

**STATE OF MINNESOTA  
BEFORE THE OFFICE 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

**PETITIONERS' UPDATE OF JOINT PROPOSED FINDINGS OF FACT,  
CONCLUSIONS OF LAW, AND RECOMMENDATION TO APPROVE THE  
ACQUISITION**

August 4, 2025

## TABLE OF CONTENTS

STATEMENT OF THE ISSUES .....	3
SUMMARY OF RECOMMENDATION .....	3
FINDINGS OF FACT .....	4
I.    PROCEDURAL HISTORY .....	4
II.   SUMMARY OF PUBLIC COMMENTS .....	10
III.  STANDARD OF REVIEW .....	10
IV.  POSITIONS OF THE PARTIES .....	13
A.  Minnesota Power .....	13
B.  The Partners .....	14
C.   The Department .....	15
D.   OAG .....	15
E.   CUB .....	16
F.   LPI .....	17
G.   CURE .....	17
H.   ECC .....	18
I.   Sierra Club .....	18
J.   IBEW .....	19
K.   Local 49, NCSRCC, and LIUNA .....	19
V.   BENEFITS, RISKS, AND PROPOSED COMMITMENTS OF THE ACQUISITION .....	20
A.  Financial Benefits to Minnesota Power .....	20
B.  Capital Structure (Equity and Debt) .....	37
C.   Corporate Separateness/Ring-Fencing .....	47
D.   Governance .....	55
E.   Affiliated Interests .....	60
F.   Ratemaking and Affordability .....	69
G.   Workforce and Labor Protections .....	75
H.   Books and Records .....	79
I.   Core Values and Environmental Commitments .....	83
VI.  APPROVAL BY OTHER STATE AND FEDERAL AGENCIES .....	87
VII. MINNESOTA POWER'S UNION AND NON-UNION WORKFORCE .....	89
VIII. MINNESOTA POWER'S ABILITY TO COMPLY WITH THE CARBON FREE STANDARD .....	89
IX.  CONSISTENCY WITH THE PUBLIC INTEREST .....	92

**TABLE OF CONTENTS**

CONCLUSIONS OF LAW ..... 94

**STATE OF MINNESOTA  
BEFORE THE OFFICE 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

**PETITIONERS' UPDATE OF JOINT PROPOSED FINDINGS OF FACT,  
CONCLUSIONS OF LAW, AND RECOMMENDATION TO APPROVE THE  
ACQUISITION**

On July 19, 2024, Minnesota Power filed a petition ("Petition") seeking Minnesota Public Utilities Commission ("Commission") approval for the proposed acquisition of ALLETE, Inc. d/b/a Minnesota Power by entities controlled by the Canada Pension Plan Investment Board ("CPP Investments") and Global Infrastructure Partners ("GIP") (together, the "Partners") pursuant to Minn. Stat. § 216B.50 (the "Acquisition").

This matter came before Administrative Law Judge Megan J. McKenzie for an evidentiary hearing on April 1-3, 2025. Public hearings were held virtually on January 10 and April 10, 2025, and in person in Cloquet and Duluth, Minnesota on April 7, 2025, Eveleth and Cohasset, Minnesota on April 8, 2025, and Little Falls, Minnesota on April 11, 2025.

The following appearances were made on behalf of the Parties to this proceeding, as of the time of these Proposed Findings:

Matthew R. Brodin, Senior Attorney, Minnesota Power, and Elizabeth M. Brama and Kodi Jean Verhalen, Taft Stettinius & Hollister LLP, appeared on behalf of Minnesota Power.

Ryan P. Barlow and Dan Lipschultz, Moss & Barnett P.A., and Anna G. Rotman, Kirkland & Ellis LLP, appeared on behalf of the Partners.

Brian E. Kowalski, Latham & Watkins LLP, appeared on behalf of CPP Investments.

Richard Dornfeld and Katherine Arnold, Assistant Attorneys General, appeared on behalf of the Minnesota Department of Commerce ("Department").

Peter G. Scholtz and Katherine Hinderlie, Assistant Attorneys General, appeared on behalf of the Office of the Attorney General – Residential Utilities Division ("OAG").

Brian Edstrom, Senior Regulatory Advocate, appeared on behalf of the Citizens Utility Board of Minnesota ("CUB").

Andrew P. Moratzka, Amber S. Lee, and Eden A. Fauré, Stoel Rives LLP, appeared on behalf of the Large Power Intervenors ("LPI").

Hudson Kingston, Legal Director, and Sarah Mooradian, Government Relations & Policy Director, appeared on behalf of CURE.

George Shardlow, Executive Director, appeared on behalf of the Energy CENTS Coalition ("ECC").

Kristin Henry, Patrick Woolsey, and Evan Mulholland, Attorneys, appeared on behalf of Sierra Club.

Kristin Renskers, Will Keyes, and Eric Berube, Miller O'Brien Jensen, P.A., appeared on behalf of the International Brotherhood of Electrical Workers Local Union 31 ("IBEW").

Kevin Pranis, Marketing Manager, appeared on behalf of LIUNA Minnesota and North Dakota ("LIUNA").

Charles Sutton, Sutton Consulting, appeared on behalf of the International Union of Operating Engineers Local 49 ("IUOE") and North Central States Regional Council of Carpenters ("NCSRCC").

Robert Manning, Jorge Alonso, and Jason Bonnett appeared on behalf of the Commission Staff.

## **STATEMENT OF THE ISSUES**

On October 7, 2024, the Commission issued its Order Requiring Additional Information and Granting Intervention, and Notice of and Order for Hearing in this Docket,<sup>1</sup> referring the matter to the OAH to develop the record on the following issues:

- A. Are there any potential harms to the public interest from the proposed transaction, including in relation to cost or risk?
- B. Are there any potential benefits to ratepayers, Minnesota, or the public interest from the proposed transaction?
- C. Considering all relevant factors and applicable law, is the proposed transaction consistent with the public interest?
- D. Are there regulatory requirements or commitments necessary to render the proposed transaction consistent with the public interest?
- E. How do relevant and related dockets pending before the Federal Energy Regulatory Commission, Public Service Commission of Wisconsin, and/or other state, federal or foreign government agencies impact the Commission's consideration of the proposed transaction?
- F. How will the acquisition impact Minnesota Power's union and non-union workforce and do the protections included in the acquisition agreement adequately protect that workforce?
- G. How will the acquisition impact Minnesota Power's ability to comply with the carbon-free standard under [Minn. Stat.] § 216B.1691, including any modifications of plans associated with the Nemadji Trail Energy Center?

## **SUMMARY OF RECOMMENDATION**

Having fully considered the record as a whole and the evidence therein, the Administrative Law Judge recommends that the Commission approve the Acquisition.

---

<sup>1</sup> *In the Matter of the Petition of Minnesota Power for Acquisition of ALLETE by Canda Pension Plan Investment Board and Global Infrastructure Partners*, Docket No. E015/PA-24-198, ORDER REQUIRING ADDITIONAL INFORMATION AND GRANTING INTERVENTION, AND NOTICE OF AND ORDER FOR HEARING (Oct. 7, 2024) ("Order") (eDocket No. [202410-210754-01](#)).

## **FINDINGS OF FACT**

### **I. PROCEDURAL HISTORY**

1. On July 19, 2024, Minnesota Power filed a petition ("Petition") seeking Minnesota Public Utilities Commission ("Commission") approval for the proposed acquisition of ALLETE, Inc. d/b/a Minnesota Power by entities controlled by the Canada Pension Plan Investment Board ("CPP Investments") and Global Infrastructure Partners ("GIP") (together, the "Partners") pursuant to Minn. Stat. § 216B.50 (the "Acquisition").<sup>2</sup>

2. On July 23, 2024, the Commission issued a Notice of Comment Period on Minnesota Power's Petition.<sup>3</sup>

3. On August 19, 2024, the Citizens Utility Board of Minnesota ("CUB"), the Large Power Intervenor ("LPI"), the International Brotherhood of Electrical Workers Local Union 31 ("IBEW"), the Minnesota Department of Commerce ("Department"), the Office of the Attorney General – Residential Utilities Division ("OAG") filed comments on Minnesota Power's Petition.<sup>4</sup> LPI also petitioned to intervene.<sup>5</sup>

4. On August 26, 2024, Minnesota Power and CUB filed reply comments on Minnesota Power's Petition.<sup>6</sup> The International Union of Operating Engineers Local 49 ("IUOE") and North Central States Regional Council of Carpenters ("NCSRCC") also filed comments on Minnesota Power's Petition.<sup>7</sup>

5. On August 29, 2024, LIUNA Minnesota and North Dakota ("LIUNA") filed reply comments on Minnesota Power's Petition.<sup>8</sup>

6. On August 30, 2024, the Energy CENTS Coalition ("ECC") filed comments on Minnesota Power's Petition.<sup>9</sup>

7. On September 6, 2024, the Commission issued a Notice of Commission Meeting scheduling the decision on various procedural issues associated with Minnesota Power's Petition for the September 19, 2024 Agenda Meeting.<sup>10</sup>

---

<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> Notice of Comment Period (July 23, 2024) (eDocket No. [20247-208866-01](#)).

<sup>4</sup> See Comments of CUB (Aug. 19, 2024) (eDocket No. [20248-209629-02](#)); LPI Initial Comment (Aug. 19, 2024) (eDocket No. [20248-209621-02](#)); Comments of IBEW (Aug. 19, 2024) (eDocket No. [20248-209614-01](#)); Comments of the Department (Aug. 19, 2024) (eDocket No. [20248-209601-01](#)); and Comments of the OAG (Aug. 19, 2024) (eDocket No. [20248-209588-02](#)).

<sup>5</sup> LPI Petition to Intervene (Aug. 19, 2024) (eDocket No. [20248-209621-03](#)).

<sup>6</sup> Ex. MP-4 (Reply Comments) (eDocket No. [20248-209786-01](#)); CUB Reply Comments (Aug. 26, 2024) (eDocket No. [20248-209785-02](#)).

<sup>7</sup> Comments from IUOE and NCSRCC (Aug. 26, 2024) (eDocket No. [20248-209781-01](#)).

<sup>8</sup> LIUNA Reply Comments (Aug. 29, 2024) (eDocket No. [20248-209852-01](#)).

<sup>9</sup> ECC Comments (Aug. 30, 2024) (eDocket No. [20248-209888-01](#)).

<sup>10</sup> Notice of Commission Meeting (Sep. 6, 2024) (eDocket No. [20249-210007-07](#)).

8. On September 9, 2024, CURE petitioned to intervene.<sup>11</sup>
9. On September 11, 2024, the Commission Staff issued Briefing Papers on Minnesota Power's Petition.<sup>12</sup>
10. On September 13, 2024, ECC petitioned to intervene.<sup>13</sup>
11. On September 16, 2024, Minnesota Power filed a report to update the Commission on the shareholder approval of the Acquisition.<sup>14</sup>
12. On September 17, 2024, the Commission Staff issued additional Briefing Papers, including new Decision Options.<sup>15</sup>
13. On September 18, 2024, the Department filed a letter regarding the scheduling decision options contained in the Commission Staff Briefing Papers.<sup>16</sup> LIUNA and IBEW also petitioned to intervene.<sup>17</sup> Further, IBEW filed comments on the Commission Staff Briefing Papers.<sup>18</sup>
14. On October 7, 2024, the Commission issued an Order on various procedural issues associated with Minnesota Power's Petition. In the Order, the Commission directed Minnesota Power to supplement its Petition by October 8, 2024 with certain information related to the acquisition of certain interests in GIP by BlackRock, Inc. ("BlackRock") and referred the matter the Office of Administrative Hearings ("OAH") for contested case proceedings to develop certain issues on the record.<sup>19</sup> The Commission also granted intervention to CUB, CURE, ECC, LPI, IBEW, and LIUNA.<sup>20</sup>
15. On October 8, 2024, Minnesota Power supplemented its Petition pursuant to the Commission's October 7, 2024 Order.<sup>21</sup>
16. On October 28, 2024, the Administrative Law Judge ("ALJ") issued a First Prehearing Order that included the following events and deadlines:<sup>22</sup>

---

<sup>11</sup> Petition to Intervene of CURE (Sep. 9, 2024) (eDocket No. [20249-210067-01](#)).

<sup>12</sup> Staff Briefing Papers (Sep. 11, 2024) (eDocket No. [20249-210143-01](#)).

<sup>13</sup> Petition to Intervene of ECC (Sep. 13, 2024) (eDocket No. [20249-210211-01](#)).

<sup>14</sup> Ex. MP-5 (Shareholder Approval Update) (eDocket No. [20249-210246-01](#)).

<sup>15</sup> Sieben New Decision Options (Sep. 17, 2024) (eDocket No. [20249-210277-01](#)).

<sup>16</sup> MP Acquisition Docket – Decision Option 11 Letter (Sep. 18, 2024) (eDocket No. [20249-210304-01](#)).

<sup>17</sup> LIUNA Petition for Intervention (Sep. 18, 2024) (eDocket No. [20249-210294-02](#)); Petition to Intervene by IBEW (Sep. 18, 2024) (eDocket No. [20249-210320-01](#)).

<sup>18</sup> IBEW Reply Comments (Sep. 18, 2024) (eDocket No. [20249-210321-01](#)).

<sup>19</sup> Order (Oct. 7, 2024) (eDocket No. [202410-210754-01](#)). The issues to be addressed are set forth in Section V.

<sup>20</sup> *Id.*

<sup>21</sup> Ex. MP-6 (Supplemental Filing) (eDocket No. [202410-210823-01](#)).

<sup>22</sup> First Prehearing Order (Oct. 28, 2024) (eDocket No. [202410-211370-01](#)).



Deadline for Submission of Proposed Protective Order	November 15, 2024
Deadline for Petitioner Direct Testimony	December 12, 2024
Deadline for Intervenor Direct Testimony	February 4, 2025
Deadline for Rebuttal Testimony	March 4, 2025
Deadline for Surrebuttal Testimony	March 25, 2025
All Parties File Final Witness List and Exhibit List	March 27, 2025
Initial Briefs	May 1, 2025
Reply Brief and Proposed Findings of Facts	May 29, 2025
ALJ Report Issued	July 15, 2025

17. On November 14, the Parties submitted (i) a joint proposed Protective Order and (ii) a joint proposed Protective Order for Highly Confidential Trade Secret Data (the "HCTS Protective Order").

18. On November 15, 2024, Sierra Club and IUOE and NCSRCC petitioned to intervene.<sup>23</sup>

19. On December 5, 2024, the ALJ issued the Protective Order.<sup>24</sup>

20. On December 12, 2024, Minnesota Power and the Partners filed Direct Testimony supporting Minnesota Power's Petition.<sup>25</sup>

21. On December 16, 2024, the ALJ issued the HCTS Protective Order.<sup>26</sup>

22. On December 19, 2024, the ALJ issued a Second Prehearing Order.<sup>27</sup> The ALJ also granted intervention to Sierra Club and IUOE and NCSRCC.<sup>28</sup>

23. On December 23, 2024, Minnesota Power filed the December 19, 2024 Federal Energy Regulatory Commission ("FERC") Order approving the Acquisition.<sup>29</sup>

<sup>23</sup> Petition to Intervene of Sierra Club (Nov. 15, 2024) (eDocket No. [202411-212020-01](#)); IUOE and NCSRCC Joint Petition for Intervention (Nov. 15, 2024) (eDocket No. [202411-211967-02](#)).

<sup>24</sup> Protective Order and Protective Order for Trade Secret Data (December 12, 2024) (eDocket No. [202412-212750-01](#)).

<sup>25</sup> Exs. MP-9 (Cady Direct) (eDocket No. [202412-212968-03](#)); MP-10 (Scissons Direct) (eDocket No. [202412-212968-04](#)); MP-11 (Taran Direct) (eDocket No. [202412-212968-05](#)); MP-12 (Quackenbush Direct) (eDocket No. [202412-212972-01](#)); MP-13 (Alley Direct) (eDocket No. [202412-212968-10](#)); MP-14 (Bram Direct) (eDocket No. [202412-212968-09](#)); MP-15 (Anderson Direct) (eDocket No. [202412-212968-06](#)); MP-16 (Lapson Direct) (eDocket No. [202412-212973-01](#)); MP-17 (Krollman Direct) (eDocket No. [202412-212968-08](#)); MP-18 (Skelton Direct) (eDocket No. [202412-212968-07](#)); and MP-19 (Bulkley Direct) (eDocket No. [202412-212968-11](#)); MP-23 Direct Testimony Errata Filing (Bram and Scissons) (eDocket No. [20251-214388-01](#)).

<sup>26</sup> Protective Order for Highly Confidential Trade Secret Data (Dec. 16, 2024) (eDocket No. [202412-212992-01](#)).

<sup>27</sup> Second Prehearing Order (December 19, 2024) (eDocket No. [202412-213220-01](#)).

<sup>28</sup> Orders Granting Petitions to Intervene for the Sierra Club, IUOE and NCSRCC (Dec. 19, 2024) (eDocket No. [202412-213211-01](#)).

<sup>29</sup> Ex. MP-21 (FERC Order Letter) (eDocket No. [202412-213310-01](#)).

24. On December 31, 2024, the ALJ issued a Third Prehearing Order scheduling a virtual public hearing in this matter for January 10, 2025.<sup>30</sup>

25. On January 6, 2025, Minnesota Power submitted electronic copies of notices provided by Minnesota Power and the Commission relating to the January 10, 2025 public hearing.<sup>31</sup>

26. On January 10, 2025, a virtual public hearing on the Acquisition was held.

27. On February 3, 2025, based on consultation with the Parties and Commission Staff, Minnesota Power submitted a proposed public hearing schedule.<sup>32</sup>

28. On February 4, 2025, LPI, LIUNA, IBEW, CUB, the Department, the OAG, Sierra Club, and CURE filed Direct Testimony.<sup>33</sup>

29. On February 6, 2025, the ALJ issued an Order Scheduling Public Hearings.<sup>34</sup>

30. On February 7, 2025, the Partners filed a letter notifying the ALJ that CUB's witness, Scott Hempling, committed multiple breaches of the HCTS Protective Order with respect to certain Partner HCTS data.<sup>35</sup>

31. On February 10, 2025, CUB filed a response to the Partners' February 7, 2025 letter, confirming the disclosure identified in the Partners' February 7, 2025 letter.<sup>36</sup>

32. On February 13, 2025, the Department filed a motion to compel discovery of certain redacted data and lift certain HCTS designations ("Department's Motion to Compel").<sup>37</sup>

---

<sup>30</sup> Third Prehearing Order (Dec. 31, 2024) (eDocket No. [202412-213440-01](#)).

<sup>31</sup> Ex. MP-22 (Evidence of Notice of the January 10 Hearing) (eDocket No. [20251-213579-01](#)).

<sup>32</sup> Ex. MP-24 (Proposed Public Hearing Schedule) (eDocket No. [20252-214872-01](#)).

<sup>33</sup> Exs. LPI-1001 (Walters Direct) (eDocket No. [20252-214957-02](#)); LPI-1002 (Walters Direct) (eDocket No. [20253-216809-02](#)) (HCTS); LIUNA-851 (Bryant Direct) (eDocket No. [20252-214955-01](#)); IBEW-801 (Keyes Direct) (eDocket No. [20252-214950-02](#)); CUB-505 (Jester Direct) (eDocket No. [20252-214944-03](#)); DOC-301 (Vavro Direct) (eDocket Nos. [20252-214941-03](#)) (Public), [20252-214941-04](#) (TS), [20252-214942-02](#) (HCTS)); DOC-303 (Addonizio Direct) (eDocket Nos. [20252-214941-01](#) (Public), [20252-214941-02](#) (TS), [20252-214942-01](#) (HCTS)); OAG-400 (Lebens Direct) (eDocket No. [20252-214937-02](#)); OAG-401 (Lebens Direct) (eDocket No. [20252-214940-02](#)) (HCTS); Sierra Club-1100 (Lane Direct) (eDocket No. [20252-214960-01](#)); CURE-601 (Ellis Direct) (eDocket Nos. [20252-214963-09](#) (Public), [20252-214952-07](#) (HCTS)); and CURE-602 (Baker Direct) (eDocket Nos. [20252-214963-04](#) (Public), [20252-214952-03](#) (HCTS)). CUB also filed the Direct Testimony of Scott Hempling, but his testimony was withdrawn before the evidentiary hearing.

<sup>34</sup> Order Scheduling Public Hearings (Feb. 6, 2025) (eDocket No. [20252-215031-01](#)).

<sup>35</sup> CPPIB-GIP February 7, 2025 Letter to ALJ (Feb. 7, 2025) (eDocket No. [20252-215110-01](#)).

<sup>36</sup> CUB February 10, 2025 Letter to ALJ (Feb. 10, 2025) (eDocket No. [20252-215160-01](#)).

<sup>37</sup> DOC Motion to Compel Discover and Lift HCTS Designations (Feb. 13, 2025) (eDocket No. [20252-215370-01](#)).

33. On February 14, 2025, the Partners filed a Notice of Motion and Motion to Revoke Access and Strike Direct Testimony of Scott Hempling ("Motion to Strike").<sup>38</sup>

34. On February 25, 2025, CUB filed a response to the Partners' Motion to Strike, in which CUB chose to withdraw Scott Hempling's Direct Testimony and exclude it from the record.<sup>39</sup>

35. On February 27, 2025, LPI filed a response in support of the Department's Motion to Compel.<sup>40</sup>

36. On February 28, 2025, the OAG filed a response in support of the Department's Motion to Compel.<sup>41</sup>

37. On March 3, 2025, Scott Hempling filed a letter responding to the Partners' Motion to Strike.<sup>42</sup> The ALJ also issued an Order allowing Scott Hempling to file his letter.<sup>43</sup> Further, the Partners filed a response in opposition to the Department's Motion to Compel.<sup>44</sup>

38. On March 4, 2025, Minnesota Power, the Partners, and LIUNA filed Rebuttal Testimony.<sup>45</sup>

39. On March 7, 2025, the Partners filed a letter responding to Scott Hempling's March 3, 2025 letter, which clarified their request for relief.<sup>46</sup>

---

<sup>38</sup> CPPIB-GIP Motion to Strike (Feb. 14, 2025) (eDocket Nos. [20252-215428-02](#)) (Public), [20252-215428-01](#) (TS)).

<sup>39</sup> CUB's Response to Motion to Strike (Feb. 25, 2025) (eDocket No. [20252-215767-02](#)).

<sup>40</sup> LPI Response in Support of Motion to Compel Discover and Lift HCTS Designations (Feb. 27, 2025) (eDocket No. [20252-215830-02](#)).

<sup>41</sup> OAG Response in Support of Motion to Compel Discovery and Lift HCTS Designations (Feb. 28, 2025) (eDocket No. [20252-215888-02](#)).

<sup>42</sup> Hempling March 3, 2025 Letter to ALJ (Mar. 3, 2025) (eDocket No. [20253-216007-01](#)).

<sup>43</sup> Order Allowing Letter (Mar. 3, 2025) (eDocket No. [20253-215996-01](#)).

<sup>44</sup> CPPIB-GIP Response in Opposition of Motion to Compel Discover and Lift HCTS Designations (Mar. 3, 2025) (eDocket No. [20252-215940-01](#)).

<sup>45</sup> Exs. MP-27 (Cady Rebuttal) (eDocket No. [20253-216055-03](#)); MP-28 (Scissons Rebuttal) (eDocket No. [20253-216055-04](#)); MP-29 (Taran Rebuttal) (eDocket No. [20253-216055-05](#)); MP-30 (Quackenbush Rebuttal) (eDocket No. [20253-216055-12](#)); MP-31 (Alley Rebuttal) (eDocket No. [20253-216055-09](#)); MP-32 (Alley Rebuttal) (eDocket No. [20253-216056-04](#)) (HCTS); MP-33 (Bram Rebuttal) (eDocket No. [20253-216055-08](#)); MP-34 (Bram Rebuttal) (eDocket No. [20253-216056-03](#)) (HCTS); MP-35 (Anderson Rebuttal) (eDocket No. [20253-216055-06](#)); MP-36 (Lapson Rebuttal) (eDocket No. [20253-216055-11](#)); MP-37 (Krollman Rebuttal) (eDocket No. [20253-216055-07](#)); MP-38 (Bulkley Rebuttal) (eDocket No. [20253-216055-10](#)); MP-39 (Bulkley Rebuttal) (eDocket No. [20253-216056-05](#)) (HCTS); and LIUNA-853 (Bryant Rebuttal) (eDocket No. [20253-216057-01](#)); MP-44 (Initial Filing and Rebuttal Second Errata (Petition, Bram, and Lapson)) (eDocket No. [20253-216899-01](#)).

<sup>46</sup> CPPIB-GIP March 7, 2025 Letter to ALJ (Mar. 7, 2025) (eDocket No. [20253-216161-01](#)).

40. On March 11, 2025, the OAG filed a letter in opposition to the Partners' March 7, 2025 letter.<sup>47</sup> The ALJ also issued an Order for in Camera Inspection of the documents at issue in the Department's Motion to Compel.<sup>48</sup>

41. On March 12, 2025, the ALJ issued an Order Rescheduling Public Hearing.<sup>49</sup> The ALJ also issued an Order on the Partners' Motion to Strike.<sup>50</sup>

42. On March 17, 2025, the OAG filed a Notice of Motion and Motion to Lift Trade Secret Designation regarding certain Minnesota Power responses to information requests ("OAG's Motion to Lift Trade Secret Designation").<sup>51</sup>

43. On March 18, 2025, the ALJ issued an Order on the Department's Motion to Compel.<sup>52</sup>

44. On March 25, 2025, Minnesota Power, the Partners, IBEW, LPI, Sierra Club, CUB, the Department, ECC, and the OAG filed Surrebuttal Testimony.<sup>53</sup> The Department also filed a memorandum in support of the OAG's Motion to Lift Trade Secret Designation.<sup>54</sup>

45. On March 26, 2025, CURE and the Department filed Surrebuttal Testimony.<sup>55</sup>

46. On March 31, 2025, Minnesota Power filed a response in opposition to the OAG's Motion to Lift Trade Secret Designation.<sup>56</sup>

47. The evidentiary hearing was held on April 1-3, 2025.

---

<sup>47</sup> OAG March 11, 2025 Letter to ALJ (Mar. 11, 2025) (eDocket No. [20253-216293-01](#)).

<sup>48</sup> Order for In Camera Inspection (Mar. 11, 2025) (eDocket No. [20253-216288-01](#)).

<sup>49</sup> Order Rescheduling Public Hearings (Mar. 12, 2025) (eDocket No. [20253-216314-01](#)).

<sup>50</sup> Order on Motion (Mar. 12, 2025) (eDocket No. [20253-216304-01](#)).

<sup>51</sup> OAG Motion to Lift Trade Secret Designations (Mar. 17, 2025) (eDocket Nos. [20253-216485-02](#)) (Public), [20253-216485-03](#) (TS)).

<sup>52</sup> Order on Motion to Compel (Mar. 18, 2025) (eDocket No. [20253-216543-01](#)).

<sup>53</sup> Exs. MP-40 (Cady Surrebuttal) (eDocket No. [20253-216810-02](#)); MP-41 (Bram Surrebuttal) (eDocket No. [20253-216810-03](#)); DOC-304 (Addonizio Surrebuttal) (eDocket Nos. [20253-216799-01](#) (Public), [20253-216799-02](#) (TS), 20253-216801-01 (HCTS)); OAG-402 (Lebens Surrebuttal) (eDocket No. [20253-216790-02](#)); OAG-403 (Lebens Surrebuttal) (eDocket No. [20253-216790-03](#)) (TS); CUB-506 (Jester Direct) (eDocket No. [20253-216800-02](#)); LPI-1003 (Walters Surrebuttal) (eDocket No. [20253-216807-02](#)); LPI-1004 (Walters Surrebuttal) (eDocket No. [20252-214959-02](#)) (HCTS); ECC-700 (Shardlow Surrebuttal) (eDocket No. [20253-216797-01](#)); Sierra Club-1100 (Lane Surrebuttal) (eDocket No. [20253-216796-01](#)) (Public), [20253-216798-01](#) (HCTS)); and IBEW-802 (Keyes Surrebuttal) (eDocket No. [20253-216812-02](#)).

<sup>54</sup> OAG Memorandum in Support of OAG's March 17 Motion (March 25, 2025) (eDocket No. [20253-216782-01](#)).

<sup>55</sup> DOC-302 (Vavro Surrebuttal) (eDocket No. [20253-216835-01](#)); CURE-602 (Baker Surrebuttal) (eDocket Nos. [20253-216819-03](#) (Public), [20253-216818-02](#) (HCTS)); CURE-603 (Ellis Surrebuttal) (eDocket Nos. [20253-216834-02](#) (Public), [20253-216838-02](#) (HCTS)).

<sup>56</sup> Minnesota Power Response to OAG Motion (March 31, 2025) (eDocket No. [20253-217020-01](#)).

48. Public hearings were held virtually on January 10 and April 10, 2025, and in person in Cloquet and Duluth, Minnesota on April 7, 2025, Eveleth and Cohasset, Minnesota on April 8, 2025, and Little Falls, Minnesota on April 11, 2025.

49. On April 18, 2025, based on discussions occurring on the record in the evidentiary hearing, Minnesota Power and the Partners filed Response Testimony to Hearing Exhibit OAG-412.<sup>57</sup>

## II. SUMMARY OF PUBLIC COMMENTS

50. Comments on the proposed Acquisition were gathered during in-person and virtual public hearings as well as through written comments during the public comment period, which closed on April 17, 2025. Due to the volume of comments, a summary of public comments is attached as **Addendum A**.

## III. STANDARD OF REVIEW

51. The proposed Acquisition is governed by Minn. Stat. § 216B.50, which requires Commission approval before a public utility may “sell, acquire, lease, or rent any plant as an operating unit or system in this state for a total consideration in excess of \$1,000,000, or merge or consolidate with another public utility or transmission company operating in this state.” Under this statute, the Commission must assess whether the Acquisition is “consistent with the public interest.”<sup>58</sup> If the Commission finds that the Acquisition is consistent with the public interest, “it shall give its consent and approval by order in writing.”<sup>59</sup>

52. To determine if the Acquisition is “consistent with the public interest, perceived detriments or concerns must be weighed against perceived benefits to the

---

<sup>57</sup> Exs. MP-60 (Cady Response Testimony) (eDocket No. [20254-217895-01](#)); MP-61 (Cady Response Testimony HCTS) (eDocket No. [20254-217896-02](#)); CPPIB-GIP-206 (Bram Response Testimony) (eDocket No. [20254-217895-02](#)); CPPIB-GIP-207 (Bram Response Testimony HCTS) (eDocket No. [20254-217896-03](#)).

<sup>58</sup> Minn. Stat. § 216B.50, subd. 1.

<sup>59</sup> *Id.*

public. If the perceived detriments do not outweigh the perceived benefits, the merger is deemed to be 'consistent with the public interest.'"<sup>60</sup>

53. Although the Commission uses a balancing test to determine if the Acquisition is consistent with the public interest,<sup>61</sup> a finding that the Acquisition results in net benefits is not required. Rather, in prior cases, the Commission has consistently held that the public interest standard requires only a finding that a transaction is compatible with the public interest, not an affirmative finding of public benefit.<sup>62</sup> The Commission has also stated that Minn. Stat. § 216B.50 "does not require that proposed mergers affirmatively benefit ratepayers or the public or that they otherwise promote the public interest."<sup>63</sup> To satisfy this standard, the Acquisition merely "cannot contravene the public interest . . . and must be shown to be compatible with it."<sup>64</sup>

54. LPI, CURE, and Sierra Club argue that the Commission should apply a net benefit standard when evaluating the proposed Acquisition. LPI argues that some other state commissions and this Commission have favored a demonstration of net benefits, and a net benefits standard should apply to the proposed Acquisition based on the

---

<sup>60</sup> *In the Matter of the Application of Northern States Power Company for Approval to Merge with New Century Energies, Inc.*, Docket No. E,G002/PA-99-1031, ORDER APPROVING MERGER, AS CONDITIONED at 7 (June 12, 2000) ("NSP/NCE Merger Order") (eDocket No. [789046](#)).

<sup>61</sup> *In the Matter of a Request for Approval of the Acquisition by MDU Resources Group, Inc., and its Division, Great Plains Natural Gas Company, of Cascade Natural Gas Corporation*, Docket No. G004/PA-06-1585, ORDER APPROVING ACQUISITION, WITH CONDITIONS at 2 (Mar. 23, 2007) (eDocket No. [3943867](#)).

<sup>62</sup> See, e.g., *id.*; *In the Matter of a Request for Approval of the Acquisition of the Stock of Natrogas, Incorporated (Natrogas), a Merger of Northern States Power Company (NSP) and Western Gas Utilities, Inc. (Western), and Related Affiliated Interest Agreements*, Docket No. G002/PA-99-1268, ORDER APPROVING MERGER SUBJECT TO CONDITIONS at 3 (Jan. 10, 2000) (eDocket No. [426096](#)); *In the Matter of the Proposed Merger of Minnegasco, Inc. with and into Arkla, Inc.*, Docket No. G008/PA-90-604, ORDER APPROVING MERGER AND ADOPTING AMENDED STIPULATION WITH MODIFICATIONS at 4 (Nov. 27, 1990) (eDocket No. [403630](#)).

<sup>63</sup> NSP/NCE Merger Order at 7.

<sup>64</sup> *Id.*



significance of the Acquisition.<sup>65</sup> CURE argued that satisfying the public interest standard requires more than avoiding harm and that it requires credible, enforceable commitments that produce concrete benefits.<sup>66</sup> Sierra Club argued that the Commission must consider whether it would provide net public benefits to meaningfully evaluate the proposed Acquisition.<sup>67</sup>

55. Under Minnesota law, the net benefits standard is not the proper standard of review for the proposed Acquisition. As previously noted, the statutory standard is “consistent with the public interest,”<sup>68</sup> which both this Commission and other states have interpreted to be a “no net harm” standard rather than a net benefit standard.<sup>69</sup>

56. Additionally, this Commission has not previously applied a net benefits standard to Minn. Stat. § 216B.50 transactions and the law has not changed; as such, changing the interpretation of the statute now as LPI, CURE, and Sierra Club suggest, is not warranted. It would also be arbitrary and capricious to apply a different standard of review to the proposed Acquisition than the Commission has applied in the past. As such,

---

<sup>65</sup> Initial Brief of the Large Power Intervenors at 11-17 (May 1, 2025) (eDocket No. [20255-218497-02](#)) (“LPI Initial Brief”).

<sup>66</sup> Initial Post-Hearing Brief of CURE at 6 (May 1, 2025) (eDocket No. [20255-218524-01](#)) (“CURE Initial Brief”).

<sup>67</sup> Sierra Club’s Initial Post-hearing Brief at 11-13 (May 1, 2025) (eDocket No. [20255-218527-01](#)) (“Sierra Club Initial Brief”).

<sup>68</sup> Minn. Stat. § 216B.50, subd. 1.

<sup>69</sup> See e.g., Evid. Hrg. Tr. at 681:1-686:3 (Apr. 3, 2025) (Walters) (admitting that the Washington Utilities and Transportation Commission case cited in LPI Witness Walters’s testimony regarding the joint application for transfer of property between Hydro One Limited and Avista Corporation stated, “To be consistent with the public interest a transaction need not confer net benefits on customers or the public by making them better off they would be absent the transaction. It is sufficient if the transaction causes no harm.”); see, e.g., *Joint Petition for Approval of Merger Between NSTAR and Northeast Utilities, Pursuant to G.L. c. 164, s 96*, No. D.P.U. 10-170, 2011 WL 933568 (Mass. D.P.U. Mar. 10, 2011) (interpreting the “consistent with the public interest” standard as a “no net harm” standard); *In the Matter of the Joint Application of Qwest Communications International, Inc. and CenturyLink, Inc., for Approval of Indirect Transfer of Control of Qwest Corporation, Qwest Communications Company, LLC, and Qwest LD Corp.*, No. D2010.5.55, 2010 WL 10128975 (Mont. P.S.C. Dec. 15, 2010) (utilizing a “no-harm to consumers” standard finds and finding that the transaction is consistent with the public interest); *Re Eastern Utilities Associates*, No. DF 89-085, 1991 WL 420183 (N.H.P.U.C. Apr. 1, 1991) (holding that the “no harm” test is most consistent with the public interest standard).

the applicable standard requires a determination that the Acquisition is “consistent with the public interest,” and does not require an affirmative finding of public benefit.

#### **IV. POSITIONS OF THE PARTIES**

##### **A. Minnesota Power**

57. The Carbon Free Standard requires Minnesota utilities to meet 100 percent of their retail electric sales with carbon-free generation resources by 2040.<sup>70</sup> The Company estimates it will need to make approximately \$5 billion in capital investments over the next five years to meet its carbon-free goals, including compliance with Minnesota’s 2040 Carbon Free Standard, while continuing to provide safe, reliable, and affordable service to customers.<sup>71</sup> The Company has stated that it is unlikely that it would be able to raise sufficient equity capital from the public markets to meet these capital needs.<sup>72</sup>

58. Minnesota Power stated that the decision to enter into the Acquisition was the result of a lengthy, robust, and carefully thought-out and executed process.<sup>73</sup> As a result, the Company chose Partners who have the financial capability, dedication, stable operations, commitment to state regulation, aligned vision, and commitment to ALLETE as it exists today – allowing the Company to maintain its customer focus, employee commitment, location and community presence, management and leadership, operations and strategy, and continuing focus on the clean energy transition.<sup>74</sup>

59. Minnesota Power concluded that, in addition to access to equity capital and partner expertise, the Acquisition would provide substantial benefits to customers, which

---

<sup>70</sup> Minn. Stat. 216B.1691.

<sup>71</sup> Minnesota Power’s Initial Brief at 1, 13-14 (May 1, 2025) (eDocket No. [20255-218485-01](#)).

<sup>72</sup> Minnesota Power’s Initial Brief at 13 (May 1, 2025) (eDocket No. [20255-218485-01](#)).

<sup>73</sup> *Id.* at 1.

<sup>74</sup> *Id.* at 1-2.



are not available in the public markets.<sup>75</sup> Further, Minnesota Power and the Partners have provided several commitments to address any potential risks of the Acquisition raised by the parties.<sup>76</sup>

60. For the reasons stated above, Minnesota Power concluded that the Acquisition is consistent with the public interest and should be approved by the Commission.<sup>77</sup>

### **B. The Partners**

61. The Partners stated that their interest in acquiring the Company is based on their desire to make long-term investments in companies engaged in decarbonization efforts.<sup>78</sup> The Partners stated that they understand the requirement for Minnesota Power to comply with the Carbon Free Standard and are committed to helping the Company achieve this goal.<sup>79</sup> According to the Partners, the Acquisition will eliminate the risk that the Company will be unable to access the equity capital it needs to comply with the Carbon Free Standard.<sup>80</sup> The Partners stated that the Acquisition will allow the Partners to invest needed capital, subject to continued regulation by the Commission, to benefit Minnesota Power's customers and the public interest.<sup>81</sup>

62. In addition, the Partners stated that the Acquisition will benefit the public interest through commitments related to affordability, workforce and labor protections, and continuity of leadership and core values at the Company.<sup>82</sup> The Acquisition will also

---

<sup>75</sup> *Id.* at 4-5.

<sup>76</sup> *Id.* at 5-8.

<sup>77</sup> *Id.* at 10.

<sup>78</sup> Ex. 13 at 12 (Alley Direct) (eDocket No. [202412-212968-10](#)); Ex. 14 at 4 (Bram Direct) (eDocket No. [202412-212968-09](#)).

<sup>79</sup> Partners' Initial Post Hearing Brief at 2 (May 1, 2025) (eDocket No. [20255-218522-01](#)).

<sup>80</sup> *Id.*

<sup>81</sup> *Id.*

<sup>82</sup> *Id.*

benefit the public interest because it will allow the Company to benefit from the Partners' expertise investing in utilities and renewables as well as their experience in financing advanced energy technologies.<sup>83</sup>

63. The Partners concluded that the Acquisition is in the public interest, and should be approved.<sup>84</sup>

### **C. The Department**

64. The Department argued that Minnesota Power and the Partners have not established that the proposed Acquisition will neither produce meaningful benefits nor refuted the risks.<sup>85</sup> According to the Department, the Commission cannot be certain the Acquisition will finance ALLETE's energy transition.<sup>86</sup> Further, the Department claimed that the Acquisition poses risks to ALLETE's financial health, ratepayers, and the energy transition because Minnesota Power and the Partners have not proposed adequate governance and ring-fencing measures or commitments regarding affiliated interests.<sup>87</sup>

65. Accordingly, the Department recommended that the Commission reject the proposed Acquisition as inconsistent with the public interest.<sup>88</sup>

### **D. OAG**

66. The OAG explained that the Acquisition has the potential for benefits and the potential for risks.<sup>89</sup> The OAG raised concerns that the Partners would have control of the board of directors, raise rates, take on excessive debt, and resell Minnesota Power

---

<sup>83</sup> *Id.*

<sup>84</sup> *Id.*

<sup>85</sup> Initial Brief of the Minnesota Department of Commerce at 1 (May 1, 2025) (eDocket No. [20255-218500-01](#)).

<sup>86</sup> *Id.*

<sup>87</sup> *Id.*

<sup>88</sup> *Id.*

<sup>89</sup> Ex. OAG-400 at 26 (Lebens Direct) (eDocket No. [20252-214937-02](#)).

at a profit.<sup>90</sup> According to the OAG, the proposed Acquisition poses risks for Minnesota Power's ratepayers, the energy transition, and effective Commission oversight of the utility.<sup>91</sup> The OAG argued that these risks outweigh any potential benefits of the Acquisition.<sup>92</sup>

67. Therefore, the OAG recommended that the Commission find that the proposed Acquisition is not consistent with the public interest.<sup>93</sup>

### **E. CUB**

68. CUB questioned the benefits provided by the Acquisition, including improved access to capital and the Partners' expertise in renewable energy projects.<sup>94</sup> CUB also claimed that the potential risks likely outweigh the potential benefits of the Acquisition.<sup>95</sup>

69. Specifically, CUB expressed concern that the Partners will push the Company to grow Minnesota Power's rate base or increase rates more than necessary to generate a return on their investment.<sup>96</sup> CUB also questioned the Company's claim that it needs improved access capital to support Minnesota Power's compliance with the Carbon Free Standard in light of the Company's integrated resource plan.<sup>97</sup> Further, CUB claimed that due to the Partners' investments, the proposed Acquisition would introduce conflicts of interest.<sup>98</sup>

---

<sup>90</sup> Initial Brief of the Office of the Attorney General – Residential Utilities Division at 1 (May 1, 2025) (eDocket No. [20255-218508-02](#)).

<sup>91</sup> *Id.*

<sup>92</sup> *Id.*

<sup>93</sup> *Id.*

<sup>94</sup> Initial Brief of the Citizens Utility Board of Minnesota at 1-2 (May 1, 2025) (eDocket No. [20255-218534-01](#)).

<sup>95</sup> *Id.* at 2.

<sup>96</sup> *Id.*

<sup>97</sup> *Id.*

<sup>98</sup> *Id.*

70. CUB concluded that the Acquisition is not consistent with the public interest, and the Commission should deny its approval.<sup>99</sup>

#### **F. LPI**

71. LPI argued that the testimony does not show that the Company's capital plan is consistent with the public interest or that Minnesota Power could not raise equity in public markets.<sup>100</sup> Instead, LPI concluded that the Partners' testimony shows that the Partners see the Acquisition as an opportunity to have exclusive access to provide that capital in exchange for generous returns on their investment.<sup>101</sup> According to LPI, the Acquisition poses a significant cost and risk to customers.<sup>102</sup> Further, LPI argued that ALLETE and the Partners have a burden of proof, which they have not met, to demonstrate tangible benefits of the Acquisition that outweigh the risks and costs.<sup>103</sup>

72. LPI concluded that the proposed Acquisition is not in the public interest and recommended the ALJ and Commission reject it.<sup>104</sup>

#### **G. CURE**

73. CURE argued that the Acquisition poses a risk to Minnesota and to Minnesota Power's customers of cutting off other sources of funding, information from public reporting, the consistent services provided by Minnesota Power's current workforce, and the access the Minnesota Power now has to additional funding through public markets.<sup>105</sup> CURE also claimed that the Acquisition risks imposing Minnesota Power with large amounts of debt that ultimately will be paid by Minnesota Power

---

<sup>99</sup> *Id.*

<sup>100</sup> LPI Initial Brief at 2 (eDocket No. [20255-218497-02](#)).

<sup>101</sup> *Id.*

<sup>102</sup> *Id.*

<sup>103</sup> *Id.* at 3.

<sup>104</sup> *Id.* at 1.

<sup>105</sup> CURE Initial Brief at 4-5 (eDocket No. [20255-218524-01](#)).

customers and increases the risk of bankruptcy.<sup>106</sup> According to CURE, these risks, plus the Partners' profit interests, also risk the probability of Minnesota Power meeting the Carbon Free Standard on the expected timeline.<sup>107</sup>

74. Therefore, CURE recommended that the Commission reject the Acquisition.<sup>108</sup>

## **H. ECC**

75. ECC concludes that the Acquisition offers real potential benefits in increasing the Company's access to capital at a time of intense need for capital expenditures.<sup>109</sup> ECC also stated that it believes that the potential harms associated with the Acquisition are accounted for by the mandates of the regulatory compact.<sup>110</sup> Further, ECC stated that the Partners' commitment to provide capital through arrearage relief is a once-in-a-generation opportunity to improve the financial security of low-income customers.<sup>111</sup>

76. ECC concluded that the Acquisition is compatible with the public interest.<sup>112</sup>

## **I. Sierra Club**

77. Sierra Club claimed that the Acquisition is likely to increase costs and risks while offering no benefits for Minnesota Power customers.<sup>113</sup> According to Sierra Club, the Acquisition may delay the Company's transition to renewable energy, prolong operation of the Boswell Energy Center, and hinder the Company's compliance with the

---

<sup>106</sup> *Id.* at 5.

<sup>107</sup> *Id.*

<sup>108</sup> *Id.*

<sup>109</sup> Ex. ECC-700 at 10 (Shardlow Surrebuttal) (eDocket No. [20253-216797-01](#)).

<sup>110</sup> Evid. Hr. Tr. at 71:23-72:3 (Apr. 1, 2025) (Shardlow).

<sup>111</sup> *Id.* at 72:14-17.

<sup>112</sup> Ex. ECC-700 at 10 (Shardlow Surrebuttal) (eDocket No. [20253-216797-01](#)).

<sup>113</sup> Sierra Club Initial Brief at 1 (eDocket No. [20255-218527-01](#)).

Carbon Free Standard.<sup>114</sup> Sierra Club also claimed that the Partners have not committed to provide capital to the Company and that the Company has not demonstrated that the Acquisition is a better alternative to obtaining capital on public markets.<sup>115</sup> Moreover, Sierra Club expressed concern that the Acquisition risks overinvestment by the Partners in the pursuit of higher returns, reduces local control, and undermines transparency.<sup>116</sup>

78. Accordingly, Sierra Club recommended that the Commission not approve the proposed Acquisition.<sup>117</sup>

#### **J. IBEW**

79. IBEW stated that the ratification of a two-year extension of its collective bargaining agreement with Minnesota Power offers additional stability and protection for IBEW members.<sup>118</sup> IBEW appreciated the Company's recognition of the concerns initially raised by IBEW and the Company's willingness to work with IBEW to establish additional assurances for its members.<sup>119</sup>

80. With the ratified extension in place, IBEW stated that it supports the Acquisition.<sup>120</sup>

#### **K. Local 49, NCSRCC, and LIUNA**

81. Local 49, NCSRCC, and LIUNA (collectively, the "Unions") stated that absent the proposed transaction, Minnesota Power will be unable to make the investments necessary to meet its obligations – a circumstance that could not only impair job-creation but also have serious negative repercussions for customers and the state as

---

<sup>114</sup> *Id.* at 2.

<sup>115</sup> *Id.*

<sup>116</sup> *Id.*

<sup>117</sup> *Id.*

<sup>118</sup> Ex. IBEW-802 at 2 (Keyes Surrebuttal) (eDocket No. [20253-216812-02](#)).

<sup>119</sup> *Id.*

<sup>120</sup> *Id.*

a whole.<sup>121</sup> In addition, the Unions stated that the Acquisition does not restrict or inhibit the regulatory oversight that the Commission has over the Company to protect customers and none of the intervenors has provided a credible basis for concluding that a utility's ownership impacts the Commission's authority or ability to protect the public interest.<sup>122</sup>

82. Further, the Unions observed that (1) none of the intervenors has provided a credible basis for concluding that private investors are more driven than public investors to maximize risk-adjusted returns; and (2) the interests of privately held infrastructure funds actually align better with the public interest because their returns and reputations are more closely tied to the long-term health and value of the utility, rather than quarterly earnings. And the long-term health and value of the utility turns on the utility meeting metrics of concern to customers, regulators, workers, and the State as a whole.<sup>123</sup>

83. The Unions concluded that they strongly support the Acquisition and believe it is consistent with the public interest as required by Minn. Stat. § 216B.50 and should be approved by the Commission.<sup>124</sup>

## **V. BENEFITS, RISKS, AND PROPOSED COMMITMENTS OF THE ACQUISITION**

### **A. Financial Benefits to Minnesota Power**

#### *1. Minnesota Power's Capital Needs are Growing Substantially.*

84. ALLETE's most recent Form 10-K filing indicates a need for \$4.6 billion in investments for regulated operations (primarily Minnesota Power) from 2025 to 2029.<sup>125</sup> These investments are designed to expand or upgrade Minnesota Power's and regional

---

<sup>121</sup> Initial Brief from International Union of Operating Engineers Local 49, North Central States Regional Council of Carpenters, and Laborers International Union of North America—Minnesota and North Dakota at 1-2 (May 1, 2025) (eDocket No. [20255-218520-01](#)).

<sup>122</sup> *Id.* at 2.

<sup>123</sup> *Id.* at 2-3.

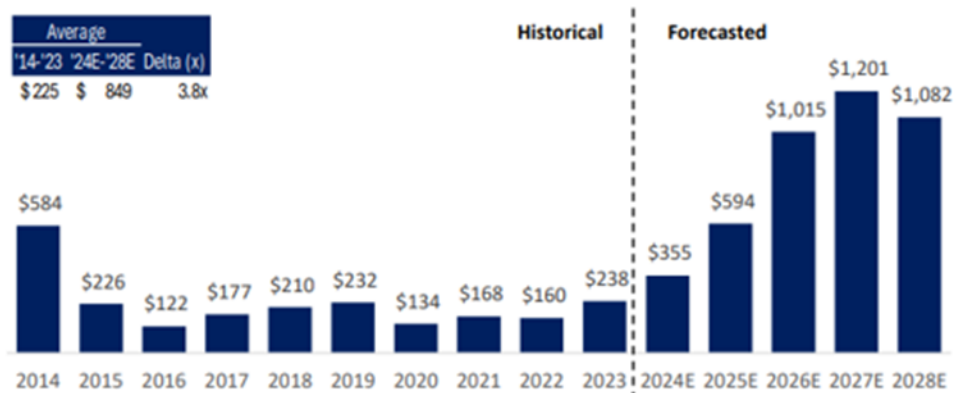
<sup>124</sup> *Id.* at 1.

<sup>125</sup> Ex. MP-45 at 62 (ALLETE 2024 10-K) (eDocket No. [20253-216998-01](#)).

transmission infrastructure, expand or upgrade Minnesota Power's distribution infrastructure, transition Minnesota Power's generation fleet, maintain aging infrastructure, and ensure system reliability and resiliency.<sup>126</sup> The purpose of these investments is to support the safety and reliability of Minnesota Power's service and support Minnesota Power's efforts to meet carbon-free goals, including compliance with Minnesota's 2040 Carbon Free Standard.<sup>127</sup>

85. As reflected in Figure 1 below, the five-year investment plan is approximately 3.8 times larger than the historical average.<sup>128</sup>

**Figure 1. ALLETE Regulated Operations – Historical and Forecasted Capital Expenditures (\$ in Millions)**



Minnesota Power estimates that this increased level of spending will continue over the next 20 years.<sup>129</sup>

86. Approximately \$4.6 billion of the approximately \$5 billion in investments included in the five-year investment plan are classified as Regulated Operations for

<sup>126</sup> See Ex. MP-11 at 4-5 (Taran Direct) (eDocket No. [202412-212968-05](#)).

<sup>127</sup> Ex. MP-11 at 7 (Taran Direct) (eDocket No. [202412-212968-05](#)); Ex. MP-10 at 11 (Scissons Direct) (eDocket No. [202412-212968-04](#)); Ex. MP-9 at 13 (Cady Direct) (eDocket No. [202412-212968-03](#)).

<sup>128</sup> Ex. MP-11 at 5 and 6, Figure 1 (Taran Direct) (eDocket No. [202412-212968-05](#)).

<sup>129</sup> Ex. MP-10 at 4 (Scissons Direct) (eDocket No. [202412-212968-04](#)) (noting that ALLETE's Sustainability-in-Action strategy forecasts a need to invest approximately \$20 billion over the next 20 years).



Minnesota Power.<sup>130</sup> Included in the Regulated Operations investments included in the five-year investment plan is \$3.3 billion for clean energy resources, consisting of approximately \$1.8 billion for transmission expansion projects, \$425 million for solar, \$615 million for wind, and \$445 million for storage resources. The five-year investment plan includes approximately \$1.3 billion of base capital expenditures to maintain existing transmission and distribution systems and other facilities, as shown in Figure 2.<sup>131</sup> Approximately 40 percent of the investments included in the five-year investment plan are related to transmission projects.<sup>132</sup>

**Figure 2. ALLETE 2024 10-K Capital Expenditures<sup>133</sup>**

Capital Expenditures Millions	2025	2026	2027	2028	2029	Total
Regulated Operations						
High kV Transmission Expansion (a)	\$90	\$200	\$615	\$635	\$265	\$1,805
Solar RFP (b)	145	180	60	40	—	425
Wind RFP (b)	75	215	325	—	—	615
Storage (b)	—	10	35	200	200	445
Base & Other	220	265	285	280	270	1,320
Regulated Operations	530	870	1,320	1,155	735	4,610
ALLETE Clean Energy (c)	15	10	5	5	5	40
Corporate and Other						
South Shore Energy (d)	—	55	65	65	45	230
Other	60	5	20	15	25	125
Total Capital Expenditures (e)	\$605	\$940	\$1,410	\$1,240	\$810	\$5,005

87. The 2025-2029 capital plan for Minnesota Power is equivalent to more than 100 percent of ALLETE's total market capitalization.<sup>134</sup>

88. ALLETE has had three public issuances of equity since 2000 for a total of \$548 million, one issuance for \$156 million in 2001, another for \$160 million in 2014, and another for \$232 million in 2022.<sup>135</sup> Since the Company was first listed on the New York Stock Exchange in 1950, the Company has raised approximately \$1.3 billion through

<sup>130</sup> Ex. MP-45 at 62 (ALLETE 2024 10-K) (eDocket No. [20253-216998-01](#)).

<sup>131</sup> Ex. MP-29 at 5, Table 1 (Taran Rebuttal) (eDocket No. [20253-216055-05](#)).

<sup>132</sup> *Id.* at 13-14.

<sup>133</sup> Ex. MP-45 at 62 (ALLETE 2024 10-K) (eDocket No. [20253-216998-01](#)).

<sup>134</sup> *Id.*

<sup>135</sup> Ex. MP-29 at 4 (Taran Rebuttal) (eDocket No. [20253-216055-05](#)).

follow-on equity offerings.<sup>136</sup> The 2025-2029 capital plan for Minnesota Power ALLETE will require ALLETE to raise over \$1 billion in common equity over the next five years.<sup>137</sup> In order to raise the \$1 billion in common equity over the next five years, ALLETE will require annual secondary offerings.<sup>138</sup>

89. ALLETE is one of the smallest utilities in the country by market capitalization,<sup>139</sup> but its need for equity capital is the largest of any utility in proportion to its market capitalization.<sup>140</sup> As shown in Schedule 2 of Witness Quackenbush's Rebuttal Testimony, ALLETE's equity needs for 2025-2027 are estimated to be approximately three times the median of United States utilities (16 percent for ALLETE and 5.3 percent for all utilities).<sup>141</sup>

90. ALLETE's capital investment requirements are accelerating at a rate more than three times historical expenditures.<sup>142</sup> ALLETE's projected capital expenditures are 3.8 times (380 percent) of its average expenditures compared to the 1.25 times average increase for other utilities.<sup>143</sup>

---

<sup>136</sup> Ex. MP-29 at 3 (Taran Rebuttal) (eDocket No. [20253-216055-05](#)).

<sup>137</sup> Ex. MP-29 at 3 (Taran Rebuttal) (eDocket No. [20253-216055-05](#)).

<sup>138</sup> *Id.*

<sup>139</sup> Ex. MP-12 at Sch. 3 (Quackenbush Direct) (eDocket No. [202412-212972-01](#)).

<sup>140</sup> Ex. MP-11 at 6 (Taran Direct) (eDocket No. [202412-212968-05](#)).

<sup>141</sup> Ex. MP-30 at Sch. 2 (Quackenbush Rebuttal) (eDocket No. [20253-216055-12](#)).

<sup>142</sup> *Id.* at Sch. 1.

<sup>143</sup> ALLETE's projected capex is more than 300 percent of its historical spend. The largest change, other than Minnesota Power, is an increase of 206 percent by Wisconsin Energy Corporation. The average increase, when excluding ALLETE, is an increase in capital spending of approximately 125 percent. *Id.*

*2. Minnesota Power's Forecasted Investment Needs for Regulated Operations are Reliable.*

91. Some parties argue that Minnesota Power's investment forecast is overstated.<sup>144</sup> The evidence in the record demonstrates that Minnesota Power's investment forecast is reasonable and not overstated.

92. Minnesota Power's capital expenditure forecasts for regulated operations have been historically accurate. When excluding the COVID-driven year of 2020, the average variance in Minnesota Power's capital forecast related to regulated operations over the last five years is only five percent.<sup>145</sup>

93. ALLETE's expected investment levels for Minnesota Power include costs for transmission projects that are already approved and under development, and which will ultimately require billions of dollars in investments.<sup>146</sup> ALLETE's capital expenditure forecast also includes costs related to wind and solar acquisitions that have already been selected pursuant to a competitive bidding process for which the Department has recommended approval or are currently underway.<sup>147</sup> These investments are known and not speculative.

---

<sup>144</sup> Ex. MP-29 at 13 (Taran Rebuttal) (eDocket No. [20253-216055-05](#)). As Witness Taran explained, it is reasonable to exclude the 2020 COVID-year when evaluating forecast variance, because the pandemic's impact on delaying capital projects could not have been anticipated. Even including the 2020 COVID-year, the average variance over the last five years was only 9 percent.

<sup>145</sup> Ex. MP-29 at 13 (Taran Rebuttal) (eDocket No. [20253-216055-05](#)). As Witness Taran explained, it is reasonable to exclude the 2020 COVID-year when evaluating forecast variance, because the pandemic's impact on delaying capital projects could not have been anticipated. Even including the 2020 COVID-year, the average variance over the last five years was only 9 percent.

<sup>146</sup> Ex. MP-29 at 13-14 (Taran Rebuttal) (eDocket No. [20253-216055-05](#)).

<sup>147</sup> See *In the Matter of a Petition for Approval of Investments and expenditures in the Boswell Solar Project for Recovery through Minnesota Power's Renewable Resource Rider under Minn. Stat. § 216B.1645 and Related Tariff Modifications*, Docket No. E015/M-24-344, Department Comments (Mar. 18, 2025) (eDocket No. [20253-216541-01](#)); *In the Matter of a Petition for Approval of Investments and Expenditures in the Regal Solar Project for Recovery through Minnesota Power's Renewable Resource Rider under Minn. Stat. § 216B.1645 and Related Tariff Modifications*, Docket No. E015/M-24-343, Updated Department Comments (Mar. 28, 2025) (eDocket No. [20253-216964-01](#)). These projects were verbally approved by the Commission during an agenda meeting on April 24, 2025 and orders will be issued in the coming weeks. The Company's wind RFP is currently pending.

94. Second, the arguments raised by some parties to question the reliability of ALLETE's capital expenditure forecast are not supported by the record.

95. Some parties argue that ALLETE could delay or defer non-regulated investments.<sup>148</sup> Delay or deferment of non-regulated investments would not materially reduce the capital expenditure forecast because non-regulated investments make up a small fraction of the forecast.<sup>149</sup>

96. Some parties argue that Minnesota Power should use more Power Purchase Agreements ("PPAs") to reduce the need for capital investment.<sup>150</sup> but admit that the Company cannot prudently assume PPAs will be available or beneficial for customers when planning to meet its obligations.<sup>151</sup> Further, the parties do not recognize that utility projects are often more reliable or lower-cost than PPAs, and concede that the Commission will decide in separate proceedings which projects are best for customers and the right balance of PPAs for Minnesota Power's system.<sup>152</sup> The potential for Company ownership, where appropriate, is important given the increasing cost and considerable volatility in renewable energy PPAs over the last several years.<sup>153</sup> Some parties' witnesses do not recognize that credit rating agencies include imputed debt for PPAs in their calculations of credit metrics, meaning that overreliance on PPAs would have a negative impact on the Company's credit ratings.<sup>154</sup>

---

<sup>148</sup> Ex. DOC-304 at 4-5 (Addonizio Surrebuttal) (eDocket Nos. [20253-216799-01](#)).

<sup>149</sup> Ex. MP-45 at 62 (ALLETE 2024 10-K) (eDocket No. [20253-216998-01](#)).

<sup>150</sup> Ex. OAG-400 at 24 (Lebens Direct) (eDocket No. [20252-214937-02](#)); DOC-303 at 39 (Addonizio Direct) (eDocket No. [20252-214941-01](#)); Ex. Sierra Club-1100 at 4 (Lane Direct) (eDocket No. [20252-214960-01](#)).

<sup>151</sup> Evid. Hrg. Tr. at 773:11–16, 774:5–17 (Apr. 3, 2025) (Lebens).

<sup>152</sup> *Id.* at 771:18–25.

<sup>153</sup> Ex. MP-33 at 18 (Bram Rebuttal) (eDocket No. [20253-216055-08](#)).

<sup>154</sup> Evid. Hrg. Tr. at 778:7–779:11 (Apr. 3, 2025) (Lebens).

97. OAG argues that Minnesota Power should allow customers more freedom to produce their own electricity or participate in load-flexibility or demand response programs to reduce the need for future capital expenditures.<sup>155</sup> These arguments fail to account for the fact that Minnesota Power extensively uses demand response and load flexibility, and the record does not include any assessment of the potential for or additional cost of adding more demand response or load flexibility, nor any proposals or recommendations to do so or analysis of the associated incremental benefit or harm.<sup>156</sup>

98. OAG argues that ALLETE should sell its non-regulated businesses to reduce the need for future capital expenditures.<sup>157</sup> There is no record evidence that such sales would address the need for capital, and any such sales would have limited financial benefit and would potentially harm ALLETE and Minnesota Power. .<sup>158</sup>

100. Some parties also argue that ALLETE should sell its ownership in transmission projects<sup>159</sup> but do not acknowledge Minnesota's statutes establish a policy preference for incumbent utilities to own transmission lines (which provide reliability and related safety benefits).<sup>160</sup> Minnesota Power's ownership of transmission lines provides significant financial benefits for Minnesota Power's customers. In particular, for transmission lines that are cost allocated to the MISO system, Minnesota Power customers will pay only a small share of the costs but receive significant benefits of

---

<sup>155</sup> Ex. OAG-400 at 24-25 (Lebens Direct) (eDocket No. [20252-214937-02](#)).

<sup>156</sup> Evid. Hrg. Tr. at 780:10–782:19 (Apr. 3, 2025) (Lebens).

<sup>157</sup> Ex. OAG-400 at 24 (Lebens Direct) (eDocket No. [20252-214937-02](#)).

<sup>158</sup> Ex. MP-29 at 23 (Taran Rebuttal) (eDocket No. [20253-216055-05](#)) (“[T]he sale of non-regulated assets could also limit earnings upside and growth . . .”).

<sup>159</sup> Ex. DOC-304 at 8 (Addonizio Surrebuttal) (HCTS) (eDocket No. [20253-216801-01](#)).

<sup>160</sup> Minn. Stat. § 216B.246, subd. 2 (providing that incumbent transmission owners have the right to construct and own transmission lines interconnecting to their own facilities); *see also LSP Transmission Holdings, LLC v Sieben*, 954 F.3d 1018 (8th Cir. 2020) (holding that requiring incumbent utilities to own transmission lines is a valid state interest that does not result in an undue burden on interstate commerce); Ex. MP-28 at 15 (Scissons Rebuttal) (eDocket No. [20253-216055-04](#)).

reliability and increased transmission capacity.<sup>161</sup> Ownership of transmission provides more fixed, less cyclical revenue with less regulatory lag, helping lower the risk of the Company as a whole, reducing the Company's cost of capital, which benefits all Minnesota Power customers.<sup>162</sup>

99. Even if Minnesota Power could offset some capital investment or its needs turn out to be lower than the current forecast, the record demonstrates that the Company's investment needs are increasing substantially, including as a result of some already-approved projects. For example, the \$4.6 billion forecast for Regulated Operations could be off by 20 percent (which is four times greater than the five percent historical variance) and Minnesota Power's investment needs still would be triple the level of historical investments.<sup>163</sup>

100. OAG and LPI suggest that the Company should slow its dividend growth to retain capital for investment.<sup>164</sup> Record evidence demonstrates that slowing dividend growth would have an adverse effect on the Company's ability to raise equity capital in the public market and on the total economic cost of the Company's overall capital expenditures.<sup>165</sup> The Acquisition will allow the Company to reduce dividend growth

---

<sup>161</sup> Ex. MP-27 at 13 (Cady Rebuttal) (eDocket No. [20253-216055-03](#)); Ex. MP-29 at 17 (Taran Rebuttal) (eDocket No. [20253-216055-05](#)).

<sup>162</sup> See, e.g., Ex. CURE-602 at Sch. JB-9 at 7-9 (Baker Surrebuttal) (HCTS) (eDocket No. [20253-216818-02](#)).

<sup>163</sup> Ex. MP-11 at 6, Table 1 (Taran Direct) (eDocket No. [202412-212968-05](#)). The forward looking average annual investment is \$849 million, which is approximately 3.8 times the historical average annual investment level. If the forward-looking investment were reduced by 20 percent, it would be approximately 3 times larger than the historical \$225 million average annual investment level. ( [ \$849 \* 0.80 = \$679 ] / \$225 = 3.01 )

<sup>164</sup> Ex. OAG-400 at 25 (Lebens Direct) (eDocket No. [20252-214937-02](#)); Ex. LPI-1001 at 13-14 (Walters Direct) (eDocket No. [20252-214957-02](#)).

<sup>165</sup> Ex. MP-30 at 21, Sch. 3 (Quackenbush Rebuttal) (eDocket No. [20253-216055-12](#)).

without the significant harm that would result if the Company attempted to do so as a publicly traded utility.<sup>166</sup>

101. OAG suggests that the Company could issue the needed amount of equity through public markets.<sup>167</sup> Issuing the amount of equity the Company needs would increase ALLETE's dividend obligations, which would reduce its cash flow and exacerbate future needs for capital.<sup>168</sup>

*3. Relying on Public Markets for Needed Equity Funding would be Risky for Customers and Minnesota Power.*

102. Regulated utilities like Minnesota Power fund capital investments using debt and equity.<sup>169</sup> Minnesota Power obtains debt financing by issuing first mortgage bonds, generally to large financial institutions, and plans to continue to do so.<sup>170</sup> Historically, Minnesota Power has obtained equity capital by issuing common shares to potential investors through public stock markets.<sup>171</sup> In order to obtain equity capital, ALLETE must issue new shares, a process that involves significant time, cost and risk.<sup>172</sup>

103. As previously explained, the Company has a significant need for capital investment at unprecedented levels in the near term.<sup>173</sup> The record supports the conclusion that relying on public markets for needed equity funding would be too risky.

---

<sup>166</sup> See Evid. Hrg. Tr. at 785:16–786:22 (Apr. 3, 2025) (Lebens).

<sup>167</sup> Ex. OAG-400 at 25 (Lebens Direct) (eDocket No. [20252-214937-02](#)).

<sup>168</sup> See Evid. Hrg. Tr. at 786:10–22 (Apr. 3, 2025) (Lebens).

<sup>169</sup> *In the Matter of Minnesota Power's Petition for Approval of its Capital Structure and Authorization to Issue Securities Under Minn. Stat. § 216B.49*, Docket No. E015/S-23-89, ORDER (July 12, 2023) (eDocket No. [20237-197413-01](#)) (ordering ALLETE to maintain a capital structure including approximately 63 percent equity and 37 percent debt).

<sup>170</sup> Ex. MP-15 at 21 (Anderson Direct) (eDocket No. [202412-212968-06](#)).

<sup>171</sup> See Ex. MP-11 at 9 (Taran Direct) (eDocket No. [202412-212968-05](#)).

<sup>172</sup> See Ex. MP-10 at 7, 13 (Scissons Direct) (eDocket No. [202412-212968-04](#)) (discussing the amount of time and resources required to obtain financing from public markets).

<sup>173</sup> Ex. MP-11 at 3 (Taran Direct) (eDocket No. [202412-212968-05](#)).

104. The Company and Partner witnesses provided testimony to support this conclusion:

105. Witness Taran testified that “ALLETE would have difficulty raising the amounts of capital Minnesota Power will need in the future without the Acquisition”<sup>174</sup> and that “[a]ttempting to issue this level of equity in public markets creates an enormous amount of risk for the Company and its stakeholders.”<sup>175</sup> Witness Taran also testified that it would not be responsible for the Company to move forward on the assumption that it could rely on the public markets for equity capital given its obligation to provide safe and reliable service to customers.<sup>176</sup>

106. Witness Scissons testified that “it would be highly unlikely the Company could achieve its carbon free goals as planned” without the Acquisition.<sup>177</sup>

107. Witness Quackenbush agreed that ALLETE would face severe challenges accessing the required equity from public markets.<sup>178</sup>

108. Witness Bram testified that “[t]he idea that ALLETE could access public equity at the scale and pace that is needed is not based on reality and would likely result in significant challenges for the utility.”<sup>179</sup>

109. Based on evidence in the record, it would be challenging and risky for Minnesota Power to rely on public markets for access to capital for several reasons:

---

<sup>174</sup> *Id.* at 7-8.

<sup>175</sup> Ex. MP-29 at 18 (Taran Rebuttal) (eDocket No. [20253-216055-05](#)).

<sup>176</sup> *Id.*

<sup>177</sup> Ex. MP-28 at 9-10 (Scissons Rebuttal) (eDocket No. [20253-216055-04](#)).

<sup>178</sup> Ex. MP-12 at 17 (Quackenbush Direct) (eDocket No. [202412-212972-01](#)); Ex. MP-30 at 17-18 (Quackenbush Rebuttal) (eDocket No. [20253-216055-12](#)).

<sup>179</sup> Ex. MP-33 at 11 (Bram Rebuttal) (eDocket No. [20253-216055-08](#)).



110. First, the record shows that investing in ALLETE is inherently more risky compared to investing in most other utilities.<sup>180</sup> ALLETE is small compared to other publicly traded utilities<sup>181</sup> and faces unique risks given its high concentration of sales to cyclical industrial customers.<sup>182</sup> According to LIUNA Witness Bryant, these factors can be “red flags” not only for labor union pension funds but for any investor.<sup>183</sup> Equity investors in public markets decide where to place their investments based on their expectations of risk versus returns.<sup>184</sup> Given ALLETE’s higher risk relative to other utilities, it is reasonable to conclude that today public investors need to receive an increased level of returns from an investment in ALLETE or they will take their capital elsewhere.

111. The risks associated with Minnesota Power’s high concentration of market-sensitive industrial sales have been borne out by recent events. In January 2025, US Steel, Minnesota Power’s largest single customer, provided a four-year notice that it would terminate its electric service agreement with Minnesota Power.<sup>185</sup> 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.<sup>186</sup> Absent the Acquisition (and associated expectation that shares will be purchased by the Partners at a fixed price), the announcements of these events likely

---

<sup>180</sup> *In the Matter of the Application of Minnesota Power for Authority to Increase Rates for Electric Service in Minnesota*, Docket No. E015/GR-16-664, Findings of Fact, Conclusions, and Order at 53 (Mar. 12, 2018) (eDocket No. 20183-140963-01); *In the Matter of the Application of Minnesota Power for Authority to Increase Rates for Electric Service in Minnesota*, Docket No. E015/GR-21-335, Findings of Fact, Conclusions, and Order at 63 (Feb. 28, 2023) (eDocket No. [20232-193486-01](#)).

<sup>181</sup> Ex. MP-11 at 7 (Taran Direct) (eDocket No. [202412-212968-05](#)).

<sup>182</sup> *Id.*; see also Ex. MP-30 at 9 (Quackenbush Rebuttal) (eDocket No. [20253-216055-12](#)).

<sup>183</sup> Ex. LIUNA-852 at 3 (Bryant Rebuttal) (eDocket No. [20253-216057-01](#)).

<sup>184</sup> Ex. MP-12 at 7-8 (Quackenbush Direct) (eDocket No. [202412-212972-01](#)).

<sup>185</sup> Ex. MP-30 at 9 (Quackenbush Rebuttal) (eDocket No. [20253-216055-12](#)).

<sup>186</sup> Ex. MP-40 at 4, n.6 (Cady Surrebuttal) (eDocket No. [20253-216810-02](#)).

would have had a negative impact on public investors' perception of ALLETE and their willingness to invest going forward.<sup>187</sup>

112. Second, ALLETE's inherent risks are amplified because of uncertainty in the market. At the time of Rebuttal Testimony on March 4, 2025, Witness Scissons testified that concerns about the "potential impact of tariffs, customer uncertainty, termination notices and interest rate volatility" could impact ALLETE's ability to access equity on public markets.<sup>188</sup> Witness Quackenbush agreed that "uncertainty in tariff and trade issues enhance . . . concerns" about ALLETE's access to capital.<sup>189</sup>

113. Third, ALLETE would need to be a serial issuer to raise the amount of equity capital it needs through public markets. A serial issuer has "perpetually repeating issuance needs," and may need to issue new shares "every year or even more often."<sup>190</sup> Witness Quackenbush testified that, in order to meet its capital need through public markets, ALLETE would need to make public equity issuance at least once (or more) every year.<sup>191</sup> As noted above, in the 25 years since 2000, ALLETE has had only three public issuances of equity. Witnesses Taran, Scissons, and Quackenbush testified that raising the necessary public capital would invariably require serial issuances, which would in turn drive down ALLETE's stock price, increase the cost of capital, and increase the cost of service to customers.<sup>192</sup>

---

<sup>187</sup> See Ex. MP-28 at 6 (Scissons Rebuttal) (eDocket No. [20253-216055-04](#)) ("Without the transaction, the market likely would have reacted negatively to [the US Steel announcement] . . .").

<sup>188</sup> *Id.* at 7-8.

<sup>189</sup> Ex. MP-30 at 9 (Quackenbush Rebuttal) (eDocket No. [20253-216055-12](#)).

<sup>190</sup> Ex. MP-28 at Sch. 2 at 2 (Scissons Rebuttal) (eDocket No. [20253-216055-04](#)).

<sup>191</sup> Ex. MP-30 at 12 (Quackenbush Rebuttal) (eDocket No. [20253-216055-12](#)).

<sup>192</sup> Ex. MP-30 at 7 (Quackenbush Rebuttal) (eDocket No. [20253-216055-12](#)) ("Serial issuances will affect public investors' views and the share price they are willing to pay. Relying on public equity issuances may strain the company, contribute to stock price volatility, and negatively impact ALLETE's access to capital.").

114. Obtaining this volume of new equity from public markets would also have a negative impact on the Company's cashflow. Record evidence indicates that relying on public markets would require ALLETE to issue many more shares to public shareholders, who expect to receive regular dividends in addition to the amount already spent on annual dividends.<sup>193</sup> This will impact customers by putting pressure on the cash ALLETE has to operate its business and make the investments it needs. Based on the Acquisition stock price and current annual dividends, the record shows that obtaining \$1 billion in new equity from public markets could increase dividend obligations by as much as \$43 million per year.<sup>194</sup>

115. Cash flow is a critical part of credit rating analysis, and negative impacts on cash flow could adversely affect credit ratings. Based on evidence in the record, if ALLETE has trouble accessing capital, credit ratings agencies will notice and incorporate those challenges in their ratings analysis.<sup>195</sup>

116. Every time ALLETE issues equity there is an associated cost, referred to as "flotation costs."<sup>196</sup> <sup>197</sup> If the Acquisition is approved, the Petitioners have committed that flotation costs will not be included in future rates. If the Company is, instead, required to rely on public markets, it will incur flotation costs every time it issues equity. Flotation

---

<sup>193</sup> *Id.* at 20 ("In the public markets, equity investors expect to earn a return through both dividends and stock appreciation.").

<sup>194</sup> \$1 billion / \$67 acquisition price = ~15 million shares. The current annual dividend is \$2.92 per shares. Ex. MP-29 at 9 (Taran Rebuttal) (eDocket No. [20253-216055-05](#)). 15 million \* \$2.92 = \$43.6 million.

<sup>195</sup> See Ex. MP-29 at 19-20 (Taran Rebuttal) (eDocket No. [20253-216055-05](#)) (referencing S&Ps analysis about the impact of equity issuances on credit ratings).

<sup>196</sup> *In the Matter of the Application of Minnesota Power for Authority to Increase Rates for Electric Utility Service in Minnesota*, Docket No. E-015/GR-23-155, Bulkley Direct at 35 (Nov. 1, 2023) (eDocket No. [202311-200095-03](#)).

<sup>197</sup> See *In the Matter of the Application of Minnesota Power for Authority to Increase Rates for Electric Service in Minnesota*, Docket No. E-015/GR-21-335, FINDINGS OF FACT, CONCLUSIONS, AND ORDER at 46 (Feb. 28, 2023) (eDocket No. [20232-193486-01](#)) (including flotation costs when setting rates).

costs are historically included in the Return on Equity ("ROE") and rates and are recovered from customers.

117. Witness Scissons also explained that issuing additional equity would require additional resource commitments by the Investor Relations team. As the need for public equity expands, ALLETE would need to increase the size and cost of its investor relations team, which would also increase costs for ratepayers.<sup>198</sup>

118. Issuing millions of additional shares on public markets could have a negative impact on shareholders. An evaluation of the public interest appropriately focuses on potential impacts on customers as well as effects on existing shareholders.<sup>199</sup> Each time new shares are issued, the ownership interests of existing shares are reduced and, if new shares are issued at lower prices, it can further drive down the value of existing shares.<sup>200</sup> ALLETE has obligations to consider the interests of its shareholders.<sup>201</sup> While the Company also has obligations to provide safe, reliable, and affordable service, it would not be reasonable to force the Company to take actions that harm its existing shareholders to fund its capital plan, when an alternative path—the Acquisition—is available that is consistent with the public interest considerations affecting both customers and shareholders.

#### *4. The Acquisition will Avoid the Risks of Relying on Public Markets.*

119. Minnesota Power stated that the risks of relying on public markets for equity capital demonstrate the significant benefit of raising equity capital with patient, long-term

---

<sup>198</sup> Ex. MP-10 at 13 (Scissons Direct) (eDocket No. [202412-212968-04](#)).

<sup>199</sup> See *In re the Request of Interstate Power Company for Authority to Change its Rates for Gas Service in Minnesota*, 574 N.W.2d 408, 411 (Minn. 1998) (describing the Commission's charter as "balancing the interests of the utility companies, their shareholders, and their customers").

<sup>200</sup> See Ex. MP-30 at 14 (Quackenbush Rebuttal) (eDocket No. [20253-216055-12](#)).

<sup>201</sup> Minn. Stat. § 302A251.

private investors that have the ability to provide equity capital regardless of negative external factors (such as large customer operational suspensions) as well as a strong economic incentive to do so to ensure the long-term success of their \$3.9 billion investment.<sup>202</sup>

120. Department Witness Addonizio recognized that public stockholders have no constraints whatsoever on their ability to make or withhold investments, whereas the Partners are much more limited and will have a greater stake in the health and success of the utility if the acquisition is approved.<sup>203</sup>

121. The Partners are able to inject equity capital or adjust dividend payments more flexibly than public investors, who expect quarterly dividend payments and respond to missed or reduced payments by selling their shares, reducing share price, and demanding higher returns as compensation for higher risk.<sup>204</sup>

122. As part of the Acquisition, the Partners, through Alloy Parent (the entity that will hold their investment in ALLETE and through which the Partners will finance ALLETE), have committed to provide to Minnesota Power equity financing, in an amount at least equal to the equity financing required to fund Minnesota Power's five-year capital plan set forth in ALLETE's February 2025 Form 10-K including but not limited to equity infusions, deferral or reinvestment of dividends, or a combination of those methods.<sup>205</sup>

123. The Partners clarified that the equity financing commitment is not intended to represent a ceiling on the Company's access to capital from the Partners, but rather a

---

<sup>202</sup> Ex. MP-30 at 18 (Quackenbush Rebuttal) (eDocket No. [20253-216055-12](#)).

<sup>203</sup> Evid. Hrg. Tr. at 622-624 (Apr. 2, 2025) (Addonizio).

<sup>204</sup> Ex. MP-30 at 18, 20 (Quackenbush Rebuttal) (eDocket No. [20253-216055-12](#)); see Evid. Hrg. Tr. at 353:10-353:12 (Apr. 2, 2025) (Quackenbush) ("[S]hort-term investors can, at times, have influences on the stock price that make it unattractive for equity issuances to occur.")

<sup>205</sup> Ex. MP-31 at 22 (Alley Rebuttal) (eDocket No. [20253-216055-09](#)); Ex. MP-33 at 21 (Bram Rebuttal) (eDocket No. [20253-216055-08](#)); Ex. MP-27 at Sch. 1 (Cady Rebuttal) (eDocket No. [20253-216055-03](#)).

demonstration of the Partners' commitment to the well-being of the Company, including Minnesota Power.<sup>206</sup> This commitment is also not contingent on external circumstances such as dividend payouts or the risks facing the Company, including "market conditions, the operations of Minnesota Power's largest mining customers, or other market disruptors like COVID."<sup>207</sup> Further, the Partners explained that they made this commitment with the understanding that it will not be used to establish a higher or lower ROE in future rate cases, as this commitment does not change the riskiness of their investment in Minnesota Power.<sup>208</sup>

124. DOC Witness Addonizio acknowledged at the evidentiary hearing<sup>209</sup> that no comparable equity funding commitment exists in the public market.<sup>210</sup> The Partners have a greater incentive to support the Company's capital needs than public market shareholders who invest for quarterly dividends and could sell their shares at any time without the need for regulatory approval.<sup>211</sup> The Partners explained that the success of their investment in ALLETE depends primarily on the growth in value of the Company and a reduction in risk of Company operations through the successful transition from coal

---

<sup>206</sup> Ex. MP-31 at 7 (Alley Rebuttal) (eDocket No. [20253-216055-09](#)); Ex. MP-33 at 15 (Bram Rebuttal) (eDocket No. [20253-216055-08](#)).

<sup>207</sup> Evid. Hrg. Tr. at 568:18-24 (April 2, 2025) (Addonizio).

<sup>208</sup> Ex. MP-31 at 22 (Alley Rebuttal) (eDocket No. [20253-216055-09](#)); Ex. MP-33 at 21 (Bram Rebuttal) (eDocket No. [20253-216055-08](#)); Ex. MP-27 at Sch. 1 (Cady Rebuttal) (eDocket No. [20253-216055-03](#)); Ex. MP-38 at 3-4 (Bulkley Rebuttal) (eDocket No. [20253-216055-10](#)). If anything, the Partners are effectively absorbing the risks so that Minnesota Power can operate without the day-to-day market pressures it currently faces, and the Partners should be reasonably compensated for that investment and risk. See Ex. MP-38 at 4 (Bulkley Rebuttal) (eDocket No. [20253-216055-10](#)) ("The same is true for private investors, who are entitled to returns based on the risk of the company in which they are investing. Indeed, where an investor is willing to provide capital even during market downturns and thereby absorb the risk the utility would face in the public markets, the investor should be compensated commensurate with the level of the utility's (not the investor's) risk.")

<sup>209</sup> Evid. Hrg. Tr. at 569:9-569:14 (April 2, 2025) (Addonizio).

<sup>210</sup> Ex. MP-31 at 22 (Alley Rebuttal) (eDocket No. [20253-216055-09](#)); Ex. MP-27 at Sch. 1 (Cady Rebuttal) (eDocket No. [20253-216055-03](#)).

<sup>211</sup> Ex. MP-13 at 22 (Alley Direct) (eDocket No. [202412-212968-10](#)); Evid. Hrg. Tr. at 568:2-568:16 (April 2, 2025) (Addonizio).

dependence to compliance with the Carbon Free Standard. The Partners explained that their interest in the Acquisition is tied to the Company's functions as a utility, including its ability to generate stable returns commensurate with other utilities of comparable risk profiles and reasonable growth opportunities thereby contributing to the broader, diverse, holdings of the Partners.<sup>212</sup> These economic factors provide a very strong and reliable incentive to support ALLETE's plans and transition to compliance with the Carbon Free Standard.

125. The Partners have also made commitments to significant investment in renewable energy infrastructure, recognizing the importance of Minnesota Power's continued progress toward compliance with the Carbon Free Standard.<sup>213</sup> The Partners also explained that the success of their investment can occur only if Minnesota Power is adequately funded.<sup>214</sup> Some parties claimed the Partners were not committed to supporting renewable energy as evidenced by non-renewable energy investments.<sup>215</sup> The details of the capital expenditure forecast in ALLETE's Form 10-K provide specificity in the Partners' commitment to support renewable energy.

126. Thus, the record shows that the Partners will provide a reliable supply of equity to support ALLETE's capital needs without the risk of equity market volatility or the constraints of the public markets.<sup>216</sup> The Partners will be able to provide ready, flexible

---

<sup>212</sup> 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 Sch. 1 (Cady Rebuttal) (eDocket No. [20253-216055-03](#)).

<sup>213</sup> Ex. MP-33 at 24-25 (Bram Rebuttal) (eDocket No. [20253-216055-08](#)).

<sup>214</sup> Ex. MP-31 at 23-24 (Alley Rebuttal) (eDocket No. [20253-216055-09](#)); Ex. MP-33 at 14 (Bram Rebuttal) (eDocket No. [20253-216055-08](#)); Ex. MP-27 at Sch. 1 (Cady Rebuttal) (eDocket No. [20253-216055-03](#)).

<sup>215</sup> See Ex. SIERRA-1102 at 19 (Corrected Lane Surrebuttal) (eDocket No. [20254-217233-02](#)).

<sup>216</sup> Ex. MP-33 at 11-12 (Bram Rebuttal) (eDocket No. [20253-216055-08](#)).

access to the equity necessary for the Company's utility investments, reinforced by the above commitments.<sup>217</sup>

127. The Commission's authority is supported by the commitments of Minnesota Power and the Partners that Minnesota Power will provide compliance filings on equity infusions from and dividends to Alloy Parent in the same manner in which the Company currently provides compliance filings in its capital structure docket.<sup>218</sup> This commitment will ensure transparency regarding not only the Partners' fulfillment of their commitment to provide capital, but also of how the Partners are meeting this obligation and receiving dividends – enabling immediate action should the Commission have any concern about the financing of the utility or the Company's issuance of dividends.<sup>219</sup>

128. Overall, these financial commitments provide a substantial benefit of the Acquisition, address the primary purpose of the Acquisition (ensuring Minnesota Power has the capital necessary to finance compliance with the Carbon Free Standard), and show that the Acquisition is consistent with the public interest.

### **B. Capital Structure (Equity and Debt)**

129. Witness Taran explains that utilities typically fund their operations through a mix of equity and debt to balance financial considerations and risk management.<sup>220</sup> While debt financing is generally lower cost than equity financing, it adds financial risk due to the obligation to make interest payments, which places pressure on credit ratings.<sup>221</sup> Thus, utilities seek a balanced capital structure that allows for just and

---

<sup>217</sup> *Id.*

<sup>218</sup> Ex. MP-35 at 13 (Anderson Rebuttal) (eDocket No. [20253-216055-06](#)); Ex. MP-27 at Sch.1 (Cady Rebuttal) (eDocket No. [20253-216055-03](#)).

<sup>219</sup> *Id.*

<sup>220</sup> Ex. MP-11 at 10 (Taran Direct) (eDocket No. [202412-212968-05](#)).

<sup>221</sup> *Id.*



reasonable rates while maintaining access to capital at competitive rates on behalf of customers.<sup>222</sup>

130. This Acquisition is not expected to affect Minnesota Power's approved capital structure, and under the Company's current corporate structure the Commission will maintain ongoing oversight over both Minnesota Power's regulated and ALLETE's consolidated capital structure. Witness Addonizio acknowledged that this provides more oversight than the Commission has over utilities that are separate legal entities from their parent companies.<sup>223</sup> ALLETE already currently carries a lower percentage of debt in its consolidated capital structure than other Minnesota energy companies.<sup>224</sup> The varying levels of debt within the capital structure of Minnesota energy companies indicates that more or less debt is not, by itself, negative.<sup>225</sup>

131. Some parties assume that all private equity firms are the same and that private equity investors necessarily behave in the same manner. Some parties' witnesses claim that because the Partners are private equity investors, they are likely to seek higher returns on their investment in ALLETE than public equity investors and to employ financial engineering strategies to increase their returns, ultimately harming the financial health of Minnesota Power.<sup>226</sup> These assumptions do not acknowledge the role the Commission plays in ensuring utility investors are able to earn only reasonable returns.

132. Some parties' witnesses express concern that the Partners will issue debt at Alloy Parent, outside of Minnesota Power's approved capital structure, and thereby

---

<sup>222</sup> *Id.*

<sup>223</sup> *Id.* at 18; Evid. Hrg. Tr. at 522:13-20, 525:25-526:5 (April 2, 2025) (Addonizio).

<sup>224</sup> Evid. Hrg. Tr. at 528:14-531:19 (Apr. 2, 2025) (Addonizio).

<sup>225</sup> *Id.*

<sup>226</sup> Ex. DOC-303 at 53, 69-70 (Addonizio Direct) (eDocket No. [20252-214941-01](#)); Ex. CURE-600 at 7 (Baker Direct) (eDocket No. [20252-214963-04](#)).

incur excessive levels of debt at, or over-leverage, ALLETE.<sup>227</sup> Issuing debt at a parent company level is not unique to private investors, to privately owned energy companies, or to ALLETE, but is commonly how debt is raised, including at other Minnesota utilities.<sup>228</sup>

133. Some witnesses also claim that the Partners could use over-leveraging which could increase Minnesota Power's cost of capital, harm ALLETE's credit ratings, and increase customer rates.<sup>229</sup>

134. Similarly, Witness Baker claims that private equity investors in general over-leverage through dividend recapitalization, which increases bankruptcy risk.<sup>230</sup>

135. Concerns regarding the excessive use of debt by the Partners are unsupported by the record. These concerns are rooted in academic publications that make general statements not applicable to the Partners or the investment in a regulated utility like ALLETE.<sup>231</sup> Witness Addonizio acknowledged that the theory behind the potential use of an excessive amount of debt applies equally to public stockholders (i.e., ALLETE's current structure) as to private infrastructure funding.<sup>232</sup>

136. The approaches toward debt described by some parties' witnesses also run counter to the Partners' stated investment strategies. Witness Alley explains that, while CPP Investments (a pension fund investor with an investment-only mandate), like any investor, aims to generate returns on its investments, its energy infrastructure investments focus on returns from sustainable, long-term investments instead of from

---

<sup>227</sup> Ex. DOC-303 at 69 (Addonizio Direct) (eDocket No. [20252-214941-01](#)).

<sup>228</sup> 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 (Apr. 2, 2025) (Addonizio).

<sup>229</sup> Ex. DOC-303 at 53, 69-70 (Addonizio Direct) (eDocket No. [20252-214941-01](#)).

<sup>230</sup> Ex. CURE-600 at 6 (Baker Direct) (eDocket No. [20252-214963-04](#)).

<sup>231</sup> For example, Witness Addonizio primarily cites to textbooks rather than real-world experience. See Evid. Hrg. Tr. at 582:19-582:23 (Apr. 2, 2025) (Addonizio).

<sup>232</sup> *Id.* at 583:9-584:21.

short-run profits or operational turnarounds, or from financial engineering strategies that might be more common with a stereotypical private equity investor.<sup>233</sup>

137. Likewise, Witness Bram explains that GIP is not investing in ALLETE to use strategies for the purpose of extracting value in the short-term,<sup>234</sup> and GIP's investment documentation expressly disavows such a strategy.<sup>235</sup> Witness Bram explains that GIP's investment in ALLETE is intended to be long-term, with a focus on investing further in and supporting ALLETE to ensure that it can achieve its clean energy objectives and continue to successfully serve customers.<sup>236</sup> Each of the Partner witnesses testified that the success of the Partners' investment strategies is predicated on the long-term success of the Company, rather than undercutting its long-term value with short-term extractions.<sup>237</sup>

138. Some parties' witnesses refer to data provided by the Partners to suggest that the Partners will employ "financial engineering" strategies to increase their returns by increasing debt at the Alloy Parent level.<sup>238</sup>

139. For example, some parties' witnesses claim that the Partners will over-leverage debt at ALLETE and Alloy Parent to increase their returns.<sup>239</sup> The parties' concern regarding over-leveraging of debt to increase returns is contradicted by the fact that the Partners are using a limited amount of debt (\$300 million out of a \$ 3.9 billion purchase price, or approximately 8 percent of the Acquisition price) to fund the Acquisition, which materially limits the amount of leverage and is significantly less

---

<sup>233</sup> Ex. MP-31 at 9-12 (Alley Rebuttal) (eDocket No. [20253-216055-09](#)).

<sup>234</sup> Ex. MP-33 at 23-25 (Bram Rebuttal) (eDocket No. [20253-216055-08](#)).

<sup>235</sup> Ex. DOC-303 CMA-D-12 at 72 (Addonizio Direct) (HCTS) (eDocket No. [20252-214942-01](#)).

<sup>236</sup> Ex. MP-33 at 24-25 (Bram Rebuttal) (eDocket No. [20253-216055-08](#)).

<sup>237</sup> Ex. MP-31 at 10-11 (Alley Rebuttal) (eDocket No. [20253-216055-09](#)); Ex. MP-33 at 24-25 (Bram Rebuttal) (eDocket No. [20253-216055-08](#)).

<sup>238</sup> Ex. DOC-303 at 53, 69-70 (Addonizio Direct) (eDocket No. [20252-214941-01](#)); Ex. CURE-600 at 7 (Baker Direct) (eDocket No. [20252-214963-04](#)).

<sup>239</sup> Ex. DOC-304 at 31-32, 37-38 (Addonizio Surrebuttal) (HCTS) (eDocket No. [20253-216801-01](#)).

acquisition debt than other transactions of this nature.<sup>240</sup> This is a low level of leverage for any acquisition regardless of industry,<sup>241</sup> which means that the Acquisition has materially less risk compared to other utility acquisitions.

140. The levels of any future, post-Acquisition debt that will be incurred by ALLETE will be subject to ongoing Commission supervision. Partner witnesses explain that post-Acquisition debt at Alloy Parent will be incurred at levels designed to achieve credit metrics for an investment grade rating.<sup>242</sup> Rather than over-leverage, this is a reasonable approach to the use of debt for ALLETE.

141. Some parties' witnesses rely on debt and other numbers from Partner investor presentations and argue these presentations represent the definitive plans of the Partners.<sup>243</sup> The Partner witnesses explain that the numbers in these presentations are simply the output of a model and do not reflect definitive plans.<sup>244</sup> Department Witness Addonizio admitted with respect to the debt-related numbers in the presentations that "[i]t's just a computer model picking it up and doing the math."<sup>245</sup>

---

<sup>240</sup> Ex. MP-31 at 43-44 (Alley Rebuttal) (eDocket No. [20253-216055-09](#)); Ex. MP-33 at 29 (Bram Rebuttal) (eDocket No. [20253-216055-08](#)).

<sup>241</sup> Ex. MP-36 at 6 (Lapson Rebuttal) (eDocket No. [20253-216055-11](#)) ("[T]o finance the Acquisition, the Partners are using an unusually low amount of acquisition debt at Alloy Parent and no incremental debt at ALLETE, thus avoiding an initial leverage burden and demonstrating the Partners' financial conservatism.").

<sup>242</sup> Ex. MP-31 at 44 (Alley Rebuttal) (eDocket No. [20253-216055-09](#)) ("[W]hile Alloy Parent will incur additional debt going forward, the levels of debt that will be incurred are simply to ensure efficient deployment of capital and proper capital structure and strong credit metrics of Alloy Parent. . . . Because of CPP Investments' size and capitalization, it does not need to use debt to increase funding capacity, but it is more efficient to do so."); *see also* Ex. MP-33 at 6 (Bram Rebuttal) (eDocket No. [20253-216055-08](#)) ("[W]e are targeting strong, separate credit metrics at the Alloy Parent level.").

<sup>243</sup> *See, e.g.*, Ex. CURE-602 Schedule JB-10 at 19 (Baker HCTS Surrebuttal) (eDocket No. 20253-216818-08) (describing the assumptions used in CPP Investments' valuation model); Ex. DOC-303 at 63-64, (Addonizio HCTS Direct) (eDocket No. 20252-214942-01).

<sup>244</sup> Ex. MP-31 at 29 (Alley Rebuttal) (eDocket No. [20253-216055-09](#)); Ex. MP-33 at 3, 16 (Bram Rebuttal) (eDocket No. [20253-216055-08](#)).

<sup>245</sup> Evid. Hrg. Tr. at 640:17-21 (Apr. 2, 2025) (Addonizio).

142. The total returns to the Partners reflected in their internal documents do not pose a risk to Minnesota Power customers for several reasons. The documents expressly state that these returns are calculations of what might occur, and do not reflect a plan or requirement to be imposed by the Partners.<sup>246</sup> The Partners' internal documents also do not reflect a plan to change ongoing operations of the Company or to increase either the authorized ROE or actual earned ROE. The Partners' internal documents show the primary component of the Partners' return will result from increasing ALLETE's value and decreasing ALLETE's risk by accomplishing the transition from coal dependency to environmental compliance under the Carbon Free Standard.<sup>247</sup> The Partners' expectation that the value of the Company will increase as it complies with the Carbon Free Standard is consistent with the public interest.

143. The various ring-fencing commitments made by the Company and the Partners will protect Minnesota Power and its customers from concerns regarding the operations of Alloy Parent and other affiliates. Witness Addonizio admitted that<sup>248</sup> all debt held at Alloy Parent will be non-recourse to Minnesota Power, meaning that it will not be secured by utility assets and ALLETE would have no obligation to repay the debt under any circumstances, offering further protection to Minnesota Power and its customers.<sup>249</sup>

144. Some parties' witnesses claim that data provided by the Partners show that the Partners expect to earn higher-than-reasonable returns.<sup>250</sup> The returns discussed in the Partners' documents relate to a return on their overall investment in ALLETE, which

---

<sup>246</sup> See, e.g., Ex. CURE-602 at Sch. JB-10 at 19 (Baker Surrebuttal) (HCTS) (eDocket No. [20253-216818-02](#)).

<sup>247</sup> *Id.* at 4.

<sup>248</sup> Evid. Hrg. Tr. at 592:19-593:1 (Apr. 2, 2025) (Addonizio) (HCTS).

<sup>249</sup> See Ex. MP-31 at 44-45 (Alley Rebuttal) (eDocket No. [20253-216055-09](#)).

<sup>250</sup> Ex. DOC-304 at CMA-S-2 at 34 (Addonizio Surrebuttal) (HCTS) (eDocket No. [20253-216801-01](#)).

is different from the rate of return that would be earned by Minnesota Power through its customer rates.<sup>251</sup> In addition, similar to the over-leveraging of debt, the Partners' documents expressly state that these assumptions are calculations of what might occur and are not guaranteed outcomes. Witness Bram explains that the Partners evaluate potential investments, such as this Acquisition, by making assumptions about certain facts and trends, and modeling various scenarios.<sup>252</sup> "Those scenarios are not necessarily situations or things we think will happen or want to happen, but they are scenarios we need to consider to fully evaluate the investment."<sup>253</sup> Thus, the concerns raised by the parties' witnesses regarding higher-than-reasonable returns are not borne out by the record.

145. The Commission will also retain its full authority to regulate ALLETE and Minnesota Power's capital structure, including the cost of debt and ROE.<sup>254</sup> More specifically, the Commission closely evaluates and establishes the amount of debt and equity that can be included in the regulated utility's capital structure for setting rates. This regulation directly affects customer rates.<sup>255</sup> Additionally, utilities also must seek approval for their actual capital structure and must propose to the Commission a ratio of equity to debt, as well as a contingency range for that ratio, and limits on both short-term and long-term debt.<sup>256</sup> This regulation does not directly affect customer rates but places limits on

---

<sup>251</sup> Ex. MP-31 at 17, 28 (Alley Rebuttal) (eDocket No. [20253-216055-09](#)); Ex. MP-33 at 3, 16 (Bram Rebuttal) (eDocket No. [20253-216055-08](#)).

<sup>252</sup> Ex. CPP-GIP-206 at 5 (Bram Response Testimony) (eDocket No. [20254-217895-02](#)).

<sup>253</sup> *Id.*

<sup>254</sup> 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 2-3 (Bulkley Rebuttal) (eDocket No. [20253-216055-10](#)).

<sup>255</sup> See Minn. Stat. § 216B.16.

<sup>256</sup> Minn. Stat. § 216B.49; see Evid. Hrg. Tr. at 514:4-517:22 (Apr. 2, 2025) (Addonizio) (discussing capital structure approval requirements and filings for Minnesota Power).

the financing of the utility. The Commission engages in both of these functions as it relates to Minnesota Power (through rate cases) and ALLETE (through capital structure filings).

146. The Commission's continued regulatory role will assure protection of Minnesota Power customers and the public interest.<sup>257</sup> There is no evidence in the record, and no basis for parties' concerns that the Commission will not be able to, or be unwilling to, exercise the same level of authority and impose the same standards of protection after the Acquisition as it has exercised in the past, which include supervision of all material investments and all costs to be recovered in Minnesota Power customer rates.

147. The Partners have also confirmed their understanding that the Commission has authority over these structures and that will not change with the Acquisition.<sup>258</sup> Witness Addonizio also acknowledges that the Commission's authority will remain the same if the Acquisition is approved.<sup>259</sup>

148. As stated by Witness Addonizio, the Commission has more direct control over the capital structure, as well as the ratios of debt and equity, of ALLETE today than other utility parent holding companies due to ALLETE not being separated from the Minnesota Power operating utility.<sup>260</sup> Specifically, due to this legal structure, ALLETE must obtain Commission approval for its capital structure, including its debt and equity, which is not the case for utility parent holding companies that are separate from their Minnesota operating utilities.<sup>261</sup> This increased oversight and control will protect Minnesota Power and its customers from any potential risks of the Acquisition.

---

<sup>257</sup> See, generally, Minn. Stat. Chapters 216, 216A, 216B.

<sup>258</sup> Ex. MP-27 at Sch. 1 at 6-7 (Cady Rebuttal) (eDocket No. [20253-216055-03](#)).

<sup>259</sup> Evid. Hrg. Tr. at 509:9-17 (Apr. 2, 2025) (Addonizio).

<sup>260</sup> Evid. Hrg. Tr. at 522:21 - 523:12, 526:10-526:18 (Apr. 2, 2025) (Addonizio).

<sup>261</sup> *Id.* at 521:9-522:20, 524:17-526:9.

149. Additionally, Minnesota Power and the Partners have made commitments to protect Minnesota Power and its customers against the risks perceived by the parties.<sup>262</sup>

150. For instance, Minnesota Power and the Partners have committed that 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.<sup>263</sup> This commitment ensures that no dividends or distributions are issued that could impair ALLETE's financial viability.<sup>264</sup>

151. The Company also will not make any dividend or distribution to Alloy Parent unless at least one senior unsecured credit rating is investment grade or above.<sup>265</sup> This commitment protects the Company's credit rating, and therefore the cost of debt, and again limits the Partners' ability to take distributions.<sup>266</sup> Currently, there is no regulatory limitation on when ALLETE may make a dividend or distribution.<sup>267</sup>

152. Each of these protections helps ensure the financial health of ALLETE and the Minnesota Power utility, regardless of any concerns about the Partners' intent.

153. Additionally, Minnesota Power and the Partners committed that if, as a result of the Acquisition, Minnesota Power's cost of debt increases above current levels within three years following the close of the Acquisition, customers will be held harmless

---

<sup>262</sup> See Minnesota Power Initial Brief at Attachment A (Petitioners' Proposed Commitments (Cady Rebuttal Sch. 1 and Lapson Direct Sch. 3)) (eDocket No. [20255-218485-01](#)).

<sup>263</sup> 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-27 at Sch. 1 (Cady Rebuttal) (eDocket No. [20253-216055-03](#)).

<sup>264</sup> *Id.*

<sup>265</sup> Ex. MP-16 at 15 (Lapson Direct) (eDocket No. [202412-212973-01](#)); Ex. MP-31 at 13 (Alley Rebuttal) (eDocket No. [20253-216055-09](#)); Ex. MP-33 at 25 (Bram Rebuttal) (eDocket No. [20253-216055-08](#)); Ex. MP-27 at 27, Sch. 1 (Cady Rebuttal) (eDocket No. [20253-216055-03](#)).

<sup>266</sup> Ex. MP-27 at Sch. 1 (Cady Rebuttal) (eDocket No. [20253-216055-03](#)).

<sup>267</sup> *Id.*



from any rate impact.<sup>268</sup> Thus, customers would be protected if the cost of debt were to change as a result of the Acquisition, or if the Partners were to attempt to over-leverage ALLETE.<sup>269</sup>

154. Appropriate access to books and records, as well as information regarding equity infusions and dividend payments (which are discussed in Sections V.A and D), will likewise keep the Commission fully informed with respect to the financing of the Company.

155. Finally, ALLETE will use commercially reasonable efforts to maintain its current corporate and facility ratings and to remain rated by at least two credit rating agencies.<sup>270</sup> Currently, Minnesota Power has no regulatory obligation to remain rated by at least two credit rating agencies.<sup>271</sup> These commitments will also help ensure reasonable costs of capital for customers as well as stakeholder insight into the Company's financial health.<sup>272</sup>

156. The record demonstrates that the existing regulatory powers of the Commission and the objective incentives for the Partners to strengthen the Company to protect their investment in ALLETE are adequate to address concerns regarding the effect of the Acquisition on the financial health of Minnesota Power and ALLETE. Many of the parties' concerns are not unique to the Acquisition but apply equally to ownership by

---

<sup>268</sup> Ex. MP-29 at 22 (Taran Rebuttal) (eDocket No. [20253-216055-05](#)); Ex. MP-31 at 8 (Alley Rebuttal) (eDocket No. [20253-216055-09](#)); Ex. MP-33 at 34-35 (Bram Rebuttal) (eDocket No. [20253-216055-08](#)); Ex. MP-27 at Sch. 1 (Cady Rebuttal) (eDocket No. [20253-216055-03](#)).

<sup>269</sup> Ex. MP-27 at Sch. 1 (Cady Rebuttal) (eDocket No. [20253-216055-03](#)).

<sup>270</sup> Ex. MP-16 at Sch. 3 (Lapson Direct) (eDocket No. [202412-212973-01](#)); Ex. MP-33 at 56, 60 (Bram Rebuttal) (eDocket No. [20253-216055-08](#)); Ex. MP-27 at Sch. 1 (Cady Rebuttal) (eDocket No. [20253-216055-03](#)).

<sup>271</sup> Ex. MP-27 at Sch. 1 (Cady Rebuttal) (eDocket No. [20253-216055-03](#)).

<sup>272</sup> *Id.*

public shareholders today.<sup>273</sup> The commitments made by Minnesota Power and the Partners as part of this Acquisition not only address the concerns raised by the parties, but also provide increased protections for Minnesota Power and its customers as compared to the protections available with respect to public shareholders. These commitments will safeguard the financial health of Minnesota Power and further ensure that the Acquisition does not result in any negative cost impacts for customers.

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

157. Through the course of this proceeding, ALLETE and the Partners made a number of commitments relating to protecting Minnesota Power and its customers from “non-regulated risks and expenditures, as well as the business and financial risks of the Partners.”<sup>274</sup> ALLETE’s and the Partners explained that they made these commitments to demonstrate that “Minnesota Power and its customers will be adequately and appropriately protected and separated from non-regulated risks.”<sup>275</sup> Witness Lapson testified that the commitments made by ALLETE and the Partners “provide an adequate separation of ALLETE from risks associated with the Partners and any other companies under their control.”<sup>276</sup> LPI and other Parties argued that the ring-fencing commitments are insufficient to protect Minnesota Power from risks associated with the Partners. They further argued that the ring-fencing protections between Minnesota Power and ALLETE’s non-regulated businesses are already inadequate and that ALLETE should already have

---

<sup>273</sup> 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 (Apr. 2, 2025) (Addonizio).

<sup>274</sup> Ex. MP-15 at 18 (Anderson Direct) (eDocket No. [202412-212968-06](#)).

<sup>275</sup> *Id.*

<sup>276</sup> Ex. MP-16 at 16 (Lapson Direct) (eDocket No. [202412-212973-01](#)).

formed a holding company so that Minnesota Power would be a discrete corporate entity within ALLETE.

*1. The Ring-Fencing Commitments*

158. Ring-fencing is a term used to describe arrangements that keep a regulated utility business separate from the non-utility affiliates or holding company parent of the utility.<sup>277</sup> As Witness Lapson explained, “ring-fencing mechanisms have been successfully used to protect utilities from risky parents or affiliated companies and have proven effective in allowing the Protected Companies to carry out their mandate to serve present and future customers.”<sup>278</sup>

159. Many of ALLETE’s ring-fencing commitments were established at pages 20-21 of the Petition.<sup>279</sup> The key commitments include:

- ALLETE and Alloy Parent will maintain separate books and records, agree to prohibitions against loans or pledges of assets of ALLETE without regulatory approval, and generally hold ALLETE harmless from any business and financial risk exposures associated with Alloy Parent or its subsidiaries or affiliates (other than any subsidiary of ALLETE);
- ALLETE and Alloy Parent will maintain separate stock and debt;
- Neither ALLETE nor Alloy Parent shall provide direct credit support to a credit facility of the other through a guarantee, and none of ALLETE’s credit facilities shall include any cross-default provision whereby a default under any of Alloy Parent’s credit facilities would cause a default under any of ALLETE’s credit facilities;
- ALLETE will maintain its own corporate and debt rating, and its own ratings for long-term debt;
- ALLETE will not make or declare a distribution, unless on the date of such distribution ALLETE’s credit rating is investment grade, except with prior approval of the Commission; and

---

<sup>277</sup> Ex. MP-15 at 18 (Anderson Direct) (eDocket No. [202412-212968-06](#)).

<sup>278</sup> Ex. MP-16 at 9 (Lapson Direct) (eDocket No. [202412-212973-01](#)). Witness Lapson uses the term “Protected Company” to refer to the company that is safeguarded by ring-fencing protections. *Id.*

<sup>279</sup> Ex. MP-1 at 20-21 (Petition) (eDocket No. [20247-208768-01](#)).

- ALLETE will be structured such that, in the event of a bankruptcy of Alloy Parent or any of its subsidiaries or affiliates (other than ALLETE and its subsidiaries), a bankruptcy court will not consolidate the assets and liabilities of ALLETE with Alloy Parent or any Alloy Parent entity, and except as allowed by law, any costs incurred as a result of the bankruptcy of Alloy Parent or any Alloy Parent entity cannot be sought from ALLETE.<sup>280</sup>

160. Witness Anderson provided additional context for the commitments that were presented in the Petition. Witness Anderson confirmed that Alloy Parent will have separate financial accounts from ALLETE – the accounts of the two will not be commingled.<sup>281</sup> In addition, ALLETE will not be an obligor on the debt that Alloy Parent is incurring in connection with the Acquisition.<sup>282</sup> Witness Anderson noted that 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.<sup>283</sup> In Rebuttal Testimony, the Company and the Partners made two additional ring-fencing commitments:

- Alloy Parent will not use utility assets to guarantee Alloy Parent debt; and
- Minnesota Power will be prohibited from loaning funds to or borrowing funds from Alloy Parent or other upstream entities.<sup>284</sup>

161. Witness Lapson prepared a list of the Company's ring-fencing commitments.<sup>285</sup> The commitments were also summarized and reaffirmed by ALLETE Witness Cady.<sup>286</sup> ALLETE acknowledged that the ring-fencing commitments could be

---

<sup>280</sup> Ex. MP-1 at 20-21 (Petition) (eDocket No. [20247-208768-01](#)).

<sup>281</sup> Ex. MP-15 at 18 (Anderson Direct) (eDocket No. [202412-212968-06](#)).

<sup>282</sup> *Id.* at 18-19.

<sup>283</sup> *Id.* at 19.

<sup>284</sup> Ex. MP-35 at 7 (Anderson Rebuttal) (eDocket No. [20253-216055-06](#)).

<sup>285</sup> Ex. MP-16 at Sch. 3 (Lapson Direct) (eDocket No. [202412-212973-01](#)).

<sup>286</sup> Ex. MP-27 at Sch. 1 (Cady Rebuttal) (eDocket No. [20253-216055-03](#)).

included as requirements in this proceeding, so that the commitments would be memorialized and subject to the enforcement authority of the Commission.<sup>287</sup>

## 2. *Witness Lapson's Analysis of the Ring-Fencing Commitments*

162. Witness Lapson has extensive experience, including many years of experience at rating agencies and then many years of experience as a consultant, analyzing the adequacy and appropriateness of ring-fencing measures in the context of a utility transaction.<sup>288</sup> Witness Lapson has developed a set of systematic and comprehensive standards regarding the protection of a company from adversity as a result of its affiliation with a parent or affiliated entities that has been used in multiple regulatory proceedings where acquisitions have been approved by state regulatory commissions.<sup>289</sup>

163. Witness Lapson analyzed the ring-fencing commitments made by ALLETE and the Partners. In doing so, Witness Lapson also considered the protections that exist because of the Commission's regulatory authority over Minnesota Power, which will remain unchanged if the Acquisition is approved by the Commission.<sup>290</sup>

164. Witness Lapson concluded that the ring-fencing commitments are "strong"<sup>291</sup> and that they conformed to her framework such that they "will provide an adequate separation of ALLETE from risks associated with affiliation with the Partners and any other companies under their ownership or control."<sup>292</sup>

---

<sup>287</sup> Minnesota Power Initial Brief at 29 (eDocket No. [20255-218485-01](#)).

<sup>288</sup> Ex. MP-16 at 2-4, Sch. 1 (Lapson Direct) (eDocket No. [202412-212973-01](#)); Evid. Hrg. Tr. at 413:1-10 (Witness Lapson has worked on utility finance for 50 years and has 17 years of experience managing credit ratings for investor owned utilities); c.f. Evid. Hrg. Tr. at 460:9-461:18 (Vavro).

<sup>289</sup> *Id.* at 10-14, Sch. 2.

<sup>290</sup> *Id.* at 14.

<sup>291</sup> *Id.*

<sup>292</sup> *Id.* at 16, Sch. 3.

*3. The Ring-Fencing Commitments Made by ALLETE and the Partners Provide Adequate Protections*

165. Witness Vavro acknowledged that the ring-fencing commitments made by ALLETE and the Partners are “generally consistent with those that have been proposed in other take-private transactions.”<sup>293</sup> Witnesses for the parties generally argued that the ring-fencing commitments were nevertheless insufficient.<sup>294</sup>

166. As a preliminary matter, the other parties did not put forth an expert witness with experience relating to ring-fencing and related issues.<sup>295</sup>

167. The only specific ring-fencing measure proposal suggested by parties other than Petitioners was a legal non-consolidation opinion, which was offered “as an example.”<sup>296</sup> A legal non-consolidation opinion is a “second opinion,” prepared by a lawyer, opining that if the acquiring company declares bankruptcy, the bankruptcy court would not order the substantive consolidation of the acquired company.<sup>297</sup>

168. Witness Lapson testified that such opinions are not part of typical standards and are not necessary because “I don’t think that [such an opinion] creates any added protection or any protection at all.”<sup>298</sup> On cross-examination, Witness Vavro admitted that a legal non-consolidation opinion is “not a guarantee that substantive consolidation will not occur” and that non-consolidation opinions are “not a financial shield against

---

<sup>293</sup> Ex. DOC-301 at 20 (Vavro Direct) (eDocket No. [20252-214941-03](#)).

<sup>294</sup> *Id.*

<sup>295</sup> Evid. Hrg. Tr. at 460:9-461:18 (Witness Vavro has no experience with issuance of securities, development of a capital plan, determining the level of investment needed for a public utility to offer safe and reliable service, serving on a corporate board, or Minnesota law relating to responsibilities of the director of a corporation), 478:12-15 (Witness Vavro is “not an expert” on non-consolidation opinions) (April 2, 2025) (Vavro).

<sup>296</sup> Evid. Hrg. Tr. at 476:3-15, 477:14-20 (April 2, 2025) (Vavro).

<sup>297</sup> *Id.* at 477:21-478:11.

<sup>298</sup> Evid. Hrg. Tr. at 429:16-22 (April 2, 2025) (Lapson).

bankruptcy.”<sup>299</sup> Witness Vavro did not point to any other alleged insufficiencies in the ring-fencing protections.

169. Considered as a whole, the record evidence is inconclusive, at best, as to whether a non-consolidation opinion would provide meaningful additional protection for the Company and its customers in the event of the bankruptcy of Alloy Parent or any other Alloy Parent entities or affiliates.

170. There is no record evidence supporting the need for any other ring-fencing measures beyond those offered by the Petitioners. The record evidence demonstrates that ring-fencing commitments made by ALLETE and the Partners on this Acquisition record are appropriate and sufficient to protect Minnesota Power from perceived risks associated with Alloy Parent and the Partners. Witness Lapson, the only witness with experience using a set of systematic and comprehensive standards to analyze the adequacy of ring-fencing commitments, concluded that the commitments made by ALLETE and the Partners provide “adequate protection in all circumstances.”<sup>300</sup> ALLETE and the Partners have since offered further ring-fencing commitments to provide additional protection to Minnesota Power and its customers. Accordingly, the ring-fencing commitments made by ALLETE and the Partners are reasonable and provide adequate protection for Minnesota Power and its customers. The ring-fencing commitments are expressly included in the ordering paragraphs below.

---

<sup>299</sup> *Id.* at 478:2-11.

<sup>300</sup> Ex. MP-16 at 5 (Lapson Direct) (eDocket No. [202412-212973-01](#)).

*4. Conversion to a Holding Company is Outside the Scope of This Proceeding*

171. In connection with the ring-fencing commitments, some Parties argued that ALLETE's current corporate structure fails to adequately protect Minnesota Power from risk associated with ALLETE's non-regulated subsidiaries, and that ALLETE should be reorganized into a holding company structure whereby the Minnesota Power operating utility is no longer the same legal entity as ALLETE, Inc.<sup>301</sup>

172. ALLETE's Petition did not make any request or proposal relating to reorganization into a holding company structure, and such reorganization is not within the scope of the issues referred to OAH by the Commission.<sup>302</sup> The transaction at issue in this docket neither precludes nor requires any change in ALLETE's corporate structure.

173. For these reasons, the issue of reorganizing ALLETE into a holding company structure is not within the scope of this proceeding. Nevertheless, because of the attention brought to this issue, the following findings address the arguments relating to it.

174. To begin with, it is undisputed that the Acquisition will not result "in any change to the companies within the ALLETE family or in any changes to the arrangements, contracts, and agreements within that family (except that an updated tax sharing agreement will be completed)."<sup>303</sup> There are already safeguards in place (such as the use of separate corporate entities for non-regulated businesses, separation

---

<sup>301</sup> Ex. DOC-301 at 4, 20-21 (Vavro Direct) (eDocket No. [20252-214941-03](#)); see also Ex. DOC-303 at 4 (Addonizio Direct) (eDocket No. [20252-214941-01](#)).

<sup>302</sup> See *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. E015/PA-24-198, ORDER REQUIRING ADDITIONAL INFORMATION AND GRANTING INTERVENTION, AND NOTICE AND ORDER FOR HEARING, (Oct. 7, 2024) (eDocket No. [202410-210754-01](#)).

<sup>303</sup> Ex. MP-15 at 7 (Anderson Direct) (eDocket No. [202412-212968-06](#)).



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.<sup>304</sup>

175. The Commission has considered the Company's cost allocations process, corporate structure, and other attributes to generally be satisfactory.<sup>305</sup> Although the Company has explored and presented information regarding the pros and cons of a holding company structure, the Commission has not concluded that anything should be done to change the Company's existing corporate structure.<sup>306</sup>

176. Testimony suggesting ALLETE's current corporate structure is unduly risky is not credible, because it implies that the Commission has failed in its ongoing regulatory oversight of ALLETE for decades. Testimony from the Department suggesting that ALLETE's structure is inappropriate is especially unpersuasive, because the Department is well aware of the safeguards that are in place at ALLETE, and in a recent proceeding, the Department considered them sufficient.<sup>307</sup>

177. Witness Vavro emphasized that formation of a holding company has been a topic of discussion between ALLETE and the Commission, and that in 2023 ALLETE was considering the submission of a holding company reorganization petition.<sup>308</sup> But that does not mean adoption of a holding company structure is required, would be feasible, or would be wise while the Acquisition is taking place. Reorganization of ALLETE into a

---

<sup>304</sup> Ex. MP-35 at 3 (Anderson Rebuttal) (eDocket No. [20253-216055-06](#)).

<sup>305</sup> *Id.*

<sup>306</sup> *Id.*

<sup>307</sup> Ex. MP-50; Evid. Hrg. Tr. at 515:10-518:8 (April 2, 2025) (Addonizio).

<sup>308</sup> Ex. DOC-32 at 13-14 (Vavro Surrebuttal) (eDocket No. [20253-216835-01](#)).

holding company structure would be time-consuming and costly (in part because it would require a separate Commission proceeding), and transitioning to a holding company structure, at the same time as implementing the Acquisition, could lead to complex unintended consequences.<sup>309</sup>

178. Moreover, if ALLETE were to organize into a holding company structure, it is possible that the Commission and other stakeholders would have less transparency into finances at the ALLETE and Alloy Parent levels, at least in some ways, than what ALLETE and the Partners are proposing in the Acquisition. For example, ALLETE is proposing to continue with its annual capital structure filing, and to include with that filing full audited consolidated financial statements for both ALLETE and Alloy Parent.<sup>310</sup>

179. In contrast, the Commission does not receive information about the capital structure or corporate structure of Xcel Energy's or Otter Tail Power's holding companies, does not regulate the consolidated capital structure of either company, and does not have insight into how debt is raised at the holding company level.<sup>311</sup>

180. In sum, intervenors' arguments seeking the reorganization of ALLETE to a holding company structure as a condition of approval of the Acquisition are unpersuasive. That issue should be addressed in a separate proceeding.

#### **D. Governance**

181. Today, the ALLETE Board of Directors ("ALLETE Board") provides "oversight focused on ensuring that the Company is managed in a manner that builds long-term value for [the Company's] shareholders, customers, employees, and

---

<sup>309</sup> Ex. MP-35 at 6-7 (Anderson Rebuttal) (eDocket No. [20253-216055-06](#)).

<sup>310</sup> Ex. MP-35 at 13 (Anderson Rebuttal) (eDocket No. [20253-216055-06](#)).

<sup>311</sup> Evid. Hrg. Tr. at 519:13-526:22 (April 2, 2025) (Addonizio).

communities.”<sup>312</sup> The ALLETE Board reviews Minnesota Power’s “strategy, operational performance, budget, and forecast” and approves “major regulatory filings and project decisions.”<sup>313</sup> The ALLETE Board is elected annually by the shareholders with a goal of diverse backgrounds and perspectives to provide direction to the Company on strategic matters.<sup>314</sup>

182. According to Company Witness Scissons, there will be no changes as to how Minnesota Power develops its strategy and presents that information to the ALLETE Board as a result of the Acquisition.<sup>315</sup> Witness Scissons stated the following:

Currently, talented professionals at Minnesota Power develop strategic plans and submit them to the Board for approval. Following the [Acquisition], strategic plans will still be developed by professionals at Minnesota Power and submitted to the [ALLETE] Board for approval, and the strategic planning is expected to be developed by the same teams and individuals because of commitments by the Partners to the continuity of Minnesota Power’s workforce. Additionally, as further detailed in the Direct Testimony of Company Witness Cady, the Partners are supportive of Minnesota Power’s collaborative approach to stakeholder engagement going forward.<sup>316</sup>

183. The ALLETE Board will be established based on decisions by the ALLETE shareholders – the Partners.<sup>317</sup> The Department, OAG and Sierra Club raised concerns related to the control of the ALLETE Board.<sup>318</sup>

---

<sup>312</sup> Ex. MP-10 at 9 (Scissons Direct) (eDocket No. [202412-212968-04](#)). Minnesota Power and ALLETE’s Board are the same and the ALLETE Board discusses both utility and non-utility business.

<sup>313</sup> *Id.* at 9-10.

<sup>314</sup> *Id.* at 10.

<sup>315</sup> *Id.* at 11.

<sup>316</sup> *Id.*

<sup>317</sup> Ex. MP-10 at 10 (Scissons Direct) (eDocket No. [202412-212968-04](#)); Ex. MP-14 at 21 (Bram Direct) (eDocket No. [202412-212968-09](#)); Ex. MP-32 at 34-35 (Alley Rebuttal) (eDocket No. [20253-216055-09](#)).

<sup>318</sup> See Ex. DOC-301 at 22-27 (Vavro Direct) (eDocket No. [20252-214941-03](#)); Ex. DOC-303 at 64 (Addonizio Direct) (eDocket No. [20252-214941-01](#)); Ex. Sierra Club-1100 at 25-26 (Lane Direct) (eDocket No. [20252-214960-01](#)); Ex. OAG-401 at 26 (Lebens Direct) (eDocket No. [20252-214937-02](#)).

184. According to evidence contained in the record, the ALLETE Board will be comprised of four directors appointed by CPP Investments, six directors appointed by GIP (two on behalf of CalPERS),<sup>319</sup> and three independent directors,<sup>320</sup> with at least one director from Minnesota and another from Wisconsin.<sup>321</sup> The Chief Executive Officer of ALLETE will be a voting member, and will not count as the director from either Minnesota or Wisconsin.<sup>322</sup>

185. Based on evidence in the record, the Board will be comprised of a total of thirteen directors. Seven votes are necessary for a majority vote to succeed, and no one Partner may appoint a majority of the board.<sup>323</sup> No single Partner will have control of the post-Acquisition ALLETE Board.<sup>324</sup>

186. Department Witness Vavro pointed to two acquisitions in other states – each involving the same, single, private equity acquiring company (IIF) – to support her recommendation that all directors of the ALLETE Board post-Acquisition be independent.<sup>325</sup> Witness Vavro admitted that the two examples she cited resulted from a practice and preference specific to that buyer and the term was offered from the outset of the case; fully independent boards were neither directed by, called out in any notable

---

<sup>319</sup> California Public Employees' Retirement System ("CalPERS") is the sole limited partner of Tower Bridge Infrastructure Partners, L.P., which is managed by a GIP-controlled affiliate as the general partner.

<sup>320</sup> Ex. MP-10 at 10 (Scissons Direct) (eDocket No. [202412-212968-04](#)); Ex. MP-14 at 21 (Bram Direct) (eDocket No. [202412-212968-09](#)); Ex. MP-32 at 34-35 (Alley Rebuttal) (eDocket No. [20253-216055-09](#)). Today, there is nothing that prevents any one shareholder from acquiring sufficient shares to ensure that their selected directors would be elected to the ALLETE Board. Evid. Hrg. Tr. at 353:17-24 (April 1, 2025) (Scissons).

<sup>321</sup> *Id.*

<sup>322</sup> Ex. MP-27 at Sch. 2, p. 2 (Cady Rebuttal) (eDocket No. [20253-216055-03](#)).

<sup>323</sup> Evid. Hrg. Tr. at 827:12-829:18 (April 3, 2025) (Lane). GIP appoints two of its members on behalf of CalPERS.

<sup>324</sup> Ex. MP-14 at 21 (Bram Direct) (eDocket No. [202412-212968-09](#)).

<sup>325</sup> Ex. DOC-302 at 7-8 (Vavro Surrebuttal) (eDocket No. [20253-216835-01](#)).

way, nor a focus of the state commission decisions in approving the settlement agreements.<sup>326</sup> Witness Vavro did not address or compare the numerous examples where a state commission approved a take-private transaction with a minority of the post-Acquisition directors being independent (frequently, only one director).<sup>327</sup> Witness Vavro also did not distinguish governance structures that *may* be applicable whether there is a single private entity buyer, versus the circumstances with multiple private entity buyers, as is the case here.

---

<sup>326</sup> Evid. Hrg. Tr. at 470:14-472:11 (April 2, 2025) (Vavro).

<sup>327</sup> See, e.g., *In the Matter of the Application of Macquarie Infrastructure Holdings, LLC, The Gas Company, LLC dba Hawaii Gas, and AMF Hawaii Holdings, LLC For Approval of the Transfer of Upstream Interest and Related Matters*, DECISION AND ORDER NO. 38478 at 18 (June 21, 2022) (requiring only one independent board member); *Joint Petition of Corning Natural Gas Holding Corporation, Corning Natural Gas Corporation, ACP Crotona Corp. and ACP Crotona Merger Sub Corp. for Approval, Pursuant to Section 70 of the New York Public Service Law, of the Merger of ACP Crotona Merger Sub Corp. into Corning Natural Gas Holding Corporation with Corning Natural Gas Holding Corporation as the Surviving Corporation and Wholly-Owned Subsidiary of ACP Crotona Corp*, Case 21-G-0260, ORDER ADOPTING TERMS OF JOINT PROPOSAL ESTABLISHING RATE PLAN AND APPROVING MERGER at 55-56 (June 6, 2022) (requiring only one independent board member); *In the Matter of the Joint Application of Iberdrola, S.A., Avangrid, Inc., Avangrid Networks, Inc., NM Green Holdings, Inc., Public Service Company of New Mexico and PNM Resources, Inc. for Approval of the Merger of NM Green Holdings, Inc., with PNM Resources, Inc.; Approval of a General Diversification Plan; and All Other Authorizations and Approvals Required to Consummate and Implement this Transaction Iberdrola, S.A., Avangrid, Inc., Avangrid Networks, Inc., NM Green Holdings, Inc., Public Service Company of New Mexico and PNM Resources, Inc., Joint Applicants*, Case No. 20-00222-UT, ORDER ON CERTIFICATION OF STIPULATION at 3 (December 8, 2021) (approving three independent board members on a seven seat board); *Request for Approval of Reorganization with ENMAX Pertaining to Versant Power f/k/a Emera Maine, Maine Electric Company, and Chester SVC Partnership*, Case 2019-00097, ORDER APPROVING STIPULATION (PART II) at 10 (April 21, 2020) (requiring four independent board members on a nine member board); *Joint Petition of Liberty Utilities Co. and St. Lawrence Gas Company, Inc. for Approval, Pursuant to Section 70 of the PSL, of the Acquisition of St. Lawrence Gas Company, Inc. by Liberty Utilities Co. and for Approval, Pursuant to Section 69 of the PSL, of the Issuance of Long-Term Indebtedness*, Case 18-G-140, ORDER ADOPTING THE TERMS OF JOINT PROPOSAL at 24 (Oct. 18, 2019) (requiring only one independent board member); *In the Matter of the Merger of Altagas LTD. And WGL Holdings, Inc.*, Case No. 9449, ORDER NO. 88631 (April 4, 2018) (requiring only one independent board member); *Joint Application of Nevada Power Company d/b/a NV Energy, Sierra Pacific Power Company d/b/a NV Energy (referenced together as "NV Energy, Inc.") and MidAmerican Energy Holdings Company ("MidAmerican") for approval of a merger of NV Energy, Inc. with MidAmerican*, Docket No. 13-07021, ORDER (December 17, 2013) (approving merger without requiring full independent board of directors); *In the Matter of the Joint Application of Puget Holdings LLC and Puget Sound Energy, INC., For an Order Authorizing Proposed Transaction*, Docket U-072375, ORDER 08 APPROVING AND ADOPTING SETTLEMENT STIPULATION; Authorizing Transaction Subject to Conditions at 154 (December 30, 2008) (requiring only one independent board member).

187. The boards of directors of companies (including ALLETE's current board) are elected by the shareholders – whether public or private – and are expected to represent their interests. It is commonly expected that members of a board of directors will own shares of the company they are overseeing (currently the case for ALLETE and Xcel Energy), as that aligns board members with the investors they represent and gives board members a vested interest in the success of the company they serve.<sup>328</sup> A board of directors that is fully or even mostly independent from its investors does not align with these principles.

188. Minnesota law requires that any director fulfill the duties of their position “in good faith, in a manner the director reasonably believes to be in the best interests of the corporation.”<sup>329</sup> Minnesota law further clarifies that “[i]n discharging the duties of the position of director, a director may . . . consider the interests of the corporation's employees, customers, suppliers, and creditors, the economy of the state and nation, community and societal considerations, and the long-term as well as short-term interests of the corporation and its shareholders . . . .”<sup>330</sup>

189. Witnesses that supported an independent board, including Witness Vavro, did not know about these statutory requirements nor take these requirements into account.<sup>331</sup> Therefore, all directors must make decisions that will be in the best interests

---

<sup>328</sup> Evid. Hrg. Tr. at 446:3-5 and 447:10-12 (April 2, 2025) (Vavro); ALLETE Corporate Governance Guidelines at 7-8, available online at [Governance | ALLETE, Inc.](#)

<sup>329</sup> Minn. Stat. § 302A.251, subd. 1 (emphasis added). Certain witnesses testified they had not reviewed Minnesota's Statutes governing directors of businesses. Evid. Hrg. Tr. at 461:10-463:21 (April 2, 2025) (Vavro); Evid. Hrg. Tr. at 656:20-657:3 (April 3, 2025) (Walters).

<sup>330</sup> Minn. Stat. § 302A.251, subd. 5.

<sup>331</sup> Certain witnesses testified they had not reviewed Minnesota's Statutes governing all directors of businesses. Evid. Hrg. Tr. at 461:10-463:21 (April 2, 2025) (Vavro); Evid. Hrg. Tr. at 656:20-657:3 (April 3, 2025) (Walters).

of the corporation in consideration of a variety of factors. If they fail to do so, the directors will be in violation of the law.

190. The Partners indicated that they are seeking to acquire the shares of ALLETE because of its strategic direction.<sup>332</sup> They also indicated that they are committed to the autonomy of Minnesota Power's management in its day-to-day operations, to ensure that Minnesota Power is able to meet its regulatory requirements and continue to provide safe, reliable, and affordable electric service to its customers.<sup>333</sup>

191. According to evidence presented, the current ALLETE Board selected the Partners because ALLETE and the Partners are aligned, and therefore is comfortable with the proposed post-Acquisition ALLETE Board structure. Even if certain decisions are made by the ALLETE Board, Minnesota Power, its capital structure, its rates, its resource planning, its transmission and distribution planning, and its affiliated interests will all remain subject to the review, oversight, and approval of the Commission after the Acquisition.<sup>334</sup>

### **E. Affiliated Interests**

192. Many of the Parties raised concerns about the application of Minnesota's Affiliated Interest Statute<sup>335</sup> to Minnesota Power after the transaction. They argued that ALLETE's and the Partners' proposed approach to affiliated interests does not comply with the Affiliated Interest Statute and opens the door to potential self-dealing.

---

<sup>332</sup> Ex. MP-14 at 15 (Bram Direct) (eDocket No. [202412-212968-09](#)); Ex. MP-13 at 12 (Alley Direct) (eDocket No. [202412-212968-10](#)).

<sup>333</sup> Ex. MP-27 at Sch. 1 (Cady Rebuttal) (eDocket No. [20253-216055-03](#)).

<sup>334</sup> *Id.*

<sup>335</sup> Minn. Stat. § 216B.48.

*1. The Affiliated Interest Statute As Currently Applied*

193. The Commission and Minnesota public utilities have long interpreted the Affiliated Interest Statute and its associated rules<sup>336</sup> to apply when a company owned in whole or in part by the public utility or the public utility holding company contracts with the public utility governed by the Commission. The purpose of the Affiliated Interest Statute is to allow the Commission to ensure that agreements between affiliated companies are reasonable and to identify potential self-dealing that could harm customers.<sup>337</sup>

194. Pursuant to the Affiliated Interest Statute, Minnesota electric utilities file an annual Affiliated Interest Annual Report (“Annual Affiliate Report”) with the Commission. The Annual Affiliate Report lists all shareholders that own greater than five percent of the outstanding shares of each utility’s stock. The longstanding practice has been that these Annual Affiliate Reports do not list the subsidiaries or affiliates of any such shareholder. Likewise, reporting has not been required or anticipated when two separately-owned public utilities, each of whose ultimate shares may be held in an amount greater than five percent by the same shareholder, contract for business together.<sup>338</sup>

195. This is illustrated by utilities’ April 2025 Annual Affiliate Reports. As of 2025, Xcel Energy, Otter Tail Power Company, CenterPoint Energy, Minnesota Energy Resources Corp., and Great Plains Natural Gas are all owned more than 5 percent by

---

<sup>336</sup> Minn. R. 7825.1900 et seq.

<sup>337</sup> Ex. MP-15 at 8 (Anderson Direct) (eDocket No. [202412-212968-06](#)); Ex. DOC-301 at 11-12 (Vavro Direct) (eDocket No. [20252-214941-03](#)).

<sup>338</sup> Ex. MP-6 at 12-13 (Supplemental Filing) (eDocket No. [202410-210823-01](#)); For example, while Vanguard owns more than five percent of the shares of both ALLETE and Otter Tail Power Company, these utilities do not make an affiliated interest filing when the utilities jointly develop a transmission line project nor do they include such information in their Annual Affiliate Reports. See *Notice of Intent to Construct, Own, and Maintain the Maple River - Cuyuna 345 kV Transmission Project LRTP Project #20*, Docket No. E015,ET2,E017/CN-25-109.



institutional investors such as BlackRock and The Vanguard Group, Inc. ("Vanguard").<sup>339</sup>

None of these utilities identify the other companies in which BlackRock and Vanguard hold investments as affiliated interests. Neither the Commission, the Department, or any other stakeholder has raised concerns about these filings or this approach to affiliated interest requirements.

196. Consistent with this approach, 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. Minnesota Power's Annual Affiliate Report lists all shareholders that own greater than five percent of the outstanding shares of ALLETE's stock; but it does not list the subsidiaries or affiliates of any such shareholder. Specifically, for a number of years BlackRock and Vanguard have owned more than five percent of ALLETE's outstanding shares.<sup>340</sup>

197. The Commission has not treated other companies owned by BlackRock or Vanguard as being affiliated interests with Minnesota Power that required filings with the

---

<sup>339</sup> *In the Matter of Northern States Power Company's Annual Affiliated Interest Report in Compliance with Minn. Rule 7825.2200(A)*, Docket No. E,G-999/PR-25-17, Annual Report, (Apr. 1, 2025) (eDocket No. [20254-217084-01](#)), (Vanguard 13.05%, BlackRock, Inc. 9.1%); *In the Matter of Otter Tail Power Company's Annual Affiliated Interest Report in Compliance with M.R. 7825.2200(A)*, Docket No. E,G-999/PR-25-17, Annual Report, (Mar. 31, 2025) (eDocket No. [20253-217039-01](#)), (BlackRock 15.7%, Vanguard 12.1%); *CenterPoint Energy Resources Corp d/b/a CenterPoint Energy Minnesota Gas' 2024 Annual Filing for Public Utilities with Affiliated Interests*, Docket No. E,G-999/PR-25-17, LETTER, (Mar. 31, 2025) (eDocket No. [20253-216986-01](#)), (Vanguard 11.71%, BlackRock 7.6%); *In the Matter of the Annual Affiliated Interest Filing of Minnesota Energy Resources Corporation*, Docket No. E,G-999/PR-25-17, Annual Report (Mar. 31, 2025) (eDocket No. [20253-217002-01](#)) (Vanguard 13.21%, BlackRock, Inc. 9.1%); *Great Plains Natural Gas Annual Affiliated Interest Filing*, Docket No. E,G-999/PR-25-17, Annual Affiliated Interest Filing (Apr. 3, 2025) (eDocket No. [20254-217227-01](#)), (BlackRock 12.4%, Vanguard 11.3%).

<sup>340</sup> 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) (eDocket No. [20254-217102-01](#)) (as of 2025, BlackRock, Inc. held about 13.45 percent and Vanguard held about 11.01 percent of ALLETE's outstanding shares).

Commission. Again, the Commission has taken this approach not only as to ALLETE, but it has consistently applied this treatment in similar instances to other Minnesota utilities.<sup>341</sup>

198. The Commission's approach recognizes that institutional investors are investors, not operators of public utilities. This approach is reasonable—it ensures that enough information is provided to allow stakeholders to analyze affiliated interest issues and protect against self-dealing, while avoiding the unworkable task of tracking the hundreds or thousands of companies in which institutional investors such as BlackRock or Vanguard own a stake. 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 under the approach taken by the Department.”<sup>342</sup>

199. According to evidence presented in this proceeding, ALLETE and the Partners are not seeking any change in the status quo relating to affiliated interests. Their position is simply that the Commission's current approach should remain unchanged as it applies to Minnesota Power after the transaction closes.

---

<sup>341</sup> Ex. MP-15 at 9 (Anderson Direct) (eDocket No. [202412-212968-06](#)).

<sup>342</sup> *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](#)).

*2. The Company and the Partners Propose to Take Additional Steps to Minimize Risk Associated with Affiliated Interests*

200. The Company and the Partners each committed to follow the Commission's requirements related to affiliated interests, as currently applied.<sup>343</sup> The Company and the Partners also committed to additional measures they will take to provide information about agreements between affiliated companies and to identify potential self-dealing that could harm customers.

- Minnesota Power will continue to file all affiliated interest and tax sharing agreements as it has been doing and will also continue to file its Annual Affiliate Report.<sup>344</sup> In that Report, Minnesota Power will identify all entities directly up the chain of ALLETE corporate ownership, from Alloy Parent up to and including CPP Investments and GIP.<sup>345</sup>
- In addition, Minnesota Power will create a new field in its Enterprise Resource Planning ("ERP") system, Oracle, allowing it to track and report any transactions with GIP and CPP Investments entities.<sup>346</sup>
- Minnesota Power will annually require all suppliers, and any industrial customers with contracted rates, to fill out a questionnaire identifying whether they are more than five percent owned by GIP, CPP Investments, or BlackRock.<sup>347</sup> Those suppliers will be listed in the Annual Report.<sup>348</sup>
- As it enters into purchase orders or contracts involving amounts over \$1 million with any supplier that has been identified as an affiliate, Minnesota Power will

---

<sup>343</sup> Ex. MP-31 at 40-41 (Alley Rebuttal) (eDocket No. [20253-216055-09](#)); Ex. MP-14 at 28 (Bram Direct) (eDocket No. [202412-212968-09](#)); Ex. MP-15 at 10-11 (Anderson Direct) (eDocket No. [202412-212968-06](#)). The Partners emphasized that any self-dealing would actually be counterproductive to their business interests. As Witness Alley stated, "[A]llegations of self-dealing would do far more harm to the business reputation of CPP Investments, both in Minnesota and elsewhere it does business, than any benefit that could be obtained." Ex. MP-31 at 41 (Alley Rebuttal) (eDocket No. [20253-216055-09](#)).

<sup>344</sup> Ex. MP-15 at 10 (Anderson Direct) (eDocket No. [202412-212968-06](#)). ALLETE and the Partners undertook reasonable diligence and ascertained that there are not any material contracts between ALLETE and its affiliates and CPP Investments or GIP and therefore no additional affiliated interest agreements are expected upon the closing of the transaction.

<sup>345</sup> Ex. MP-15 at 11 (Anderson Direct) (eDocket No. [202412-212968-06](#)). Consistent with the Commission approach described above, the Annual Affiliate Report will not identify the Partners' other investments.

<sup>346</sup> *Id.* The specific GIP and CPP Investments entities are listed on page 14 of Exhibit MP-15.

<sup>347</sup> Ex. MP-35 at 18 (Anderson Rebuttal) (eDocket No. [20253-216055-06](#)).

<sup>348</sup> *Id.*

disclose such contracts within 30 days of execution along with a certification that the contract was entered into at arms-length.<sup>349</sup>

- ALLETE will also continue to adhere to its Purchasing Manual, competitive bidding policies, Request for Proposal (“RFP”) processes, Supplier Code of Conduct, and Code of Business Conduct, all of which contain provisions that minimize the risk of potential self-dealing.<sup>350</sup>

201. These steps are consistent with (in fact, they go considerably above and beyond) the Commission’s longstanding and pragmatic approach to affiliated interests, and provide protection against the risk of self-dealing or preferential treatment.

### *3. Certain Parties’ Raised Affiliated Interest Concerns*

202. Department Witness Vavro expressed concern that the Acquisition will cause Minnesota Power to have “hundreds, if not thousands, of new affiliates,” and accused the Partners and Minnesota Power of “unwillingness to support the Commission’s due diligence efforts to protect ratepayer [sic] from associate [sic] harm, as set forth in Minn. Stat. § 216B.48 . . . .”<sup>351</sup> Various Parties made similar arguments.

203. The approach for which Witness Vavro and various Parties advocate would be a significant change from the way the affiliated interest statute is currently implemented. For years, companies like BlackRock and Vanguard have owned more than five percent of the shares of various Minnesota utilities, but there has been no sign that those relationships have created any concerns about self-dealing or related issues. No Party presented explained why it is necessary to change the Commission’s approach to the Affiliated Interest Statute.

---

<sup>349</sup> *Id.* The \$1 million threshold captures approximately 75 percent of Minnesota Power’s purchase order spending, and approximately 94 percent of ALLETE’s non-purchase order spending, during 2024. *Id.* at n. 36.

<sup>350</sup> Ex. MP-15 at 12-13, 15-17 (Anderson Direct) (eDocket No. [202412-212968-06](#)).

<sup>351</sup> Ex. DOC-301 at 3, 31 (Vavro Direct) (eDocket No. [20252-214941-03](#)).

204. Witness Vavro stated that she was “unaware of any Commission decision” that adopts the approach for which Minnesota Power and the Commission advocate in this proceeding.<sup>352</sup> On cross-examination she acknowledged that she had not actually read any utility’s annual affiliated interest reports and was unfamiliar with the Commission’s practices.<sup>353</sup>

205. In addition, the approach for which Witness Vavro and various Parties advocate—based on an expansive reading of the Affiliated Interest Statute—is impractical and impossible to execute. The legislature does not intent to create results that are “absurd, impossible of execution, or unreasonable.”<sup>354</sup> Laws can be interpreted “in a sensible manner” to avoid such results.<sup>355</sup>

206. As noted in the Commission Staff’s briefing papers, the Department’s interpretation of the requirements would “result in an increase in the number of contracts requiring Commission approval beyond Staff’s – and the Department’s – current capacity to process in a timely manner.”<sup>356</sup>

207. In short, the Department’s approach would be impossible to apply because it would cause nearly every business to be considered an affiliated interest. For example, Xcel Energy, Otter Tail Power, CenterPoint, MERC, and Greater Minnesota Gas would all be considered affiliates of ALLETE, each other, and nearly every publicly traded company on the stock market (because they are all owned more than five percent by

---

<sup>352</sup> Ex. DOC-302 at 14 (Vavro Surrebuttal) (eDocket No. [20253-216835-01](#)).

<sup>353</sup> Evid. Hearing Tr. at 473:5-21 (April 2, 2025) (Vavro). Witness Vavro also admitted that she was not aware of other requirements from Minnesota corporate law that are intended to prohibit self-dealing, such as Minn. Stat. § 302A.255. Evid. Hearing Tr. at 475:8-17 (April 2, 2025) (Vavro).

<sup>354</sup> Minn. Stat. § 645.17.

<sup>355</sup> *Minn. Mining & Mfg. Co. v. Nishika Ltd.*, 565 N.W.2d 16, 20 (Minn. 1997).

<sup>356</sup> *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](#)).

BlackRock and Vanguard)—this interpretation would be inconsistent with Commission precedent and creates an absurd result that provides no benefit to anyone.

208. Other than Witness Vavro (who noted only that the new commitments “may help with transparency and are a step in the right direction” but were still not enough<sup>357</sup>), no Party presented testimony responsive to the new commitments or provided any analysis about them.<sup>358</sup>

209. The OAG argued that GIP and CPP Investments’ extensive network of business relationships (which is actually a benefit of the Transaction) could result in Minnesota Power “doing business with affiliates in a way that benefits the Partners’ broader portfolios.”<sup>359</sup> This concern is speculative. The process that the Company proposed (using questionnaires to identify counterparties more than five percent owned by GIP, CPP Investments, or BlackRock, plus separate disclosures of each contract above \$1 million with those counterparties) should capture the agreements and relationships that could be of concern.

210. The corporate structure that will result from the Acquisition – with both GIP and CPP Investments having large ownership stakes – provides the Partners with a unique set of incentives to minimize the risks of self-dealing or preferential contracts.<sup>360</sup> GIP is incentivized to make sure that its large investment in ALLETE is not impaired due to some improper contract or relationship between an ALLETE entity and a CPP Investments entity, and CPP Investments is incentivized to make sure that its investment

---

<sup>357</sup> Ex. DOC-302 at 15 (Vavro Surrebuttal) (eDocket No. [20253-216835-01](#)).

<sup>358</sup> CUB acknowledged that the commitments made by ALLETE and the Partners “largely reflect[] what is already required of the Company” under the Affiliated Interest Statute. CUB Initial Brief at 33 (eDocket No. [20255-218508-02](#)).

<sup>359</sup> OAG Initial Brief at 36 (eDocket No. [20255-218508-02](#)).

<sup>360</sup> Ex. MP-35 at 22 (Anderson Rebuttal) (eDocket No. [20253-216055-06](#)).

in ALLETE is not impaired due to some improper contract or relationship between an ALLETE entity and a GIP entity.

211. Several Parties' concerns about compliance with the Affiliated Interests Statute focused especially on BlackRock, arguing that BlackRock's acquisition of GIP will create or has created a conflict of interest given BlackRock's ownership stakes in various ALLETE customers, suppliers, and competitors.<sup>361</sup> The Parties' arguments about BlackRock ignore that if BlackRock's influence were pernicious, it would already be a problem. As mentioned above, BlackRock owned (as of April 2024) about 13.36 percent of ALLETE's shares. It also owns material percentages of other companies that ALLETE does business with, such as Cleveland Cliffs (10.99 percent as of June 20, 2024) and United States Steel (10.41 percent).<sup>362</sup>

212. Parties raised concerns about the potential for increased electric load from data centers to shift infrastructure costs to other ratepayers.<sup>363</sup> In particular, CURE suggested that utility rate structures and confidentiality practices may obscure the extent to which costs associated with large commercial customers, including hyperscale data centers, are socialized across the broader customer base.<sup>364</sup> Data center investments, on their own, however, do not establish any specific affiliated interest or improper coordination related to ALLETE or its operations.

---

<sup>361</sup> Ex. CURE-600 at 2-3, 27-34 (Baker Direct) (eDocket No. [20252-214963-04](#)).

<sup>362</sup> Ex. MP-35 at 18-19 (Anderson Rebuttal) (eDocket No. [20253-216055-06](#)).

<sup>363</sup> CURE Initial Brief at 20-21 (eDocket No. [20255-218524-01](#)).

<sup>364</sup> *Id.*

## **F. Ratemaking and Affordability**

213. The record contains extensive testimony and evidence addressing potential impacts of the Acquisition on Minnesota Power's ratemaking practices and customer affordability. Minnesota Power has emphasized that the Acquisition enhances its commitment to fair and equitable ratemaking practices, addressing customer affordability comprehensively through numerous explicit commitments and safeguards. The Company and the Partners have made explicit commitments designed to safeguard customers against potential negative rate impacts directly associated with the Acquisition.<sup>365</sup>

214. Various parties, however, expressed concerns regarding potential negative impacts on customer rates and economic well-being, primarily based on generalized apprehensions about private equity involvement. Witness Walters, for example, specifically argued that private equity ownership might lead to increased customer rates due to higher equity return expectations and planned capital expenditures, potentially impacting affordability for both industrial and residential customers.<sup>366</sup> Similarly, Witness Lebens raised comparable concerns, emphasizing potential cost impacts resulting from the Acquisition.<sup>367</sup>

215. In response to these concerns, Minnesota Power and the Partners made commitments that they assert are designed to safeguard customer affordability and address potential negative rate implications. They committed unequivocally not to seek rate recovery from Minnesota Power customers for any Acquisition-related costs.<sup>368</sup>

---

<sup>365</sup> Ex. MP-35 at 22-23 (Anderson Rebuttal) (eDocket No. [20253-216055-06](#)); Ex. MP-33 at 55-56 (Bram Rebuttal) (eDocket No. [20253-216055-08](#)).

<sup>366</sup> Ex. LPI-1002 at 10-13 (Walters Direct) (eDocket No. [20252-214957-02](#)).

<sup>367</sup> Ex. OAG-402 at 3-5 (Lebens Surrebuttal) (eDocket No. [20253-216790-02](#)).

<sup>368</sup> Ex. MP-35 at 22-23 (Anderson Rebuttal) (eDocket No. [20253-216055-06](#)); Ex. MP-33 at 59 (Bram Rebuttal) (eDocket No. [20253-216055-08](#)).



Witness Anderson detailed the methods employed to track these expenses, ensuring they are not improperly allocated to customers.<sup>369</sup> Witness Cady emphasized the careful tracking mechanisms in place to confirm compliance.<sup>370</sup>

216. Additionally, the Partners stipulated that any transitional costs incurred from the Acquisition would only be eligible for recovery from customers if explicitly offset by measurable customer savings.<sup>371</sup>

217. Further testimony indicated that not all investments undertaken by Minnesota Power directly impact customer rates. Witness Cady elaborated on the shared cost-allocation mechanism involving multiple entities, particularly within the Midcontinent Independent System Operator ("MISO").<sup>372</sup> Examples provided include the Northland Reliability Project, Bison–Alexandria 345 kV project, Maple River–Cuyuna 345 kV Project, and the Iron Range–St. Louis County–Arrowhead 345 kV Project, all structured with shared cost allocations minimizing direct financial impacts to Minnesota Power's customers.<sup>373</sup>

218. The record indicates that while most of ALLETE's future capital needs pertain to its regulated utility operations, the Commission's ratemaking oversight, combined with the limited rate impact of investments in nonregulated affiliates, allows the Company to secure additional capital without necessarily increasing customer costs.<sup>374</sup>

---

<sup>369</sup> Ex. MP-35 at 23 (Anderson Rebuttal) (eDocket No. [20253-216055-06](#)).

<sup>370</sup> Evid. Hrg. Tr. at 171:20-172:20 (April 1, 2025) (Cady).

<sup>371</sup> Ex. MP-35 at 22-23 (Anderson Rebuttal) (eDocket No. [20253-216055-06](#)); Ex. MP-33 at 59 (Bram Rebuttal) (eDocket No. [20253-216055-08](#)).

<sup>372</sup> Ex. MP-27 at 13 (Cady Rebuttal) (eDocket No. [20253-216055-03](#)).

<sup>373</sup> *Id.*

<sup>374</sup> Ex. MP-11 at 12-13 (Taran Direct) (eDocket No. [202412-212968-05](#)); Ex. MP-32 at 29 (Alley Rebuttal) (HCTS) (eDocket No. [20253-216056-04](#)).

219. Witness Walters raised specific apprehensions about increased capital expenditures driven by private equity, expressing concerns that higher financing costs might lead to elevated rates.<sup>375</sup> Minnesota Power clarified that none of the Company's planned capital expenditures are driven explicitly by the Acquisition itself.<sup>376</sup> Instead, these investments reflect necessary system upgrades driven by clean energy transition goals, compliance with Minnesota's Clean Energy Standard, infrastructure resilience, and increased electrification needs.<sup>377</sup> Further, all cost recovery associated with planned capital expenditures are subject to additional Commission, Department, OAG, and other interested party scrutiny at the time Minnesota Power seeks such cost recovery.<sup>378</sup>

220. Minnesota Power also addressed concerns related to dated rate projections presented by the OAG, noting these were prepared prior to recent rate case outcomes and did not accurately reflect current or future capital plans influenced by the Acquisition.<sup>379</sup> According to the testimony, no witnesses identified specific new costs or investments directly attributable to the Acquisition or the Partners.

221. Minnesota Power also provided historical data from utilities that transitioned from public to private ownership, including El Paso Electric (Texas and New Mexico), CLECO Power, Duquesne Light Company, and Puget Sound Energy.<sup>380</sup> Analysis of these utilities demonstrated modest average rate increases post-acquisition, significantly below national averages and inflation rates, thereby addressing concerns about potential rate hikes resulting from private ownership.<sup>381</sup> When looking at the five investor owned electric

---

<sup>375</sup> Ex. LPI-1002 at 10-13 (Walters Direct) (eDocket No. [20252-214957-02](#)).

<sup>376</sup> Ex. MP-27 at 14 (Cady Rebuttal) (eDocket No. [20253-216055-03](#)).

<sup>377</sup> Ex. MP-14 at 15 (Bram Direct) (eDocket No. [202412-212968-09](#)).

<sup>378</sup> Ex. MP-27 at 14-15 (Cady Rebuttal) (eDocket No. [20253-216055-03](#)).

<sup>379</sup> Ex. OAG-402 at 3-5 (Lebens Surrebuttal) (eDocket No. [20253-216790-02](#)).

<sup>380</sup> Ex. MP-27 at 14-15 (Cady Rebuttal) (eDocket No. [20253-216055-03](#)).

<sup>381</sup> *Id.*

utilities below that have been acquired since 2007, their collective Compound Annual Growth Rate (“CAGR”) averaged 1.62 percent per year from the year of acquisition, which is not only well below the rate of inflation but also lower than their respective statewide averages and national investor owned utility averages over the same time period, as shown in Table 1.

**Table 1. Energy Information Administration Retail Rates<sup>382</sup>**

Retail Rates Comparison – Post Take Private				
Rates for taken-private utilities do not have meaningfully higher rate growth vs public utilities & state averages.				
Utility	Acquisition Year	Retail Rates (\$ / kWh)		
		At Acquisition	Current	CAGR
<b>El Paso Electric (TX)</b>		\$12.06	\$13.54	3.9%
Investor-Owned Average	2020	\$10.00	\$13.28	9.9%
Statewide Average		\$11.72	\$14.48	7.3%
<b>El Paso Electric (NM)</b>		\$10.66	\$9.61	(3.4%)
Investor-Owned Average	2020	\$12.94	\$14.31	3.4%
Statewide Average		\$12.82	\$13.76	2.4%
<b>CLECO</b>		\$11.39	\$12.44	1.3%
Investor-Owned Average	2016	\$8.96	\$11.50	3.6%
Statewide Average		\$9.34	\$11.55	3.1%
<b>Duquesne</b>		\$12.05	\$22.07	3.9%
Investor-Owned Average	2007	\$10.82	\$17.25	3.0%
Statewide Average		\$10.90	\$17.50	3.0%
<b>Puget</b>		\$9.56	\$13.30	2.4%
Investor-Owned Average	2009	\$7.80	\$10.76	2.3%
Statewide Average		\$7.68	\$10.99	2.6%
Source: U.S. Energy Information Administration (EIA)				1

222. The Company and the Partners also developed additional commitments that they assert further support customer affordability. Specifically, the Partners

<sup>382</sup> *Id.*

committed to maintain Minnesota Power's Customer Affordability of Residential Electricity ("CARE") program at existing funding levels, with no reduction in eligibility criteria (e.g., LIHEAP<sup>383</sup> eligibility not required, which is particularly valuable to customers after the recent firing of the entire federal staff administering LIHEAP<sup>384</sup>) throughout the duration of their ownership.<sup>385</sup> According to Witness Cady, this commitment 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.<sup>386</sup>

223. The Partners also explicitly committed to provide a significant financial contribution of potentially millions of dollars aimed at substantially reducing residential customer arrears to pre-COVID-19 levels or lower.<sup>387</sup> This commitment both enhances Minnesota Power's existing CARE program and augments the flat monthly discount and arrearage forgiveness components.<sup>388</sup> It is an historic, investor-paid benefit to the Company's most vulnerable customers that is not available absent the Partners' involvement.<sup>389</sup>

---

<sup>383</sup> LIHEAP is the federal Low Income Home Energy Assistance Program administered and funded by the federal government.

<sup>384</sup> NATIONAL LOW INCOME HOUSING COALITION, *Entire LIHEAP Staff at HHS Fired, Jeopardizing Distribution for Home Energy Bill Assistance for Low-Income Households* (April 7, 2025), available online at <https://nlihc.org/resource/entire-liheap-staff-hhs-fired-jeopardizing-distribution-home-energy-bill-assistance-low>. Notably, this occurred after the Company and Partners made their low-income commitments, which have not wavered.

<sup>385</sup> Ex. MP-27 at 24-25 (Cady Rebuttal) (eDocket No. [20253-216055-03](#)); Ex. MP-33 at 57 (Bram Rebuttal) (eDocket No. [20253-216055-08](#)).

<sup>386</sup> Ex. MP-27 at 25 (Cady Rebuttal) (eDocket No. [20253-216055-03](#)).

<sup>387</sup> *Id.* at Sch. 1.

<sup>388</sup> *Id.* at 24-25; Ex. MP-32 at 51 (Alley Rebuttal) (eDocket No. [20253-216055-09](#)).

<sup>389</sup> \$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 an historic level of commitment that is not available from public shareholders.

224. The Partners also committed to not seek rate recovery for flotation costs, investor relations expenses, or board compensation or expenses for any board member not independent from the Partners beginning with the Company's next rate case.<sup>390</sup> These costs totaled roughly \$2.5 million annually for customers in the Company's 2023 rate case revenue requirement,<sup>391</sup> and their elimination would be a direct result of the Acquisition, and reflect additional benefits of ownership by these investors.

225. The Partners also explicitly pledged not to charge Minnesota Power fees for any business management or consulting services provided,<sup>392</sup> which ensures that customers are not burdened by potential additional administrative or overhead costs resulting from the Acquisition.

226. The record also includes testimony addressing whether the Acquisition could affect Minnesota Power's authorized ROE. Parties raised concerns that private ownership might result in higher ROE requests.<sup>393</sup> However, Minnesota Power's authorized ROE will continue to be set by the Commission using its established methodologies, which are based on the utility's risk profile and not the identity or return

---

<sup>390</sup> Ex. MP-32 at 33 (Alley Rebuttal) (eDocket No. [20253-216055-09](#)); Ex. MP-33 at 59 (Bram Rebuttal) (eDocket No. [20253-216055-08](#)).

<sup>391</sup> 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 Agreement 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](#)).

<sup>392</sup> Ex. MP-32 at 33 (Alley Rebuttal) (eDocket No. [20253-216055-09](#)).

<sup>393</sup> Ex. Sierra Club-1100 at 15 (Lane Direct) (eDocket No. [20252-214960-01](#)).

expectations of the Company's owners.<sup>394</sup> The Commission's existing regulatory approach will remain unchanged.

227. The record also indicates that the Company and the Partners commit that the equity capital provided in support of Minnesota Power's capital needs will not be used to justify any increase in the Company's authorized ROE.<sup>395</sup>

228. As with any regulated utility, Minnesota Power will still be bound by the rates set by the Commission. That means that, just as before the Acquisition, after the Acquisition, the Commission will determine the appropriate rates and ROE for Minnesota Power and its customers based on the reasonable and prudent investments made by Minnesota Power and risk the Company faces on a stand-alone basis, not based on the owner of the Company or the source of funds it uses to operate.<sup>396</sup>

### **G. Workforce and Labor Protections**

229. To continue to provide safe, reliable, and affordable service, and satisfy the Carbon Free Standard, the Company needs to ensure that it has a skilled workforce. To protect the Company's workforce during the Acquisition process, the Partners and the Company have provided a post-Acquisition commitment to retain the Company's current workforce for two years following the close of the Acquisition.

230. The two-year post-Acquisition commitment from the Partners and the Company applies to the entirety of the Company's workforce and commits to retaining such workforce in either the same or better employment position in the same location with

---

<sup>394</sup> 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 2-3 (Bulkley Rebuttal) (eDocket No. [20253-216055-10](#)).

<sup>395</sup> Ex. MP-27 at Sch. 1 (Cady Rebuttal) (eDocket No. [20253-216055-03](#)).

<sup>396</sup> Ex. DOC-303 at 53 (Addonizio Direct) (eDocket No. [20252-214941-01](#)) ("the methods the Commission has historically relied on to determine Minnesota Power's authorized return on equity will still be reasonable to use post-Acquisition."); Ex. MP-19 at 14 (Bulkley Direct) (eDocket No. [202412-212968-11](#)); Ex. MP-39 at 14 (Bulkley Rebuttal) (eDocket No. [20253-216055-10](#)).

the same wages, incentives, benefits, and employee protections no less favorable than those available to the employee immediately prior to the Acquisition.<sup>397</sup> While Minnesota Power did not have any plans to change these wages, incentives, benefits and employee protections, it could not guarantee it would not do so in the future absent the Partners and the Company's commitment in connection with this Acquisition.<sup>398</sup>

231. This commitment is inclusive of the Company's bargaining and non-bargaining employees, the Company's senior management, and to the Company's long-standing relationship with contractors and bargaining employees.<sup>399</sup>

232. Department Witness Vavro expressed concern regarding the Company's two-year post-Acquisition commitment stating that it is not a benefit, but rather a short-term protection against future harm.<sup>400</sup> The record demonstrates this commitment reassures every employee at every level that their employment is protected for two-years following the close of the Acquisition.

233. Department Witness Vavro also expressed concern that significant changes may occur to Minnesota Power's workforce at the end of the two-year commitment.<sup>401</sup> The record does not contain any evidence to support either claim that significant changes will occur to the Company's workforce following the two-year post-Acquisition commitment. The commitment to protect the Company's workforce paired with increased access to capital that will result from the Acquisition allows the Company to provide stable and continued employment for its workforce.

---

<sup>397</sup> Ex. MP-17 at 3-4 (Krollman Direct) (eDocket No. [202412-212968-08](#)).

<sup>398</sup> Evid. Hrg. Tr. Vol. 1 at 152 (Cady).

<sup>399</sup> *Id.*

<sup>400</sup> Ex. DOC-301 at 29 (Vavro Direct) (eDocket No. [20252-214941-03](#)).

<sup>401</sup> Ex. MP-37 at 3 (Krollman Rebuttal) (eDocket No. [20253-216055-07](#)).



234. Sierra Club Witness Lane similarly noted that the Partners' workforce commitments do not include an express commitment to not pressure senior management to voluntarily depart during the two-year post-Acquisition commitment.<sup>402</sup> The record does demonstrate that Minnesota Power's day-to-day operations will continue to be handled by the Company's senior manager team, with significant decisions continuing to be subject to the approval by the ALLETE Board.<sup>403</sup>

235. The record also states that the Company has committed to extending its contract with the IBEW Local 31 through April 30, 2028, beyond the two-year post-Acquisition commitment. This contract extension provides additional benefits, salary increases, and job security to existing bargaining group employees and includes the Company's first-ever neutrality agreement.<sup>404</sup>

236. As a result of the commitments from the Company and the Partners in this Acquisition, local bargaining groups have voiced their support for the Acquisition. The parties participating in this proceeding who represent the Company's bargaining workforce, such as LIUNA, IUOE, and IBEW Local 31, have each offered their support for the Acquisition because it poses minimal risks to its members and offers continued employment commitments.<sup>405</sup>

237. LIUNA has also expressed that it expects the Acquisition to deliver net benefits to its members because of the Minnesota's strong system and culture of utility

---

<sup>402</sup> Ex. Sierra Club-1100 at 28 (Lane Direct) (eDocket No. [20252-214960-01](#)).

<sup>403</sup> Ex. MP-13 at 20 (Alley Direct) (eDocket No. [202412-212968-10](#)).

<sup>404</sup> Ex. IBEW-802 at 2 (Keyes Surrebuttal) (eDocket No. [20253-216812-02](#)).

<sup>405</sup> Ex. LIUNA-851 at 7-8 (Bryant Direct) (eDocket No. [20252-214955-01](#)); Evid. Hrg. Tr. at 71:10-71:11 (April 1, 2025) (Sutton); and Ex. IBEW-801 at 2 (Keyes Direct) (eDocket No. [20252-214950-02](#)).



regulation and that the Partners have proven to LIUNA, based on prior experiences, to be a highly responsible manager of infrastructure investments.<sup>406</sup>

238. The Minnesota State Building & Construction Trades Council (“Building Trades”) stated in their public comments that the Acquisition will “have no impact on the way Minnesota Power operates on a day-to-day basis, *while greatly strengthening the utility’s capacity to attract capital and support badly needed economic growth* in its service territory.”<sup>407</sup> And as the Building Trades further elaborated, “[t]he potential consequences of a capital shortage are potentially severe” in that they “could create deployment delays that could threaten the utility’s ability to meet requirements, maintain reliability and/or take advantage of favorable market conditions and avoid unfavorable conditions.”<sup>408</sup> The Building Trades further noted that “capital shortfalls will almost certainly result in higher costs for customers by reducing competition and giving third parties more leverage to extract premiums in cases where the utility could have provided a more cost-effective option.”<sup>409</sup>

239. Lastly, the Partners and the Company have committed to keeping Minnesota Power’s headquarters in Duluth, Minnesota for as long as the Partners own Minnesota Power.<sup>410</sup> Although Minnesota Power did not have plans to move its headquarters prior to the merger agreement,<sup>411</sup> this commitment ensures that the Company will continue to recruit and maintain a talented workforce in Minnesota.

---

<sup>406</sup> Ex. LIUNA-851 at 6-7 (Bryant Direct) (eDocket No. [20252-214955-01](#)).

<sup>407</sup> Comment by Minnesota Building and Construction Trades Council at 1 (April 16, 2025) (eDocket No. [20254-217797-01](#)) (emphasis added).

<sup>408</sup> *Id.* at 3.

<sup>409</sup> *Id.*

<sup>410</sup> Ex. MP-27 at Sch. 1 Page 6 of 7 (Cady Rebuttal) (eDocket No. [20253-216055-03](#)).

<sup>411</sup> Evid. Hrg. Tr. Vol. 1 at 160 (Cady).

## H. Books and Records

240. Various Parties argued that a potential harm resulting from the Acquisition is that stakeholders will have less information about ALLETE than they currently do. The main arguments made on this topic were: (a) the discontinuation of ALLETE's Securities and Exchange Commission ("SEC") reporting will deprive stakeholders of information about ALLETE; (b) ALLETE's and the Partners' discovery responses were not transparent, which casts doubt on their willingness to be appropriately transparent on financial issues in the future; and (c) the Commission and stakeholders will not have sufficient visibility into financial matters at Alloy Parent and the Partners.

### 1. *Discontinuation of SEC Reporting*

241. Minnesota law provides that the Commission has access to, and can examine, all of Minnesota Power's books and finances.<sup>412</sup> In addition, Minnesota Power provides extremely detailed and wide-ranging financial information to the Commission in its rate cases, rider proceedings, jurisdictional annual reports and annual affiliated interest filings, integrated resource planning ("IRP") and integrated distribution planning ("IDP") proceedings, annual capital structure filings, and numerous other compliance filings.<sup>413</sup> All of this information is made available to the OAG and the Department as well as the Commission, and nearly all of it is available to the general public.

242. In the Petition, the Company and the Partners committed that Minnesota Power will continue to provide the Commission with access to its books, records, and information.<sup>414</sup> Recognizing the Acquisition would mean that ALLETE would no longer be subject to SEC reporting requirements, ALLETE and the Partners included in the Petition

---

<sup>412</sup> Minn. Stat. § 216A.05, subd. 3(3).

<sup>413</sup> Ex. MP-35 at 7-8 (Anderson Rebuttal) (eDocket No. [20253-216055-06](#)).

<sup>414</sup> Ex. MP-1 at 22 (Petition) (eDocket No. [20247-208768-01](#)).

an attachment illustrating how all the potentially relevant information about ALLETE available to the Commission post-acquisition will be substantially similar to what is available now.<sup>415</sup> According to that attachment the only categories of information about ALLETE that would become unavailable as the result of the discontinuation of SEC reporting are financial results and details for ALLETE's non-utility subsidiaries that are currently available in SEC reports, quarterly earnings conference calls and press releases.<sup>416</sup>

243. LPI Witness Walters and Sierra Club Witness Lane argued that the discontinuation of ALLETE's SEC reporting would mean that Minnesota Power's customers and the Commission would have less insight into ALLETE's finances.<sup>417</sup> However, the scope and detail of the information already provided in, and accessible to, the Commission and the public through the Company's filings with the Commission exceeds the scope of financial information presented in SEC reporting.<sup>418</sup> According to Witness Anderson, SEC reports such as 10-Ks are primarily intended to provide information to investors and they only address a limited number of topics, whereas the information the Company provides to the Commission is broader and addresses the issues that are pertinent to the Commission's regulatory role.<sup>419</sup>

244. For example, Witness Walters argued that SEC filings provide information that is "crucial" for regulators and ratepayers to use to assess risks that could affect the utility's operations.<sup>420</sup> However, that information will continue to be filed by Minnesota

---

<sup>415</sup> Ex. MP-1 at Attachment H (Petition) (eDocket No. [20247-208768-01](#)).

<sup>416</sup> *Id.*

<sup>417</sup> Ex. LPI-1001 at 27-28 (Walters Direct) (eDocket No. [20252-214957-02](#)); Ex. Sierra Club-1100 at 31-32 (Lane Direct) (eDocket No. [20252-214960-01](#)).

<sup>418</sup> Ex. MP-35 at 10-11 (Anderson Rebuttal) (eDocket No. [20253-216055-06](#)).

<sup>419</sup> *Id.*

<sup>420</sup> Ex. LPI-1001 at 27 (Walters Direct) (eDocket No. [20252-214957-02](#)).

Power with the Commission. The Moody's and S&P credit rating reports for the Company, the compliance filings that are required any time Minnesota Power undertakes a significant disposition or acquisition of regulated assets, and the annual capital structure petition each, in different ways, provide information that might be useful in assessing risk or pertinent to other issues that the Commission is focused on.<sup>421</sup>

245. Witness Lane also argued that the discontinuation of SEC reporting means that critical information about the Company's performance, strategic decisions, and potential risks could be obscured from public view.<sup>422</sup> But the Company's IRP submission contains more detailed and comprehensive information about the Company's outlook, modeling, plans, and work toward the clean energy transition than would be found in an SEC report or on a quarterly earnings conference call.<sup>423</sup>

246. In Rebuttal Testimony, the Company and the Partners proposed several additional measures relating to transparency of the Company's finances:

- The Company's annual capital structure petition will include full audited consolidated financial statements for ALLETE, prepared in accordance with Generally Accepted Auditing Principles ("GAAP"). These will include all of the footnotes, as well as specific supplemental schedules that are currently included in ALLETE's Forms 10-K and 10-Q.<sup>424</sup>
- The Company's annual capital structure petition will also include full audited consolidated financial statements, prepared in accordance with GAAP, for Alloy Parent.<sup>425</sup>

---

<sup>421</sup> Ex. MP-35 at 11-12 (Anderson Rebuttal) (eDocket No. [20253-216055-06](#)).

<sup>422</sup> Ex. Sierra Club-1100 at 31-32 (Lane Direct) (eDocket No. [20252-214960-01](#)).

<sup>423</sup> Ex. MP-35 at 11 (Anderson Rebuttal) (eDocket No. [20253-216055-06](#)).

<sup>424</sup> Ex. MP-35 at 13-14 (Anderson Rebuttal) (eDocket No. [20253-216055-06](#)); *see also* Ex. MP-31 at 54 (Alley Rebuttal) (eDocket No. [20253-216055-09](#)); Ex. MP-33 at 55-56 (Bram Rebuttal) (eDocket No. [20253-216055-08](#)).

<sup>425</sup> *Id.*

- The Company will provide compliance filings on equity infusions from and dividends to Alloy Parent in the same manner in which the Company currently provides compliance filings in its capital structure docket.<sup>426</sup>
- Access to the 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 will be provided to the Commission after the Acquisition.<sup>427</sup>
- Finally, the Company noted that it did not object to inclusion of these commitments as requirements in a binding final Commission order approving the Acquisition.<sup>428</sup>

## 2. Discovery Disagreements

247. Various Parties raised concerns about ALLETE's and the Partners' discovery responses, arguing that some were not adequately responsive, and that too much information was designated as Highly Confidential Trade Secret ("HCTS").<sup>429</sup>

248. It is unsurprising that in a heatedly contested matter such as this, in which ALLETE and the Partners responded to hundreds of discovery responses, that there will be disagreements about some discovery responses. After review, it was determined that some HCTS designations were appropriate and others too broad on a few documents.<sup>430</sup>

249. None of the Parties' complaints about the style or nuances of ALLETE's and the Partners' discovery responses are material to the substantive issues being addressed

---

<sup>426</sup> Ex. MP-35 at 13-14 (Anderson Rebuttal) (eDocket No. [20253-216055-06](#)); see also Ex. MP-33 at 55-56 (Bram Rebuttal) (eDocket No. [20253-216055-08](#)).

<sup>427</sup> Ex. MP-35 at 14 (Anderson Rebuttal) (eDocket No. [20253-216055-06](#)); see also Ex. MP-31 at 54 (Alley Rebuttal) (eDocket No. [20253-216055-09](#)); Ex. MP-33 at 55-56 (Bram Rebuttal) (eDocket No. [20253-216055-08](#)).

<sup>428</sup> Ex. MP-35 at 14 (Anderson Rebuttal) (eDocket No. [20253-216055-06](#)).

<sup>429</sup> OAG Initial Brief at 32-33 (eDocket No. [20255-218508-02](#)).

<sup>430</sup> One intervenor witness failed to comply with the HCTS requirements. See *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. E015/PA-24-198, Motion to Revoke Access and Strike, (Feb. 13, 2025) (eDocket No. [20252-215370-01](#)).

in this proceeding, nor do they have any bearing on the Partners' and ALLETE's continued cooperation with the Commission. Rather, they are the typical disputes encountered in a highly contentious proceeding such as this.

### *3. Visibility into the Finances of Alloy Parent and the Partners*

250. In Surrebuttal Testimony, various Parties suggested that to ensure proper oversight of Minnesota Power, the Commission and other stakeholders need visibility into the finances of the Partners.<sup>431</sup>

251. However, those Parties did not cite any precedent or basis in law for the unregulated corporate parent of a utility to provide state regulators with unfettered access to its financial information. These witnesses did not identify any specific information that they wanted to review that will not be available in the information the Company is continuing to provide or has agreed to provide.

252. The Department and other parties will 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.

### **I. Core Values and Environmental Commitments**

253. The record includes discussion of whether the Acquisition aligns with Minnesota Power's longstanding corporate values and environmental commitments. Minnesota Power explained that the Partners selected for the Acquisition demonstrate significant compatibility with the Company's established operational philosophy, including

---

<sup>431</sup> Ex. Sierra Club-1102 at 27-28 (Corrected Lane Surrebuttal) (eDocket No. [20254-217233-02](#)); Ex. DOC-302 at 18-19 (Vavro Surrebuttal) (eDocket No. [20253-216835-01](#)).

robust community engagement, local economic development, employee relations, and environmental stewardship.<sup>432</sup>

254. Concerns were raised by Witness Baker, who expressed apprehension that private equity ownership could potentially prioritize short-term financial gains at the expense of local economic initiatives, established corporate values, and employee relations.<sup>433</sup> Similarly, Witness Lane raised concerns regarding the potential impacts on Minnesota Power's environmental objectives, particularly questioning the Company's ongoing capability to meet Minnesota's Clean Energy Standard and effectively manage its planned retirement of the Boswell Energy Center under new ownership.<sup>434</sup>

255. The Partners explained that they are committed to supporting Minnesota Power's investment in the clean energy transition.<sup>435</sup> Based on their previous experiences supporting the deployment of renewable resources, the Partners indicated that they understand the magnitude of Minnesota Power's transition and the resources required to accomplish this task.<sup>436</sup>

256. According to the Partners, their business models are oriented toward long-term infrastructure investments, distinguishing them from other types of private equity characterized by short-term asset management strategies.<sup>437</sup> Testimony from Witness

---

<sup>432</sup> Ex. MP-13 at 18 (Alley Direct) (eDocket No. [202412-212968-10](#)); MP-14 at 5 (Bram Direct) (eDocket No. [202412-212968-09](#)).

<sup>433</sup> Ex. CURE-600 at 5-7 (Baker Direct) (eDocket No. [20252-214963-04](#)).

<sup>434</sup> Ex. Sierra Club-1102 at 17-18 (Corrected Lane Surrebuttal) (eDocket No. [20254-217233-02](#)); Ex. Sierra Club-1100 at 34-38 (Lane Direct) (eDocket No. [20252-214960-01](#)); Evid. Hrg. Tr. at 813:6-813:14 (April 3, 2025) (Lane).

<sup>435</sup> Ex. MP-13 at 13 (Alley Direct) (eDocket No. [202412-212968-10](#)); MP-14 at 5 (Bram Direct) (eDocket No. [202412-212968-09](#)).

<sup>436</sup> Ex. MP-14 at 15 (Bram Direct) (eDocket No. [202412-212968-09](#)); Ex. MP-13 at 13 (Alley Direct) (eDocket No. [202412-212968-10](#)).

<sup>437</sup> Ex. MP-13 at 6 (Alley Direct) (eDocket No. [202412-212968-10](#)); Ex. MP-14 at 7 (Bram Direct) (eDocket No. [202412-212968-09](#)).

Bryant reinforced this distinction by providing extensive information based on LIUNA's direct experience with infrastructure-focused funds like the Partners, noting their historical support for workers, communities, and long-term investments.<sup>438</sup>

257. Furthermore, the Partners committed to maintaining Minnesota Power's historical economic development initiatives within Minnesota for the duration of their ownership.<sup>439</sup> Witness Cady explained that this commitment is intended to ensure continuity in supporting local communities, maintaining employment opportunities, and sustaining economic growth activities historically conducted by Minnesota Power.<sup>440</sup>

258. Additionally, the Partners provided assurances regarding the preservation of Minnesota Power's local corporate identity. Commitments included retaining the Company's headquarters in Duluth, Minnesota, and preserving existing local management structures and operational leadership.<sup>441</sup> Specifically, Witness Cady explained that the Partners have committed to defer to Minnesota Power to maintain culture, relationships, and overall approach to operations.<sup>442</sup>

259. Witness Cady further emphasized the Partners' transparency commitments through their agreement to continue the voluntary publication of Minnesota Power's Corporate Sustainability Report, which documents the Company's ongoing activities related to environmental stewardship, diversity, equity, and inclusion.<sup>443</sup> While Minnesota Power did not have any plans to discontinue publishing this report, by continuing this

---

<sup>438</sup> Ex. LIUNA-851 at 4-8 (Bryant Direct) (eDocket No. [20252-214955-01](#)); Ex. LIUNA-852 at 3-5 (Bryant Rebuttal) (eDocket No. [20253-216057-01](#)).

<sup>439</sup> Ex. MP-9 at 13 (Cady Direct) (eDocket No. [202412-212968-03](#)).

<sup>440</sup> *Id.*

<sup>441</sup> *Id.*; Ex. MP-33 at 44 (Bram Rebuttal) (eDocket No. [20253-216055-08](#)).

<sup>442</sup> Evid. Hearing Tr. at 162:20-163:3 (April 1, 2025) (Cady); Ex. MP-27 Cady Rebuttal Sch. 1 at 7 (Cady Rebuttal) (eDocket No. [20253-216055-03](#)).

<sup>443</sup> Ex. MP-27 at 22 (Cady Rebuttal) (eDocket No. [20253-216055-03](#)).



practice, the Partners explicitly affirmed their support for maintaining transparency in corporate responsibility initiatives.<sup>444</sup>

260. Regarding environmental commitments, the Partners affirmed their dedication to supporting Minnesota Power's compliance with Minnesota's Carbon Free Standard.<sup>445</sup> This commitment includes adherence to regulatory oversight through the Commission's Integrated Resource Planning process, reinforcing the structured approach to meeting environmental standards and renewable energy goals.<sup>446</sup>

261. The Partners articulated commitments for substantial investments in renewable energy infrastructure, directly aligning with Minnesota Power's strategic objectives to accelerate renewable energy integration and comply with state-mandated environmental goals.<sup>447</sup>

262. Witness Cady provided testimony affirming the Partners' demonstrated alignment with Minnesota Power's core values and operational culture since the inception of their partnership.<sup>448</sup> Witness Cady highlighted that the Partners have actively engaged with Company employees, customers, and community leaders across Minnesota Power's service area, exemplifying their collaborative approach and commitment to addressing stakeholder concerns comprehensively.<sup>449</sup>

263. According to Witness Cady, the extensive commitments made by the Partners provide substantial assurances concerning the continuity and enhancement of the Company's core values, local governance, employee relationships, and

---

<sup>444</sup> Evid. Hrg. Tr. Vol. 1 at 154 (Cady).

<sup>445</sup> Ex. MP-33 at 58 (Bram Rebuttal) (eDocket No. [20253-216055-08](#)).

<sup>446</sup> *Id.*

<sup>447</sup> *Id.* at 25.

<sup>448</sup> Ex. MP-27 at 10 (Cady Rebuttal) (eDocket No. [20253-216055-03](#)).

<sup>449</sup> *Id.*

environmental commitments, effectively addressing and mitigating concerns raised by Parties.<sup>450</sup>

## VI. APPROVAL BY OTHER STATE AND FEDERAL AGENCIES

264. The Acquisition has undergone review in several forums, including the Federal Energy Regulatory Commission ("FERC") and the Public Service Commission of Wisconsin ("PSCW").<sup>451</sup> The Company also submitted the Hart-Scott-Rodino ("HSR") premerger notification to the Federal Trade Commission and Antitrust Division of the Justice Department. Further, on August 21, 2024, ALLETE's shareholders voted to approve the proposed Acquisition with approximately 97 percent of shareholders voting in favor of approving the transaction.<sup>452</sup>

265. The FERC reviewed this transaction under §§ 203(a)(1) and 203(a)(2) of the Federal Power Act ("FPA") to determine whether it is consistent with the public interest.<sup>453</sup> On December 19, 2024, the FERC issued an Order in Docket No. EC24-105-000 approving the Acquisition. The Order states, "As discussed below, we authorize the Proposed Transaction as consistent with the public interest."<sup>454</sup> While the FERC defers to the state commissions with respect to additional regulation, no further approvals are required by the FERC.

---

<sup>450</sup> *Id.* at 20-21.

<sup>451</sup> The Company also anticipates filing with the Federal Communications Commission, which is expected to be a short process.

<sup>452</sup> Ex. MP-40 at 3 (Cady Surrebuttal) (eDocket No. [20253-216810-02](#)).

<sup>453</sup> *ALLETE, Inc. & Alloy Parent LLC, EC24-105-000*, FERC ¶ 61, 215 (2024), available online at <https://www.ferc.gov/media/e-14-ec24-105-000> (last accessed Aug. 3, 2025); Ex. MP-9 at 9 (Cady Direct) (eDocket No. [202412-212968-03](#)).

<sup>454</sup> *ALLETE, Inc. & Alloy Parent LLC, EC24-105-000*, FERC ¶ 2 (2024), available online at <https://www.ferc.gov/media/e-14-ec24-105-000> (last accessed Aug. 3, 2025); Ex. MP-27 at 4 (Cady Rebuttal) (eDocket No. [20253-216055-03](#)).

266. The PSCW proceeding in Docket No. 5820-DR-100, examined whether the Wisconsin Utility Holding Company Act (“WUHCA”) applied and, if so, how it should guide the Acquisition’s approval.<sup>455</sup> On January 23, 2025, all parties to the PSCW’s proceeding on this matter agreed to waive their respective rights to a contested case hearing and executed a Stipulation of Facts and Waiver of Hearing (“Stipulation”). The Stipulation was agreed to by all parties, including the Citizens Utility Board of Wisconsin, IBEW Local 31, Madison Gas and Electric Company, Wisconsin Electric Power Company, and the Wisconsin Public Service Corporation.<sup>456</sup> On March 13, 2025, the PSCW orally approved the transaction, subject to certain conditions, thereby removing any Wisconsin-specific barriers.<sup>457</sup> All necessary state-level approvals in Wisconsin are thus complete. No party to this proceeding has raised issues with respect to the Wisconsin approval.

267. The Company was required to file notifications with the federal antitrust agencies under the HSR Act.<sup>458</sup> This submission was made on January 31, 2025, prompting a standard waiting period that ended on March 5, 2025, without challenge or extension.<sup>459</sup> With that waiting period expired, the Acquisition is free of any potential antitrust hurdles under the HSR requirements.

268. The Commission is the last approval necessary before the Acquisition can proceed.

---

<sup>455</sup> Ex. MP-9 at 10 (Cady Direct) (eDocket No. [202412-212968-03](#)).

<sup>456</sup> Ex. MP-27 at 4 (Cady Rebuttal) (eDocket No. [20253-216055-03](#)).

<sup>457</sup> Ex. MP-40 at 2 (Cady Surrebuttal) (eDocket No. [20253-216810-02](#)).

<sup>458</sup> Ex. MP-9 at 9 (Cady Direct) (eDocket No. [202412-212968-03](#)).

<sup>459</sup> Ex. MP-40 at 2 (Cady Surrebuttal) (eDocket No. [20253-216810-02](#)).

## **VII. MINNESOTA POWER'S UNION AND NON-UNION WORKFORCE**

269. The record demonstrates that Minnesota Power's workforces will benefit from the Acquisition. The record unequivocally demonstrates that there are real and measurable benefits to the Minnesota Power workforce that will occur if the Acquisition is approved.

270. These benefits to employees are not ensured if the Acquisition is denied. Any potential harms are purely speculative.

271. The benefits of the Acquisition for Minnesota Power's workforce are discussed in detail in Section V.H, above.

## **VIII. MINNESOTA POWER'S ABILITY TO COMPLY WITH THE CARBON FREE STANDARD**

272. The primary goal of the Acquisition is to equip the Company with a reliable stream of significant additional equity capital that will allow the Company to expand its investments in clean energy technologies to comply with the Carbon Free Standard.<sup>460</sup> The Acquisition best positions the Company to satisfy the Carbon Free Standard while maintaining safe, reliable, and affordable service to Minnesota Power customers.

273. The Company and the Partners have stated that without the Acquisition, the Company's compliance with the Carbon Free Standard may not be possible. The record shows that ALLETE would need to raise more than \$1 billion in new equity to fund its expected investment requirements over the next five years.<sup>461</sup> In comparison, in the Company's 75-year history in publicly traded markets, the Company has raised \$1.3 billion in equity.<sup>462</sup> The Company has stated that continued reliance on public markets

---

<sup>460</sup> Ex. MP-9 at 7 (Cady Direct) (eDocket No. [202412-212968-03](#)).

<sup>461</sup> Ex. MP-28 at 7 (Scissons Rebuttal) ) (eDocket No. [20253-216055-04](#)).

<sup>462</sup> Ex. MP-29 at 3 (Taran Rebuttal) (eDocket No. [20253-216055-05](#)).

risks the Company's ability to comply with the Carbon Free Standard because of the cyclical nature of the public markets, public stockholders' demands for regular quarterly dividends, and the price the Company can obtain on public stock issuances if it needs to issue large quantities on a regular basis.<sup>463</sup>

274. The record also demonstrates that ALLETE's investments to comply with the Carbon Free Standard will require an increase in ALLETE's capital expenditures that is much larger than ALLETE's prior capital expenditure levels. Specifically, the five-year investment plan is approximately 3.8 times larger than ALLETE's historical average.<sup>464</sup> The majority of these anticipated investments are dedicated to solar, wind, storage resources, and transmission lines so as to comply with the Carbon Free Standard.<sup>465</sup> The record shows that while ALLETE is one of the smallest utilities in the country by market capitalization,<sup>466</sup> the Company's need for equity capital is large in proportion to its market capitalization.<sup>467</sup>

275. Sierra Club Witness Lane expressed concern that the Acquisition could negatively impact the pace and effectiveness of the Company's compliance with the Carbon Free Standard.<sup>468</sup> Department Witness Addonizio similarly stated that the Company's ability to comply with the Carbon Free Standard will depend on the Partners' desire and ability to invest in the Company.<sup>469</sup> The record states that the Partners and the Company have committed to efforts to achieve the Carbon Free Standard with the least cost pathways that are ultimately decided by the Commission in its orders, approved

---

<sup>463</sup> Ex. MP-10 at 8 (Scissons Direct) (eDocket No. [202412-212968-04](#)).

<sup>464</sup> Ex. MP-11 at 5 (Taran Direct) (eDocket No. [202412-212968-05](#)).

<sup>465</sup> Ex. MP-29 at 5-6 (Taran Rebuttal) (eDocket No. [20253-216055-05](#)).

<sup>466</sup> Ex. MP-12 at Sch. 3 (Quackenbush Direct) (eDocket No. [202412-212972-01](#)).

<sup>467</sup> Ex. MP-11 at 6 (Taran Direct) (eDocket No. [202412-212968-05](#)).

<sup>468</sup> Ex. Sierra-1100 at 34-38 (Lane Direct) (eDocket No. [20252-214960-01](#)).

<sup>469</sup> Ex. DOC-303 at 76 (Addonizio Direct) (eDocket No. [20252-214941-01](#)).

integrated resource plans, and related dockets.<sup>470</sup> Further, the Partners have committed to providing the necessary funding for the Company's five-year plan, which is inclusive of significant steps to comply with the Carbon Free Standard.<sup>471</sup>

276. Sierra Club Witness Lane argued that the Partner's commitment to supply adequate funding is insufficient because it does not fully guarantee the Partners will comply with the Carbon Free Standard.<sup>472</sup> The record shows the Partners and the Company have committed to efforts to achieve the Carbon Free Standard and have affirmed to be part of the regulatory process in Minnesota and the jurisdiction of the Commission.<sup>473</sup> Further, regardless of any commitments, the Carbon Free Standard is state law and the Partners and the Company have provided explicit affirmation to the Commission's determinations regarding resource planning, distribution planning, resource acquisition decisions, and efforts to achieve the Carbon Free Standard.<sup>474</sup>

277. Department Witness Addonizio expressed the possibility that if the Partners sell Alloy Parent and ALLETE prior to 2040, it would result in the new owners or ownership playing an important role in compliance with the Carbon Free Standard.<sup>475</sup> Sierra Club Witness Lane shared this concern and further stated that the Partners did not make any commitment to maintain its ownership of Minnesota Power for any specific period of time.<sup>476</sup> The record demonstrates that the Partners' business model is not oriented toward short-term asset flipping, but rather towards long-term, infrastructure based investments

---

<sup>470</sup> Ex. MP-27 at Sch. 1 (Cady Rebuttal) (eDocket No. [20253-216055-03](#)).

<sup>471</sup> *Id.* at 26.

<sup>472</sup> Ex. Sierra-1102 at 20 (Corrected Lane Surrebuttal) (eDocket No. [20254-217233-02](#)).

<sup>473</sup> Ex. MP-27 at Sch. 1 (Cady Rebuttal) (eDocket No. [20253-216055-03](#)).

<sup>474</sup> *Id.*

<sup>475</sup> Ex. DOC-303 at 76-77 (Addonizio Direct) (eDocket No. [20252-214941-01](#)).

<sup>476</sup> Ex. Sierra-1102 at 20 (Corrected Lane Surrebuttal) (eDocket No. [20254-217233-02](#)).

that are required for the Company to comply with the Carbon Free Standard.<sup>477</sup> Further, any future sale of a meaningful interest in ALLETE will be subject to the oversight and conditions of the Commission.

278. The record also demonstrates that the Company will continue use power purchase agreements as a tool to meet future resource needs and comply with the Carbon Free Standard.<sup>478</sup> The Company currently uses power purchases agreements, but the ultimate approval to either enter into a power purchase agreement or construct utility owned resources will be set up through Commission-approved competitive bid processes and resource-planning determinations.<sup>479</sup>

279. No intervening party raised issues in this proceeding regarding the Acquisition's potential impacts on the Nemadji Trail Energy Center. Company Witness Cady stated that the Acquisition does not change the Commission's oversight of the Company and the Company will remain fully regulated by the Commission.<sup>480</sup> The Commission will continue to have oversight over the Company's resource decisions through the Integrated Resource Plan, resource acquisition dockets, and cost recovery proceedings.

280. The record supports the Company's position that the Acquisition will aid the Company's ability to comply with the Carbon Free Standard.

## **IX. CONSISTENCY WITH THE PUBLIC INTEREST**

281. The record establishes that the Acquisition is consistent with the public interest and should be approved, pursuant to Minn. Stat. § 216B.50.

---

<sup>477</sup> Ex. MP-31 at 1-4 (Alley Rebuttal) (eDocket No. [20253-216055-09](#)).

<sup>478</sup> Evid. Hrg. Tr. at 251:15-21 (April 1, 2025) (Scissons).

<sup>479</sup> Ex. MP-9 at 19 (Cady Direct) (eDocket No. [202412-212968-03](#)).

<sup>480</sup> *Id.* at 18-19.

282. Minnesota Power and the Partners have presented numerous benefits of the Acquisition, reinforced by specific, concrete commitments. The other parties to this proceeding have not identified any additional conditions that are necessary for the Acquisition to be consistent with the public interest. When pressed for actual conditions that the agencies or intervenors wanted to address their “potential” concerns with the Acquisition,<sup>481</sup> witnesses affirmatively stated they had not proposed any or could not articulate any for the record.<sup>482</sup>

283. The evidence submitted by Minnesota Power and the Partners in this case shows that the Acquisition will not result in adverse impacts on customers, service cost or quality, employees, or communities.<sup>483</sup> The Partners are also not seeking to change Minnesota Power’s operations.<sup>484</sup> Further, the Acquisition will not reduce the level of investments or service or fundamentally change cost structures or long-term plans for Minnesota Power.<sup>485</sup>

284. Despite a lack of record evidence of such adverse impacts, to demonstrate their commitment to each other, to the Company’s stakeholders and regulatory processes, and to State policy, the Company and the Partners developed a significant number of commitments in the form of affirmative benefits to customers, protections against perceived concerns, and affirmations of ongoing practices.<sup>486</sup> These

---

<sup>481</sup> The exception is found in Witness Vavro’s proposals for an impractical non-consolidation opinion and unnecessary restructuring of ALLETE itself, which have undesirable implications.

<sup>482</sup> Evid. Hrg. Tr. at 356:18-356:22 (April 2, 2025) (Quackenbush), Evid. Hrg. Tr. at 476:3-477:20 (April 2, 2025) (Vavro); Evid. Hrg. Tr. at 793:14-793:18 (April 3, 2025) (Lebens), Evid. Hrg. Tr. at 826:15-827:6 (April 3, 2025) (Lane).

<sup>483</sup> Ex. MP-9 at 12 (Cady Direct) (eDocket No. [202412-212968-03](#)).

<sup>484</sup> *Id.*

<sup>485</sup> *Id.*

<sup>486</sup> Ex. MP-9 at 14-16 (Cady Direct) (eDocket No. [202412-212968-03](#)); Ex. MP-27 at Sch. 1 (Cady Rebuttal) (eDocket No. [20253-216055-03](#)).



commitments amply address any 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.

### **CONCLUSIONS OF LAW**

1. The Acquisition offers an opportunity for Minnesota Power to partner with global leaders in infrastructure deployment who share Minnesota Power's vision and values and who can provide reliable, patient, and flexible capital without the risks associated with the public markets. This Acquisition will also allow Minnesota Power's investors to be more closely aligned with employee, customer, and stakeholder needs as compared to the current large number of public investors.

2. The additional commitments proposed by Minnesota Power and the Partners in the Merger Agreement, in the Petition, and during the pendency of this proceeding are reasonable for the Acquisition and no additional conditions are necessary based on the record.

3. Under the standard of review required by Minn. Stat. § 216B.50, the record demonstrates that the Acquisition is consistent with the public interest.