

C. Proposed Commitments

139. Petitioners have provided a schedule memorializing various commitments pertaining to how ALLETE would be governed following an acquisition.¹ The schedule, attached to the rebuttal testimony of Jennifer Cady, lists 48 commitments, including some commitments that were originally made in the merger agreement, the Petition, or Petitioners' direct testimony as well as other commitments that are new as of rebuttal.²

139A. On July 11, 2025, the Department, the Company and the Partners filed a settlement stipulation (the "Stipulation"). The Stipulation modified approximately 11 existing commitments, added approximately 30 new commitments, and adopted but did not modify approximately 26 original commitments. The comprehensive nature and enforceability of these commitments justify approval of the Acquisition, as they not only respond to identified risks but also proactively create meaningful and measurable benefits for Minnesota Power, its customers, and the broader community.

139B. While the ALJ addressed the Stipulation at a high level in her Report, the Commission notes that the ALJ had only a few days to assess the Stipulation and did not address the additional Stipulation commitments or modifications to prior commitments in any detail. Rather, the ALJ discussion of each commitment was limited to those identified in the schedule attached to the Rebuttal Testimony of Jennifer Cady. Additionally, while the ALJ Report provides citations to the commitments themselves, the majority of the ALJ's statements lack citations or other support for the perceived impact or lack of impact associated with the commitment.

140. Commitment 1 addresses the voluntary capital commitment made by Alloy Parent to the Commission:

Alloy Parent commits to provide to Minnesota Power equity financing, including but not limited to equity infusion, deferral or reinvestment of dividends, or a combination of both, in an amount at least equal to the equity financing required to fund Minnesota Power's 5-year capital investment plan reflected in its February 2025 10-K filing, subject to prospective reasonable and prudent plan adjustments.³

141. Commitment 1 provides that Minnesota Power will have access to equity in a manner that is not guaranteed through public markets. The commitment is structured on behalf of Alloy Parent, which is meaningful because that will be the parent of ALLETE upon close of the Acquisition and is the entity through which any dividends would be distributed.⁴ Absent this Acquisition, Minnesota Power, through ALLETE, may need to

¹ See Ex. MP-27, JJC-R-1 (Cady Rebuttal).

² See Ex. MP-27, JJC-R-1 (Cady Rebuttal).

³ Ex. MP-27, JJC-R-1 at 1 (Cady Rebuttal); Settlement Stipulation at 1.3 (July 11, 2025) (eDocket No. 20257-220879-01).

⁴ Partners' Initial Post Hearing Brief at 35 (May 1, 2025) (eDocket No. 20255-218522-01)

make serial common equity offerings.⁵ Since the Company's stock was first listed on the New York Stock Exchange in 1950 (nearly 75 years ago), the Company has raised approximately \$1.3 billion through follow-on common equity offerings.⁶ To fund Minnesota Power's five-year capital plan, including over \$1.8 billion for new transmission projects the Commission has previously found to be necessary to the clean energy transition in the Upper Midwest as well as funds for the Boswell and Regal Solar projects, Minnesota Power projects it would need to raise approximately \$1 billion through follow-on common equity offerings over the next five years.⁷ These offerings will be subject to whatever the market will bear at that time, which is not guaranteed and may be very expensive to Minnesota Power's customers – particularly for a utility that routinely experiences customer-driven market volatility.⁸

141A. Investors in the public markets cannot make this kind of commitment, and could purchase and dispose of ALLETE's stock in great quantities without making any commitments to the Company or its customers.⁹ For example, current shareholders cannot provide a commitment to provide any level of funding, nor could the Commission or the Company reasonably expect them to do so. And existing shareholders could choose to exit their investment at any time by selling their shares without Commission approval. By contrast, the Partners want to commit to ALLETE and to support its capital needs. While ALLETE has stated in its 10-K that it can meet its capital needs, this statement was premised on interim and long-term equity funding provided by the Partners.¹⁰ Importantly, the Stipulation includes guarantees that the Partners cannot receive dividends if it fails to provide equity to Minnesota Power, because dividends from the Company will be blocked unless Minnesota Power is adequately financed in accordance with this commitment and unless the Company maintains at least one investment grade credit rating.¹¹

141B. While the ALJ found that ALLETE could simply defer dividends or issue more debt, public market investors typically do not invest in a company without anticipated dividends – especially for utility companies, where stable returns, including through dividends, are a hallmark of the attractiveness of the investment category.¹² Issuing more debt to compensate for lack of equity from public markets also does not resolve the need for capital, because it could create other harms that were specifically identified by the

⁵ Ex. MP-29 at 3 (Taran Rebuttal) (eDocket No. 20253-216055-05).

⁶ Id.

⁷ MP-29 at 4-5 (Taran Rebuttal) (eDocket No. 20253-216055-05).

⁸ Ex. MP-29 at 4 (Taran Rebuttal) (eDocket No. 20253-216055-05); Ex. MP-30 at 3 (Quackenbush Rebuttal) (eDocket No. 20253-216055-12). Two-step acquisitions, involving a tender or exchange offer followed by a merger allow a public investor to quickly gain control of a target corporation and then efficiently acquire remaining shares through a squeeze-out merger. See Minn. Stat. § 302A.613.

⁹ Ex. MP-13 at 22 (Alley Direct) (eDocket No. 202412-212968-10); Evid. Hrg. Tr. at 568:2-568:16 (April 2, 2025) (Addonizio)

¹⁰ Tr. Evid. Hearing, Vol. 1 at 319:24–320:7 (Taran Cross); see also MP-45 at 49 (ALLETE 2024 Form 10-K) (eDocket No. 20253-2170998-01).

¹¹ Settlement Stipulation at 1.9 (July 11, 2025) (eDocket No. 20257-220879-01).

¹² Ex. MP-31 at 20-21 (Alley Rebuttal) (eDocket No. 20253-216055-09); Ex. MP-33 at 14 (Bram Rebuttal) (eDocket No. 20253-216055-08); Ex. MP-27 at Schedule 1 Page 1 of 7 (Cady Rebuttal) (eDocket No. 20253-216055-03).

Department and other parties.¹³ As discussed by the Department, excessive debt can over-leverage the Company, including the Minnesota Power utility, drive down credit metrics and therefore credit ratings, and ultimately raise the cost of capital for customers.¹⁴ Ultimately, the Acquisition makes it possible for ALLETE to access reasonable capital, and in any event the cost of equity and of debt charged to Minnesota Power customers will be evaluated by the Commission in each rate case, as Minnesota Power and the Partners acknowledge.¹⁵ ~~does not fully address the concerns already noted that Minnesota Power may fail to improve ALLETE's access to capital. First, ALLETE recently advised investors that it could adequately meet its capital needs for this same five-year period in the public markets.¹⁶ Second, the Commitment is on behalf of Alloy Parent, not the Partners.¹⁷ The Partners would have an indirect ownership interest in Alloy Parent, but they have not committed to hold that interest for any period,¹⁸ nor has Alloy Parent committed to hold ALLETE for any period. Third, a five-year capital commitment cannot alone fund Minnesota Power's efforts to achieve the energy transition because that transition will extend beyond five years.¹⁹ Fourth, the Commitment can be met by deferral or reinvestment of dividends, which is something ALLETE can do without going private.²⁰ Fifth, nothing in the Commitment prevents ALLETE from borrowing the funds for any equity infusions, and any additional debt in ALLETE and Alloy Parent's capital structure would increase upward pressure on ALLETE's cost of debt.²¹ Finally, the Commitment does not guarantee that new equity infusions will be provided at a reasonable cost. Instead, the Commitment states that it "will not be used to establish a higher or lower [return on equity]."²² This leaves substantial uncertainty about the future cost of equity that Minnesota Power's ratepayers will pay for the Partners' capital.~~

142. Commitment 2 states, "Minnesota Power will provide compliance filings on equity infusions from and dividends to Alloy Parent in the same manner that the Company currently provides compliance filings in its capital structure docket."²³ While Minnesota Power already is required to provide certain capital structure information, Commitment 2 confirms that the Commission's authority over the Company remains unchanged by the Acquisition, and further provides information not just with respect to the utility, but also with respect to ALLETE and Alloy Parent, ALLETE's post-acquisition parent. Continuation of these compliance filings, including up to the entity that will be the parent company to the ALLETE holding company, and detail regarding equity infusions from and dividends to Alloy Parent, are consistent with the public interest.²⁴ ~~does not provide any~~

¹³ Ex. DOC-304 at 36-37 (Addonizio Surrebuttal) (eDocket No. 20253-216799-01).

¹⁴ *Id.*; Ex. DOC-303 at 15-17 (Addonizio Direct) (eDocket No. 20252-214941-01).

¹⁵ *Id.*

¹⁶ ~~Ex. MP-45 at 62 (ALLETE 2024 Form 10-K); Evid. Hrg. Tr. Vol. 1 at 280:6-281:18 (Taran).~~

¹⁷ ~~Evid. Hrg. Tr. Vol. 1 at 126 (Cady).~~

¹⁸ ~~Evid. Hrg. Tr. Vol. 1 at 126-27 (Cady).~~

¹⁹ ~~Evid. Hrg. Tr. Vol. 1 at 233 (Scissions).~~

²⁰ ~~Ex. OAG-400 at 25 (Lobons Direct).~~

²¹ ~~See Ex. DOC-303 at 70-72 (Addonizio Direct) (eDocket No. 20252-214941-01).~~

²² ~~Ex. MP-27, JJC-R-1 at 1 (Cady Rebuttal).~~

²³ Ex. MP-27, JJC-R-1 at 1 (Cady Rebuttal); Settlement Stipulation at 1.7 (July 11, 2025) (eDocket No. 20257-220879-01).

²⁴ Ex. MP-35 at 13 (Anderson Rebuttal) (eDocket No. 20253-216055-06); Ex. MP-11 at 18 (Taran Direct).

~~benefit because Minnesota Power is required by law to provide this information in capital structure filings.²⁵~~

143. Commitment 3 states, "ALLETE will not make any dividend or distribution that would cause the actual equity ratio of Minnesota Power to be outside the range approved by the Commission."²⁶ Commitment 3 underscores and confirms that the Commission's authority over the Company remains unchanged by the Acquisition.²⁷ Additionally, Paragraphs 1.4 and 1.5 of the Stipulation add further transparency and enforceability to the capital requirements, as discussed later in these Findings. ~~does not provide any benefit because ALLETE and Minnesota Power are required to maintain the equity ratio range approved by the Commission regardless of whether the acquisition is approved.²⁸~~

144. Commitment 4 states, "The Company commits to not make any dividend or distributions unless at least one senior unsecured credit rating is investment grade or above."²⁹ Commitment 4 protects the Company's credit rating, and therefore the cost of debt, and limits the Partners' ability to take distributions – which is the source of income from ALLETE during the Partners' ownership.³⁰ Currently, there is no regulatory limitation on when ALLETE may make a dividend or distribution, and no requirement that ALLETE must maintain any senior unsecured credit rating.³¹ ~~would provide the Partners with an incentive to maintain at least one investment-grade senior unsecured credit rating for ALLETE but would not require it. Moreover, Commitment 4 would still allow ALLETE to issue dividends if its other senior unsecured credit ratings were below investment grade. At best, Commitment 4 is a weak protection against cost of debt increases.~~

145. Commitment 5, as modified by the Stipulation, states, "If Minnesota Power's cost of debt increases above current levels within ~~three~~ five years following the close of the Acquisition, Minnesota ratepayers will be held harmless from any rate impact unless Minnesota Power can demonstrate that its increased cost of debt was not caused by the Acquisition. Beginning five years through ten years following the close of the Acquisition, Minnesota Power shall bear the burden to explain any cost of debt increase. For years five through ten, nothing about this shall change the company's obligation with respect to its overall burden of proof under Minnesota law."³²

145A. Commitment 5 protects customers if the cost of debt were to change as a result of the Acquisition, and creates a standard of proof for Minnesota Power for any increased cost of debt that is higher than the current standard for just and reasonable

²⁵ Evid. Hrg. Tr. Vol. 1 at 129–30 (Cady).

²⁶ Ex. MP-27, JJC-R-1 at 1 (Cady Rebuttal); Settlement Stipulation at 1.9 (July 11, 2025) (eDocket No. 20257-220879-01).

²⁷ Ex. MP-31 at 13 (Alley Rebuttal) (eDocket No. 20253-216055-09); Ex. MP-34 at 25 (Bram Rebuttal) (eDocket No. 20253-216055-08); Ex. MP-11 at 18 (Taran Direct) (eDocket No. 202412-212968-05).

~~²⁸ Evid. Hrg. Tr. Vol. 1 at 130–31 (Cady).~~

²⁹ Ex. MP-27, JJC-R-1 at 1 (Cady Rebuttal); Settlement Stipulation at 1.9 (July 11, 2025) (eDocket No. 20257-220879-01).

³⁰ Ex. MP-27 at Sch. 1 (Cady Rebuttal) (eDocket No. 20253-216055-03).

³¹ Id.

³² Settlement Stipulation at 1.12 (July 11, 2025) (eDocket No. 20257-220879-01).

rates. In addition, the modified terms of Commitment 5 extend the time period beyond what was offered in Rebuttal, going beyond what the Company currently is obligated to do. Issuing debt at a parent company level is not unique to private investors, to privately owned energy companies, or to the Acquisition, but rather is commonly how debt is raised by utilities, including other utilities in Minnesota.³³ This practice, and other concerns related to debt as part of the Acquisition, can be addressed by the Commission as it will retain its full authority to regulate Minnesota Power's capital structure, including the cost of debt and ROE.³⁴ ~~is something of a concession; however, its time-limited nature severely diminishes its value. Any impact to Minnesota Power's cost of debt from the acquisition is unlikely to materialize in a significant way within three years of the acquisition closing.~~

146. Commitment 6 states, "ALLETE will use commercially reasonable efforts to maintain its current corporate and facility ratings."³⁵ Commitment 7, as modified by the Stipulation similarly states, "ALLETE will use commercially reasonable efforts to remain rated by at least two credit rating agencies. Neither ALLETE nor Minnesota Power to the extent applicable will opt to cease being rated by a credit rating agency."³⁶ Commitments 6 and 7 help ensure reasonable costs of capital for customers, as well as stakeholder insight into the Company's financial health. Currently, Minnesota Power has no regulatory obligation to remain rated by any credit rating agency.³⁷ Further, the Petitioners do not control credit rating agencies so cannot do more than make efforts to remain rated, and "commercially reasonable" is a well-accepted term in commercial markets, underscoring the obligation to act with good faith and in alignment with standard industry practice.³⁸ Therefore, these commitments will ensure reasonable costs of capital for customers, as well as stakeholder insight into the Company's financial health. ~~provide little benefit because ALLETE has not established what "commercially reasonable" efforts are in either context or that it would be reasonable not to use "commercially reasonable" efforts.~~³⁹

147. Commitment 8 states, "With respect to ALLETE and the parent entities up through the Partners, ALLETE will maintain certain corporate separateness (i.e. "ring fencing") commitments with respect to the parent and other upstream entities, as set forth in Schedule 3 to the Direct Testimony of Ellen Lapson."⁴⁰ ALLETE uses "ring fencing" to refer to accounting measures and other corporate policies designed to prevent ALLETE from being drawn into bankruptcy if upstream entities experience financial distress.⁴¹ The

³³ Ex. MP-11 at 8-11 (Taran Direct) (eDocket No. 202412-212968-05); Ex. MP-29 at 21 (Taran Rebuttal) (eDocket No. 20253-216055-05); Evid. Hrg. Tr. at 522:21-523:12, 526:10-526:18 (April 2, 2025) (Addonizio).

³⁴ Ex. MP-11 at 18 (Taran Direct) (eDocket No. 202412-212968-05); Ex. MP-29 at 22 (Taran Rebuttal) (eDocket No. 20253-216055-05); Ex. MP-38 at 2 (Bulkley Rebuttal) (eDocket No. 20253-216055-10).

³⁵ Ex. MP-27, JJC-R-1 at 1 (Cady Rebuttal); Settlement Stipulation at 1.9 (July 11, 2025) (eDocket No. 20257-220879-01).

³⁶ Settlement Stipulation at 1.9 (July 11, 2025) (eDocket No. 20257-220879-01).

³⁷ Ex. MP-27 at Sch. 1 (Cady Rebuttal) (eDocket No. 20253-216055-03).

³⁸ MP-36 at 7-8 (Lapson Rebuttal) (eDocket No. 20253-216055-11).

³⁹ ~~See Evid. Hrg. Tr. Vol. 1 at 133-35 (Cady).~~

⁴⁰ Ex. MP-27, JJC-R-1 at 2 (Cady Rebuttal); Settlement Stipulation at 1.15 (July 11, 2025) (eDocket No. 20257-220879-01).

⁴¹ Evid. Hrg. Tr. Vol. 1 at 136 (Cady).

new ring-fencing measures directly address the risk of bankruptcy – real or perceived – of ALLETE's new ownership, and align with witness Lapson's established framework for assessing ring-fencing provisions in an acquisition.⁴² Further, opposing parties do not address the risk of bankruptcy to ALLETE absent the Acquisition, which would be catastrophic to customers and other stakeholders than bankruptcy post-Acquisition. These ring-fencing provisions proposed with respect to the Acquisition do not presently exist for ALLETE, and therefore provide greater protection than ALLETE currently has. Furthermore, the Stipulation includes a commitment to file to establish a holding company to further ring-fence the utility after the Acquisition. Ultimately, the Commission will have the authority and opportunity to confirm these ring-fencing arrangements as Minnesota Power continues to file its annual corporate structure petition and other compliance filings.⁴³ ~~This ring fencing is a necessary measure given the new risks the Acquisition's corporate structure creates for ALLETE. Bankruptcy of ALLETE would be catastrophic, and the Partners proposed measures would decrease, but not eliminated, that risk. But Commitment 8 provides little protection against many of the other risks raised by intervenors. The proposed ring fencing measures are not adequate to fully insulate Minnesota Power's ratepayers from higher debt costs resulting from exposure to the risks of debt held at Alloy Parent.~~⁴⁴

148. Commitment 9 states that Alloy Parent will not use utility assets to guarantee Alloy Parent debt.⁴⁵ Commitment 10, as modified by the Stipulation, ~~similarly~~ states that ALLETE shall be prohibited from loaning funds to or borrowing funds from the Alloy Parent entities, the Partners, or any of their subsidiaries or affiliates except to the extent that such borrowing arrangements existed prior to approval of the Acquisition or the transaction (i.e. the borrowing arrangement) costs less than other ALLETE alternatives.⁴⁶ ~~Minnesota Power will be prohibited from loaning funds to or borrowing funds from its Alloy parent or other upstream entities.~~⁴⁷ Commitments 9 and 10 help ensure the safeguards already in place (such as the use of separate corporate entities for non-regulated businesses, separation between Minnesota Power's assets and the ALLETE debt used by non-regulated businesses, and Commission-approved affiliated interest and cost allocation agreements and requirements) that appropriately and sufficiently protect Minnesota Power from risks associated with ALLETE's non-regulated businesses, continue.⁴⁸ A virtually identical provision was accepted by the Commission as part of WEC's acquisition of Integrys Holdings in Docket No. G-011/PA-14-664.⁴⁹

⁴² Id.; Ex. MP-16 at 8-13, Sch. 3 (Lapson Direct) (eDocket No. 202412-212973-01); MP-30 at 20-21 (Quackenbush Rebuttal) (eDocket No. 20253-216055-12).

⁴³ Ex. MP-15 at 20 (Anderson Direct) (eDocket No. 202412-212968-06).

⁴⁴ ~~Ex. DOC-303 at 70 (Addonizio Direct) (eDocket No. 20252-214941-01); Ex. DOC-304 at 35 (Addonizio Surrobuttal).~~

⁴⁵ Ex. MP-27, JJC-R-1 at 2 (Cady Rebuttal); Settlement Stipulation at 1.16 (July 11, 2025) (eDocket No. 20257-220879-01).

⁴⁶ Settlement Stipulation at 1.21 (July 11, 2025) (eDocket No. 20257-220879-01).

⁴⁷ ~~Ex. MP-27, JJC-R-1 at 2 (Cady Rebuttal).~~

⁴⁸ Ex. MP-35 at 3 (Anderson Rebuttal) (eDocket No. 20253-216055-06).

⁴⁹ In the Matter of a Request for Approval of the Merger Agreement between Integrys Energy Group, Inc. and Wisconsin Energy Corporation, Docket No. G-011/PA-14-664, Order Approving Merger Subject to Conditions at 8 (June 24, 2015), eDocket No. 20156-111752-01.

148A. The Commission has considered the Company's existing cost allocations process, corporate structure, and other attributes to generally be satisfactory.⁵⁰ The Commission will retain the authority and opportunity to confirm these ring-fencing arrangements as Minnesota Power continues to file its annual corporate structure petition and other compliance filings.⁵¹ Further, making the regulated utility its own legal entity, as described later in these Findings, provides additional separation between utility assets and other entities. ~~attempt to protect against the risks of the acquisition by maintaining the status quo.⁵² But these commitments would not prevent the Partners from using ALLETE's shares to guarantee Alloy Parent's debt.⁵³ They also do not insulate Minnesota Power's ratepayers from higher debt costs resulting from exposure to the risks of debt held at Alloy Parent.⁵⁴~~

149. Commitments 11–14 relate to ALLETE's post-acquisition board of directors, and prior to the Stipulation stated as follows:

- a. Commitment 11 states, "In addition to the ALLETE CEO, the ALLETE board will include two independent members, with one member from Minnesota and one member from Wisconsin, each of whom will be a voting member."⁵⁵
- b. Commitment 12 states that the ALLETE CEO's board seat will not count as the director from the State of Minnesota or State of Wisconsin on the post-acquisition Board of Directors.⁵⁶
- c. Commitment 13 states that the CEO of ALLETE will be a voting member of the post-acquisition ALLETE board of directors.⁵⁷
- d. Commitment 14 states that ALLETE's post-acquisition governance will be handled consistent with the following concepts:
 - The day-to-day operations of Minnesota Power will be handled by the Minnesota Power senior management team.
 - The members of the ALLETE board will be selected by the Partners based on their experience in relevant industries.

⁵⁰ Ex. MP-35 at 3 (Anderson Rebuttal) (eDocket No. 20253-216055-06).

⁵¹ Ex. MP-15 at 20 (Anderson Direct) (eDocket No. 202412-212968-06).

~~⁵² See Ex. MP-27, JJC-R-1 at 2 (Cady Rebuttal); Evid. Hr. Tr. Vol. 1 at 137–38 (Cady).~~

~~⁵³ See Ex. MP-16 at 15 (Lapson Direct) (stating that Alloy Parent's borrowings "would carry a limited guarantee of IntermediateCo, secured by a pledge of IntermediateCo's holdings of shares of ALLETE").~~

~~⁵⁴ See Ex. DOC-303 at 70 (Addonizio Direct) (eDocket No. 20252-214941-01); Ex. DOC-304 at 35 (Addonizio Surrobuttal).~~

⁵⁵ Ex. MP-27, JJC-R-1 at 2 (Cady Rebuttal); Settlement Stipulation at 1.23b.i-iv. (July 11, 2025) (eDocket No. 20257-220879-01).

⁵⁶ Ex. MP-27, JJC-R-1 at 2 (Cady Rebuttal).

⁵⁷ Ex. MP-27, JJC-R-1 at 2 (Cady Rebuttal); Settlement Stipulation at 1.23c. (July 11, 2025) (eDocket No. 20257-220879-01).

- 13 total board members, with each investor having the right to appoint one director to the board for every 10 percent ownership of ALLETE, Inc. held indirectly through Alloy Parent.⁵⁸

149A. Commitments 11 – 14, as modified by the Stipulation, significantly modify the ALLETE governance structure as follows:

a. The company's senior management team shall be responsible for the day-to-day operations of Minnesota Power, including but not limited to, developing strategic plans; developing budget proposals; building, operating, and maintaining utility infrastructure; developing and handling regulatory filings and proceedings; and stakeholder engagement.

b. Following the completion of the Acquisition, ALLETE will be organized such that the ALLETE Board of Directors ("Board" or "Board of Directors") consists of 14 total members:

- i. Six of the directors will not be employees of ALLETE, GIP, or CPP Investments and will meet the New York Stock Exchange definition of "independent" (the "Independent Directors").
- ii. ALLETE's CEO shall be a member of the Board.
- iii. Two of the Independent Directors will be Minnesota resident directors.
- iv. One of the Independent Directors will be a Wisconsin resident director.
- v. The ALLETE CEO's Board seat will not count as a director from the State of Minnesota or State of Wisconsin on the post-acquisition Board of Directors (i.e., for purposes of the director-residence requirements identified above).
- vi. Ten directors will be appointed by the Partners with each Partner having the right to appoint one director to the Board for every 10 percent ownership of ALLETE, Inc. held indirectly through Alloy Parent. Three directors shall be appointed by agreement among the Partners, with the last seat being filled by the CEO.
- vii. The members of the Board will be selected by the Partners based on their experience in relevant industries.
- viii. A temporary board vacancy occurring in the ordinary course of business shall not constitute a violation of this agreement.
- ix. The Partners shall endeavor to fill any Independent Director vacancies in a commercially reasonable and timely manner.

c. Each director will have one (1) vote.⁵⁹

⁵⁸ ~~Ex. MP-27, JJC-R-1 at 2 (Cady Rebuttal).~~

⁵⁹ Settlement Stipulation at 1.23. (July 11, 2025) (eDocket No. 20257-220879-01).

150. Commitments 11 through 14, as modified by the Stipulation, help ensure the Acquisition provides continuity in the function of the ALLETE Board. Increasing the total number of board members from the initial proposal expands the representation of independent directors and those directors not directly appointed by the Partners. Adding an additional Minnesota-based director and explicitly stating that ALLETE's CEO cannot fulfill the Minnesota or Wisconsin resident director requirements ensures increased ties, presence, and knowledge of Minnesota interests within the Board, a requirement not currently in place for either Minnesota or Wisconsin. Further, the structure and inclusion of independent members ensure that no one Partner may appoint a majority of the board.⁶⁰ In addition, because CPP Investments and GIP are wholly different entities, they will act as a check on each other. Requiring the members of the Board be selected based on their experience in relevant industries ensures a knowledgeable and strategically capable board, a standard that is not currently mandated for ALLETE's Board of Directors.

150A. In addition to these governance changes, Members of the Board of ALLETE will have defined fiduciary responsibilities consistent with Minnesota law (i.e., the fiduciary obligations set forth in Minn. Stat. § 302A.251, and the statutory Standards of Conduct applicable pursuant to Minn. Stat. § 302A.361). Not all states have Board Standards of Conduct in addition to fiduciary obligations, such that Minnesota provides particularly stringent requirements regardless of whether the company is publicly or privately owned. Such statutory provisions provide additional protections. ~~do little to address risks related to the Partners' control of ALLETE's board.⁶¹ Although three directors (including the CEO) would be independent, all directors would be appointed by the Partners.⁶² The Partners, through their consent rights over material actions and their right to appoint board members, would fully control the board and therefore Minnesota Power.⁶³ If conflicts were to arise between the interests of Minnesota Power and its ratopayers and the interests of the Partners, the utility perspective might not be sufficiently considered.⁶⁴~~

151. Commitments 15 and 16 pertain to affiliated interests:

- a. Commitment 15 states, "Minnesota Power will require all suppliers, and any industrial customers with contracted rates, to identify annually whether they are more than 5 percent owned by CPPIB, GIP, or BlackRock. Minnesota Power will list those entities in the annual affiliated interest report."⁶⁵
- b. Commitment 16, as modified by the Stipulation, states, "Minnesota Power will identify any contracts over \$500,000 ~~4 million~~ with an

⁶⁰ Evid. Hrg. Tr. at 827:12-829:18 (April 3, 2025) (Lane). GIP appoints two of its members on behalf of CalPERS

⁶¹ ~~Ex. DOC 302 at 3 (Vavro Surrebuttal).~~

⁶² ~~Evid. Hrg. Tr. Vol. 1 at 139 (Cady).~~

⁶³ ~~Ex. DOC 302 at 4 (Vavro Surrebuttal); Ex. MP 42, JB S 1 (Bram Surrebuttal).~~

⁶⁴ ~~Ex. DOC 302 at 4 (Vavro Surrebuttal).~~

⁶⁵ Ex. MP-27, JJC-R-1 at 2 (Cady Rebuttal); Settlement Stipulation at 1.29.a (July 11, 2025) (eDocket No. 20257-220879-01).

entity identified pursuant to the immediately preceding commitment ~~above~~ and notify the Commission within 30 days of the execution of each contract not already disclosed to the Commission, with a certification that the contract was negotiated executed at arm's length."⁶⁶

152. For many years Minnesota Power has filed with the Commission (a) affiliated interest agreements and tax sharing agreements between it and subsidiaries of ALLETE and (b) its Annual Affiliate Report, which lists all shareholders that own greater than five percent of the outstanding shares of ALLETE's stock.⁶⁷ Modified commitments 15 and 16 will allow stakeholders to analyze affiliated interest issues and protect against self-dealing. As Commission Staff noted, "It is unlikely that there are a significant number of large or medium-sized publicly-traded companies in the United States that Vanguard and/or BlackRock don't own 5% or more of Given the nature of Vanguard and BlackRock, it is likely that virtually every contract that many, if not all our investor-owned utilities undertake with a public traded corporation – and some privately held businesses – would become 'affiliated interest' contracts"⁶⁸

152C. In this proceeding, ALLETE and the Partners have not requested any change in the status quo relating to affiliated interests, and these proposed commitments will require additional affiliate reporting that is not currently required of ALLETE or any other utility. As such, these commitments are consistent with or exceed the Commission's longstanding and pragmatic approach to affiliated interests, and provide strong protection against the risk of self-dealing or preferential treatment. ~~Nor do these commitments encompass entities managed or controlled by CPPIB, GIP, BlackRock or the limited partners of GIP Fund V or other GIP funds.⁶⁹ They therefore do not ensure that the Commission would be notified of potentially harmful transactions that do not come within the statute's definition.~~

153. Commitments 17 and 18, as modified by the Stipulation, state that the Company will not attempt to recover Acquisition costs, transaction costs, transition costs, or the acquisition premium from utility customers. ALLETE and Minnesota Power shall not defer any transaction or transition costs.⁷⁰ In future rate cases, Minnesota Power shall have the burden to establish through testimony and schedules that no such costs are included in historical expenses of the operating utility or in the determination of revenue

⁶⁶ Ex. MP-27, JJC-R-1 at 3 (Cady Rebuttal); Settlement Stipulation at 1.29.b (July 11, 2025) (eDocket No. 20257-220879-01).

⁶⁷ Ex. MP-15 at 8 (Anderson Direct) (eDocket No. 202412-212968-06) (as of 2024, BlackRock, Inc. held about 13.36 percent and Vanguard held about 11.45 percent of ALLETE's outstanding shares); Minnesota Power's Affiliated Interest Annual Report, Docket No. E,G-999/PR-25-17, Annual Report (Apr. 1, 2025) (as of 2025, BlackRock, Inc. held about 13.45 percent and Vanguard held about 11.01 percent of ALLETE's outstanding shares).

⁶⁸ In the Matter of the Petition of Minnesota Power for Acquisition of ALLETE by Canada Pension Plan Investment Board and Global Infrastructure Partners, Docket No. PA-24-198, Staff Briefing Papers at 21 (Sept. 11, 2024) (eDocket No. 20249-210143-01).

⁶⁹ ~~See Minn. Stat. § 216B.48; Ex. DOC-302 at 15 (Vavro Surrobuttal).~~

⁷⁰ The terms "transaction costs" and "transition costs" are defined in the Settlement Stipulation.

~~requirement.⁷¹ Commitments 17 and 18 would not provide affirmative benefits; they merely purport to prevent ratepayers from paying costs that would not have been incurred absent ALLETE's decision to pursue a sale.~~

153A. Commitments 17 and 18, as modified, are designed to safeguard customer affordability and to ensure Acquisition costs are not passed to customers. Such provisions are common and appropriate in acquisitions, and have been approved in other utility acquisition proceedings.⁷² Witness Anderson detailed the methods employed to track these expenses to ensure they are not improperly allocated to customers.⁷³ Witness Cady reinforced this, emphasizing the careful tracking mechanisms in place to confirm compliance.⁷⁴

154. Commitments 19 through 21 pertain to certain protections for, or assistance to, low-income customers and reflect an agreement that ALLETE and the Partners reached with Energy CENTS Coalition.⁷⁵

- a. Commitment 19 states that there will be no reduction in Minnesota Power's affordability program (CARE program) budget or the current CARE program eligibility process for the duration of the Partners' ownership of ALLETE.⁷⁶
- b. Commitment 20 states that the Partners will provide a financial contribution of up to \$3.5 million to reduce residential arrears to pre-COVID-19 balances or lower.⁷⁷
- c. Commitment 21 states that "Minnesota Power and the Partners affirm their understanding that the budget billing provisions in Minnesota Statutes § 216B.098, subdivisions 2 and 3, refer to all residential customers and is not limited to those who are formally income-qualified."⁷⁸

155. Commitments 19 and 21 are significant, tangible, and immediate commitments that are rarely made by a utility's investors, as nonpayment of arrearages are usually borne by other utility customers (including industrial, other residential, and small commercial customers) and can raise costs (e.g., bad debt expense) for the utility.

⁷² In the Matter of a Request for Approval of the Merger Agreement between Integrys Energy Group, Inc. and Wisconsin Energy Corporation, Docket No. G-011/PA-14-664, Order Approving Merger Subject to Conditions at 10 (June 24, 2015) (eDocket No. 20156-111752-01).

⁷³ Ex. MP-35 at 23 (Anderson Rebuttal) (eDocket No. 20253-216055-06).

⁷⁴ Evid. Hrg. Tr. at 171:20-172:20 (April 1, 2025) (Cady).

⁷⁵ Evid. Hrg. Tr. Vol. 1 at 143-44 (Cady).

⁷⁶ Ex. MP-27, JJC-R-1 at 3 (Cady Rebuttal); Settlement Stipulation at 1.47 (July 11, 2025) (eDocket No. 20257-220879-01).

⁷⁷ Ex. MP-27, JJC-R-1 at 3 (Cady Rebuttal); Settlement Stipulation at 1.48 (July 11, 2025) (eDocket No. 20257-220879-01).

⁷⁸ Ex. MP-27, JJC-R-1 at 4 (Cady Rebuttal); Settlement Stipulation at 1.49 (July 11, 2025) (eDocket No. 20257-220879-01).

Further, the Commission finds that forgiving residential arrearages in the manner described here will make a material difference in the lives of Minnesota Power's low-income and most vulnerable customers. Commitment 19 further ensures that low-income customers will continue to have access to affordability assistance consistent with current levels, directly addressing concerns about affordability for residential customers.⁷⁹ Commitment 20 is a historic, investor-paid benefit to the Company's most vulnerable customers that is not presently available, and it is not clear Minnesota Power could or would make such a commitment absent the Acquisition and the Partners' associated commitment of funds.⁸⁰ The Commission further notes that these funds are committed in addition to the commitment of funds to Minnesota Power's capital plans, and therefore provide an additional benefit to all customers. ~~do not reflect a change from the status quo and thus are not benefits of the acquisition.~~⁸¹ ~~The CARE program is a ratepayer funded program subject to ongoing Commission review.~~⁸² ~~The Commission has consistently allowed Minnesota Power to recover through rates the administrative costs of the CARE program.~~⁸³ ~~Also, the affordability discount component of the CARE program is currently closed to new applicants, meaning it is no longer available to eligible, but not previously enrolled, customers who pay more than 3 percent of their annual income on Minnesota Power electric bill.~~⁸⁴ ~~With regard to Commitment 20, a commitment to pay down low-income residential arrears is in the public interest.~~⁸⁵

156. Commitment 22 states that ALLETE's contributions to the Minnesota Power Foundation will not be reduced while Minnesota Power is owned by the Partners.⁸⁶ Commitment 22 provides a commitment to maintain the status quo that does not currently exist, and it is not clear that ALLETE could maintain such contributions absent the Acquisition and this commitment. Further, while ratepayers currently bear 50 percent of these costs,⁸⁷ and the Commitment does not offer to reduce that burden, Commitment 22 does protect the 50 percent for which ALLETE currently bears the cost. ~~would not be a change from the status quo, and ALLETE did not have plans to reduce its contributions to the Minnesota Power Foundation before entering into the merger agreement.~~⁸⁸ Moreover,

157. Commitment 23 states that Minnesota Power will not seek rate recovery of flotation costs beginning with its next rate case and continuing as long as the Partners

⁷⁹ Ex. MP-27 at 25 (Cady Rebuttal) (eDocket No. 20253-216055-03).

⁸⁰ \$3.5 million is the level of customer arrearages. During the hearing, CUB implied this number would be less by mixing tracker balances with arrearage levels. Evid. Hr. Tr. at 193:20-195:21 (April 1, 2025) (Cady); Evid. Hr. Tr. at 759:1-23 (April 3, 2025) (Shardlow). However, even if the level were closer to \$1 million, as implied by CUB, this would still be a historic level of commitment that is not available from public shareholders.

~~⁸¹ Evid. Hrg. Tr. Vol. 1 at 145-46 (Cady).~~

~~⁸² Evid. Hrg. Tr. Vol. 1 at 188 (Cady).~~

~~⁸³ Evid. Hrg. Tr. Vol. 1 at 188-189 (Cady).~~

~~⁸⁴ Evid. Hrg. Tr. Vol. 1 at 189 (Cady); Evid. Hrg. Tr. Vol. 3 at 759-760 (Shardlow).~~

~~⁸⁵ Evid. Hrg. Tr. Vol. 1 at 144 (Cady).~~

⁸⁶ Ex. MP-27, JJC-R-1 at 4 (Cady Rebuttal); Settlement Stipulation at 1.50 (July 11, 2025) (eDocket No. 20257-220879-01).

⁸⁷ Evid. Hrg. Tr. Vol. 1 at 146 (Cady).

~~⁸⁸ Evid. Hrg. Tr. Vol. 1 at 146 (Cady).~~

own Alloy Parent.⁸⁹ Flotation costs are the costs of issuing shares, and there is no evidence that ALLETE would incur flotation costs after a take-private acquisition.⁹⁰ Minnesota Power currently recovers flotation costs as part of its regulated return on equity (ROE).⁹¹ Post-acquisition, Minnesota Power's ROE would still be calculated just as it is now.⁹² These costs (together with investor relations expenses and board compensation and expenses for any board member not independent from the Partners) totaled roughly \$2.5 million annually for customers in the Company's 2023 rate case revenue requirement,⁹³ and their elimination would be a direct result of the Acquisition and reflect financial benefits of ownership by the Partners. ~~Commitment 23 does not offer a specific reduction in regulated ROE or rates to reflect the removal of the flotation costs currently included in the ROE. While Commitment 23 is in the public interest, the ultimate benefit of Commitment 23 is uncertain.~~

158. Commitment 24 states that Minnesota Power will not seek rate recovery of investor relations costs beginning with its next rate case and continuing as long as the Partners own Alloy.⁹⁴ There is ~~no~~ evidence that Minnesota Power would incur investor relations costs post-acquisition,⁹⁵ and would incur current investor relations cost absent the Acquisition.⁹⁶ Additionally, the Company testified its investor relations costs would likely increase absent the Acquisition due to the Company's increasing equity needs and serial issuances and the potential negative market repercussions if the Acquisition is rejected.⁹⁷ Minnesota Power currently recovers 50 percent of its investor relations costs, or \$174,000 per year, from ratepayers.⁹⁸ A savings of \$174,000 per year is in the public interest and is ~~not~~ a ~~meaningful~~ ratepayer benefit, along with other benefits described herein. ~~compared to the risks of the acquisition.~~

⁸⁹ Ex. MP-27, JJC-R-1 at 4 (Cady Rebuttal); [Settlement Stipulation at 1.51 \(July 11, 2025\) \(eDocket No. 20257-220879-01\)](#).

⁹⁰ See *Evid. Hrg. Tr. Vol. 1* at 147 (Cady).

⁹¹ *Evid. Hrg. Tr. Vol. 1* at 147 (Cady).

⁹² Ex. MP-19 at 14 (Bulkley Direct).

⁹³ As discussed by Company and Partner Witness Quackenbush, a ten basis point increase in the cost of equity as it relates to the Company's 2023 rate case outcome translates to \$1.8 million of Minnesota Power revenue requirement increase. Ex. MP-30 at 14 (Quackenbush Rebuttal) (eDocket No. 20253-216055-12). As discussed in the public record of the Company's last rate case, the Company incurred approximately nine basis points of flotation costs, and board of director and investor relations expenses included in the revenue requirement totaled an additional \$0.66 million and \$0.18 million respectively. See *In the Matter of the Application of Minnesota Power for Authority to Increase Rates for Electric Utility Service in Minnesota*, Docket No. E015/GR-23-155, Direct Testimony of Ann Bulkley at Sch. 4 (Nov. 1, 2023) (eDocket No. 202311-200095-03); Executed Settlement Stipulation at ¶ 8 (May 3, 2024) (eDocket No. 20245-206372-01); and Vol. 4 Workpaper, Part 1 at ADJ-IS-8 ("Investor Relations") (Nov. 1, 2023) (eDocket No. 202311-200092-08).

⁹⁴ Ex. MP-27, JJC-R-1 at 4 (Cady Rebuttal); [Settlement Stipulation at 1.52 \(July 11, 2025\) \(eDocket No. 20257-220879-01\)](#).

⁹⁵ [MP-10 at 13 \(Scissons Direct\) \(eDocket No. 202412-212968-04\)](#).

⁹⁶ [MP-28 at 11 \(Scissons Rebuttal\) \(eDocket No. 20253-216055-04\)](#).

⁹⁷ *Id.*

⁹⁸ *Evid. Hrg. Tr. Vol. 1* at 148 (Cady).

159. Commitment 25 states that the Partners will not charge fees for any business management or consulting services provided to ALLETE or Minnesota Power.⁹⁹ This commitment ensures that customers do not incur potential additional administrative or overhead costs resulting from the Acquisition, addressing concerns raised about potential incremental costs associated with affiliated interests. This commitment also presents a potential benefit, to the extent the Partners provide business management or consulting services for which ALLETE or Minnesota Power would have to pay third parties. ~~Commitment 25 limits a potential abuse that is only created by the Acquisition. Commitment 25 would maintain the status quo and thus is not a benefit of the proposed acquisition.¹⁰⁰ There is no evidence that any business management or consulting services that the Partners might provide to ALLETE or Minnesota Power would benefit ratepayers.~~

160. Commitment 26 states that Minnesota Power will not request rate recovery of board compensation or expenses for any board member not independent of the Partners.¹⁰¹ Commitment 26 would provide a rate-related benefit by preventing ratepayers from paying board compensation and expenses for the non-independent board members. Currently, ratepayers cover about half of Minnesota Power's board compensation and expenses, ~~but the amount is not in the record.~~¹⁰² As discussed with Commitment 23, flotation costs, investor relations expenses, and board compensation or expenses for any board member not independent from the Partners totaled roughly \$2.5 million annually for customers in the Company's 2023 rate case revenue requirement,¹⁰³ and their elimination would be a direct result of the Acquisition and reflect additional benefits of ownership by the Partners. ~~The dollar savings associated with Commitment 26 is also not in the record.~~ Eliminating board compensation and expenses for customers is in the public interest. ~~however, the record does not reflect whether it would be a meaningful benefit to ratepayers.~~

161. Commitment 27 states, "The Company will have the burden to prove in its next rate case that no transaction costs, nor the costs identified in the Ratemaking section of this proposal for exclusion from future rate cases, are included in the cost of service to

⁹⁹ Ex. MP-27, JJC-R-1 at 4 (Cady Rebuttal); [Settlement Stipulation at 1.53 \(July 11, 2025\) \(eDocket No. 20257-220879-01\)](#).

~~¹⁰⁰ See Evid. Hrg. Tr. Vol. 1 at 140 (Cady).~~

¹⁰¹ Ex. MP-27, JJC-R-1 at 4 (Cady Rebuttal); [Settlement Stipulation at 1.54 \(July 11, 2025\) \(eDocket No. 20257-220879-01\)](#).

¹⁰² Evid. Hrg. Tr. Vol. 1 at 150 (Cady).

¹⁰³ As discussed by Company and Partner Witness Quackenbush, a ten basis point increase in the cost of equity as it relates to the Company's 2023 rate case outcome translates to \$1.8 million of Minnesota Power revenue requirement increase. Ex. MP-30 at 14 (Quackenbush Rebuttal) (eDocket No. 20253-216055-12). As discussed in the public record of the Company's last rate case, the Company incurred approximately nine basis points of flotation costs, and board of director and investor relations expenses included in the revenue requirement totaled an additional \$0.66 million and \$0.18 million respectively. See *In the Matter of the Application of Minnesota Power for Authority to Increase Rates for Electric Utility Service in Minnesota*, Docket No. E015/GR-23-155, Direct Testimony of Ann Bulkley at Sch. 4 (Nov. 1, 2023) (eDocket No. 202311-200095-03); Executed Settlement Stipulation at ¶ 8 (May 3, 2024) (eDocket No. 20245-206372-01); and Vol. 4 Workpaper, Part 1 at ADJ-IS-8 ("Investor Relations") (Nov. 1, 2023) (eDocket No. 202311-200092-08).

be recovered from customers.”¹⁰⁴ Minnesota Power already has the burden of proof in rate cases, including the burden to prove that unreasonable costs are not being recovered in rates.¹⁰⁵ The Petitioners acknowledged this fact, and noted they included this commitment as affirmation of their ongoing burden of proof. There is, however, value in the Petitioners acknowledging the existing regulatory construct, as respect for the regulatory construct was discussed at the Commission hearing sending this matter to the contested case process.¹⁰⁶

162. Commitment 28 states that ALLETE will maintain its current senior management team subject to changes to account for voluntary departures or terminations in the ordinary course.¹⁰⁷ Commitment 28 protects the key components of the Company's current operations and governance, which the Commission considers a positive attribute of the Company. Multiple Company and Partner witnesses explained, and the commitments of the Company and Partners help ensure, that the day-to-day operation of Minnesota Power will remain with the Minnesota Power senior management team.¹⁰⁸ No such commitment currently exists from the existing Company leadership or Board of Directors, and there is no guarantee another buyer would make such a commitment.

~~would maintain the status quo and thus is not a benefit of the proposed acquisition. There is no evidence that ALLETE had plans to remove any members of its senior management team before entering into the merger agreement.~~¹⁰⁹ ~~Additionally, this commitment does not include an express commitment not to pressure or encourage senior management to voluntarily depart during the two-year post-Acquisition period.~~¹¹⁰

163. Commitment 29 states, “Minnesota Power nonunion employees will maintain the same or better position and compensation and benefits for two years following the close of the transaction and all existing collective bargaining agreements will be honored.”¹¹¹ Commitment 29 helps ensure the Company's ongoing commitments to these workers are memorialized as part of the Acquisition and provides a guarantee that does not presently exist for nonunion customers, particularly to the extent they are at will employees.¹¹² As such, most current employees are not guaranteed the same positions, compensation, and benefits for any period; the ability to make a two-year commitment is a material benefit of the Acquisition. Additionally, the affirmation of commitments to collective bargaining agreements, further enhanced by the extension of existing collective bargaining agreements (“CBAs”) with additional wage increases, presents benefits to

¹⁰⁴ Ex. MP-27, JJC-R-1 at 4 (Cady Rebuttal); Settlement Stipulation at 1.41, 1.55 (July 11, 2025) (eDocket No. 20257-220879-01).

¹⁰⁵ *Evid. Hrg. Tr. Vol. 1* at 151 (Cady).

¹⁰⁶ See Comm'n Agenda Meeting Tr. at 4-44 (Sep. 29, 2024).

¹⁰⁷ Ex. MP-27, JJC-R-1 at 4 (Cady Rebuttal); Settlement Stipulation at 1.57 (July 11, 2025) (eDocket No. 20257-220879-01).

¹⁰⁸ Ex. MP-33 at 43 *Bram Rebuttal* (eDocket No. 20253-216055-08); Ex. MP-31, *Alley Rebuttal* at 39 (eDocket No. 20253-216055-09); Ex. MP-10, *Scissons Direct* at 11 (eDocket No. 202412-212968-04).

~~¹⁰⁹ See *Evid. Hrg. Tr. Vol. 1* at 151 (Cady).~~

~~¹¹⁰ Ex. *Sierra Club* 1100 at 28 (*Lane Direct*) (eDocket No. 20252-214960-01).~~

¹¹¹ Ex. MP-27, JJC-R-1 at 4 (Cady Rebuttal); Settlement Stipulation at 1.58 (July 11, 2025) (eDocket No. 20257-220879-01).

¹¹² Ex. MP-17 at 3 (*Krollman Direct*) (eDocket No. 202412-212968-08).

bargaining employees that were not offered and could not be guaranteed absent additional Partner capital.¹¹³ Including these commitments in a Commission Order, as the Partners suggest, provides concrete and verifiable evidence of these commitments by Minnesota Power – and the recognition of these relationships by the Partners.¹¹⁴ ~~would maintain the status quo and thus is not a benefit of the proposed acquisition. Minnesota Power did not have plans to remove any nonunion employees or reduce their compensation or benefits before entering into the merger agreement. Minnesota Power also had no plans not to honor existing collective bargaining agreements before entering into the merger agreement.¹¹⁵ The time-limited nature of this Commitment diminishes its illusory value even further.~~

164. Commitment 30, as modified by the Stipulation, states that neither the Company nor the Partners intend to change Minnesota Power's longstanding practices with regard to contractors, unless required by law. For example, Minnesota Power routinely contractually requires contractors and subcontractors to pay their workers prevailing wage as evidenced by local collective bargaining agreements and to ascertain local conditions, work rules, and union jurisdiction. Minnesota Power also seeks to deploy union labor wherever reasonably possible.¹¹⁶ Commitment 30 provides certainty for ALLETE's workers that would not exist without the Acquisition, and represents a significant investment in the northeastern Minnesota community. ~~would maintain the status quo and thus is not a benefit of the proposed acquisition. Minnesota Power had no plans to change its longstanding practices with regard to contractors before it entered into the merger agreement.¹¹⁷~~

165. Commitments 31–33 reflect an agreement that Minnesota Power reached with the International Brotherhood of Electrical Workers (IBEW) Local 31.¹¹⁸ These commitments provide benefits to Minnesota Power's union workforce that Minnesota Power may not ~~have been~~ able to offer absent the ~~proposed a~~ Acquisition.¹¹⁹

166. Commitment 34 states that "ALLETE will continue to publish a Corporate Sustainability Report, which contains information related to environmental, social and governance issues, including the Company's efforts to encourage diversity, equity and inclusion."¹²⁰ Commitment 34 protects transparency in corporate responsibility initiatives and is demonstrative of the fact that the Acquisition does not fundamentally change the core values of the Company. ~~the status quo and thus is not a benefit of the proposed acquisition. Additionally, while~~ ALLETE was not contemplating discontinuing its Corporate Sustainability Report absent the proposed acquisition, neither was there any guarantee it

¹¹³ Evid. Hrg. Tr. Vol. 1 at 152:7-15 (Cady).

¹¹⁴ Ex. MP-17 at 3 (Krollman Direct) (eDocket No. 202412-212968-08).

~~¹¹⁵ Evid. Hrg. Tr. Vol. 1 at 152 (Cady).~~

¹¹⁶ Ex. MP-27, JJC-R-1 at 4 (Cady Rebuttal); Settlement Stipulation at 1.62 (July 11, 2025) (eDocket No. 20257-220879-01).

~~¹¹⁷ Evid. Hrg. Tr. Vol. 1 at 152 (Cady).~~

¹¹⁸ Evid. Hrg. Tr. Vol. 1 at 152–53 (Cady); Settlement Stipulation at 1.59-1.61 (July 11, 2025) (eDocket No. 20257-220879-01).

¹¹⁹ Evid. Hrg. Tr. Vol. 1 at 153 (Cady).

¹²⁰ Ex. MP-27, JJC-R-1 at 5 (Cady Rebuttal); Settlement Stipulation at 1.65 (July 11, 2025) (eDocket No. 20257-220879-01).

would continue and there is no¹²¹ assurance that this commitment would be made by any other buyer.

167. Commitment 35 states that Minnesota Power will maintain historical levels of economic development in the State of Minnesota while Minnesota Power is owned by the Partners.¹²² Commitment 35 helps ensure continuity in supporting local communities, maintaining employment opportunities, and sustaining economic growth activities historically conducted by Minnesota Power.¹²³ ~~would maintain the status quo and thus is not a benefit of the proposed acquisition.~~ While Minnesota Power did not have plans to decrease its economic-development spending before entering into the merger agreement, neither was there any guarantee this level of economic development support would continue, and the ability to make this commitment reflects the financial benefits of ownership by the Partners.¹²⁴

168. Commitments 36–48 are styled as “affirmations of the regulatory compact.”¹²⁵ Generally, they address various risks of the Acquisition, and, in many cases, provide additional protections that do not currently exist despite perceived risks being equally applicable to public shareholders. Opposing parties characterize this as simply maintaining the status quo; however, there is value in the Petitioners acknowledging and committing to the existing regulatory construct, as respect for the regulatory construct was discussed at the Commission hearing sending this matter to the contested case process.¹²⁶ Additionally, confirming continuation of the status quo may not present an affirmative net benefit but does offset perceived risks of changes resulting from the Acquisition. ~~promise to maintain the status quo and do not represent affirmative benefits.~~

169. Commitment 36 ~~states~~ confirms that “rate recovery and allocation of rate recovery of Minnesota Power capital investments across customer classes are subject to Minnesota Public Utilities Commission (“Commission”) authority.”¹²⁷ ~~This is true whether or not the acquisition occurs.~~¹²⁸

170. Commitment 37 ~~states~~ confirms that “ALLETE’s capital structure will be maintained within the range approved by the Commission in the annual capital structure filing, and Minnesota Power will continue its efforts to manage its capital structure to the level approved in its most recent Minnesota rate case” and that “[s]o long as Minnesota Power and ALLETE remain the same entity, the Company will continue to make its annual capital structure filings with the Commission.”¹²⁹ ~~Commitment 37 is not a benefit because~~

¹²¹ Evid. Hrg. Tr. Vol. 1 at 154 (Cady).

¹²² Ex. MP-27, JJC-R-1 at 5 (Cady Rebuttal); Settlement Stipulation at 1.66 (July 11, 2025) (eDocket No. 20257-220879-01).

¹²³ Ex. MP-9 at 13 (Cady Direct) (eDocket No. 202412-212968-03).

¹²⁴ ~~Evid. Hrg. Tr. Vol. 1 at 154 (Cady).~~

¹²⁵ Ex. MP-27, JJC-R-1 at 6 (Cady Rebuttal).

¹²⁶ See Comm’n Agenda Meeting Tr. at 4-44 (Sep. 29, 2024).

¹²⁷ Ex. MP-27, JJC-R-1 at 6 (Cady Rebuttal); Settlement Stipulation at 1.8 (July 11, 2025) (eDocket No. 20257-220879-01).

¹²⁸ ~~Evid. Hrg. Tr. Vol. 1 at 155 (Cady).~~

¹²⁹ Ex. MP-27, JJC-R-1 at 6 (Cady Rebuttal); Settlement Stipulation at 1.10 (July 11, 2025) (eDocket No. 20257-220879-01).

~~the Commission sets Minnesota Power's capital structure by order, and ALLETE is required to maintain that capital structure.~~¹³⁰

171. Commitment 38 ~~states~~ confirms that Minnesota Power will continue to provide ALLETE credit rating reports to the Commission within 30 days of receipt of the reports from the rating agencies.¹³¹ ~~This is not a change from the status quo.~~¹³²

172. Commitment 39 ~~states~~ confirms that a new tax-sharing agreement will be established between ALLETE and Alloy Parent and that Commission approval is required for ALLETE to sign the agreement.¹³³ ~~This is simply a recognition of a legal requirement and not an affirmative benefit.~~¹³⁴

172A. Collectively, Commitments 36-39 are affirmations of ongoing practices to address perceived risks of the Acquisition.

173. Commitment 40, as modified by the Stipulation, states that "~~Minnesota Power~~ ALLETE will file the audited ALLETE Consolidated Financial Statements with Supplemental Schedules as a part of the annual capital structure petition."¹³⁵ Commitment 41, as modified by the Stipulation states that "Alloy Parent shall file the audited Alloy Parent Consolidated Financial Statements as a part of the annual capital structure petition. The Alloy Parent filing shall include the audited Consolidated Financial Statements of the following entities that produce such statement: (a) Alloy Parent LLC; (b) Alloy IntermediateCo LLC; (c) Alloy Topco LLC, (d) Alloy Holdings LP; (e) Alloy Holdings GP; and (f) any other entity that may exist in the Alloy corporate structure while the Partners own ALLETE (except that this shall not apply to any entities that do not have an financial activity). ~~Minnesota Power will provide the Commission with audited financial statements and supplement schedules of ALLETE and with audited financial statements of Alloy Parent.~~"¹³⁶ Commitments 40 and 41 give the Commission enhanced oversight over entities within the ALLETE holding company structure. Commitment 41, as modified, would allow increased financial transparency into Alloy entities, which exceeds the Commission's current financial insight into the Company and into the nonregulated parent of other Minnesota utility companies. ~~They would not be necessary without the transaction~~¹³⁷ ~~and attempt to mitigate a loss of transparency rather than provide an~~

¹³⁰ ~~See Evid. Hrg. Tr. Vol. 1 at 156 (Cady).~~

¹³¹ Ex. MP-27, JJC-R-1 at 6 (Cady Rebuttal); Settlement Stipulation at 1.11 (July 11, 2025) (eDocket No. 20257-220879-01).

¹³² ~~See Evid. Hrg. Tr. Vol. 1 at 156 (Cady).~~

¹³³ Ex. MP-27, JJC-R-1 at 6 (Cady Rebuttal); Settlement Stipulation at 1.31 (July 11, 2025) (eDocket No. 20257-220879-01).

¹³⁴ ~~See Evid. Hrg. Tr. Vol. 1 at 157 (Cady).~~

¹³⁵ Ex. MP-27, JJC-R-1 at 6 (Cady Rebuttal); Settlement Stipulation at 1.37 (July 11, 2025) (eDocket No. 20257-220879-01).

¹³⁶ Ex. MP-27, JJC-R-1 at 6 (Cady Rebuttal); Settlement Stipulation at 1.38 (July 11, 2025) (eDocket No. 20257-220879-01).

¹³⁷ ~~Evid. Hrg. Tr. Vol. 1 at 158-59 (Cady).~~

~~affirmative benefit. Nor do these commitments promise to provide the same information that ALLETE is currently required to provide in SEC reports.~~¹³⁸

174. Commitment 42 states, “Partners commit to providing the Department and Commission with access to all books and records of the entities up to and including Alloy Parent that are related to Minnesota Power’s operations under the jurisdiction of the Commission.”¹³⁹ ALLETE is already required to allow the Commission and the Department to access its books and records related to regulated operations.¹⁴⁰ The Department and other parties will continue to receive and have access to full information about Minnesota Power’s utility operations, with many avenues in the multiple Minnesota Power proceedings before the Commission to request additional information. If the Department or other party ever perceives that it needs additional information, they will have ample authority and capability to seek that information, and any such requests can be addressed when made. ~~While the Commitment also applies to Alloy Parent, there is no commitment to provide access to books and records for any entity in the corporate hierarchy above Alloy Parent, even if those book and records relate to regulated operations.~~¹⁴¹

175. Commitment 43 states that Minnesota Power will remain headquartered in Duluth while the Partners own it.¹⁴² Commitment 43 provides certainty for ALLETE’s workers that would not exist without the Acquisition, and represent a significant investment in the northeastern Minnesota community. While Minnesota Power had no plans to move its headquarters before signing the merger agreement, neither was there any guarantee it would remain in Minnesota, and there is no guarantee another buyer would make such a commitment. ~~and this commitment simply reflects the status quo, not a benefit.~~¹⁴³

176. Commitments 44–47 provide statements of commitment to Commission authority or Minnesota law:¹⁴⁴

- a. Commitment 44 states that the Partners and Minnesota Power are committed to the regulatory process in Minnesota and the jurisdiction of the Commission.¹⁴⁵

¹³⁸ ~~See, e.g., Ex. Siorra-1101 at 27 (Lane Surrobuttal).~~

¹³⁹ Ex. MP-27, JJC-R-1 at 6 (Cady Rebuttal); Settlement Stipulation at 1.33 (July 11, 2025) (eDocket No. 20257-220879-01).

¹⁴⁰ Evid. Hrg. Tr. Vol. 1 at 159 (Cady).

¹⁴¹ ~~Evid. Hrg. Tr. Vol. 1 at 159–60 (Cady).~~

¹⁴² Ex. MP-27, JJC-R-1 at 6 (Cady Rebuttal); Settlement Stipulation at 1.67 (July 11, 2025) (eDocket No. 20257-220879-01).

¹⁴³ ~~Evid. Hrg. Tr. Vol. 1 at 160 (Cady).~~

¹⁴⁴ See Ex. MP-27, JJC-R-1 at 6–7 (Cady Rebuttal).

¹⁴⁵ Ex. MP-27, JJC-R-1 at 6 (Cady Rebuttal); Settlement Stipulation at 1.68 (July 11, 2025) (eDocket No. 20257-220879-01).

- b. Commitment 45 states that the Partners and Minnesota Power are committed to Commission determinations regarding capital and O&M costs, utility rate recovery, cost allocations, and utility capital.¹⁴⁶
- c. Commitment 46 states that the Partners and Minnesota Power are committed to Commission determinations regarding resource planning, distribution planning, and resource acquisition decisions.¹⁴⁷
- d. Commitment 47 states that “the Partners and Minnesota Power commit to efforts to achieve Minnesota’s Carbon Free Standard with least cost pathways to compliance ultimately determined by the Commission in [Integrated Resource Plans] and related dockets.”¹⁴⁸

177. Commitments 44–47 are ~~not benefits of the proposed acquisition; they are~~ obligations that Minnesota Power will be required by law or Commission order to meet whether or not the acquisition closes.¹⁴⁹ These commitments affirm that the Commission will retain its full authority over Minnesota Power. There is value in the Petitioners acknowledging the existing regulatory construct, as respect for the regulatory construct was discussed at the Commission hearing sending this matter to the contested case process.¹⁵⁰ Additionally, such commitments mitigate perceived risks or concerns with respect to the Acquisition. ~~Minnesota Power’s commitment to the Commission’s authority does not preclude it appealing Commission orders that it disagrees with.¹⁵¹ And the Commission may not have jurisdiction over Alloy Parent (or, by extension, the Partners) if the acquisition is approved.¹⁵²~~

178. Finally, Commitment 48 states that the Partners defer to Minnesota Power to maintain culture, relationships, and overall approach to operations.¹⁵³ This Commitment helps alleviate concerns about potential negative impacts of new owners on local governance and community-oriented decision-making processes. ~~does not offer an affirmative benefit; it simply maintains the status quo.¹⁵⁴~~

~~The commitments offered by Petitioners, largely in attempt to mitigate the risks of the proposed acquisition, offer few affirmative benefits beyond certain benefits to labor and low income interests. They do not provide new or additional benefits sufficient to~~

¹⁴⁶ Ex. MP-27, JJC-R-1 at 7 (Cady Rebuttal); [Settlement Stipulation at 1.69 \(July 11, 2025\) \(eDocket No. 20257-220879-01\)](#).

¹⁴⁷ Ex. MP-27, JJC-R-1 at 7 (Cady Rebuttal); [Settlement Stipulation at 1.70 \(July 11, 2025\) \(eDocket No. 20257-220879-01\)](#).

¹⁴⁸ Ex. MP-27, JJC-R-1 at 7 (Cady Rebuttal); [Settlement Stipulation at 1.71 \(July 11, 2025\) \(eDocket No. 20257-220879-01\)](#).

¹⁴⁹ See Evid. Hrg. Tr. Vol. 1 at 160–62 (Cady).

¹⁵⁰ [See Comm’n Agenda Meeting Tr. at 4-44 \(Sep. 29, 2024\)](#).

¹⁵¹ Evid. Hrg. Tr. Vol. 1 at 161–62 (Cady).

~~¹⁵² Evid. Hrg. Tr. Vol. 1 at 120 (Cady).~~

¹⁵³ Ex. MP-27, JJC-R-1 at 7 (Cady Rebuttal).

~~¹⁵⁴ See Evid. Hrg. Tr. Vol. 1 at 162–63 (Cady).~~

~~counterbalance new risks arising as a result of the acquisition. Furthermore, these commitments are largely unenforceable by the Commission.~~

~~The most significant ratpayer benefit that Petitioners offer is up to \$3.5 million in low-income residential arrearage forgiveness to reduce arrearages for residential customers to pre-COVID balances.⁴⁵⁵ The proposed forgiveness will run through the ratpayer-funded CARE program.⁴⁵⁶ The arrearage forgiveness would certainly benefit the households that receive it. However, in 2019, pre-COVID customer past due amounts totaled approximately \$3.4 million.⁴⁵⁷ In February 2025, the company reported \$4.3 million in customer arrearages.⁴⁵⁸ The Partners could therefore meet this commitment by funding less than \$1 million in forgiveness.⁴⁵⁹ Even the full \$3.5 million benefit is modest when compared with the rate-related risks of the acquisition. It is also modest when compared with~~

CC. Additional Commitments Contained in the Settlement Stipulation¹⁶⁰

284. The ALJ Report, due on July 15, 2025, did not have adequate time to fully incorporate the Settlement Stipulation reached between Petitioners and the Department and filed on Friday, July 11, 2025. While the ALJ Report states that the ALJ reviewed the Settlement Stipulation and it did not change her conclusions, this statement does not explain the ALJ's reasoning nor provide an analysis of the many and significant additional terms and commitments in the Settlement Stipulation. Accordingly, we adopt the additional findings below, reflecting a discussion of each of the additional commitments set forth in the Settlement Stipulation and not otherwise discussed in the foregoing sections of this redline.

1. Capital Commitments

285. Paragraph 1.4 of the Settlement Stipulation adds a new commitment stating that: To ensure enforceability of the capital commitment, ALLETE shall not make any dividend payments to Alloy Parent (the entity through which the Partners would receive any dividends from the company) unless, at the time the dividend payment would be made, Minnesota Power has been provided sufficient equity capital needed up to that point in time to fund the 5-year capital investment plan in the February 2025 10-K, subject to prospective reasonable and prudent plan adjustments by the company.¹⁶¹

~~⁴⁵⁵ Evid. Hrg. Tr. Vol. 1 at 20 (Cady).~~

~~⁴⁵⁶ Evid. Hrg. Tr. Vol. 1 at 100 (Cady).~~

~~⁴⁵⁷ Evid. Hrg. Tr. Vol. 1 at 103 (Cady).~~

~~⁴⁵⁸ Evid. Hrg. Tr. Vol. 1 at 105 (Cady).~~

~~⁴⁵⁹ At various times throughout this proceeding, Minnesota Power has insisted that the Petitioner's "intent" or "understanding" is different than what is reflect in the written documents. This is one such example. Minnesota Power's apparent reliance on unenforceable "understandings" which conflict with the written record is, at best, naïve. Sophisticated parties, like the Partners, engaging in complex transactions, like the Acquisition, rely on written agreements. The Commission should do the same.~~

¹⁶⁰ These are new proposed findings to address the Settlement Stipulation, and therefore numbering of these findings picks up with the next finding number after conclusion of the ALJ Report.

¹⁶¹ Settlement Stipulation at 1.4 (July 11, 2025) (eDocket No. 20257-220879-01).

286. Additionally, Paragraph 1.5 of the Settlement Stipulation adds a new commitment stating that: To ensure compliance with this commitment to fund Minnesota Power's 5-year capital plan, before ALLETE pays any dividend to Alloy Parent during the first five years after closing, Minnesota Power shall make a filing in its most recent annual capital structure docket demonstrating compliance with this commitment. Minnesota Power and the Department shall coordinate to determine what information should be included in the compliance filings under this provision. Unless, within 30 days after submission of the compliance filing, the Commission issues an Order to Show Cause finding a basis to investigate an objection filed by the Commission or the Department providing evidence of noncompliance with this commitment, the company may pay the dividend to Alloy Parent.¹⁶²

287. These new commitments in Stipulation Paragraphs 1.14 and 1.15 prevent the Partners from receiving dividends from the Company unless the capital plan is adequately financed in accordance with this commitment.¹⁶³ These commitments (both to provide capital and that the Partners would have to forgo dividends if the commitment were not met) further support the financial health of Minnesota Power and its ability to make the generation, transmission, and distribution investments necessary to meet the Carbon Free Standard, subject to the Commission's role in approving (or rejecting) proposed investments and associated cost recovery. As noted earlier, investors in the public markets would not make this kind of commitment, and could purchase ALLETE's stock in great quantities without making any commitments to the Company or its customers.¹⁶⁴

2. Post-Acquisition Capital Structure

288. Assuming a holding company restructuring as described in paragraph 298 below, Minnesota Power shall maintain its capital structure within the range approved by the Commission in the annual capital structure filing, and Minnesota Power will continue its efforts to manage its capital structure to the level approved in its most recent Minnesota rate case.¹⁶⁵ While the Commission authorizes a utility's capital structure in annual filings and rate cases, this new commitment in Paragraph 1.13 of the Stipulation requires Minnesota Power to maintain its actual capital structure within that authorized range and to manage its actual capital structure to align with the approved capital structure in a rate case. This commitment further supports the financial health of the utility and alignment with Commission direction.

289. As a negotiated resolution, and without agreeing to any party's underlying position on this issue, Minnesota Power's currently approved Return on Equity ("ROE")

¹⁶² Settlement Stipulation at 1.5 (July 11, 2025) (eDocket No. 20257-220879-01).

¹⁶³ Settlement Stipulation at 1.9 (July 11, 2025) (eDocket No. 20257-220879-01).

¹⁶⁴ Ex. MP-13 at 22 (Alley Direct) (eDocket No. 202412-212968-10); Evid. Hrg. Tr. at 568:2-568:16 (April 2, 2025) (Addonizio).

¹⁶⁵ Settlement Stipulation at 1.13 (July 11, 2025) (eDocket No. 20257-220879-01).

will be changed from 9.78 percent to 9.65 percent.¹⁶⁶ The change in ROE will take effect the first full month after both of the following have occurred: (i) the close of the Acquisition and (ii) when the order of the Commission becomes final. The 9.65 percent ROE will remain in effect until Minnesota Power files its next rate case and will be used to set interim rates in Minnesota Power's next Minnesota rate case. Nothing in this settlement stipulation shall be considered a commitment (i) to any specific ROE in the company's next rate case or (ii) to use a specific methodology to determine the ROE in the company's next rate case.¹⁶⁷ Reducing Minnesota Power's authorized ROE from 9.78% to 9.65% will deliver tangible financial benefits to customers and increases the Partners' financial contributions. The Company's ROE would likely otherwise remain 9.78% not only until it filed its next rate case, but until the final rates take effect in the next rate case given that Minnesota Statutes generally require, absent exigent circumstances, a utility to use the approved ROE from its most recent rate case to set interim rates in a subsequent case.¹⁶⁸ As such, this new commitment in Paragraph 1.14 provides real cost benefits to customers until the next rate case, which is consistent with the public interest.

3. Corporate Separateness/Ring-Fencing

290. Paragraph 1.17 of the Settlement Stipulation adds a new commitment stating that: the Partners will not pledge the assets of ALLETE or Minnesota Power to secure debt of the Partners.¹⁶⁹

291. Paragraph 1.18 of the Settlement Stipulation adds a new commitment stating that: ALLETE and the Alloy Parent entities shall (to the extent applicable): (a) maintain separate books and records, (b) agree to prohibitions against loans or pledges of assets of ALLETE without regulatory approval by the Minnesota Public Utilities Commission as stated elsewhere herein, and (c) hold ALLETE harmless from any business and financial risk exposures associated with the Alloy Parent entities or its subsidiaries or affiliates (other than any subsidiary or division of ALLETE).¹⁷⁰

292. Paragraph 1.19 of the Settlement Stipulation adds a new commitment stating that: (a) Neither ALLETE nor the Alloy Parent entities shall provide direct credit support to a credit facility of the other through a guarantee, and (b) none of ALLETE's credit facilities shall include any cross-default provision whereby a default under any of the Alloy Parent entities' credit facilities would cause a default under any of ALLETE's credit facilities.¹⁷¹

293. Paragraph 1.20 of the Settlement Stipulation adds a new commitment stating that: ALLETE shall obtain and file a non-consolidation opinion with the

¹⁶⁶ This includes Minnesota Power's commitment not to seek recovery of flotation costs but extends that commitment to the closing of the Acquisition rather than waiting until implementation with the next rate case.

¹⁶⁷ Settlement Stipulation at 1.14 (July 11, 2025) (eDocket No. 20257-220879-01).

¹⁶⁸ Minn. Stat. § 216B, subd. 3.

¹⁶⁹ Settlement Stipulation at 1.17 (July 11, 2025) (eDocket No. 20257-220879-01).

¹⁷⁰ Settlement Stipulation at 1.18 (July 11, 2025) (eDocket No. 20257-220879-01).

¹⁷¹ Settlement Stipulation at 1.19 (July 11, 2025) (eDocket No. 20257-220879-01).

Commission within 180 days after closure of the Acquisition based on the final terms of the Acquisition.¹⁷²

294. Paragraph 1.22 of the Settlement Stipulation adds a new commitment stating that: Minnesota Power shall be prohibited from guaranteeing any obligations of its nonutility affiliates.¹⁷³

295. These commitments further the ring-fencing commitments made by the Partners and the Company, described earlier in these Findings. The enhanced ring-fencing measures aim to protect Minnesota Power's financial standing by restricting the pledging of utility assets, introducing cross-default protections, and mandating a non-consolidation opinion that the Department recommended.¹⁷⁴ Together, these measures attempt to limit Minnesota Power's exposure to financial distress within upstream entities, are consistent with protections afforded in utility and energy company acquisitions, and are consistent with the public interest.

4. Governance

296. Several new commitments in the Settlement Stipulation further address the obligations of the Board of Directors of ALLETE after the acquisition:

- (a) The Audit Committee of the Board will consist of Board directors not employed by any of ALLETE, GIP, or CPP Investments.¹⁷⁵
- (b) Members of the Board of ALLETE will have defined fiduciary responsibilities consistent with Minnesota law. No member of the Board of ALLETE shall be permitted to waive any fiduciary duties that they would otherwise owe to ALLETE under Minnesota state law.¹⁷⁶
- (c) Unless necessary to comply with an order from an applicable regulatory authority, the definitive governance documentation regarding ALLETE shall be consistent with this Settlement Stipulation between the Department and Petitioners, as approved by the Commission.¹⁷⁷

297. The commitments in Paragraphs 1.24 to 1.26 of the Settlement Stipulation provide additional assurances regarding the post-Acquisition governance of ALLETE and require the governance documentation to align with the Stipulation. Additionally, establishing that the Audit Committee of the Board will consist of directors not employed by either the Partners nor Minnesota Power provides another independent layer of

¹⁷² Settlement Stipulation at 1.20 (July 11, 2025) (eDocket No. 20257-220879-01).

¹⁷³ Settlement Stipulation at 1.22 (July 11, 2025) (eDocket No. 20257-220879-01).

¹⁷⁴ Ex. DOC-301 at 20 (Vavro Direct) (eDocket No. 20252-214941-03); DOC-302 at 11 (Vavro Surrebuttal) (eDocket No. 20253-216835-01).

¹⁷⁵ Settlement Stipulation at 1.24 (July 11, 2025) (eDocket No. 20257-220879-01).

¹⁷⁶ Settlement Stipulation at 1.25 (July 11, 2025) (eDocket No. 20257-220879-01).

¹⁷⁷ Settlement Stipulation at 1.26 (July 11, 2025) (eDocket No. 20257-220879-01).

oversight and accountability with respect to the financial reporting and related internal controls, risk, and independent and internal auditors of ALLETE.

298. Commitments 1.27, 1.28, and 1.42 of the Settlement Stipulation require ALLETE to form a new holding company structure, separating the regulated utilities from other corporate entities, as follows:

- (a) Within six months after the close of the Acquisition, Minnesota Power will file a petition with the Commission in a new docket that proposes to separate non-regulated utility entities from the current ALLETE d/b/a Minnesota Power entity. As part of the separation, Superior Water Light & Power is expected to remain a subsidiary of Minnesota Power. For the avoidance of doubt, the costs associated with the petition or separation efforts will not be considered transaction or transition costs of the Acquisition but recoverability will be determined in the course of the separation proceeding.¹⁷⁸
- (b) Following Commission approval of a holding company for Minnesota Power, a majority of the Board and a majority of the Independent Directors must approve any decision to place ALLETE, Inc., Minnesota Power, or any subsidiary of Minnesota Power after the holding company separation, into voluntary bankruptcy. Petitioners warrant they have no plans to place ALLETE, Inc., including the Minnesota Power operating division, into voluntary bankruptcy during the pendency of the separation proceeding.¹⁷⁹
- (c) Costs associated with any holding company petition or separation efforts will not be considered transaction or transition costs of the Acquisition and recovery of same shall be considered in any holding company docket.¹⁸⁰

299. Overall, these additional governance commitments provide additional assurance regarding post-Acquisition decision making that would affect Minnesota Power customers, providing multiple layers of governance provisions and additional ring-fencing of the regulated utility from non-regulated affiliates. These additional commitments are consistent with the public interest.

5. Affiliated Interests

300. Paragraph 1.30 of the Settlement Stipulation adds a new commitment stating that: Minnesota Power's annual affiliate interest report to the Commission will be

¹⁷⁸ Settlement Stipulation at 1.27 (July 11, 2025) (eDocket No. 20257-220879-01).

¹⁷⁹ Settlement Stipulation at 1.28 (July 11, 2025) (eDocket No. 20257-220879-01). The formation of a holding company has been a 5 topic of discussion between Minnesota Power and the Commission for at least fifteen years. See MP-35 at 3 (Anderson Rebuttal) (eDocket No. 20253-216055-06); DOC-302 at 13 (Vavro Surrebuttal) (eDocket No. 20253-216835-01).

¹⁸⁰ Settlement Stipulation at 1.42 (July 11, 2025) (eDocket No. 20257-220879-01).

subject to an annual Agreed Upon Procedures audit by the company's independent third-party auditors; the costs of such additional audit procedures are not recoverable from ratepayers. Transactions with affiliated interests must be done at arm's length. ALLETE shall update its purchasing policies, procedures, manuals, codes of conduct, etc., to ensure compliance with conditions related to affiliated interests. ALLETE's compliance with affiliated interest standards and transactions will be subject to regular audits by independent third-party auditors; costs of such audits will not be recoverable from ratepayers. Consistent with the foregoing, annual lists of affiliated interests and documentation on affiliated transactions will be retained as set forth in a retention schedule.¹⁸¹

301. Independent audits of affiliated transactions helps ensure transparency and fairness, protecting customers from any specter of inappropriate cost allocations. The Company is not currently required to obtain an Agreed Upon Procedures audit, and such a requirement adds a further layer of affiliated interest protection at no cost to customers.

6. Books and Records

302. The new commitments in Paragraphs 1.34 to 1.36 of the Settlement Stipulation provide:

- (a) ALLETE and Minnesota Power shall provide access to all documents and electronically stored information provided to or by credit rating agencies pertaining to ALLETE up to Alloy Parent.¹⁸²
- (b) ALLETE and the Alloy Parent entities shall maintain the books and records necessary to allow for an audit of all corporate, affiliate, or subsidiary transactions with Minnesota Power or that result in costs that may be allocable to Minnesota Power.¹⁸³
- (c) ALLETE shall maintain separate books and records between ALLETE and Alloy Parent and make those available to the Commission by request. ALLETE shall also file its own separate financial statements with the Commission in the form attached to the Rebuttal Testimony of Witness Anderson.¹⁸⁴

303. The Department and other parties will continue receive and have access to full information about Minnesota Power's utility operations, with many avenues in the multiple Minnesota Power proceedings before the Commission at any given time to request additional information. These new commitments pertaining to access to books and records do not present potential harm and is consistent with the public interest.

¹⁸¹ Settlement Stipulation at 1.30 (July 11, 2025) (eDocket No. 20257-220879-01).

¹⁸² Settlement Stipulation at 1.34 (July 11, 2025) (eDocket No. 20257-220879-01).

¹⁸³ Settlement Stipulation at 1.35 (July 11, 2025) (eDocket No. 20257-220879-01).

¹⁸⁴ Settlement Stipulation at 1.36 (July 11, 2025) (eDocket No. 20257-220879-01).

304. The new commitments in Paragraphs 1.32 and 1.39 of the Settlement Stipulation address requirements for recording transaction costs, to ensure they are not borne by customers:

- (a) ALLETE shall continue to conform its records to the appropriate FERC Uniform System of Accounts pursuant to Minn. R. 7825.0300. Within 90 days of closing, ALLETE shall file the accounting entries that record the Acquisition. This filing shall include the description, amount, and FERC account name and number for each item, including the actual account entries for the merger-related costs. The Alloy Parent entities will account for transaction using the acquisition, or purchase, method of accounting for business combinations (as opposed to pooling of interests).¹⁸⁵
- (b) ALLETE and the Partners shall not deploy “push down accounting” (i.e., adjustment of ALLETE’s regulated asset or liability values or books and records to reflect the purchase price) with respect to the Acquisition.¹⁸⁶

305. In addition to providing additional means of ensuring Minnesota Power customers do not bear any costs of the Acquisition, these commitments provide additional transparency for the Commission to confirm that Minnesota Power customers are held harmless. These provisions thereby further reduce any risk that costs of the Acquisition will negatively impact customers.

7. Rates and Affordability

306. Paragraph 1.43 of the Settlement Stipulation states that: Minnesota Power waives its right to file a rate case before November 1, 2026.¹⁸⁷ It has been publicly disclosed that , US Steel, Minnesota Power’s largest single customer, provided a four-year notice that it would terminate its electric service agreement with Minnesota Power.¹⁸⁸ On March 20, 2025, Cleveland-Cliffs, Minnesota Power’s second-largest customer, announced that it would idle two mines in Minnesota Power’s service territory, and lay off more than 600 workers.¹⁸⁹ The Commission is aware that such changes have historically caused Minnesota Power to file a rate case shortly thereafter. The Company’s other recent rate case outcomes suggest the amount could be significant. While it is not possible to specifically pinpoint the dollar value of a rate case that is not filed and litigated, we note that Minnesota Power’s recent approved rate increases in litigated cases

¹⁸⁵ Settlement Stipulation at 1.32 (July 11, 2025) (eDocket No. 20257-220879-01).

¹⁸⁶ Settlement Stipulation at 1.39 (July 11, 2025) (eDocket No. 20257-220879-01).

¹⁸⁷ Settlement Stipulation at 1.43 (July 11, 2025) (eDocket No. 20257-220879-01).

¹⁸⁸ Ex. MP-30 at 9 (Quackenbush Rebuttal) (eDocket No. 20253-216055-12).

¹⁸⁹ Ex. MP-40 at 4, n.6 (Cady Surrebuttal) (eDocket No. 20253-216810-02).

reflected revenue deficiencies of \$34.0 million¹⁹⁰ and \$58.8 million.¹⁹¹ Without a rate case, such revenue deficiencies are borne by the Company and its investors, rather than customers. As such, it is reasonable to conclude that a one-year rate case presents considerable costs savings for customers.

307. Minnesota Power will include a comparison of its requested rate increase and the annual rate of inflation in any general rate case, rider filing, or any other proceeding that would request an increase to residential customer rates.¹⁹² This commitment is beneficial, in that it will provide the Commission, parties to the proceeding, and members of the public insight into how the utility is managing expenses compared to inflationary pressures.

308. Paragraphs 1.45 and 1.46 of the Settlement Stipulation address ratepayer credits for sales of utility property initially addressed in Docket No. E015/PA-20-675:

- (a) Within 60 days of approval of the Acquisition, Minnesota Power will submit a plan to the Commission to credit any existing proceeds from the sale of land to ratepayers in the form of a bill credit, as identified in Docket No. E015/PA-20-675. The plan will include a proposal to credit proceeds from all remaining hydro land sales as identified in Docket No. E015/PA-20-675. As part of its filing, Minnesota Power shall propose a reasonable revenue apportionment for consideration during that proceeding.¹⁹³
- (b) Within 60 days of closing of any sale of land or other real property that was included in rate base, excluding existing proceeds from land sales identified in Docket No. E015/PA-20-675, Minnesota Power shall submit a plan to the Commission to credit any future proceeds to ratepayers. As part of any such filing, Minnesota Power shall propose a reasonable revenue apportionment for consideration during that proceeding.¹⁹⁴

309. Although Minnesota Power previously agreed to credit the proceeds from utility land sales to customers in this Docket, the timing and form of that credit has not previously been addressed or determined. Minnesota Power's most recent filing in Docket

¹⁹⁰ In the Matter of Application by Minnesota Power for Authority to Increase Rates for Electric Service in Minnesota Docket No. E015/GR-23-155, Compliance Filing at Section 1 page 1 (Dec. 20, 2024). The interim rate overcollection factor is based on two numbers: the Interim Test Year revenue deficiency (\$102.6 million) and the allowed interim collection amount, which is the approved gross revenue deficiency for final rates (if no adjustments were needed, this amount would be \$89.2 million. Note that the approved revenue deficiency net of costs transferring between riders is \$33.97 million based on the Executed Settlement Stipulation filed May 3, 2024, filed in Docket No. E015/GR-23-155.

¹⁹¹ In the Matter of the Application of Minnesota Power for Authority to Increase Rates for Electric Utility Service in Minnesota, Docket No. E015/GR-21-355, Compliance Filing at Attachment 1 page 1 (Oct. 5, 2023).

¹⁹² Settlement Stipulation at 1.44 (July 11, 2025) (eDocket No. 20257-220879-01).

¹⁹³ Settlement Stipulation at 1.45 (July 11, 2025) (eDocket No. 20257-220879-01).

¹⁹⁴ Settlement Stipulation at 1.46 (July 11, 2025) (eDocket No. 20257-220879-01).

No. E015/PA-20-675 provides the net dollar value of closed land sales at approximately \$75.4 million, and the net value of future land sales for customers as approximately an additional \$18.2 million.¹⁹⁵ These commitments in the Settlement Stipulation formalize a process for establishing when and how to return these proceeds to customers, thereby accelerating the financial benefit to them.

8. Workforce and Labor Protections

310. Paragraph 1.56 of the Settlement Stipulation adds a new commitment stating that: Minnesota Power will comply with all applicable Minnesota laws under the jurisdiction of Minnesota Department of Labor and Industry (includes prevailing wage, not using debarred contractors, etc.).¹⁹⁶ The Commission understands this commitment to be a further affirmation of the Company's obligations to Minnesota workers, which are unchanged from pre-Acquisition obligations.

9. Environmental & Reliability Commitments

311. Paragraph 1.63 of the Settlement Stipulation requires that Minnesota Power shall create a Clean Firm Technology Fund ("Fund") as follows, using \$50 million in funds provided by Alloy Parent that will be accounted for as a regulatory liability.

a. Alloy Parent shall make \$16.67 million installments every two years as part of Minnesota Power's biennial IRP filings, beginning with the pending IRP, Docket E015/RP 25-127, until the \$50 million commitment is fulfilled.

b. Notwithstanding a Commission order or change in law that pauses, waives, or abrogates Minnesota Power's obligation to make an IRP or successor filing, Alloy Parent and Minnesota Power shall continue to make biennial contributions to the Fund. Alloy Parent and Minnesota Power shall complete all biennial to the Fund totaling \$50 million no later than March 3, 2030.

c. The Fund will only be used to finance Minnesota Power investments in clean firm technology approved by the Public Utilities Commission. "Clean firm technology" means "a carbon-free resource, as defined by Minn. Stat. § 216B.1691, subd. 1(b), that can be dispatched and provide energy continuously for a duration of 50 hours or more." The Settling Parties recognize that new or additional technologies and options may emerge at any time. If Minnesota Power identifies an opportunity that may meet the intent of the Fund but does not fully satisfy the aforementioned definition, it may propose the opportunity to the Commission after conferring with the Department to confirm that the Department does not object in principle.

¹⁹⁵ See In the Matter of the Petition by Minnesota Power for Approval of Land Sales, Docket No. E015/PA-20-675, Compliance Filing at 2 (Oct. 15, 2024) (eDocket No. 202410-211008-01).

¹⁹⁶ Settlement Stipulation at 1.56 (July 11, 2025) (eDocket No. 20257-220879-01).

d. Neither contributions to the Fund nor the portion of an investment or project financed with the Fund would be subject to cost recovery (e.g., no return on capital or depreciation).¹⁹⁷

312. This commitment provides multiple benefits: First, it provides new funding specifically targeted to enabling Minnesota Power to explore newer forms of clean, firm technology, an evolving area critical to meeting Minnesota's 2040 Carbon Free Standard. Second, it provides this funding to Minnesota Power from the Partners, as a result of the Acquisition, and therefore does not require contributions from Company ratepayers. Third, the results of this level of investment may displace the need for other investments that would be paid by customers, thereby reducing the costs of the clean energy transition for Minnesota Power customers. Fourth, providing cost-effective, carbon-free, highly reliable forms of carbon free energy to customers is beneficial to the environment and to customers, and thereby serves the public interest. For each of these reasons, we conclude the creation of a Partner-funded Clean Firm Technology Fund is a substantial benefit to the public and the public interest.

313. Paragraph 1.64 of the Stipulation sets forth new Safety, Reliability and Service Quality metrics and commitments, with penalties for noncompliance, and states that: The following metrics are tied to present requirements in Minnesota Power's annual Safety, Reliability, and Service Quality ("SRSQ") docket. Going forward, changes to Commission rules governing service quality or changes to the metrics in the SRSQ docket may also change these metrics, subject to the underperformance payments noted below. Each of the following are subject to reporting starting one year after the close of the Acquisition and enforcement beginning two years after the close of the Acquisition:

a. If Minnesota Power's statewide service reliability fails to meet or exceed the Institute of Electrical and Electronics Engineers ("IEEE") second quartile benchmark for medium utilities, Minnesota Power shall be required to make a \$250,000 underperformance payment.

b. If one or more of Minnesota Power's work centers' reliability fails to meet or exceed the IEEE second quartile benchmark for small utilities, Minnesota Power shall be required to make a \$250,000 underperformance payment.

c. If the number of non-MN DIP service complaints by Minnesota Power customers forwarded to the utility from the Commission's Consumer Affairs Office exceeds fifty (50) in a given reporting year, Minnesota Power shall be required to make a \$250,000 underperformance payment.

d. If Minnesota Power fails to grant at least 99 percent of Cold Weather Rule protection requests which meet Minnesota statutory requirements, Minnesota Power shall be required to make a \$250,000 underperformance payment.

e. If Minnesota Power fails to restore at least 65 percent of involuntarily disconnected, as defined in the Minnesota Rule 7826.1500, residential customers

¹⁹⁷ Settlement Stipulation at 1.63 (July 11, 2025) (eDocket No. 20257-220879-01).

to service within 24 hours, Minnesota Power shall be required to make a \$250,000 underperformance payment.

f. If Minnesota Power fails to answer at least 80 percent of customer calls during business hours within 20 seconds, Minnesota Power shall be required to make a \$250,000 underperformance payment.

g. If Minnesota Power fails to ensure that at least 99.3 percent of customer invoices are accurate, Minnesota Power shall be required to make a \$250,000 underperformance payment.

h. Fifty percent of any under-performance payments assessed will be applied to customer bills during the following July billing cycle of a given performance year on an equal rate per kWh for each customer; the remaining fifty percent will be reinvested into options to address the cause of the underperformance. Any bill credit amounts not remitted by the end of the July billing cycle shall accrue interest beginning after the September billing cycle of the applicable year at a rate equal to that applied to Minnesota Power's customer deposits.

i. Underperformance payments shall not be recoverable from Minnesota Power ratepayers.¹⁹⁸

314. These reliability standards both present opportunities to enhance Minnesota Power's service to customers, and to guard against risks of reductions in service quality that intervenors identified in the contested case process. This Stipulation provision also establishes substantial penalties for noncompliance, *paid by the Company and not customers*, that do not presently exist. Absent this Stipulation and the Acquisition, Minnesota Power has not previously agreed to penalties should its service quality decline, and historically the Commission has not imposed a penalty structure on a utility absent utility agreement. Accordingly, these provisions provide significant customer service and operational benefits to Minnesota Power's customers, and align the Acquisition with the public interest by supporting sustainable energy solutions and improved service reliability.

10. Enforceability

315. Paragraphs 1.73 and 1.74 of the Settlement Stipulation provide several additional enforcement provisions, namely:

- (a) ALLETE and Partners agree that any failure to achieve any commitment in the Stipulation, or to comply with any other condition the Commission places on approval of the Acquisition, is a violation of the Commission's order under Minn. Stat. § 216B.54 and is

¹⁹⁸ Settlement Stipulation at 1.64 (July 11, 2025) (eDocket No. 20257-220879-01).

enforceable against the entity from whom the action (or non-action) is required.¹⁹⁹

- (b) ALLETE and Partners submit to the jurisdiction of the Commission, and then of the courts of the State of Minnesota with respect to any action brought to enforce or resolve a dispute arising from an applicable commitment set forth in this Stipulation or a Commission Order adopting this Stipulation.²⁰⁰

316. The Partners and the Company have previously agreed that their commitments in this proceeding may be memorialized in a Commission order, and the additional enforcement provisions in the Settlement Stipulation memorialize that such an Order is binding on the parties making the commitments, and that failure to fulfill these commitments is actionable at law – both before the Commission and in the Courts of the State of Minnesota.²⁰¹ Further, it is helpful that the Petitioners expressly acknowledge the authority of the Commission and of the regulatory construct in Minnesota, as previously discussed in these findings and conclusions.

DD. Overall Conclusions

317. The ALJ raised several concerns in Section III.C of the ALJ Report regarding the sufficiency and enforceability of the proposed commitments associated with the Acquisition. However, the ALJ did not deeply discuss the Petitioners' proposed commitments based on the complete evidence in the record, as most of the discussion of individual commitments stated the ALJ's conclusions as written by opposing parties, without citations to the record or a balancing of considerations. Additionally, the ALJ did not have the opportunity to thoroughly evaluate modified and new commitments agreed to in the Stipulation.

318. Collectively, the commitments and protections present significant benefits to Minnesota Power and its customers, substantially mitigate identified risks as discussed herein, and align with the public interest.

319. Specifically, the structured equity financing commitments guarantee Minnesota Power's access to necessary capital, mitigating financial risks and providing financial certainty beyond what is available through the public markets. Enhanced transparency measures, financial protections, ring-fencing commitments, and

¹⁹⁹ Settlement Stipulation at 1.73 (July 11, 2025) (eDocket No. 20257-220879-01).

²⁰⁰ Settlement Stipulation at 1.74 (July 11, 2025) (eDocket No. 20257-220879-01).

²⁰¹ See Minn. Stat. §216B.54. ("Whenever the commission or department shall be of the opinion that any person or public utility is failing or omitting or is about to fail or omit to do anything required of it ... by any order of the commission, or is doing anything or about to do anything, or permitting anything or about to permit anything to be done, contrary to or in violation of ... any order of the commission, it shall refer the matter to the attorney general who shall take appropriate legal action.) (emphasis added). "Person" is defined in Minn. Stat. § 216B.02, subd. 3 and includes partnerships and corporations, including the Partners and Alloy Parent. Minn. Stat. § 216B.57 also provides that any person, as defined, who knowingly and intentionally violates or fails to obey a Commission order is subject to financial penalties.

governance structures help ensure continued financial integrity, robust corporate separateness, and independent oversight.

320. While opposing parties have identified potential increases in rates for customers, including increased cost of capital, as a cost risk of the Acquisition, the Commission ultimately determines what investments, rates, and rates of return are just and reasonable for Minnesota customers. The Stipulation also provides multiple commitments and accounting requirements, described herein, to ensure the costs of the Acquisition itself are not borne by customers.

321. There are, however, multiple conditions in the Stipulation that provide new, significant, and quantifiable financial benefits to customers, including the Clean Firm Technology Fund, ROE reduction, residential customer arrearage forgiveness, savings with respect to investor relations, flotation, and board of directors expenses.

322. In Finding # 180 of the ALJ Report, the ALJ concluded that ratepayer financial benefits in this transaction do not reasonably equate to “ratepayer concessions offered in other recently approved deals. These benefits have included:

- \$88–100 million in rate credits over ten years, In re Joint Appl. of Puget Holdings LLC & Puget Sound Energy, Inc., No. 08, 2008 WL 5432243 (Dec. 30, 2008);
- \$75 million in customer benefits, including \$60 million as direct rate credits, In re Merger of S. Jersey Indus., Inc. & Boardwalk Merger Sub, Inc., No. GM22040270, 2023 WL 1965663, at *19 (Jan. 25, 2023); and
- \$21 million in rate credits, In re Joint Report & Appl. of El Paso Elec. Co., Sun Jupiter Holdings LLC, & IIF U.S. Holding 2 L.P., No. 49849, 2020 WL 707291, at *8 (Jan. 28, 2020).”

323. However, taking together the \$50 million Clean Firm Technology Fund; the likely values of a rate case stay out and ROE reduction;²⁰² the \$2.5 million value of reduced customer costs associated with flotation costs, investor relations costs, and board of directors costs; and between \$1.5 million and \$3.5 million in arrearage forgiveness; along with the extension of collective bargaining agreements with wage increases for union employees, the expedited return of land sales funds to customers, and the potential for penalties paid by the Company if service quality metrics are not met, conservatively the financial commitments in the Stipulation are on par with – if not substantially exceeding – the financial benefits of the Puget Sound, S. Jersey Industries, and El Paso Electric mergers and acquisitions identified in the ALJ Report.

²⁰² In the Matter of Application by Minnesota Power for Authority to Increase Rates for Electric Service in Minnesota Docket No. E015/GR-23-155, Compliance Filing at Section 1 page 1 (Dec. 20, 2024); In the Matter of the Application of Minnesota Power for Authority to Increase Rates for Electric Utility Service in Minnesota, Docket No. E015/GR-21-355, Compliance Filing at Attachment 1 page 1 (Oct. 5, 2023).

324. Additionally, provisions addressing affiliated interest transparency, protections against transaction-related cost recovery, dedicated support for low-income customers, and substantial environmental and reliability commitments further illustrate net public benefits.

325. Therefore, based on the extensive and detailed commitments as modified by the Settlement Stipulation, the Commission finds that the proposed Acquisition is consistent with the public interest. The comprehensive nature and enforceability of these commitments justify approval of the Acquisition, as they mitigate identified risks while creating meaningful and measurable benefits for Minnesota Power, its customers, and the broader community.