

## Staff Briefing Papers

**Meeting Date** July 1, 2025

**Agenda Item 3\***

**Company** Minnesota Power

**Docket No.** E-015/S-25-138

**In the Matter of Minnesota Power's Petition for Approval of its Capital Structure and Authorization to Issue Securities**

**Issues** Should the Commission approve Minnesota Power's proposed 2025 capital structure and grant permission to issue securities?

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✓ **Relevant Documents**

**Date**

Minnesota Power – Initial Petition (Public and Trade Secret) February 28, 2025

Minnesota Power – Compliance Filing April 3, 2025

Department of Commerce – Comments May 20, 2025

Minnesota Power – Reply Comments May 23, 2025

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The attached materials are work papers of the Commission Staff. They are intended for use by the Public Utilities Commission and are based upon information already in the record unless noted otherwise.

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## I. STATEMENT OF THE ISSUES

Should the Commission approve Minnesota Power's proposed 2025 capital structure and grant permission to issue securities?

## II. BACKGROUND

On February 28, 2025, Minnesota Power (MP) filed its 2025 Consolidated Capital Structure Petition (Petition) requesting approval of its 2025 capital structure and granting permission to issue securities from the Commission Order date through May 1, 2026, or when the Commission issues a subsequent capital structure order.

On April 3, 2025, MP provided a compliance filing of a non-recurring issuance of securities that occurred on March 25, 2025. While MP noted the Commission's 2024 capital structure Order<sup>1</sup> did not include the 20-day filing requirement after a securities issuance, MP provided the information to be consistent with prior capital structure orders.

On May 20, 2025, the Minnesota Department of Commerce, Division of Energy Resources (Department) filed comments recommending approval of Minnesota Power's Petition through May 1, 2025, or when the Commission issues a subsequent capital structure order.

On May 23, 2025, MP filed reply comments agreeing with the Department recommendations, while clarifying the approval date as through May 1, 2026, or when the Commission issues a subsequent capital structure order.

## III. LEGAL STANDARD

Minnesota (Minn) Statutes (Stat) section (§) 216B.49, subdivision (subd) 3, prohibits Minnesota public utilities from issuing securities without prior Commission approval. Approval may be for an individual issuance or, as in the instant petition, for multiple possible issuances under a periodic proceeding reviewing the utility's proposed sources and uses of capital funds.

When considering a security issuance petition, the Commission must consider the factors and standards set forth in Minn. Stat. § 216B.49, subd. 4:<sup>2</sup>

Prior to approval the commission shall ascertain that the amount of securities of each class which any public utility may issue shall bear a reasonable proportion to each other and to the value of the property, due consideration being given to the nature of the business of the public utility, its credit and prospects, the possibility that the value of the property may change from

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<sup>1</sup> Commission August 27, 2024 Order. Docket No. E-015/S-24-108.

<sup>2</sup> See 216B.49 SECURITIES; PUBLIC FINANCING. 2024 Minnesota Statutes.

<https://www.revisor.mn.gov/statutes/cite/216B.49>

time to time, the effect which the issue shall have upon the management and operation of the public utility, and other considerations which the commission as a matter of fact shall find to be relevant. If the commission shall find that the proposed security issuance is reasonable and proper and in the public interest and will not be detrimental to the interests of the consumers and patrons affected thereby, the commission shall by written order grant its permission for the proposed public financing.

Petitions for capital structure approval are also subject to the filing requirements and procedures outlined in Minn. Rules (R) parts 7825.1000 – 7825.1500.

#### **IV. ALLETE'S CONSOLIDATED CAPITAL STRUCTURE**

The petitioner is Minnesota Power, an operating division of ALLETE, Inc. (ALLETE) rather than a wholly owned subsidiary corporation.

MP's Petition summarizes ALLETE and its subsidiaries consolidated capital expenditures; however, specific references are made to MP's capital investments because the Company continues to operate its electric operations in Minnesota under the name of Minnesota Power.

MP's Petition notes the term "ALLETE" or the "Company" refers to the combined business units that make up ALLETE and, as defined in Minn. Stat. § 216B.02, subd. 4, the term "Minnesota Power" refers to the regulated and public electric utility in Minnesota.<sup>3</sup>

On May 6, 2024, ALLETE filed an Agreement and Plan of Merger (Merger Agreement) with the Canada Pension Plan Investment Board and Global Infrastructure Partners (collectively, the Partners).<sup>4</sup> Section 5.01(b) of the Merger Agreement imposes restrictions on the Company's ability to issue debt and equity while the merger is pending. Additionally, Section 6.18 provides that, if the merger is not completed by June 30, 2025, ALLETE may notify the Partners of its intent to, if needed, raise up to \$300 million in preferred equity during the second half of 2025, to replace a portion of the proposed common equity issuances.

#### **V. PARTIES' COMMENTS**

##### **A. Minnesota Power – Initial Petition**

MP's 2025 capital structure filing sought approval of the following specific provisions:

- i. Total capitalization of \$7,145 million, including a \$652 million contingency and

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<sup>3</sup> Because Minnesota Power is an operating division of ALLETE, not a separate subsidiary, ALLETE is a public utility under Minn. Stat. § 216B.02, subd. 4 and any debt or equity issued to finance Minnesota Power's operations will be issued by ALLETE. ALLETE's capital structure and securities issuances are therefore subject to the Commission's authority per Minn. Stat. § 216B.49.

<sup>4</sup> The Form 8-K is available on the Investor Relations page of ALLETE's website and the SEC's website.



- flexibility to allow total consolidated capitalizations to exceed the cap for a period not exceeding 60 days;<sup>5</sup>
- ii. A 63.21% equity ratio with a +/- 15% contingency range, (resulting in an equity range of 53.73% to 72.69%),<sup>6</sup> and flexibility to allow its total equity ratio to exceed 72.69%, or fall below 53.73%, for a period not exceeding 60 days;<sup>7</sup>
  - iii. Authorization on or before July 1, 2025, for the ability, if needed, to issue up to \$300 million of preferred stock to Canada Pension Plan Investment Board and Global Infrastructure Partners<sup>8</sup> in the second half of 2025, per certain parameters;
  - iv. Continuation of the variance of Minnesota (Minn.) Rules (R.) 7825.1000, subp. 6, to allow ALLETE to treat borrowing under multi-year credit agreements as short-term debt for approved capital structure purposes;<sup>9</sup>
  - v. Approval for the ability to issue short-term debt<sup>10</sup> not to exceed 15% of total capitalization;
  - vi. Continued flexibility to issue long-term debt, provided it remains within the limits approved for the short-term debt and equity ratios, as well as the total capitalization limit;
  - vii. Flexibility to issue securities provided that the Company remains within the approved capital structure ratios or does not exceed them for more than 60 days;
  - viii. Approval of the Company's consolidated capital structure for the period beginning with the date of issuance of an Order in this docket through the date at which the

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<sup>5</sup> When the Company expects total consolidated capitalization to exceed \$7,145 million for a period exceeding 60 days, it will seek approval from the Commission for any such issuance.

<sup>6</sup> If the Commission approves MP's proposal, any securities issuance that results in a total equity ratio within the window, that is, at or above 53.73%, but below 72.69%, is approved.

<sup>7</sup> When MP contemplates a securities issuance that would cause the total equity ratio to fall outside the window (i.e., exceed 72.69% or fall below 53.73%) for a period exceeding 60 days, MP will seek approval from the Commission for any such issuance.

<sup>8</sup> *In the Matter of the Petition of Minnesota Power for the Acquisition of ALLETE by Canada Pension Plan Investment Board and Global Infrastructure Partners*, Minnesota Power, Petition, July 19, 2024, Docket No. E-015/PA-24-198.

<sup>9</sup> The Commission has approved this variance in MP's 2011 through 2024 Capital Structure petitions in Dockets 11-174; 12-184; 13-126; 14-145; 15-168; 16-165; 17-142; 18-155; 19-170; 20-279; 21-130; 22-97; 23-89; and 24-108.

<sup>10</sup> Commercial paper, borrowings that mature in one year or less, and direct borrowings under a 364-day credit agreement are the traditional instruments of short-term debt. If approved by the Commission, MP will count direct borrowings under a multi-year credit facility as short-term debt.

Commission issues a subsequent order.

MP indicated that the \$7.1 billion in requested capital is driven by significant construction and infrastructure development expenditures. MP added that the expenditures are expected to exceed internal cash generation for the January 2025 through June 2026 period and, to support the planned investments, the Company will need to issue long-term debt, common stock, preferred stock, tax equity financing, and/or short-term debt.

MP noted that, to reduce its dependence on revenues from a concentrated industrial base of taconite and paper customers in northeastern Minnesota, ALLETE continues to evaluate acquisition and other investment opportunities to diversify its revenue base.

Table 1 summarizes the Company's actual 2022 – 2024 and projected June 30, 2026 consolidated capital structures and shows that MP anticipates increasing its net debt by \$590 million, from \$1,799 million in 2024 to \$2,389 million by June 2026.

**Table 1: Actual and Projected Consolidated Capital Structures (\$ Millions)<sup>11</sup>**

Capital Structures	Actual 12/31/2022		Actual 12/31/2023		Actual 12/31/2024		Projected June 30, 2026	
Long-Term Debt	\$1,751	33.23%	\$1,791	34.46%	\$1,799	34.67%	\$2,389	36.79%
Short-Term Debt	\$170	3.23%	\$0	0.00%	\$0	0.00%	\$0	0.00%
Total Equity	\$3,348	63.54%	\$3,407	65.54%	\$3,391	65.33%	\$4,104	63.21%
Total Capitalization	\$5,269	100.00%	\$5,198	100.00%	\$5,190	100.00%	\$6,493	100.00%

Table 2 details MP's June 2026 projected consolidated capital structure.

**Table 2: Projected Consolidated Capital Structure<sup>12</sup>**  
**June 30, 2026**  
(\$ Millions)

	Amount	Percentage
Long-Term Debt	\$2,389	36.79%
Short-Term Debt	\$0	0.00%
Total Equity	\$4,104	63.21%
Projected Capitalization	\$6,493	100.00%
Contingency	\$652	
Total Request	\$7,145	

<sup>11</sup> Petition, at 4.

<sup>12</sup> Petition, at 5.

## B. Minnesota Power – Compliance Filing

To ensure consistency with previous capital structure orders, MP notified the Commission of a non-recurring securities issuance that occurred on March 25, 2025. The relevant Ordering Paragraph reads as follows:<sup>13</sup>

Within 20 days after a securities issuance, Minnesota Power must file details on the specific purposes of the individual issuances, the type, timing, amounts, cost of issuance (including price per share for common equity issuances), and interest rates.

While the Company noted the Commission's 2024 capital structure Order<sup>14</sup> did not include this filing requirement, nonetheless, MP provided the information in a compliance filing.

As set forth in the Commission's 2021 capital structure Order,<sup>15</sup> MP provided the following information regarding the securities issuance.<sup>16</sup>

- The specific purposes for individual issuance:
  - Proceeds from the Notes will be used for general corporate purposes.
- The type of issuance:
  - ALLETE Senior Notes
- The timing of issuance:
  - March 25, 2025
- The amount of issuance: \$150 million total –
  - \$120 million of 5-year Senior Notes.
  - \$30 million of 10-year Senior Notes.
- Issuance costs:
  - Approximately \$1,000,000

- Interest rates:

<u>Maturity Dates</u>	<u>Principal</u>	<u>Interest Rate</u>
March 25, 2030	\$120 million	5.38%
March 25, 2035	\$30 million	5.82%

<sup>13</sup> Commission January 26, 2022 Order. Docket No. E-015/S-21-130.

<sup>14</sup> Commission August 27, 2024 Order. Docket No. E-015/S-24-108.

<sup>15</sup> Commission January 26, 2022 Order. Docket No. E-015/S-21-130.

<sup>16</sup> MP, Compliance Filing, April 2, 2025, at 4.



Additionally, MP noted that, under Section 204 of the Federal Power Act (FPA), ALLETE applied to the Federal Energy Regulatory Commission (FERC) seeking authority to issue securities through December 31, 2026. This new authorization would supersede the current approval, which expires on May 23, 2026.

ALLETE determined that its actual capital needs exceed the limits of its current FERC authorization and that the proposed security issuances align with MP's 2025 Capital Structure Petition.

### C. Department of Commerce – Comments

As set forth in Minn. R. 7825.1300, 7825.1400 and prior Commission Orders utilities must adhere to for the issuance of securities, the Department concluded that MP's Petition met all applicable filing and reporting requirements.

If the Company is authorized to issue the requested \$300 million in preferred equity, the Department noted that amount would replace common equity in the projected capital structure.<sup>17</sup> When evaluating ALLETE's credit metrics and creditworthiness, credit ratings agencies are unlikely to consider preferred equity equivalent to common equity.

Assuming a \$300 million preferred equity issuance, Table 3 shows that, in 2026, the \$300 million would comprise 4.62% of ALLETE's total capitalization. Additionally, the \$590 million increase in long-term debt and \$713 million increase in equity are primarily driven by anticipated equity issuances rather than retained earnings.

**Table 3: Actual and Projected Consolidated Capital Structures Including Preferred Equity (\$ Millions)<sup>18</sup>**

Capital Structures	Actual 12/31/2022		Actual 12/31/2023		Actual 12/31/2024		Projected June 30, 2026	
Long-Term Debt	\$1,751	33.23%	\$1,791	34.46%	\$1,799	34.67%	\$2,389	36.79%
Short-Term Debt	\$170	3.23%	\$0	0.00%	\$0	0.00%	\$0	0.00%
Preferred Equity	\$0	0.00%	\$0	0.00%	\$0	0.00%	\$300	4.62%
Total Equity	\$3,348	63.54%	\$3,407	65.54%	\$3,391	65.33%	\$3,804	58.59%
Total Capitalization	\$5,269	100.00%	\$5,198	100.00%	\$5,190	100.00%	\$6,493	100.00%

Although utilities often compare their proposed capital structures to those of other non-publicly traded utility subsidiaries, the Department evaluated the reasonableness of Minnesota Power's proposed capital structure by comparing it to publicly traded companies primarily

<sup>17</sup> Petition, at 4.

<sup>18</sup> *Id.*





engaged in utility operations.

The Department compared ALLETE's proposed capital structure to 29 publicly traded electric utilities with comparable risk, as classified by Value Line, with S&P credit ratings ranging from A- to BBB-, which is similar to ALLETE's BBB rating.<sup>19</sup> ALLETE's 2024 projected equity ratio is near or above the top of the range of the 29 companies surveyed (26.69% to 62.21%), which is an indication of lower financial risk than other electric utilities.

However, due to the substantial equity financing associated with ALLETE's non-regulated business segments, ALLETE's overall equity ratio is higher than Minnesota Power's jurisdictional equity ratio. Table 4 illustrates Minnesota Power's jurisdictional capital structure under the assumption that ALLETE issues \$300 million in preferred equity and allocates the full amount to Minnesota Power.

**Table 4: Department Estimate of Minnesota Power's Projected Jurisdictional Capital Structure (\$ Millions)<sup>20</sup>**

	<b>\$ Millions</b>	<b>Ratio</b>	<b>Note</b>
Common Equity	\$1,975	46.01%	Total Equity less Preferred Equity
Preferred Equity	\$300	6.99%	Assumed
Total Equity	\$2,275	53.00%	53% of Minnesota Power Total Cap
Long-term Debt	\$2,017	47.00%	47% of Minnesota Power Total Cap
Total Capitalization	\$4,292	100.00%	66% of ALLETE's Projected 6/30/2026 Total Cap. (\$6,439 million)

The Department determined that only one of the 29 electric utilities surveyed with A- to BBB- credit ratings contained more than 1.5% of preferred equity in its capital structure. Thus, while Minnesota Power's common equity ratio would be comparable to other electric utility averages, its preferred equity ratio would be somewhat high.

The Company's Petition contained no explanation of why, while the Acquisition is pending, the proposed issuance of up to \$300 million in preferred equity would be reasonable, or why preferred equity is a better financing option than debt and common equity. In response to a

<sup>19</sup> Credit ratings of BBB- and above are generally referred to as "investment grade," while ratings below BBB- are considered "speculative grade." The Department did not include utilities with speculative credit ratings in its analysis.

<sup>20</sup> In Minnesota Power's most recent rate case, approximately 66% of ALLETE's 2024 test year total capital was attributed to Minnesota Power. See *In the Matter of the Application of Minnesota Power for Authority to Increase Rates for Electric Utility Service in Minnesota*, Minnesota Power, Workpapers and Studies – Part 2 of 4 at COC-1, November 1, 2023, Docket No. E015/GR-23-155. Assuming this percentage will hold into to 2026, the Department multiplied it by ALLETE's projected total capitalization at June 30, 2026 of \$6,493 million. The Department then split the resulting estimate of Minnesota Power's capitalization between debt (47%) and equity (53%) per Minnesota Power's response to an information request. See Department Attachment 2. Finally, the Department reclassified \$300 million of the resulting equity balance as preferred equity, and the remainder as common equity.

Department information request, MP stated:<sup>21</sup>

The Company actively negotiated for and continues to believe that the preferred equity investment from the Partners enables ALLETE to remain well-positioned to meet its financing needs during the interim period between signing the Merger Agreement and the closing of the Acquisition.

The Department is concerned that the proposed use of preferred equity may be large enough to have negative effects on ALLETE and Minnesota Power. MP believed that both S&P and Moody's<sup>22</sup> would likely treat its planned preferred equity issuances as half debt and equity, but did not explain how it reached that conclusion.<sup>23</sup> The Department argued that the potential changes to ALLETE's and Minnesota Power's capital structures are notable and may cause ALLETE's credit metrics and ratings to deteriorate.

The Department asked MP to provide analysis of potential impacts that issuing preferred stock may have on ALLETE's credit metrics. MP stated that, long term, it does not intend to maintain preferred equity in its capital structure and thus does not anticipate material changes to credit ratings.<sup>24</sup> Additionally, MP indicated that, if the Acquisition is approved, the preferred stock would be converted to common equity.<sup>25</sup>

The Department noted that Acquisition approval is not guaranteed, in which case the preferred stock may remain outstanding. In response to an information request, MP stated:<sup>26</sup>

In a scenario where the preferred shares were issued and the Acquisition does not close, the Company would analyze the cost and availability of alternative financing at that time and determine the best sources of capital to be able to continue to provide affordable, reliable service to customers. This would include analysis of the preferred equity against alternatives that may be available to replace it, and the Company would propose inclusion of the preferred equity only if it was the best ongoing solution to provide capital to the Company on behalf of its customers. *Ultimately, the Company will bear the burden of proof in demonstrating that all its costs are just and reasonable in a future rate case. (emphasis added)*

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<sup>21</sup> Department Comments, Attachment 3.

<sup>22</sup> S&P (Standard & Poor's) and Moody's are two major credit rating agencies that evaluate the creditworthiness of issuers like governments and companies. They assign ratings that indicate the likelihood of an issuer defaulting on its debt obligations, with higher ratings signifying lower risk and lower ratings indicating higher risk.

<sup>23</sup> Department Comments, Attachments 4 and 5.

<sup>24</sup> Department Comments, Attachment 6.

<sup>25</sup> Department Comments, Attachment 7.

<sup>26</sup> *Id.*



The Department determined that the unique circumstances surrounding the pending Acquisition, along with the anticipated financing needs in the second half of 2025, and the proposed issuance of preferred equity will not result in a capital structure for ALLETE or MP that is significantly out of line with other electric utilities. As such, the Department concluded that MP's request is reasonable and recommended Commission approval. The Department also clarified that its recommendation—and the Commission's final determination—does not constitute a decision for ratemaking purposes.

Regarding equity ratio contingency ranges, the Department noted that MP has used a 15% range and a 60-day grace period in MP's last five capital structure proceedings. While issuances of preferred equity will count towards this contingency range, the Company will be limited to a \$300 million maximum of preferred equity, even if its total equity ratio is less than 72.69%. As such, the Department concluded that MP's proposed equity ratio contingency range of 53.73% to 72.69% is reasonable and recommended approval.

Regarding Short-Term Debt contingency ranges, the Department noted that ALLETE's 15% cap has provided adequate short-term financial flexibility without adding undue risk to ratepayers and recommended approval.

Regarding Maximum Total Capitalization, the Department noted that, to support substantial planned investments across generation, transmission, and distribution, MP has a \$652 million contingency, or 10%, of expected capitalization. The Department determined that the 10% contingency has worked sufficiently well to balance financial flexibility with adequate oversight and recommended approval.

The Department noted that, to allow the Company to treat direct borrowing under a multi-year credit agreement as short-term debt, MP requested a variance extension of Minn. R. 7825.1000, subp. 6.<sup>27</sup> In accordance with Minn. R. 7829.3200, subp. 1, to grant this variance, the request must meet three specific requirements:

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

The Department indicated that MP's current multi-year credit agreement resembles traditional short-term debt instruments, thus classifying the agreements as long-term debt could cause credit-rating agencies to react unfavorably and cause an excessive burden on MP and ratepayer harm.

The Department determined that MP's requested variance satisfies the three requirements,

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<sup>27</sup> Petition, at 6.

and that MP should be allowed to treat borrowing under multi-year agreements as short-term debt for approved capital structure purposes.

The Department concluded MP's Petition is reasonable and recommended the following action:

- 1) Approve MP's Petition which includes the following:
  - A. ALLETE's proposed capital structure, including an equity ratio of 63.21%;
  - B. An equity ratio contingency range of +/- 15% of its proposed equity ratio (i.e., 53.73% to 72.69%);
  - C. Total consolidated capitalization of \$7,145 million, including a proposed contingency reserve of \$652 million;
  - D. Approval to issue short-term debt up to 15% of total capitalization;
  - E. Continuation of the variance of Minn. R. 7825.1000, subp. 6 (2024) to allow ALLETE to treat borrowing under multi-year credit agreements as short-term debt for approved capital structure purposes;
  - F. Authorization to issue securities, provided ALLETE does not exceed the limits of the approved equity ratio, maximum short-term debt ratio, or maximum capitalization for more than 60 days, without prior Commission approval;
  - G. Flexibility to issue up to \$300 million in preferred stock to the Partners in the second half of 2025; and
  - H. Approval of ALLETE's estimated consolidated capital structure and authorization to issue securities from the date of issuance of a Commission Order approving the instant petition through the latter of (1) May 1, 2025 or (2) the date at which the Commission issues a subsequent capital structure order.
- 2) Require MP to file its next request for approval of its securities issuance no later than March 1, 2026.
- 3) Require MP to keep the Commission informed in a timely manner of any important developments in its pending acquisition and any rating agency actions.
- 4) Clarify the Order in this proceeding does not predetermine the Commission's decision in any future rate case.

#### D. Minnesota Power – Reply Comments

MP noted the date in bullet point “H” should read May 1, 2026. Otherwise, MP agreed with all of the Department’s recommendations.

#### VI. STAFF COMMENTS

Staff notes that MP’s April 2025 compliance filing referenced a requirement from its 2021 capital structure order,<sup>28</sup> which reads as follows:

Within 20 days after a securities issuance, Minnesota Power must file details on the specific purposes of the individual issuances, the type, timing, amounts, cost of issuance (including price per share for common equity issuances), and interest rates.

On April 3, 2025, in accordance with the reporting requirements set forth in MP’s 2022 and 2023 capital structure orders, MP notified the Commission of a *non-recurring* issuance of securities that occurred on March 25, 2025 (*emphasis added*). MP also noted, and Staff confirmed, that MP’s 2024 capital structure order<sup>29</sup> does not include a similar reporting requirement for security issuances.

As similar dispositions have been made in MP’s historical capital structure orders, the Commission may want to consider re-implementing the reporting requirement for future MP security issuances. Staff has included, for reference, a decision option based on the language of MP’s 2023 capital structure order.<sup>30</sup>

Finally, Staff concurs with the Department’s analysis that the Petition meets the requirements established under Minn. R. 7825.1300 and 1400.

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<sup>28</sup> Commission Order, January 26, 2022. Docket No. E-015/S-21-130.

<sup>29</sup> Commission Order, August 27, 2024, Docket No. E-015/S-24-108.

<sup>30</sup> Commission Order, July 12, 2023, Docket No. E-015/S-23-89.

## VII. DECISION OPTIONS

1. Approve Minnesota Power's Petition as reasonable, proper, and in the public interest, which includes the following:
  - A. ALLETE's proposed capital structure, including a 63.21% equity ratio; [MP, Department]
  - B. A +/- 15% equity ratio contingency range of its proposed equity ratio (i.e., 53.73% to 72.69%); [MP, Department]
  - C. Total consolidated capitalization of \$7,145 million, including a proposed contingency reserve of \$652 million; [MP, Department]
  - D. Approval to issue short-term debt up to 15% of total capitalization; [MP, Department]
  - E. Continuation of the variance of Minn. R. 7825.1000, subp. 6 that allows ALLETE to treat borrowing under multi-year credit agreements as short-term debt for approved capital structure purposes; [MP, Department]
  - F. Authorization to issue securities, provided ALLETE does not exceed the limits of the approved equity ratio, maximum short-term debt ratio, or maximum capitalization for more than 60 days, without prior Commission approval; [MP, Department]
  - G. Flexibility to issue up to \$300 million in preferred stock to the Partners in the second half of 2025; [MP, Department]
  - H. Approval of ALLETE's estimated consolidated capital structure and authorization to issue securities from the date of issuance of a Commission Order approving the instant petition through the latter of (1) May 1, 2025 or (2) the date at which the Commission issues a subsequent capital structure order. [Department]
- OR
- I. Approval of ALLETE's estimated consolidated capital structure and authorization to issue securities from the date of issuance of a Commission Order approving the instant petition through the latter of (1) May 1, 2026 or (2) the date at which the Commission issues a subsequent capital structure order. [MP]
2. Require Minnesota Power to file its next request for approval of its securities issuance no later than March 1, 2026. [MP, Department]



3. Require Minnesota Power to keep the Commission informed in a timely manner of any important developments in its pending acquisition and any rating agency actions. [MP, Department]
4. Clarify the Order in this proceeding does not predetermine the Commission's decision in any future rate case the Company files. [MP, Department]
5. Require Minnesota Power to file, within 20 days after each non-recurring issuance of securities, the following information: [Staff]
  - A. The specific purpose for individual issuances;
  - B. The type of issuances;
  - C. The timing of issuances;
  - D. The amounts of issuances;
  - E. Issuance costs (for common equity issuances, including price per share); and interest rates.