

**STATE OF MINNESOTA  
BEFORE THE COURT OF ADMINISTRATIVE HEARINGS  
FOR THE MINNESOTA PUBLIC UTILITIES COMMISSION**

In the Matter of the Petition of Minnesota  
Power for Acquisition of ALLETE by Canada  
Pension Plan Investment Board and Global  
Infrastructure Partners

MPUC Docket No. E015/PA-24-198

CAH Docket No. 25-2500-40339

**SETTLEMENT STIPULATION BETWEEN THE MINNESOTA DEPARTMENT OF  
COMMERCE, ALLETE, INC. D/B/A MINNESOTA POWER, CANADA PENSION  
PLAN INVESTMENT BOARD, AND GLOBAL INFRASTRUCTURE PARTNERS**

**July 11, 2025**

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**SETTLEMENT STIPULATION**

This Settlement Stipulation (“Settlement”) is entered into effective July 11, 2025, between the Minnesota Department of Commerce (the “Department”), ALLETE, Inc. d/b/a Minnesota Power,<sup>1</sup> Canada Pension Plan Investment Board (“CPP Investments”), and Global Infrastructure Partners (“GIP”) (collectively the “Settling Parties”).

**BACKGROUND**

A. The Department is a state agency charged by the legislature with enforcing Minnesota Statutes chapters 216A, 216B, and 237 and the orders of the Minnesota Public Utilities Commission (“Commission”) issued pursuant to those chapters. The Department represents the collective interests of all Minnesota ratepayers in related proceedings.

B. Minnesota Power is a public utility operating division of ALLETE, Inc. First incorporated in 1906, Minnesota Power has been serving northern Minnesota for over a century and currently provides electricity to more than 150,000 residential and commercial customers, 14 municipal systems, and some of the nation’s largest industrial customers across a 26,000 square mile service area located in central and northern Minnesota.

C. CPP Investments is a professional investment management organization and an experienced infrastructure investor that manages approximately CAD \$700 billion in Canada Pension Fund (“CPF”) assets, which are expected to grow to CAD \$1 trillion over the next decade.

D. GIP is the trade name for Global Infrastructure Management, LLC, along with related funds, and is an independent, specialist infrastructure fund manager that, at the time of the Petition in this proceeding, managed approximately \$115 billion on behalf of its investors across a number of funds. GIP was founded in 2006 to pursue long-term investments in high-quality infrastructure assets and is focused on the energy, transportation, digital, and water / waste sectors.

E. In July 2024, Minnesota Power filed a petition (“Petition”) seeking Commission approval for the proposed acquisition of ALLETE by entities controlled by CPP Investments and

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<sup>1</sup> Throughout this Settlement Stipulation, “Minnesota Power” means the Minnesota regulated utility operating division of ALLETE, Inc. Unless otherwise specifically defined, references to “ALLETE” means the entire ALLETE enterprise including Minnesota Power and all regulated and non-regulated subsidiaries.

GIP (CPP Investments and GIP, together, the “Partners”) (Minnesota Power and the Partners, together, the “Petitioners”) pursuant to Minn. Stat. § 216B.50 (the “Acquisition”).<sup>2</sup>

F. In July 2025, the Department agreed to withdraw its opposition to the proposed Acquisition and recommend that the Commission approve Minnesota Power’s Petition subject to the agreed upon commitments memorialized in this Settlement Stipulation.

G. Through this Settlement Stipulation, the Settling Parties support Commission approval of the Acquisition subject to the terms and conditions of this Settlement Stipulation as consistent with the public interest.

Accordingly, the Settling Parties agree as follows:

## **I. SETTLEMENT TERMS**

1.1 The Settling Parties, through this Settlement Stipulation, have developed a series of additional commitments responsive to issues and concerns raised by the Department and that ensure that the Acquisition is consistent with the public interest. These commitments include a substantial array of additional public interest benefits, risk-mitigation tools, and customer protections beyond those originally proposed by Petitioners in this proceeding. These additional commitments provide substantial benefits to the State of Minnesota and Minnesota Power’s customers.

1.2 The Department and the Petitioners agree that the Acquisition subject to the agreed upon commitments is consistent with the public interest. These terms include both commitments and terms to which ALLETE, Minnesota Power, and the Partners previously agreed and additional commitments and terms agreed between Petitioners and the Department.<sup>3</sup> These terms are intended to work in concert with each other as an integrated whole for the purposes of achieving an outcome in the Acquisition proceeding that is consistent with the public interest.

### **A. Capital Commitments.**

1.3 To alleviate concerns about the availability of investment funds, Alloy Parent<sup>4</sup> shall 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

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<sup>2</sup> Ex. MP-1 (Initial Filing – Petition for Approval) (eDocket No. [20247-208768-01](#)); Ex. MP-2 (Initial Filing – Petition for Approval) (eDocket No. [20247-208768-02](#)) (TS); MP-44 (Initial Filing and Rebuttal Second Errata) (Petition, Bram, and Lapson) (eDocket No. [20253-216899-01](#)).

<sup>3</sup> Paragraphs 1.4-1.6, 1.9, 1.12-1.14, 1.17-1.30, 1.32-1.36, 1.38, 1.40-1.46, 1.56, 1.63-1.64, and 1.73-1.74 were negotiated by the Settling Parties for purposes of this comprehensive Settlement Stipulation. In some instances, the negotiated terms of the Settlement Stipulation modified or replaced terms proposed by the Petitioners. The remaining commitments were proposed by the Petitioners in testimony during the Acquisition proceeding. This Agreement reflects the final form of all terms as agreed by the Settling Parties.

<sup>4</sup> With respect to the commitments herein, “Alloy Parent” means Alloy Parent LLC; “Partners” refers to (i) the funds managed by GIP participating in this transaction, namely GIP Fund V and Tower Bridge and (ii) CPP Investment Board Private Holdings (5) Inc.; and “Alloy Parent entities” means (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 between Alloy Parent LLC and Alloy Holdings GP while the Partners own ALLETE.

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. This funding commitment will not be used to establish a higher or lower ROE.

1.4 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.

1.5 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.

1.6 ALLETE shall not make any dividend or distributions to Alloy Parent unless at least one senior unsecured credit rating is investment grade or above. For the avoidance of doubt, the limit on distributions shall not apply to payments made by ALLETE to any Alloy Parent entities or ALLETE subsidiaries under the tax sharing agreement.

1.7 ALLETE 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.

1.8 Including with respect to the capital investment identified in paragraph 1.3, rate recovery and allocation of rate recovery of Minnesota Power capital investments across customer classes are subject to Minnesota Public Utilities Commission ("Commission") authority.

## **B. Post-Acquisition Capital Structure.**

1.9 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. ALLETE will use commercially reasonable efforts to maintain its current corporate and facility ratings. ALLETE and Minnesota Power to the extent applicable shall 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.

1.10 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 regulated capital structure to the level approved in its most recent Minnesota rate case.

So long as Minnesota Power and ALLETE remain the same entity, the company will continue to make its annual capital structure filings with the Commission.

1.11 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.

1.12 If Minnesota Power's cost of debt increases above current levels within 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.

1.13 Assuming a holding company restructuring as described in paragraph 1.27 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.

1.14 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") will be changed from 9.78 percent to 9.65 percent.<sup>5</sup> 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.

### **C. Corporate Separateness/Ring Fencing.**

1.15 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 (**Attachment A** to this Settlement Stipulation which is incorporated by reference).

1.16 Alloy Parent will not use utility assets to guarantee Alloy Parent debt.

1.17 The Partners will not pledge the assets of ALLETE or Minnesota Power to secure debt of the Partners.

1.18 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

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<sup>5</sup> 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.

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).

1.19 (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.

1.20 ALLETE shall obtain and file a non-consolidation opinion with the Commission within 180 days after closure of the Acquisition based on the final terms of the Acquisition.

1.21 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.

1.22 Minnesota Power shall be prohibited from guaranteeing any obligations of its nonutility affiliates.

#### **D. Governance.**

1.23 ALLETE will be governed consistent with the following requirements:

- 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.

1.24 The Audit Committee of the Board will consist of Board directors not employed by any of ALLETE, GIP, or CPP Investments.

1.25 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.

1.26 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.

1.27 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.<sup>6</sup>

1.28 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.

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<sup>6</sup> Commitments in paragraphs 1.4–1.7, 1.9 – 1.11, 1.16 – 1.19, 1.21, 1.23, 1.28 – 1.30, 1.32, 1.34 – 1.38, 1.42, 1.57, 1.73, and 1.74 and others that may be later identified, shall only apply to the presently identified entity until a holding company is created. In the holding company docket, the appropriate entity – e.g., Minnesota Power, ALLETE, or an Alloy Parent entity – to be subject to these obligations on an ongoing basis shall be determined consistent with the record in that docket.

**E. Affiliated Interests.**

1.29 In addition to, and not in abrogation of, any obligations pursuant to Minn. Stat. § 216B.48, in the interest of transparency and to protect against concerns regarding any non-arms-length transactions:

- a. 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 CPP Investments, GIP, or BlackRock, Inc. Minnesota Power will list those entities in the annual affiliated interest report.
- b. Minnesota Power will identify any contracts over \$500,000 with an entity identified pursuant to the immediately preceding commitment 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 and executed at arm's length.

1.30 Minnesota Power's annual affiliate interest report to the Commission will be 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.

1.31 ALLETE and Alloy Parent entities (as appropriate) will establish a new tax-sharing agreement that will be subject to Commission approval.

**F. Books and Records.**

1.32 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).

1.33 Partners shall provide 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.

1.34 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.

1.35 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.

1.36 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.

1.37 ALLETE will file the audited ALLETE Consolidated Financial Statements with Supplemental Schedules as a part of the annual capital structure petition.

1.38 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 any financial activity).

1.39 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.

#### **G. Rates and Affordability.**

1.40 There will be no 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. 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 requirement.

- a. The term “transaction costs” shall mean the costs incurred to structure, negotiate and consummate the transaction, professional services fees, including but not limited to good will, legal fees, regulatory filing costs, investment banker fees, counsel fees, audit fees, and accounting fees, other costs historically recognized as transaction costs, and external services needed to evaluate the merger, negotiate its terms, obtain regulatory approvals, obtain shareholder approvals, and execute transaction contracts.
- b. The term “transition costs” shall mean costs incurred due to the Acquisition other than transaction costs, including but not limited to: severance costs; the costs to

combine, integrate, and/or align Minnesota Power, ALLETE, CPP and GIP following the transaction, including, but not limited to accounting and operating systems software integration costs; costs for moving employees (including changing headquarters); re-organization costs; bonuses or other compensation paid out as a result of the transaction; costs to terminate any duplicative leases, contracts, and operations; or financing costs to refinance existing obligations in order to achieve operational and financial synergies.

- c. Costs associated with negotiating, executing, and effectuating agreements with IBEW or other labor groups (including wages and other costs for labor) shall not be included as either “transaction costs” or “transition costs”.

1.41 Minnesota Power will have the burden to prove in its next rate case that no transaction costs, nor other costs expressly committed to in this table for exclusion from future rate cases, are included in the cost of service to be recovered from customers.

1.42 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.

1.43 Minnesota Power waives its right to file a rate case before November 1, 2026.

1.44 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.

1.45 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.

1.46 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.

1.47 Regarding energy affordability for residential customers, there will be no reduction in Minnesota Power’s currently designed affordability program budget (formally referred to as the Customer Affordability of Residential Electricity program or “CARE”) or the current CARE program eligibility process for the duration of the Partners’ ownership of ALLETE.

1.48 The Partners will provide a financial contribution with the objective to significantly reduce residential arrears to pre-COVID-19 balances or lower, an outcome that would benefit all

Minnesota Power customers while providing account balance relief to the most economically challenged residential customers. This contribution will be used to temporarily augment the flat \$20 discount and Arrearage Forgiveness components of Minnesota Power's CARE program. A similar arrearage forgiveness offering will be developed on a limited scope and duration basis for non-income qualified residential customers that successfully enter into and complete a 24-month payment arrangement for arrears, pending confirmation of billing system capability and reasonable level of effort. A guiding principle shall be to leverage existing program design and system processes to the greatest extent possible to maximize dollars that will directly benefit eligible customers. Drawing from the tremendous success of the collaborative stakeholder engagement process used to develop and propose previous modifications to CARE, Minnesota Power will coordinate with the Commission's Consumer Affairs Office and the Energy CENTS Coalition to refine this proposal and offering, inclusive of eligibility criteria and outreach plans. Details will be shared with the other nonprofit organizations and interested stakeholders previously involved with CARE modifications for their input and awareness prior to implementation. This financial contribution from the Partners may be made in whole or in multiple installments over a period of up to two years following system implementation and customer outreach, contingent upon the Commission's order approving this transaction. The total financial contribution is not to exceed the total balance of residential customer arrears as of the approval date.

1.49 At the request of Energy CENTS Coalition, 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. This is consistent with Minnesota Power's electric service regulations and practices.

1.50 For as long as Minnesota Power is owned by the Partners, ALLETE's contributions to the Minnesota Power Foundation will not be reduced.

1.51 As long as the Partners own Minnesota Power, Minnesota Power shall not seek rate recovery of flotation costs.

1.52 As long as the Partners own Minnesota Power, Minnesota Power shall not seek rate recovery of Investor Relations costs.

1.53 The Partners will not charge fees for any business management or consulting services provided to ALLETE or Minnesota Power.

1.54 For as long as Minnesota Power is owned by the Partners, Minnesota Power will not request rate recovery of board compensation or expenses for any board member not independent from the Partners.

1.55 Minnesota Power 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 Agreement for exclusion from future rate cases, are included in the cost of service to be recovered from customers.

## **H. Workforce and Labor Protections.**

1.56 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.).

1.57 ALLETE and Minnesota Power will maintain the current senior management team, subject to changes to account for voluntary departures or terminations in the ordinary course.

1.58 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.

1.59 Consistent with discussions with IBEW Local 31, Minnesota Power will extend the existing IBEW Local 31 Collective Bargaining Agreement for a period of two years starting January 2026 for Minnesota Power and January 2027 for ARRI, subject to IBEW Local 31 membership approval.

1.60 Extend employee commitment terms to union employees at Minnesota Power and ARRI represented by IBEW Local 31.

1.61 Minnesota Power will commit to execute a Neutrality Agreement with IBEW Local 31.

1.62 Minnesota Power and Partners affirm they do not intend to change Minnesota Power's long-standing practices with regards 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.

## **I. Environmental & Reliability Commitments**

1.63 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 contributions

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.
- 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).

1.64 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 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 received

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.

#### **J. Other Commitments**

1.65 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.

1.66 For as long as Minnesota Power is owned by the Partners, Minnesota Power will maintain historical levels of economic development in the State of Minnesota.

1.67 For as long as Minnesota Power is owned by the Partners, Minnesota Power will remain headquartered in Duluth, Minnesota

1.68 The Partners and Minnesota Power affirm that they are committed to the regulatory process in Minnesota and the jurisdiction of the Commission.

1.69 The Partners and Minnesota Power affirm that they are committed to Commission determinations regarding capital and O&M costs, utility rate recovery, cost allocations, utility capital.

1.70 The Partners and Minnesota Power affirm that they are committed to Commission determinations regarding resource planning, distribution planning and resource acquisition decisions.

1.71 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 IRP and related dockets.

1.72 The Partners defer to Minnesota Power to maintain culture, relationships, and overall approach to operations.

## **K. Enforceability**

1.73 ALLETE and Partners agree that any failure to achieve any commitment in this Settlement, 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 enforceable against the entity from whom the action (or non-action) is required.

1.74 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 Settlement or a Commission Order adopting this Settlement.

## **II. GENERAL PROVISIONS**

2.2 **Confidentiality.** It is understood and agreed that all offers of settlement and discussions related to this Settlement Stipulation are confidential and privileged and may not be used in any manner in connection with proceedings in this Acquisition proceeding, any other Commission proceeding, or otherwise, except as provided by law. The negotiations or discussions undertaken in conjunction with this Settlement Stipulation shall remain inadmissible into evidence in these or any other proceedings in accordance with Rule 408 of the Minnesota Rules of Evidence.

2.3 **Complete Agreement.** This Settlement Stipulation, along with any exhibits, appendices, schedules, and amendments hereto, encompasses the entire agreement of the Settling Parties, and supersedes all previous understandings and agreements between the Settling Parties, whether oral or written.

2.4 **Support and Defense of Settlement.** The Settling Parties agree to support and defend this Settlement Stipulation in its entirety and without modification, which may include but is not limited to submitting oral argument before the Commission, written briefs, and comments in support of this Settlement Stipulation. The Settling Parties agree to submit filings in support of this Settlement Stipulation in response to any Commission process established for that purpose, and to support this Settlement Stipulation at any hearings before the Commission in person or in writing. Each Settling Party also agrees that, except as expressly provided in this Settlement Stipulation, it will take no action in any administrative or judicial proceeding, or otherwise, which would have the effect, directly or indirectly, of contravening the provisions or purposes of this Settlement Stipulation.

2.5 **Acceptance of Settlement.** The Settling Parties agree that this Settlement Stipulation has been entered into as a resolution of the particular issues between them, to minimize litigation, regulatory costs, and controversy, and to promote the public interest. The Settling Parties further agree that, unless expressly stated herein or in pre-filed testimony or other exhibits as part of the record, this Settlement Stipulation may not represent the position, in total or on any individual issue, that the Settling Parties would have taken had the issues been fully litigated. Whether or not adopted by the Commission, this Settlement Stipulation shall not be cited or otherwise used to imply what the Settling Parties' positions were.

**2.6 Modification of Settlement.** This Settlement Stipulation is expressly conditioned on its acceptance by the Commission in its entirety and without modification to its terms. In the event that the Commission modifies a material term of this Settlement in a manner unacceptable to any Settling Party, the Settling Parties shall convene a further settlement conference under Minnesota Rules of Evidence 408 within five (5) business days of the relevant Commission order and determine next steps. If, after the settlement conference, the Settling Parties are unable to agree to conditions that align with the Commission's modifications, then any Settling Party shall have the right to withdraw from this Settlement and contest any issues that may be appropriately raised by that Settling Party. Notice that a Settling Party is withdrawing because of modifications to this Settlement must be provided to the Commission and all other Settling Parties within ten (10) business days of the relevant Commission Order. In the event that the Acquisition does not close, this Settlement Stipulation shall be terminated automatically.

**2.7 Rejection of Settlement.** In the event the Commission does not approve this Settlement Stipulation and any Settling Party withdraws from the Settlement, then (a) this Settlement Stipulation shall not constitute part of the record in this proceeding (except for purposes of any subsequent proceedings to such Commission order rejecting or otherwise not approving this Settlement Stipulation); and (b) no part of it may be used by any party for any purpose in this case or in any other proceeding.

**2.8 Drafting Presumptions.** The Settling Parties agree that all Settling Parties had the opportunity to participate in the drafting of this Settlement. There shall be no legal presumption that any specific Settling Party was the drafter of this Settlement Stipulation.

**2.9 Counterparts.** This Settlement may be executed in counterparts, all of which, when taken together with the attached attachments, shall constitute the entire Settlement. The use of electronic signatures will be of the same legal effect, validity and enforceability as a manually executed signature as permitted by the Minnesota Uniform Electronic Transactions Act.

*[Signature Pages Follow]*

AGREED TO BY:



\_\_\_\_\_  
Bethany M. Owen  
Chair, President, and Chief Executive Officer  
ALLETE, Inc. d/b/a Minnesota Power

Date: 7/11/2025

\_\_\_\_\_  
Andrew Alley  
Managing Director, Head of Infrastructure, North America & Australasia  
Canada Pension Plan Investment Board

Date: \_\_\_\_\_

\_\_\_\_\_  
Jonathan Bram  
Founding Partner  
Global Infrastructure Management, LLC

Date: \_\_\_\_\_

\_\_\_\_\_  
Pete Wyckoff, PhD  
Deputy Commissioner of Energy Resources  
Minnesota Department of Commerce

Date: \_\_\_\_\_

*[Signature page to Settlement Stipulation]*

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Date: \_\_\_\_\_



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Andrew Alley  
Managing Director, Head of Infrastructure, North America & Australasia  
Canada Pension Plan Investment Board

Date: July 11, 2025

\_\_\_\_\_  
Jonathan Bram  
Founding Partner  
Global Infrastructure Management, LLC

Date: \_\_\_\_\_

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Deputy Commissioner of Energy Resources  
Minnesota Department of Commerce

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Canada Pension Plan Investment Board

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\_\_\_\_\_  
Jonathan Bram  
Founding Partner  
Global Infrastructure Management, LLC

Date: July 11, 2025

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Pete Wyckoff, PhD  
Deputy Commissioner of Energy Resources  
Minnesota Department of Commerce

Date: \_\_\_\_\_

*[Signature page to Settlement Stipulation]*

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Date: \_\_\_\_\_

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Andrew Alley  
Managing Director, Head of Infrastructure, North America & Australasia  
Canada Pension Plan Investment Board

Date: \_\_\_\_\_

\_\_\_\_\_  
Jonathan Bram  
Founding Partner  
Global Infrastructure Management, LLC

Date: \_\_\_\_\_

**Peter Wyckoff** Digitally signed by Peter Wyckoff  
Date: 2025.07.11 13:24:57 -05'00'  
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Pete Wyckoff, PhD  
Deputy Commissioner of Energy Resources  
Minnesota Department of Commerce

Date: \_\_\_\_\_

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*[Signature page to Settlement Stipulation]*