaw:  
4 they do not require the Partners to make any financial disclosures to the Commission, because  
5 they apply only to entities up to Alloy Parent, not to CPP or GIP.<sup>82</sup> Petitioners inaccurately claim  
6 that “[n]either the Opposing Parties nor the Report identified any information that the  
7 Commission would need that the Petitioners have not already committed to provide.”<sup>83</sup> On the  
8 contrary, the ALJ Report correctly found that Petitioners have not committed to provide any  
9 financial disclosures about the Partners, even if related to ALLETE’s regulated operations.<sup>84</sup>  
10  
11 Sierra Club and other parties explained that the Commission needs this information in order to  
12 understand how the Partners’ financial situation impacts ALLETE and to carry out its regulatory  
13 responsibility to protect ratepayers.<sup>85</sup>

## 14 15 **CONCLUSION**

16 The ALJ Report correctly finds that the proposed Acquisition is not consistent with the  
17 public interest. The Proposed Settlement does not adequately mitigate the Acquisition’s risks and  
18 does not provide any benefits sufficient to outweigh its likely harms. The Commission should  
19 adopt the ALJ Report, reject the Proposed Settlement and disapprove the Acquisition.  
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25 <sup>81</sup> Petitioner Exceptions at 45.

26 <sup>82</sup> See Proposed Settlement at 7 ¶ 1.33, 8 ¶ 1.38.

27 <sup>83</sup> Petitioner Exceptions at 45.

28 <sup>84</sup> ALJ Report at 36–37 ¶ 174.

<sup>85</sup> Sierra Club Opening Br. at 36; Sierra Club Reply Br. at 20; Ex. Sierra Club-1102 at 26-27 (Corrected Lane Surrebuttal).

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2  
3 Dated: August 14, 2025

Respectfully submitted,

4  
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