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September 30, 2015

PUBLIC DOCUMENT

Daniel P. Wolf
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, Minnesota 55101-2147

RE: **Comments of the Minnesota Department of Commerce, Division of Energy Resources**
Docket No. E015/AI-15-712

Dear Mr. Wolf:

Attached are the Comments of the Minnesota Department of Commerce, Division of Energy Resources (DOC or Department) in the following matter:

Minnesota Power's (MP's) Petition for Approval of Affiliate Interests Between ALLETE, Inc. and ALLETE Clean Energy – New Lease Agreement.

The petition was filed on July 30, 2015 by:

Christopher D. Anderson
Associate General Counsel
Minnesota Power
30 West Superior Street
Duluth, MN 55802

The Department recommends that the Minnesota Public Utilities Commission (Commission) **require MP to provide the additional information requested by the Department in MP's reply comments.** The Department is available to answer any questions the Commission may have.

Sincerely,

/s/ NANCY A. CAMPBELL
Financial Analyst

NC/lt
Attachment

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

COMMENTS OF THE
MINNESOTA DEPARTMENT OF COMMERCE
DIVISION OF ENERGY RESOURCES

DOCKET No. E015/AI-15-712

I. SUMMARY OF MINNESOTA POWER'S PETITION

Pursuant to Minn. Stat. §216B.48, Minn. R. 7825.2200,¹ and the September 14, 1998 *Order Initiating Repeal of Rule, Granting Generic Variance, and Clarifying Internal Operating Procedures* in Docket No. E,G999/CI-98-651 (98-651 Order), Minnesota Power (MP or the Company) filed a request with the Minnesota Public Utilities Commission (Commission) for approval of its new lease agreement between ALLETE Clean Energy (ACE) and ALLETE Inc./MP² for office space in Lake Superior Place building at 21 West Superior Street in Duluth, MN. The lease agreement is a ten-year term beginning July 1, 2015 and terminating on June 30, 2015.

According to MP, the Company's petition has established that the lease is at a market rate negotiated by a third party, that there will be no negative impact on Minnesota Power or its customers as a result of the agreement, and that the clear separation in business operations between the two companies will be adhered to in satisfaction of the public interest standard.

II. BACKGROUND

According to MP, ACE was organized on July 27, 2011 to service as an independent, second-tier subsidiary to acquire or develop generation projects throughout North America that deliver energy with minimal environmental impact. ACE is a Federal Energy Regulatory Commission (FERC) jurisdictional utility marketing energy in the national wholesale energy

¹ Titled "Utilities with Affiliated Interests; Filing."

² ALLETE Inc. is the parent Company and MP is the only division within ALLETE, Inc.; therefore the Department refers to the Company as ALLETE Inc./MP. ACE is a second-tier subsidiary under ALLETE Enterprises, Inc. which appears to hold all the non-regulated companies. See the organizational chart provided in response to DOC information request no. 7. The Department has attached all DOC information requests and responses from MP as DOC Attachment A to this filing.

market, and is a non-regulated (not retail rate regulated) entity, but is subject to state affiliated interest regulations to the extent that it has or will deal with ALLETE Inc./MP.

ACE was authorized by the Commission to lease its administrative business office space from ALLETE Inc./MP in Docket No. E015/AI-11-868 via an Order issued June 23, 2012. According to MP, since the time of the June 23, 2012 Order, ACE has grown such that the former space has become unworkable, and has moved across Superior Street to the Lake Superior Place building (which is also owned by ALLETE Inc./MP). The resulting new office space least is subject to Minnesota Statute 216B.48.

According to MP, ACE has been successfully executing its growth strategy since being formed in 2011. ACE aimed at acquiring or developing capital projects that create energy solutions by way of wind, solar, biomass, hydro, natural gas, shale reserves, clean coal technology and other emerging energy innovations. MP lists on pages 3 and 4 of its petition several wind companies that ACE has purchased during 2014 and 2015, several of which included related purchase power agreements.³

As noted above, MP stated that ACE was established as a “non-regulated” (not retail rate regulated) renewable business and as a separate subsidiary from the MP operating division that is a part of ALLETE Inc. The filing stated that ACE has obtained market based rate authority as a public utility under FERC regulations, and the majority of its wind farm facilities qualify as exempt wholesale generators (EWGs) under FERC regulations. MP noted that ACE’s renewable energy developments have been separate and distinct from MP projects and are held in a separate corporation structure; no energy or capacity from ACE developments have been used by MP ratepayers.

MP also noted that in order to ensure that there is adequate separation of business activities and that there is no co-mingling of regulated and non-regulated resources, services provided by ALLETE Inc./MP personnel to ACE have been tracked through specific work orders with direct costs charged to ACE. MP’s Cost Allocation and Accounting Methodology Docket procedures govern the allocation of costs and direct charges to ACE. According to MP, that allocation methodology has been consistently reported to the Commission in the annual compliance filing in the Cost Allocation and Accounting Methodology Docket. In addition, MP’s petition states that FERC regulations have been adhered to relating the separation of a marketing affiliate from a regulated utility operation. It is for that reason that ACE entered into a separate lease agreement with the General Office Building of Duluth to ensure that there is a separate location, separate computer services and separate file systems available to ACE. MP noted that the lease agreement attached to its petition supersedes the original lease arrangement between the parties.

³ On pages 3 and 4 of MP’s petition, the Company referred to “wind energy facilities”; however, in response to DOC information request no. 4, the Company clarified that in all cases it purchased the entire wind company, not just the wind facilities.

III. DEPARTMENT ANALYSIS

A. STATUTORY REQUIREMENTS FOR AFFILIATED-INTEREST AGREEMENTS

Minnesota Statutes dictate the requirements necessary to be met for affiliated service agreements at Minnesota Statute section 216B.48, subd. 3 as follows:

No contract or arrangement, including any general or continuing arrangement, providing for the furnishing of management, supervisory, construction, engineering, accounting, legal, financial, or similar services, and no contract or arrangement for the purchase, sale, lease, or exchange of any property, right, or thing, or for the furnishing of any service, property, right, or thing, other than those above enumerated, made or entered into after January 1, 1975 between a public utility and any affiliated interested as defined in subdivision 1, clauses (1) to (8), or any arrangement between a public utility and an affiliated interest as defined in subdivision 1, clause (9), made or entered into after August 1, 1993, is valid or effective unless and until the contract or arrangement has received the written approval of the commission. (Emphasis added)

Minnesota Statute section 216B.48, subd. 3 additionally provides two tests to be applied by the Commission in cases of affiliated-interest contracts; the burden of proof for satisfying these tests rests with the Company:

The commission shall approve the contract or arrangement made or entered into after that date only if it clearly appears and is established upon investigation that it is reasonable and consistent with the public interest. No contract or arrangement may receive the Commission's approval unless satisfactory proof is submitted to the commission of the cost to the affiliated interest of rendering the services or of furnishing the property or service to each public utility. Proof is satisfactory only if it includes the original or verified copies of the relevant cost records and other relevant accounts of the affiliated interest, or an abstract or summary as the commission may deem adequate, properly identified and duly authenticated, provided, however, that the commission may, where reasonable, approve or disapprove the contracts or arrangements without the submission of cost records or accounts. The burden of proof to establish the reasonableness of the contract or arrangement is on the public utility. (Emphasis added)

Specifically, the burden of proof is on the Company to show that the lease agreement is both reasonable and consistent with the public interest; if the Commission determines that MP has met its burden of proof, the Commission shall approve the agreement.

Finally, Minnesota Statute section 216B.48, subd. 6 is clear that the Commission has continuing authority over the affiliated-interest agreement if actual experience under the agreement results in rates that are unreasonable:

Subd. 6. Commission retains continuing authority over contract.
The commission shall have continuing supervisory control over the terms and conditions of the contracts and arrangements as are herein described so far as necessary to protect and promote the public interest. The commission shall have the same jurisdiction over the modifications or amendment of contracts or arrangements as are herein described as it has over such original contracts or arrangements. The fact that the commission shall have approved entry into such contracts or arrangements as described herein shall not preclude disallowance or disapproval of payments made pursuant thereto, if upon actual experience under such contract or arrangement it appears that the payments provided for or made were or are unreasonable.

B. FILING REQUIREMENTS

In Docket No. E, G-999/CI-98-651, the Commission provided minimum filing requirements that must be satisfied within 30 days of executing a contract or arrangement with an affiliate.⁴ This docket also requires that within 30 days of executing a contract or arrangement with an affiliate, the utility must make a filing that includes the following information:

1. A heading that identifies the type of transaction.
2. The identity of the affiliated parties in the first sentence.
3. A general description of the nature and terms of the agreement, including the effective date of the contract or arrangement and the length of the contract or arrangement.
4. A list and the past history of all current contracts or agreements between the utility and the affiliate, the consideration received by the affiliate for such contracts or agreements, and a summary of the relevant cost records related to these ongoing transactions.

⁴ In the Matter of a Commission Investigation into Procedures for Reviewing Public Utility Affiliated Interest Contracts and Arrangements, ORDER INITIATING REPEAL OF RULE, GRANTING GENERIC VARIANCE, AND CLARIFYING INTERNAL OPERATING PROCEDURES (September 14, 1998).

5. A descriptive summary of the pertinent facts and reasons why such contract or agreement is in the public interest.
6. The amount of compensation and, if applicable, a brief description of the cost allocation methodology or market information used to determine cost or price.
7. If the service or good acquired from an affiliate is competitively available, an explanation must be included stating whether competitive bidding was used and, if it was used, a copy of the proposal or a summary must be included. If it is not competitively bid, an explanation must be included stating why bidding was not used.
8. If the arrangement is in writing, a copy of that document must be attached.
9. Whether, as a result of the affiliate transaction, the affiliate would have access to customer information, such as customer name, address, usage or demographic information.
10. The filing must be verified.

The Department has reviewed the instant petition. On pages 7 to 9 of the petition, MP provided the affiliated-interest requirements for Minnesota Rule 7825.2200B, with the information for each requirement in one location, along with a brief explanation on how the Company believes it has satisfied each requirement. The Department concludes that MP has compiled the filing requirements under Minnesota Rule 7825.2200B.

C. ANALYSIS OF PROPOSAL

In its review of the lease agreement between the utility ALLETE Inc./MP and its affiliate ACE, the Department addresses the reasonableness of the lease agreement in ensuring that the utility's ratepayers do not subsidize operations of the affiliate. Additionally, the Department discusses its review of the separation, direct assignment and allocation of any joint or shared assets, service or personnel between ALLETE Inc./MP and ACE to ensure that this separation and cost allocation is done in a fair and reasonable manner. In this evaluation, the Department considers whether:

- the lease agreement was done through a competitive bidding process or at a minimum shown to be reasonable and comparable to lease agreements with non-affiliated entities, both for terms and lease amounts with the affiliate ACE;
- the lease agreement does not negatively impact ratepayers and does not result in an unfair subsidy or special treatment of the affiliate ACE; and
- there is a fair separation, direct assignment, and allocation of any joint or shared assets, services or personnel between ALLETE Inc./MP and ACE, especially in light of the significant growth in ACE in 2014 and 2015 due to the purchase of several wind companies.

1. *Competitive Bid or Comparable to Non-Affiliated Entities with No Ratepayer Subsidy*

Even though the Commission stated in its July 23, 2012 Order for Docket No. E015/AI-11-868 that “competitive bidding is the preferred standard by which to determine reasonableness” the Company did not perform competitive bidding for the current lease with ACE. The Department had concerns about this fact and would have recommended rejection of the petition based only on the information the Company chose to include in its filing. However, the Department asked MP to provide additional information, as shown in Attachment A. Based on the responses provided by MP, the Department no longer believes that there is a concern regarding subsidies from ratepayers to MP’s affiliate ACE.

More specifically, the Commission’s July 23, 2012 Order in Docket No. E015/AI-11-868 on pages 4 to 5 stated that:

The Commission concurs that the lease agreement between ALLETE, Inc. and ALLETE Clean Energy for office space contained in the affiliate interest transactions is reasonable and consistent with public interest and the Commission will approve it, subject to continuing supervisory authority under Minn. Stat. § 216B.48, subd. 6. The Commission also agrees with the Department that future renewals of the lease are subject to the Commission review, and the competitive bidding is the preferred standard by which to determine reasonableness.

The Department asked MP why they did not perform competitive bidding for the current lease with ACE. MP provided the following response to DOC information request no. 6:

While it is clearly understood that competitive bidding is the preferred method of an affiliate relationship, there is a 15% office space vacancy rate in downtown Duluth which indicated that competing tenants would not significantly increase the rental rate or terms of the lease. Further, since the Lake Superior Place is not in rate base, the lease rate paid by ALLETE Clean Energy will have no impact on ratepayers. Finally, there are real-life business considerations that trump the regulatory preference of competitive bidding, such as shared employees enjoying easier access to ALLETE Clean Energy employees and offices (and vice versa) and common facilities are closer to ALLETE Clean Energy employees (parking, credit union and cafeteria).

The Department does not agree that the “real-life business considerations” would “trump the regulatory preference of competitive bidding” from the perspective of the reasonableness of the rates to be paid by MP’s ratepayers. For example, it would not be reasonable for MP’s ratepayers to pay higher rates to subsidize an affiliate simply for the

“real-life business considerations” listed above, especially given the concern discussed below regarding shared employees.

Instead, the Department asked MP in DOC information request no. 1 to provide the following information for each entity that leases office space in the Lake Superior Place Building including ACE:

- Name of each entity that leases space;
- Identify for each entity if 3rd party or MP/ALLETE, Inc. affiliate;
- Term of the lease;
- Rent cost per month;
- Square feet of space being leased;
- Cost per square foot of space being leased; and
- If Consumer price index used to determine possible annual increase in rental costs.

MP provided a public and trade secret spreadsheet to respond to the Department’s questions in DOC information request no. 1. The Department asked MP to identify any different lease terms between the affiliate ACE and other non-affiliate entities, including terms only applicable to the affiliate ACE. MP stated in response to DOC information request no. 2 that the lease agreements were almost identical; MP provided reasonable explanations for two small variations.

Based on the Department’s review of MP’s responses to information request nos. 6, 1 and 2 discussed above, specifically: 1) MP’s response that the Lake Superior Place is not included in rate base, 2) the terms of lease were largely the same as for non-affiliates, and 3) the spreadsheet, which showed comparable lease amounts charged to the affiliate ACE and to non-affiliates, the Department concludes that ratepayers are not subsidizing the ACE affiliate, at least regarding the rent amounts and general terms of the lease. The Department discusses two other aspects of the lease below.

The Department recommends that MP include important information in initial filings to show how MP is treating affiliates and non-affiliates in the future if competitive bidding does not occur, to help support any decision not to use competitive bidding and to help show that the affiliate is not being subsidized. Such information would avoid either a recommendation that the Commission deny MP’s petition or the need for several information requests from the Department or the need for several rounds of comments. As noted above, the burden of proof to show that the proposal is reasonable is on the utility, not the Department or Commission.

Moreover, in addition to the concern noted above regarding “trumping the regulatory preference of competitive bidding,” MP’s above response to DOC information request no. 6 indicates that “shared employees have easier access to other employees and offices;” however, MP’s response to DOC information request no. 9 stated “There are no shared employees of MP/ALLETE, Inc. and ACE.” The Department asks MP to address this inconsistency in reply comments. The Department also discusses this issue further below.

2. *Early Termination of Prior Lease Agreement with ACE Effective Date of the New Lease Agreement*

a. *Early Termination of Prior Lease Agreement with ACE*

The Department noted that the prior lease agreement between ALLETE, Inc./MP and ACE was a five-year term beginning August 1, 2011 and terminating July 31, 2016, with initial monthly rent at \$1,854 per month.⁵ Since the lease agreement between ALLETE, Inc./MP and ACE in the current petition has a start date of July 1, 2015, the Department requests MP to address in its reply comments: 1) whether there was any penalty or fee charged to ACE as a result of early termination of their lease and 2) whether this treatment is consistent with the terms of lease agreements with non-affiliates. The Department notes that this information is another example of information MP should have included in its initial filing.

b. *Effective Date of New Lease Agreement with ACE*

MP stated on page 7 of its petition that the new lease agreement between ALLETE, Inc./MP and ACE for office space in the Lake Superior Place building at 21 West Superior Street in Duluth, Minnesota is a ten-year term beginning July 1, 2015 and terminating on June 30, 2025. The initial monthly rent is \$6,925 per month. MP noted that this amount may be increased pursuant to a Consumer Price Index amount annually each July 1 beginning in 2016.

The Department notes based on its review of DOC information request no. 1 that the lease term of ten-years for the affiliate ACE is consistent with other non-affiliate entities. However, the Department requests MP to address in its reply comments how the language about rent increases, specifically: 1) how the phrase “**may be increased** pursuant to a Consumer Price Index amount annually each July 1 beginning in 2016” will be applied to ACE, and 2) whether this application is consistent with the way other non-affiliate entities are treated. MP should identify whether or not other lease agreements contain the “may be increased” language related to rent expense and show that, for example, in a given year when MP decided to increase rent, were all entities, both affiliate and non-affiliate, treated the same by increasing the rent using the Consumer Price Index.

3. *Fair Separation, Direct Assignment, and Allocation of Any Joint or Shared Assets, Services or Personnel*

The Department noted in its review of MP’s petition that the affiliated ACE grew significantly in size as a result of ACE purchasing several wind companies during the 2014 and 2015 timeframe, as discussed by MP on pages 3 and 4 of its petition. As a result, the Department considered it important to ensure a fair separation, direct assignment, and allocation of any joint or shared assets, services or personnel between ALLETE Inc./MP and ACE.

The Department issued several information requests to ensure the separation of employees, shared assets and services between ALLETE Inc./MP and ACE. The Department notes that

⁵ See Commission’s Order dated July 23, 2012 in Docket No. E015/AI-11-868 on page 4.

shared employees, assets, and services result in higher audit risk and require a more detailed review to ensure that ratepayers are not subsidizing the affiliate.

MP's response to DOC information request no. 8 provided the ACE employee organizational chart; MP's response to DOC information request no. 9 indicated no shared employees between ALLETE, Inc./MP and ACE – although that response is subject to further clarification as discussed above; and the response to DOC information request no. 13 confirmed that there are no shared utility assets. The Department notes that ACE is a separate subsidiary and a FERC-regulated exempt wholesale generator that does not provide energy or capacity to Minnesota ratepayers, which provides support for what appears to be a fairly clean separation between ALLETE, Inc./MP and ACE, subject to consideration of shared employees.

The Department requested in DOC information request no. 12 all direct assignments, indirect allocations and overheads assigned from ALLETE, Inc./MP to ACE for the Chanarambie/Viking wind facilities (aka Northern Wind Energy) purchased, by cost category, including but not limited to: accounting, finance, tax, engineering, strategic planning, administrative, management, legal, environmental, design and project management, transmission, energy, supply services, data services, information technology, risk management, travel, etc. The Company provided a detailed report showing all direct assignments and allocations to ACE for ACE-owned wind farms (including Northern Wind Energy) for the period January through July 2015. This report provided direct assignments by wind farm and by cost category to ACE of approximately \$1.9 million, and cost allocations with wind farm and by costs category of approximately \$687,000 to ACE.

The Department also issued several information requests, specifically DOC information request nos. 14, 15, 16, 17, 18, 19, 20 to review and test some of the cost allocations. The Department's review indicated concerns only with the cost allocations addressed in MP's response to DOC information request nos. 14 and 15, which is discussed in detail below.

DOC information request nos. 14 and 15 addresses MP's allocation method "ALLOC12" which according to MP's May 29, 2015 compliance filing in Docket Nos. E015/M-01-1416 and E015/AI-11-868, Exhibit E is described as follows:

Allocation assigns Special Segment costs to MP's non-regulated and ALLETE's subsidiaries. Assignment between the MP non-regulated and the subsidiaries is based on corporate equity in those two entities. This allocation method has limited use and is used primarily for the allocation of shareholder or investor relations-related costs and Board of Director's costs.

The Department asked MP in DOC information request no. 14, to explain why the use of "Corporate Equity" in "ALLOC12" is a reasonable allocator for Board of Director and Investor Relations Costs. MP provided the following response:

As provided in Docket No. E015/GR-08-415 (DeVinck Rebuttal Testimony), "Minnesota Power's cost allocation process was

reviewed by the OES [now the DOC] In the Matter of Minnesota Power's Asset Separation and Accounting Methodology, Docket No. E015/M-01-1416. In compliance with the Commission's August 8, 2002, Order in that docket there was a September 2, 2002 meeting between the Company, OES, OAG, and Commission staff to discuss in various issues raised in that docket. During this meeting, Minnesota Power explained that it does not have a general or default corporate allocator, but rather direct charges corporate costs or allocates them as described above. The outcome of the meeting was documented by an October 15, 2002 compliance filing; one of the requirements coming out of that meeting was that the Company must annually update the OES on changes to its allocators. Since then, Minnesota Power has submitted an annual compliance filing." Minnesota Power continues to submit annual compliance filings under this Docket.

Minnesota Power's allocation methodologies were also reviewed in Docket No. E015/GR-09-1151. As provided in Steven Q. DeVinck's Direct Testimony in this docket, "The approximate 15% of Company costs that cannot be directly assigned relate mostly to general and administrative support activities that benefit all entities in the ALLETE consolidated group. Such activities include legal, accounting, human resources, and information technology. To allocate such costs, a cost pool is created for each similar type of administrative and general activity. Expenses within each cost pool are then allocated utilizing an "Allocation Method" specifically designed for that activity....The objective of this process is to allocate general and administrative costs in a reasonable and fair manner that correlates the benefit each activity provides to the Company's regulated versus non-regulated activities. Thus there are no general or default allocations, nor default assumptions as to whether costs should be allocated to regulated or non-regulated activities."

Specific to the question in this information request, the October 15, 2002 compliance filing in Docket No. E015/M-01-1416 addressed the use of a Corporate Equity allocator. As part of the outcome of the proceedings in this Docket, "Minnesota Power addressed the Department's concern regarding the use of a corporate equity allocator by providing evidence of its limited scope as presented in the original Petition and Minnesota Power action since that time to further limit its use through direct charging and alternate allocators." Additionally, as part of the information request process in E015/GR-09-1151 related to DeVinck's testimony

included above, the OES questioned the Company's allocation process (OES IR 134). Included in the Company's responses to those questions was the following explanation of the Corporate Equity allocator:

Corporate Equity is calculated utilizing the amount of equity investment in various entities – ALLETE/MP, MP Lines of Business and ALLETE Subsidiaries. It is not the intent to claim equity as a causative factor of increased activity, however, it is an available "number" that often can be equated with the value of an entity and as such it is often interpreted that the activity support for an entity increases with its value. Minimal use of the method is desired. The intent is to utilize this solely for those costs that are associated with investors or shareholders where the concept of "value" = "equity" may be valued.

The Department asked MP in DOC information request no. 15 to recalculate the percentages of regulated and non-regulated costs (like Exhibit D on the May 29, 2015 compliance filing in Docket Nos. E015/M-01-1416 and E015/AI-11-868) using the allocator "Expenses less purchased goods sold" consistent with the Commission's March 7, 1995 and September 28, 1994 Orders in Docket G,E999/CI-90-1008 [1008 Docket] for "ALLOC12" which allocated Board of Directors and Investor Relations Costs.

MP's attachment to DOC information request no. 15 shows that for the period January to June 2015, using the allocator identified by the Commission as preferable in the 1008 Docket of "Expenses less purchased goods sold," MP allocates 71.2% of the costs to regulated and 6.2% to non-regulated, plus various percentages to other ALLETE, Inc./MP subsidiaries (2.4% to ACE) for both Board of Director and Investor Relations costs. MP's Exhibit D to its May 29, 2015 compliance filing in Docket Nos. E015/M-01-1416 and E015/AI-11-868, shows 73.4% allocated to regulated and 0.0% to non-regulated, plus various percentages to other ALLETE, Inc./MP subsidiaries (0.2% to ACE) for both Board of Director and Investor Relations costs.

The Department notes that the Commission's 1008 docket discusses the importance of direct-assigning costs first, then second using an indirect assignment by cost causation, and third using the general allocator for limited costs that cannot be direct assigned or indirectly allocated.

The Department does not agree with MP that "Corporate Equity" is an indirect cost causative allocation; instead "Corporate Equity" is really MP's proposed general allocator. Such allocation methods must be shown to be reasonable, meaning that it must be the same as or superior to the allocation methods identified in the Commission's 1008 proceeding. The Department notes, for example, that Xcel has been allowed to use a general allocator of

assets/revenues/full time equivalents or payroll, but had to show that this general allocator is superior to the allocation methods identified in the Commission's 1008 proceeding, and that such an allocator does not harm ratepayers. Based on the Department's review, MP's responses to DOC information request nos. 14 and 15 show that the Commission's general allocator of "Expenses less purchase goods sold" allocates 2.2% less costs to regulated (73.4% less 71.2%) and 2.2% more to ACE (2.4% less 0.2%) compared to the Company's allocator of "Corporate Equity." Thus, based on the information available at this time, the Department concludes that MP should use the Commission's "Expenses less purchase goods sold" to allocate the costs that cannot be direct assigned or allocated based on a cost-causative basis.

MP should address the following in its reply comments:

- How is MP's "Corporate Equity" allocator a cost causative allocator?
- How is MP's "Corporate Equity" allocator superior to the Commission's "Expenses less purchase goods sold" allocator?
- How does MP's "Corporate Equity" allocator not harm ratepayers?

The Department also notes that in Xcel's last two rate cases (Docket Nos. E002/GR-13-868 and GR-12-961) the Commission approved allocating 50% of investor relations costs to ratepayers and 50% to shareholders based on the Department's review of the costs that made up investor relations. As a result, the Department recommends that the Commission require MP to address the allocations of costs for investor relations and the board to directors in its next rate case, in addition to the above questions and addressing the decisions made by the Commission in the last two Xcel rate cases.

IV. CONCLUSION AND RECOMMENDATIONS

Based on the Department's review of information request nos. 6, 1 and 2 discussed above, specifically MP's response that the Lake Superior Place is not included in rate base, the terms of lease were largely the same, and additionally the spreadsheet that showed comparable lease amounts for what is charged the affiliate ACE is also charge non-affiliates, the Department concludes that ratepayers are not subsidizing the ACE affiliate at least regarding the rent amounts and general terms of the lease. However, MP should provide the following information in its reply comments regarding the lease:

- 1) whether there was any penalty or fee charged to ACE as a result of early termination of their lease,
- 2) whether this treatment is consistent with the terms of lease agreements with non-affiliates,
- 3) how the phrase "**may be increased** pursuant to a Consumer Price Index amount annually each July 1 beginning in 2016" will be applied to ACE, and
- 4) whether this application is consistent with the way other non-affiliate entities are treated.

In addition, MP should provide the following information in reply comments regarding its structure and allocators:

- 1) Reconcile the inconsistency in MP's responses to DOC information requests 6 and 9, which appear to indicate both that there are and are not shared employees in MP/ALLETE, Inc. and ACE.
- 2) How is MP's "Corporate Equity" allocator a cost causative allocator?
- 3) How is MP's "Corporate Equity" allocator superior to the Commission's "Expenses less purchase goods sold" allocator?
- 4) How does MP's "Corporate Equity" allocator not harm ratepayers?

Finally, the Department recommends that MP include important information in initial filings to show how MP is treating affiliates and non-affiliates in the future if competitive bidding does not occur, to help support any decision not to use competitive bidding and to help show that the affiliate is not being subsidized. Such information would avoid either a recommendation that the Commission deny MP's petition or the need for several information requests from the Department or the need for several rounds of comments. As noted above, the burden of proof to show that the proposal is reasonable is on the utility, not the Department or Commission.

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**Minnesota Power's (MP's) Responses to Department (DOC)
Information Requests**

Docket No. E015/AI-15-712

PUBLIC

<u>MP Information Request No.</u>	<u>DOC Attachment</u>
1	A
2	B
3	C
4	D
5	E
6	F
7	G
8	H
9	I
10	J
11	K
12	L
13	M
14	N
15	O
16	P
17	Q
18	R
19	S
20	T

State of Minnesota
DEPARTMENT OF COMMERCE
DIVISION OF ENERGY RESOURCES

Nonpublic

Public

Utility Information Request

Docket Number: E015/AI-15-712

Date of Request: 8/10/2015

Requested From: Minnesota Power

Response Due: 8/20/2015

Analyst Requesting Information: Nancy Campbell

Type of Inquiry: ... Financial ... Rate of Return ... Rate Design
... Engineering ... Forecasting ... Conservation
... Cost of Service ... CIP ... Other:

If you feel your responses are trade secret or privileged, please indicate this on your response.

Request No.	
1	<p>Reference: Pages 7-8 of MP's above referenced petition</p> <p>For each entity that leases office space in the Lake Superior Place Building, including ALLETE Clean Energy (ACE), please provide the following information:</p> <ul style="list-style-type: none"> • Name of each entity that leases space; • Identify for each entity if 3rd party or MP/ALLETE, Inc. affiliate; • Term of the lease; • Rent cost per month; • Square feet of space being leased; • Cost per square foot of space being leased; and • Consumer price index used in determining possible annual increase in rental costs.

RESPONSE:

Please see the attached spreadsheet (**Public Version - Trade Secret Data Excised**)

Response by: Violet Struss

List sources of information: _____

Title: Attorney III

Department: Legal Services

Telephone: (218) 723-3109

TRADE SECRET DATA EXCISED

Tenant	Affiliate	Term	Monthly Rent	Sq. Ft.	\$/Sq. Ft.	CPI	Comments	Floor
ACE	ALLETE	10 years	[REDACTED]			CPI-U		2nd
LHB	N/A	10 years	[REDACTED]			CPI- U for a portion of the rent. See Lease	Remodeling dollars include in rent. Tenant since 2002. Current lease term is 10 years	4th,5th,6th
LHB	N/A	10 years	[REDACTED]			See Lease	Secured storage space. There is one lease agreement with LHB that charges different rent amounts for different types of space.	
LHB	N/A	10 years	[REDACTED]			See Lease	Unsecured storage space. There is one lease agreement with LHB that charges different rent amounts for different types of space.	
LHB	N/A	10 years	[REDACTED]			See Lease	Computer server space. There is one lease agreement with LHB that charges different rent amounts for different types of space.	
Blue Cross Blue Shield	N/A	2 years	[REDACTED]			See Lease	Tenant since 2007. Current lease term is 2 years	1st
Visit Duluth	N/A	3 years	[REDACTED]			CPI-U	Tenant since 2006. Current lease term is 3 years	1st

State of Minnesota
DEPARTMENT OF COMMERCE
DIVISION OF ENERGY RESOURCES

Nonpublic
 Public

Utility Information Request

Docket Number: E015/AI-15-712

Date of Request: 8/10/2015

Requested From: Minnesota Power

Response Due: 8/20/2015

Analyst Requesting Information: Nancy Campbell

Type of Inquiry: Financial Rate of Return Rate Design
 Engineering Forecasting Conservation
 Cost of Service CIP Other:

If you feel your responses are trade secret or privileged, please indicate this on your response.

Request No.	
2	<p>Please identify, provide and explain any lease terms and conditions that are only applicable to ACE and not to other 3rd party entities that lease space in the Lake Superior Building. Please explain why these different lease terms and conditions are reasonable and applicable only to ACE.</p>

RESPONSE:

The lease agreements for the tenants occupying Lake Superior Place are almost identical. The most significant difference in the ALLETE Clean Energy lease is that while it is for a 10-year term, either ACE or MP can terminate on 6 months' notice with no termination payment – which was a negotiated offset due to ALLETE Clean Energy has paid for all of the remodeling costs in its new space, and if the lease terminates early then ALLETE benefits as it owns those improvements (termination fees are standard if the tenant does not pay for its remodeling requirements). For all other tenants, ALLETE provided a remodel allowance or fronted some amount for their remodel costs and included a termination fee.

Another difference is ALLETE Clean Energy does not name ALLETE as an additional insured where ALLETE Clean Energy is already covered by ALLETE's overall insurance policies.

Response by: <u>Christopher D. Anderson</u> Title: <u>Associate General Counsel</u> Department: <u>Legal Services</u> Telephone: <u>(218) 723-3961</u>	List sources of information: _____ _____ _____
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State of Minnesota
DEPARTMENT OF COMMERCE
DIVISION OF ENERGY RESOURCES

Nonpublic
 Public

Utility Information Request

Docket Number: E015/AI-15-712

Date of Request: 8/10/2015

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Analyst Requesting Information: Nancy Campbell

Type of Inquiry: Financial Rate of Return Rate Design
 Engineering Forecasting Conservation
 Cost of Service CIP Other:

If you feel your responses are trade secret or privileged, please indicate this on your response.

Request No.	
3	Please explain the rate recovery treatment and provide the revenue requirement amounts related to the Lake Superior Building including related rental income based on MP's most recent rate case.

RESPONSE:

At the time of Minnesota Power's last rate case all of Lake Superior Place was classified as "non-utility/non-regulated" so there is no rate recovery or revenue requirement satisfied by the allocation of ALLETE Clean Energy lease payments.

Response by: Christopher D. Anderson
 Title: Associate General Counsel
 Department: Legal Services
 Telephone: (218) 723-3961

List sources of information:

State of Minnesota
DEPARTMENT OF COMMERCE
DIVISION OF ENERGY RESOURCES

Nonpublic
 Public

Utility Information Request

Docket Number: E015/AI-15-712

Date of Request: 8/10/2015

Requested From: Minnesota Power

Response Due: 8/20/2015

Analyst Requesting Information: Nancy Campbell

Type of Inquiry: Financial Rate of Return Rate Design
 Engineering Forecasting Conservation
 Cost of Service CIP Other:

If you feel your responses are trade secret or privileged, please indicate this on your response.

Request No.	
4	<p>Reference: Pages 3-4 of MP's above referenced petition</p> <p>When ACE purchased the wind energy facilities discussed on page 3-4 of MP's petition, did ACE purchase them as companies or only the wind facilities? Please explain your response and provide information to support your response.</p>

RESPONSE:

In all cases, ACE purchased companies, not wind facilities.

- For Lake Benton, Storm Lake II, Condon and the MDU project see pages 16-20 excerpted from the ALLETE 2015 10-Q.
- For Storm Lake I see the FERC Order dated December 1, 2014 in Docket No. EC15-20-000.
- For Chanarambie/Viking see the FERC 203 filing dated January 14, 2015.
- For Armenia Mountain see the attached press release dated May 6, 2015.

Response by: Louise Alholm
 Title: Manager - Accounting & Administration
 Department: ACE - Corporate
 Telephone: (218) 355-3427

List sources of information:

ALLETE INC

FORM 10-Q (Quarterly Report)

Filed 05/07/15 for the Period Ending 03/31/15

Address	30 W SUPERIOR ST DULUTH, MN 55802-2093
Telephone	2182795000
CIK	0000066756
Symbol	ALE
SIC Code	4931 - Electric and Other Services Combined
Industry	Electric Utilities
Sector	Utilities
Fiscal Year	12/31

NOTE 3. INVESTMENTS (Continued)

ALLETE Properties	March 31, 2015	December 31, 2014
Millions		
Land Inventory Beginning Balance	\$83.8	\$85.4
Cost of Sales	—	(2.2)
Other	0.1	0.6
Land Inventory Ending Balance	83.9	83.8
Long-Term Finance Receivables (net of allowances of \$0.6 and \$0.6)	1.2	1.2
Other	3.2	3.2
Total Real Estate Assets	\$88.3	\$88.2

Land Inventory. Land inventory is accounted for as held for use and is recorded at cost, unless the carrying value is determined not to be recoverable in accordance with the accounting standards for property, plant and equipment, in which case the land inventory is written down to fair value. Land values are reviewed for indicators of impairment on a quarterly basis and no impairments were recorded for the three months ended March 31, 2015 (none for the year ended December 31, 2014).

Long-Term Finance Receivables. As of March 31, 2015 , long-term finance receivables were \$1.2 million net of an allowance (\$1.2 million net of an allowance as of December 31, 2014). Long-term finance receivables are collateralized by property sold, accrue interest at market-based rates and are net of an allowance for doubtful accounts. As of March 31, 2015 , the allowance for doubtful accounts amounted to \$0.6 million (\$0.6 million as of December 31, 2014).

Available-For-Sale Securities

Millions	Gross Unrealized			Fair Value
	Cost	Gain	Loss	
March 31, 2015	\$19.8	\$0.3	\$0.8	\$19.3
December 31, 2014	\$19.6	\$0.2	\$0.9	\$18.9

NOTE 4. ACQUISITIONS

The acquisitions below are consistent with ALLETE's stated strategy of investing in energy infrastructure and related services businesses to complement its core regulated utility, balance exposure to business cycles and changing demand, and provide potential long-term earnings growth. The pro forma impact of the following acquisitions was not significant either individually or in the aggregate, to the results of the Company for the three months ended March 31, 2015 and year ended December 31, 2014.

2015 Acquisition Activity.

U.S. Water Services. On February 10, 2015 , ALLETE acquired U.S. Water Services . Total consideration for the transaction was \$202.3 million , which included payment of \$166.6 million for an 87 percent ownership interest in the company, and an estimated fair value of earnings-based contingent consideration of \$35.7 million to be paid in 2019. The contingent consideration is presented within Other Non-Current Liabilities on the Consolidated Balance Sheet. The Consolidated Statement of Income reflects 100 percent of the results of operations of U.S. Water Services since the acquisition date as the Company has effectively acquired 100 percent of U.S. Water Services. U.S. Water Services, an integrated industrial water management company headquartered in St. Michael, Minnesota, provides integrated water management for industry by combining chemical, equipment, engineering and service for customized solutions to reduce water and energy usage and improve efficiency. U.S. Water Services helps customers achieve efficient and sustainable use of their energy systems, is a leading provider to the biofuels industry, and has a growing presence in the power generation and midstream oil and gas industries.

NOTE 4. ACQUISITIONS (Continued)

The acquisition was accounted for as a business combination and the purchase price was allocated based on the estimated fair values of the assets acquired and the liabilities assumed at the date of acquisition. The allocation of the purchase price is subject to judgment and the preliminary estimated fair value of the assets acquired and the liabilities assumed may be adjusted when the valuation analysis is completed in subsequent periods. Preliminary estimates subject to adjustment in subsequent periods relate primarily to customer relationships, developed technologies, trademarks and trade names, and current and deferred income taxes; subsequent adjustments could impact the amount of goodwill recorded. Fair value measurements were valued primarily using the discounted cash flow method.

Millions	
Assets Acquired	
Cash and Cash Equivalents	\$0.9
Accounts Receivable	16.8
Inventories (a)	13.4
Other Current Assets (b)	5.3
Property, Plant and Equipment	10.6
Goodwill (c)	127.1
Intangible Assets (d)	83.0
Other Non-Current Assets	0.2
Total Assets Acquired	\$257.3
Liabilities Assumed	
Other Current Liabilities	\$18.7
Other Non-Current Liabilities	36.3
Total Liabilities Assumed	\$55.0
Net Identifiable Assets Acquired	\$202.3

(a) Included in Inventories was \$2.7 million of fair value adjustments relating to work in process and finished goods inventories which will be recognized as Cost of Sales within one year from the acquisition date.

(b) Included in Other Current Assets was \$1.6 million relating to the fair value of sales backlog. Sales backlog will be recognized as Cost of Sales within one year from the acquisition date. Also included in Other Current Assets was restricted cash of \$2.1 million relating to cash pledged as collateral for stand-by letters of credit.

(c) Goodwill is largely attributable to strategic opportunities for growing U.S. Water Services and the benefits of the existing workforce. Goodwill of \$3.2 million is deductible for tax purposes.

(d) Intangible Assets include customer relationships, patents, non-compete agreements and trademarks and trade names. (See Note 5. Goodwill and Intangible Assets.)

ALLETE incurred a \$3.0 million after-tax expense of acquisition-related costs during the three months ended March 31, 2015, which were expensed when incurred and were recorded in Operating and Maintenance on the Consolidated Statement of Income.

Chanarambie/Viking. On April 15, 2015, ALLETE Clean Energy acquired wind energy facilities in southern Minnesota (Chanarambie/Viking) from EDF Energy Holdings Limited for \$47.5 million, subject to a working capital adjustment. We are currently in the process of accounting for the acquisition, therefore, certain disclosures, including the allocation of the purchase price, will be included in the Form 10-Q for the period ending June 30, 2015.

The facilities have 97.5 MW of generating capability and are located near our Lake Benton facility. The wind facilities began commercial operations in 2003 and have PPAs in place for the entire output, which expire in 2018 (12 MW) and 2023 (85.5 MW).

Armenia Mountain. On April 30, 2015, ALLETE Clean Energy signed purchase agreements to acquire 100 percent of a wind energy facility located near Troy, Pennsylvania (Armenia Mountain) from The AES Corporation (AES) and a non-controlling interest from a minority shareholder for \$108.0 million, plus the assumption of existing debt. The agreement with AES is subject to a purchase price adjustment. The acquisition is expected to close in July 2015.

The facility has 100.5 MW of generating capability, began commercial operations in 2009, and has PPAs in place for the entire output, which expire in 2025.

NOTE 4. ACQUISITIONS (Continued)

2014 Acquisition Activity.

ACE Wind Acquisition. In January 2014, ALLETE Clean Energy acquired wind energy facilities located in Lake Benton, Minnesota (Lake Benton), Storm Lake, Iowa (Storm Lake II) and Condon, Oregon (Condon) from AES for \$ 26.9 million.

Lake Benton, Storm Lake II and Condon have 104 MW, 77 MW and 50 MW of generating capability, respectively. Lake Benton and Storm Lake II began commercial operations in 1998, while Condon began operations in 2002. All three wind energy facilities have PPAs in place for their entire output, which expire in various years between 2019 and 2032.

ALLETE Clean Energy acquired a controlling interest in the limited liability company (LLC) which owns Lake Benton and Storm Lake II, and a controlling interest in the LLC that owns Condon. The acquisition was accounted for as a business combination and the purchase price was allocated based on the estimated fair values of the assets acquired and the liabilities assumed at the date of acquisition. Fair value measurements were valued primarily using the discounted cash flow method.

Millions	
Assets Acquired	
Cash and Cash Equivalents	\$3.8
Other Current Assets	14.3
Property, Plant and Equipment	156.9
Other Non-Current Assets (a)	7.5
Total Assets Acquired	\$182.5
Liabilities Assumed	
Other Current Liabilities (b)	\$15.2
Long-Term Debt Due Within One Year	2.2
Long-Term Debt	21.1
Power Purchase Agreements	99.4
Other Non-Current Liabilities	10.6
Non-Controlling Interest (c)	7.1
Total Liabilities and Non-Controlling Interest Assumed	\$155.6
Net Identifiable Assets Acquired	\$26.9

(a) Included in Other Non-Current Assets was \$0.3 million for the option to purchase Armenia Mountain in 2015, and goodwill of \$2.9 million; for tax purposes, the purchase price allocation resulted in no allocation to goodwill.

(b) Other Current Liabilities included \$12.4 million related to the current liabilities portion of the Power Purchase Agreements.

(c) The purchase price accounting valued the non-controlling interest relating to Lake Benton, Storm Lake II and Condon at fair value using the discounted cash flow method. The non-controlling interest related to Lake Benton and Storm Lake II was subsequently purchased by ALLETE Clean Energy.

In February 2014, ALLETE Clean Energy purchased the non-controlling interest related to Lake Benton and Storm Lake II for \$6.0 million. This was accounted for as an equity transaction, and no gain or loss was recognized in net income or other comprehensive income.

Montana-Dakota Utilities. In November 2014, ALLETE Clean Energy acquired a business for \$27.0 million to develop a wind facility near Hettinger, North Dakota. ALLETE Clean Energy is developing and constructing a 107 MW wind facility consisting of 43 turbines, which will be sold to Montana-Dakota Utilities Co., a division of MDU Resources Group, Inc., for approximately \$200 million. Construction is expected to be completed in December 2015, and the sale is subject to regulatory approval from the NDPSC. If regulatory approval is not obtained for the sale of the wind facility, ALLETE Clean Energy would then own and operate the facility and sell the entire output to Montana-Dakota Utilities Co. under a long-term PPA.

NOTE 4. ACQUISITIONS (Continued)

The acquisition was accounted for as a business combination and the purchase price was allocated based on the estimated fair values of the assets acquired and liabilities assumed at the date of acquisition. Fair value measurements were valued primarily using the replacement cost method and determined that the assets acquired amounted to cash of approximately \$3.6 million and construction in process of approximately \$23.4 million . There were no liabilities assumed and no recognition of goodwill.

As of March 31, 2015, \$48.4 million of construction costs incurred (including the construction costs acquired) and \$54.3 million of construction deposits received from Montana-Dakota Utilities Co. have been classified on the Consolidated Balance Sheet as Prepayments and Other Current Assets and Other Current Liabilities, respectively (\$48.2 million and \$54.3 million of costs incurred and deposits received as of December 31, 2014, respectively). ALLETE expects revenue to be recognized under the percentage of completion method of accounting as progress toward completion of the project is achieved. Until it becomes probable that regulatory approval from the NDPSC for the sale of the facility will be obtained, we expect no impact from the project on the Consolidated Statement of Income. Costs to construct the wind facility and deposits received from Montana-Dakota Utilities Co. are reported as Construction Costs for Development Project in investing activities and Construction Deposits Received for Development Project in financing activities on the Consolidated Statement of Cash Flows, respectively. On April 15, 2015, we received an additional construction deposit from Montana-Dakota Utilities Co. of approximately \$50 million .

Storm Lake I Acquisition. In December 2014 , ALLETE Clean Energy acquired a wind energy facility in Storm Lake, Iowa (Storm Lake I) from NRG Energy, Inc. for \$15.1 million .

Storm Lake I has 108 MW of generating capability and is located adjacent to Storm Lake II. The wind generation facility began commercial operations in 1999 and has a PPA in place for its entire output which expires in 2018.

The acquisition was accounted for as a business combination and the purchase price was allocated based on the estimated fair values of the assets acquired and the liabilities assumed at the date of acquisition. In connection with finalizing purchase price accounting, the Company recorded minor adjustments during the first quarter of 2015 to certain assets and liabilities, which are reflected in the table below. The result of these adjustments had no impact on the results of operations for the period ended March 31, 2015. Fair value measurements were valued primarily using the discounted cash flow method.

Millions	
Assets Acquired	
Cash and Cash Equivalents	\$0.4
Other Current Assets	4.7
Property, Plant and Equipment	47.3
Other Non-Current Assets (a)	11.4
Total Assets Acquired	\$63.8
Liabilities Assumed	
Other Current Liabilities (b)	\$8.2
Power Purchase Agreements	23.5
Other Non-Current Liabilities	17.0
Total Liabilities Assumed	\$48.7
Net Identifiable Assets Acquired	\$15.1

(a) *Included in Other Non-Current Assets was \$0.4 million of restricted cash and an immaterial amount of goodwill; for tax purposes, the purchase price allocation resulted in no allocation to goodwill.*

(b) *Other Current Liabilities included \$7.5 million related to the current liabilities portion of the Power Purchase Agreements.*

NOTE 5. GOODWILL AND INTANGIBLE ASSETS

The following table summarizes changes to goodwill by business segment for the three months ended March 31, 2015 :

	Investments and Other
Millions	
Balance as of December 31, 2014	\$2.9
Acquired Goodwill	127.1
Balance as of March 31, 2015	\$130.0

Balances of intangible assets, net, excluding goodwill as of March 31, 2015 are as follows:

	December 31, 2014	Additions as a Result of Acquisitions	Amortization	March 31, 2015
Millions				
Intangible Assets				
Definite-Lived Intangible Assets				
Customer Relationships	—	\$60.1	\$0.5	\$59.6
Developed Technology and Other (a)	\$1.9	6.3	0.1	8.1
Total Definite-Lived Intangible Assets	1.9	66.4	0.6	67.7
Indefinite-Lived Intangible Assets				
Trademarks and Trade Names	—	16.6	n/a	16.6
Total Intangible Assets	\$1.9	\$83.0	\$0.6	\$84.3

(a) *Developed Technology and Other includes patents, non-compete agreements, and land easements.*

Customer relationships have a useful life of approximately 23 years and developed technology and other have useful lives ranging from less than 1 year to approximately 14 years (weighted average of approximately 9 years). The weighted average useful life of all definite-lived intangible assets as of March 31, 2015 is approximately 21 years.

Amortization expense of intangible assets for the three months ended March 31, 2015 was \$0.6 million .

The estimated amortization expense for definite-lived intangible assets for the remainder of 2015 is \$3.6 million . Estimated annual amortization expense for definite-lived intangible assets is \$4.3 million in 2016 , \$4.2 million in 2017 , \$4.1 million in 2018 , \$4.0 million in 2019 , \$3.9 million in 2020 and \$43.6 million thereafter.

149 FERC ¶ 62,147
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Storm Lake Power Partners I LLC
ALLETE Clean Energy, Inc.

Docket No. EC15-20-000

ORDER AUTHORIZING DISPOSITION OF
JURISDICTIONAL FACILITIES

(Issued December 1, 2014)

On October 31, 2014, Storm Lake Power Partners I LLC (Storm Lake I) and ALLETE Clean Energy, Inc. (ALLETE Clean Energy) (collectively, Applicants) filed an application under section 203(a)(1)(A) and (a)(2) of the Federal Power Act (FPA)¹ requesting Commission authorization for a transaction in which MWW Holdings, LLC (MWW Holdings) will acquire 100 percent of the membership interests in Storm Lake I (Proposed Transaction). The jurisdictional facilities involved in the Proposed Transaction consist of Storm Lake I's interconnection facilities, market-based rate tariff, and associated books, records, and accounts.

Applicants state that ALLETE Clean Energy is a wholly owned subsidiary of ALLETE, Inc. (ALLETE) that was formed to own or develop renewable projects throughout North America. Applicants state that ALLETE Clean Energy, through its indirect, wholly owned subsidiary ACE Mid-West Holdings, LLC (ACE Mid-West), owns MWW Holdings, LLC (MWW Holdings). Applicants further state that, through ACE Mid-West, ALLETE Clean Energy owns two wind-powered generation facilities in the Midcontinent Independent System Operator, Inc. (MISO) balancing authority area (BAA) with a combined capacity of 184 megawatts (MW) and one wind-powered generation facility with a capacity of approximately 50 MW in the Bonneville Power Administration BAA.

Applicants state that ALLETE is a Minnesota corporation with two core businesses: energy and real estate. Applicants state that, through its operating division, Minnesota Power, ALLETE generates, transmits, and distributes electricity in a 26,000-square-mile region of northern Minnesota, serving 143,000 retail customers and providing wholesale electric service to 16 municipalities and one private Wisconsin utility. Minnesota Power owns generation, distribution, and transmission facilities located within the footprint of the MISO BAA. Applicants state that Minnesota Power controls 2,329 MW (summer) and 2,392 MW (winter) of electric generation capacity through its ownership of generation facilities and third-party purchases. Minnesota

¹ 16 U.S.C. § 824b (2012).

Power has transferred operational control of its transmission system to MISO. Applicants state that Superior Water, Light & Power (Superior), a subsidiary of ALLETE and an affiliate of Minnesota Power, is a Wisconsin corporation that provides regulated electric, natural gas, and water service in northwestern Wisconsin to approximately 15,000 retail electric customers, 12,000 natural gas customers, and 10,000 water customers. Superior has transferred the operational control of its transmission system to MISO. Applicants state that ALLETE also owns approximately 8 percent of the stock of American Transmission Company, which owns and maintains electric transmission assets in parts of Wisconsin, Michigan, Minnesota and Illinois subject to MISO control.

Applicants state that Storm Lake I is a Delaware limited liability company that owns and operates an approximately 108 MW wind-powered generation facility (Storm Lake Facility) in Alta, Iowa. The Storm Lake Facility is interconnected with the transmission grid controlled by MISO. Applicants state that the entire output of the Storm Lake Facility is sold to MidAmerican Energy Company (MidAmerican) pursuant to a power purchase agreement. Storm Lake I is an EWG with market-based rate authorization. Applicants state that the membership interests of Storm Lake I were previously held by NRG Wind's subsidiaries, Mission Iowa Wind, LLC (Mission Iowa) (99 percent) and Viento Funding, LLC (Viento) (1 percent), but pursuant to an internal corporate reorganization, the membership interests were transferred to NRG Wind.

Applicants state that all of NRG Wind's membership interests are owned by NRG Energy Gas & Wind Holdings, Inc., which is a wholly owned subsidiary of NRG Acquisitions Holdings, Inc. (NRG Acquisitions). NRG Acquisitions is a wholly owned subsidiary of NRG. Applicants state that NRG is a publicly held Delaware corporation and an integrated wholesale power generation and retail electricity company. With respect to electric business, NRG engages in wholesale power generation and electricity and fuel trading, retail electric supply and demand response, and deployment and commercialization of alternative energy technologies. Applicants state that NRG owns or controls over 53,000 MW of electric generating capacity throughout the United States, including a number of facilities in the MISO market.

Applicants state that, on October 23, 2014, Mission Iowa and Viento agreed to sell their interests in Storm Lake I to MWW Holdings in exchange for a cash payment, pursuant to a purchase agreement. Applicants further state that, on October 28, 2014, Viento and Mission Iowa transferred their interests in Storm Lake I to NRG Wind. Applicants state that NRG Wind will sell its interests in Storm Lake I to MWW Holdings in exchange for a cash payment. As a result of the Proposed Transaction, Storm Lake I will become an indirect subsidiary of ALLETE Clean Energy instead of NRG Energy. Applicants also request the Commission to authorize the Proposed Transaction pursuant to FPA Section 203(a)(2) without making a threshold ruling as to jurisdiction.

Applicants state that the Proposed Transaction is consistent with the public interest

and will not have an adverse effect on competition, rates, or regulation and will not result in cross-subsidization or the pledge or encumbrance of utility assets for the benefit of an associate company.

With respect to horizontal market power, Applicants state that the Proposed Transaction does not raise any concerns. Applicants state that all of the generation capacity of the Storm Lake Facility is committed to MidAmerican, a non-affiliated third party, under a long-term contract. According to Applicants, the Commission has previously recognized that a proposed transaction has no adverse effect on competition when the output of a generating facility is fully committed under a long-term contract. Applicants also state that, even if all of the relevant generation capacity were uncommitted, the Proposed Transaction would have a *de minimis* impact on horizontal market power. Applicants maintain that ALLETE Clean Energy and its affiliates own or control approximately 2,626 MW (winter rating), which represents 1.48 percent of the 177,160 MW of installed capacity in MISO. With the addition of the 108 MW of generation capacity of the Storm Lake Facility, Applicants assert that ALLETE Clean Energy and its affiliates would control 1.54 percent of the installed capacity in MISO. For these reasons, Applicants conclude that the Proposed Transaction does not raise any horizontal market power concerns in the relevant geographic area.

With regard to vertical market power, Applicants state that the Proposed Transaction does not raise any concerns. Applicants state that Storm Lake I does not own or control any electric transmission facilities, other than generator interconnection facilities, or other inputs to generation that could be used to exercise vertical market power. Additionally, Applicants state that the only transmission grid facilities potentially implicated by the Proposed Transaction are those owned by ALLETE and Superior, but ALLETE and Superior have transferred operational control over these facilities to MISO. Applicants note that MISO provides service over those facilities pursuant to an open access transmission tariff on file with the Commission. Applicants state that ALLETE has development and/or option rights on land near Center, North Dakota, where it plans to develop wind generation projects, and that ALLETE indirectly owns BNI Coal, Ltd., which mines lignite for electric generation facilities. Applicants also state that Superior owns a natural gas distribution system. However, Applicants assert that none of these assets are substantial or significant enough to allow ALLETE Clean Energy or its affiliates to exercise vertical market power within or outside the MISO BAA.

Applicants state that the Proposed Transaction will not have an adverse effect on rates. Applicants state that, following consummation of the Proposed Transaction, Storm Lake I will continue to make sales of electric energy at market-based rates as authorized by the Commission and the terms of its contract with MidAmerican. Furthermore, Applicants state that the Proposed Transaction will have no adverse effect on rates for transmission charged for ALLETE's and Superior's transmission assets.

With regard to regulation, Applicants state that the Proposed Transaction will not have an adverse effect. Applicants assert that the Proposed Transaction will not deprive the Commission or any other federal or state agency of jurisdiction it had prior to consummation of the Proposed Transaction, and the Commission will be able to exercise the same regulatory authority over the sale of electricity at wholesale that it did prior to the Proposed Transaction. Applicants also state that no facilities will be removed from the Commission's jurisdiction.

Applicants state that, based on facts and circumstances known to them or that are reasonably foreseeable, the Proposed Transaction will not result in, at the time of the closing or in the future, cross-subsidization of a non-utility associate company or the pledge or encumbrance of assets of a traditional public utility that has captive customers or that owns or provides transmission service over jurisdictional facilities for the benefit of an associate company. Specifically, Applicants state that the Proposed Transaction does not involve a franchised public utility with captive customers and will not result in: (1) any transfer of facilities between a traditional public utility associate company that has captive customers or that owns or provides transmission service over jurisdictional transmission facilities, and an associate company; (2) any new issuance of securities by a traditional public utility associate company that has captive customers or that owns or provides transmission service over jurisdictional transmission facilities, for the benefit of an associate company; (3) any new pledge or encumbrance of assets of a traditional public utility associate company that has captive customers or that owns or provides transmission service over jurisdictional transmission facilities, for the benefit of an associate company; or (4) any new affiliate contract between a non-utility associate company and a traditional public utility associate company that has captive customers or that owns or provides transmission service over jurisdictional transmission facilities, other than non-power goods and service agreements subject to review under sections 205 and 206 of the FPA.

The filing was noticed on November 3, 2014, with comments, protests, or interventions due on or before November 21, 2014. MidAmerican filed a motion to intervene on November 12, 2014. Notices of intervention and unopposed timely filed motions to intervene are granted pursuant to the operation of Rule 214 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.214) (2014).

Information and/or systems connected to the bulk system involved in this transaction may be subject to reliability and cybersecurity standards approved by the Commission pursuant to FPA section 215. Compliance with these standards is mandatory and enforceable regardless of the physical location of the affiliates or investors, information database, and operating systems. If affiliates, personnel or investors are not authorized for access to such information and/or systems connected to the bulk power system, a public utility is obligated to take the appropriate measures to deny access to this information and/or the equipment/software connected to the bulk

power system. The mechanisms that deny access to information, procedures, software, equipment, etc., must comply with all applicable reliability and cybersecurity standards. The Commission, North America Electric Reliability Corporation or the relevant regional entity may audit compliance with reliability and cybersecurity standards.

Order No. 652 requires that sellers with market-based rate authority timely report to the Commission any change in status that would reflect a departure from the characteristics the Commission relied upon in granting market-based rate authority.² The foregoing authorization may result in a change in status. Accordingly, Applicants are advised that they must comply with the requirements of Order No. 652. In addition, Applicants shall make any necessary filings under section 205 of the FPA to implement the Proposed Transaction.

After consideration, it is concluded that the Proposed Transaction is consistent with the public interest and is authorized, subject to the following conditions:

- (1) The Proposed Transaction is authorized upon the terms and conditions and for the purposes set forth in the application;
- (2) The foregoing authorization is without prejudice to the authority of the Commission or any other regulatory body with respect to rates, service, accounts, valuation, estimates or determinations of costs, or any other matter whatsoever now pending or which may come before the Commission;
- (3) Nothing in this order shall be construed to imply acquiescence in any estimate or determination of cost or any valuation of property claimed or asserted;
- (4) The Commission retains authority under sections 203(b) and 309 of the FPA to issue supplemental orders as appropriate;
- (5) If the Proposed Transaction results in changes in the status or upstream ownership of Applicants' qualifying facilities, an appropriate filing for recertification pursuant to 18 C.F.R. § 292.207 (2014) shall be made;
- (6) Applicants must inform the Commission of any change in circumstances that would reflect a departure from the facts the Commission relied upon in authorizing the Proposed Transaction;

² *Reporting Requirement for Changes in Status for Public Utilities with Market-Based Rate Authority*, Order No. 652, 70 Fed. Reg. 8,253 (Feb. 18, 2005), FERC Stats. & Regs. ¶ 31,175, *order on reh'g*, 111 FERC ¶ 61,413 (2005).

- (7) Applicants shall make appropriate filings under section 205 of the FPA, as necessary, to implement the Proposed Transaction; and
- (8) Applicants shall notify the Commission within 10 days of the date that the disposition of jurisdictional facilities has been consummated.

This action is taken pursuant to the authority delegated to the Director, Division of Electric Power Regulation - West, under 18 C.F.R. § 375.307 (2014). This order constitutes final agency action. Requests for rehearing by the Commission may be filed within 30 days of the date of issuance of this order, pursuant to 18 C.F.R. § 385.713 (2014).

Steve P. Rodgers
Director
Division of Electric Power Regulation - West

PUBLIC VERSION
PRIVILEGED INFORMATION OMITTED
PURSUANT TO 18 C.F.R. § 388.112

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Chanarambie Power Partners, LLC)
ALLETE Clean Energy, Inc.) Docket No. EC15-____-000

**JOINT APPLICATION FOR AUTHORIZATION UNDER SECTION 203 OF THE
FEDERAL POWER ACT AND REQUEST FOR WAIVERS, CONFIDENTIAL
TREATMENT, AND EXPEDITED CONSIDERATION**

Pursuant to Section 203(a)(1)(A) of the Federal Power Act (“FPA”), 16 U.S.C. § 824b, and Part 33 of the Federal Energy Regulatory Commission’s (“FERC” or the “Commission”) regulations, Chanarambie Power Partners, LLC (“Chanarambie”), an indirect, wholly owned subsidiary of EDF Renewable Energy, Inc. (“EDF-RE”), and ALLETE Clean Energy, Inc. (“ACE” and, together with Chanarambie, “Applicants”) respectfully submit this joint application (the “Application”). This Application seeks Commission authorization for an upstream disposition of all the jurisdictional facilities of Chanarambie that will result from the acquisition by ACE Mid-West Holdings, LLC (“ACE Mid-West”), a wholly owned subsidiary of ACE, of 100% of the membership interests in Northern Wind Energy, LLC (“Northern Wind”), the immediate upstream parent of Chanarambie and an indirect subsidiary of EDF-RE (the “Proposed Transaction”). Specifically, the Applicants seek authorization of the Proposed Transaction pursuant to FPA Section 203(a)(1) because of the upstream disposition of

Chanarambie's FERC-jurisdictional facilities resulting from the purchase of Northern Wind and the acquisition of those facilities (and the potential merger or consolidation) by ACE. The acquisition by ACE Mid-West, a holding company that owns only exempt wholesale generators ("EWGs") is subject to the blanket FPA Section 203(a)(2) authorization provided in 18 C.F.R. § 33.1(c)(8) because it is acquiring Northern Wind, which is another holding company that only owns qualifying facilities ("QFs") and an EWG.

I. COMMUNICATIONS

Applicants request that all correspondence, pleadings and other communications concerning this filing be served upon the following:¹

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*Individuals designated for service.

¹ Applicants request waiver of Sections 385.203 and 385.2010 of the Commission's rules to the extent necessary to permit the designation of more than two individuals to receive service in this proceeding.

II. REQUEST FOR EXPEDITED CONSIDERATION

Applicants respectfully request expedited consideration of this Application and the issuance of an order granting this Application *on or before February 17, 2015* in order to enable the Proposed Transaction to be consummated on or around March 1, 2015. Applicants also request a 21-day comment period in order to allow for issuance of an order by that date. The Proposed Transaction is expected to be uncontested, does not involve a merger, is consistent with the Commission's precedent, and does not require an analysis under Appendix A of the Commission's *Merger Policy Statement*.² Therefore, under the Commission's regulations and practice, the Proposed Transaction qualifies for expedited consideration.³

III. REQUEST FOR CONFIDENTIAL TREATMENT

Applicants respectfully request privileged and confidential treatment of Exhibit I to this Application that is marked "Contains Privileged and Confidential Information – Do Not Release Pursuant to 18 C.F.R. § 388.112." The Membership Interest Purchase Agreement ("MIPA") in Exhibit I is commercially sensitive and is not publicly available. The release of such information would likely cause substantial harm to the competitive position of Applicants, including an impediment in future negotiations of similar transactions.

Applicants are submitting a public version of this Application, with the confidential material omitted. A proposed protective order is included as Attachment 1.

² *Inquiry Concerning the Commission's Merger Policy Under the Federal Power Act: Policy Statement*, Order No. 592, FERC Stats. & Regs. ¶ 31,044 at 30,113 (1996) ("*Merger Policy Statement*"), *reconsideration denied*, Order No. 592-A, 79 FERC ¶ 61,321 (1997).

³ *See Revised Filing Requirements Under Part 33 of the Commission's Regulations*, Order No. 642, FERC Stats. and Regs. Preambles 1996-2000 ¶ 31,111 at 31,877-78 (2000) and (relevant section codified at 18 C.F.R. § 33.11 (2014)).

Applicants designate the following persons as the individuals to be contacted regarding the request for confidential treatment and access to documents subject to the protective order:

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IV. DESCRIPTION OF APPLICANTS AND RELATED PARTIES

A. ALLETE Clean Energy, Inc. and ALLETE, Inc.

ACE is a wholly owned subsidiary of ALLETE, Inc. (“ALLETE”), as described below. ACE’s principal place of business is in Duluth, Minnesota. ACE was formed for the purpose of, among other things, owning or developing renewable generation projects throughout North America. ACE was granted market-based rate authority in an unpublished letter order issued January 13, 2014 in Docket No. ER14-413-000. ACE, through its indirect, wholly owned subsidiary ACE Mid-West, currently owns three wind-powered EWGs in the Midcontinent Independent System Operator, Inc. (“MISO”) Balancing Authority Area (“BAA”) with a combined capacity of 292 MW and one wind-powered EWG with a capacity of approximately 50 MW in the Bonneville Power Administration BAA.⁴

⁴ See *Condon Wind Power, LLC, et al.*, 145 FERC ¶ 62,217 (2013) (authorizing disposition of wind facilities pursuant to Section 203 of the Federal Power Act); Notice of Closing, *Condon Wind Power, LLC, et al.*, Docket No. EC14-29-000 (filed Feb. 7, 2014); Notice of Non-Material Change in Status, *ALLETE, Inc.*, Docket No. ER10-2819-000 (filed Feb. 28, 2014); Supplement to Notice of Non-Material Change in Status, *ALLETE, Inc.*, Docket No. ER10-2819-000 (filed Apr. 24, 2014); *Storm Lake Power Partners I LLC*, 149 FERC ¶ 62,147 (Dec. 1, 2014)

ALLETE is a Minnesota Corporation with two core businesses: energy and real estate. Through its operating division, Minnesota Power, ALLETE generates, transmits, and distributes electricity in a 26,000-square-mile region of northern Minnesota, serving approximately 143,000 retail customers and providing wholesale electric service to 16 municipalities and one private Wisconsin utility. Minnesota Power owns generation, distribution, and transmission facilities located within the footprint of the MISO BAA. Minnesota Power has transferred operational control of its transmission system to MISO.⁵

Superior Water, Light & Power (“Superior”) is a subsidiary of ALLETE and an affiliate of Minnesota Power. Superior, a Wisconsin corporation, provides regulated electric, natural gas, and water service in northwestern Wisconsin to approximately 15,000 retail electric customers, 12,000 natural gas customers, and 10,000 water customers. Superior has transferred the operational control of its transmission system to MISO.⁶

ALLETE also owns approximately 8% of the stock of American Transmission Company which owns and maintains electric transmission assets in parts of Wisconsin, Michigan, Minnesota and Illinois subject to MISO control.

B. Chanarambie and Its Affiliates

Chanarambie is a Delaware limited liability company and an exempt wholesale generator with market-based rate authorization that owns and operates an approximately 85.5 MW wind generating facility (“Chanarambie Facility”) in Murray County,

(authorizing ALLETE to acquire the 108 MW Storm Lake Power Partners I, LLC wind facility in Alta, Iowa under Section 203 of the FPA); Notice of Consummation of Transaction, *Storm Lake Power Partners I LLC*, Docket No. EC15-20-000 (filed Dec. 22, 2014) (notifying the Commission that the acquisition of Storm Lake Power Partners I LLC closed on December 17, 2014).

⁵ *Minn. Power Inc., et al.*, 96 FERC ¶ 61,153 (2001).

⁶ *Id.*

Minnesota.⁷ The Chanarambie Facility is interconnected with Northern States Power Company (“NSP”) in the MISO BAA. The entire capacity and energy output of the Chanarambie Facility is sold at wholesale to NSP under a long-term Power Purchase Agreement (“PPA”). Chanarambie is a direct, wholly owned subsidiary of Northern Wind.

In addition to Chanarambie, Northern Wind also indirectly owns eight QF project companies: Buffalo Ridge Wind Farm, LLC, Moulton Heights Wind Power Project, LLC, Muncie Power Partners, LLC, North Ridge Wind Farm, LLC, Vandy South Project, LLC, Viking Wind Farm, LLC, Vindy Power Partners, LLC, and Wilson-West Wind Farm, LLC. These project companies own QFs that are each 1.5 MW and located in Minnesota.⁸ All of these QFs are interconnected with NSP and the capacity from each of the QFs is fully committed to NSP under long-term PPAs.⁹ Northern Wind is a Delaware limited liability company that is indirectly wholly owned by EDF-RE.

EDF-RE owns or controls wind and solar electric generation facilities throughout North America and related Commission-jurisdictional interconnection transmission facilities with filed common facilities agreements. EDF-RE also indirectly holds an

⁷ *Chanarambie Power Partners, LLC*, Docket No. EG03-104-000 (Nov. 12, 2003) (unpublished) (granting exempt wholesale generator status); *Chanarambie Power Partners, LLC*, Docket No. ER03-1340-000 (Dec. 15, 2003) (unpublished) (granting market-based rate authorization).

⁸ Form 556, *Buffalo Ridge Wind Farm, LLC*, Docket No. QF04-6-000 (Oct. 7, 2003) (certification of 1.5 MW small power production facility); Form 556, *Moulton Heights Wind Power Project, LLC*, Docket No. QF04-7-000 (Oct. 7, 2003) (same); Form 556, *Muncie Power Partners, LLC*, Docket No. QF04-8-000 (Oct. 7, 2003) (same); Form 556, *North Ridge Wind Farm, LLC*, Docket No. QF04-9-000 (Oct. 7, 2003) (same); Form 556, *Vandy South Project, LLC*, Docket No. QF04-10-000 (Oct. 7, 2003) (same); Form 556, *Viking Wind Farm, LLC*, Docket No. QF04-11-000 (Oct. 7, 2003) (same); Form 556, *Vindy Power Partners, LLC*, Docket No. QF04-12-000 (Oct. 7, 2003) (same); Form 556, *Wilson-West Wind Farm, LLC*, Docket No. QF04-13-000 (Oct. 7, 2003) (same).

⁹ *Id.*

equity interest in the Sagebrush Partnership (“Sagebrush”) that owns and operates a 46-mile, 230 kV transmission line in California pursuant to a Commission-accepted Open Access Transmission Tariff (“OATT”).¹⁰ EDF-RE is wholly owned by EDF Energies Nouvelles S.A., a French société anonyme, a company organized under the laws of France which, in turn, is wholly owned by Électricité de France, S.A. (“EDF S.A.”). EDF S.A. is owned by the French government (84.44%), with a small percentage of shares held by the employees (approx. 1.84%) and the remaining shares owned by the public.

EDF S.A. also, indirectly, owns EDF Inc., a Delaware corporation, that holds a 49.99% ownership interest in Constellation Energy Nuclear Group, LLC (“CENG”). CENG owns five operating nuclear generator units located in the PJM Interconnection, L.L.C. and New York Independent System Operator BAAs that have been granted market-based rate authorization.¹¹ EDF Inc. wholly owns¹² EDF Trading Holdings LLC (f/k/a EDF Trading North America, Inc.), a Delaware limited liability company, which owns a gas-fired electric generation facility in Massachusetts. EDF Trading Holdings LLC also wholly owns EDF Trading North America, LLC (“EDF Trading”), which is a power marketer authorized by the Commission to engage in wholesale sales of electricity and related services at market-based rates.¹³ EDF Trading, in turn, has ownership

¹⁰ *Sagebrush, a California Partnership*, Docket No. ER10-1988-001, unpublished letter order (Feb. 28, 2011). *See also Sagebrush, a California Partnership*, 130 FERC ¶ 61,093 (2010).

¹¹ *Calvert Cliffs Nuclear Power Plant, Inc.*, Docket No. ER00-2917-000 (unpublished letter order issued Oct. 18, 2000); *Nine Mile Point Nuclear Station, LLC*, 95 FERC ¶ 61,202 (2001); *R.E. Ginna Nuclear Power Plant, LLC*, Docket No. ER04-485-000 (unpublished letter order issued March 24, 2004).

¹² EDF Inc. also wholly owns UniStar Nuclear Energy, L.L.C., which is a developer of new nuclear projects in the United States, but none of its projects are operational at this time.

¹³ *See* EDF Trading North America, LLC, Notice of Name Change and Succession; Notice of Change in Status, Docket No. ER10-92-000 (filed Oct. 22, 2009) (informing the Commission

interests in various other power marketers.¹⁴

With the exception of the direct or indirect ownership interests discussed above, EDF S.A. does not otherwise: (a) directly or indirectly own or control any generation or transmission facilities in the United States; (b) engage in wholesale sales of electric energy, or any other Commission jurisdictional transactions in the United States; or (c) directly or indirectly own or control a franchised utility. In addition, it does not directly or indirectly own any physical natural gas transportation facilities or own or control other physical inputs to electric generation or transmission in the United States.

V. DESCRIPTION OF THE PROPOSED TRANSACTION

Pursuant to the MIPA, EDF-RE will sell 100% of the membership interests in Northern Wind to ACE Mid-West, a wholly-owned subsidiary of ACE, for a purchase price in excess of \$10 million. As discussed above, Northern Wind owns all the membership interests in Chanarambie and indirectly owns all of the membership interests in the eight QF project companies also located in the MISO BAA. The total generation capacity of the generation facilities owned by these nine project companies is 97.5 MW.

Applicants request Commission authorization pursuant to FPA Section 203(a)(1) for the upstream disposition of the Chanarambie Facility¹⁵ and the acquisition of those facilities (and potential merger or consolidation) by ACE. With respect to FPA Section 203(a)(2), ACE Mid-West is currently a holding company solely with respect to EWGs,

that Eagle Energy Partners I, L.P. changed its name to EDF Trading, effective October 5, 2009 and submitting a Notice of Succession).

¹⁴ EDF Trading is no longer affiliated with AP Holdings, LLC or any of AP Holdings, LLC's subsidiaries with market-based rate authority. *See* Notification of Non-Material Change in Status, *AP Holdings, LLC*, Docket ER10-2848-006, *et al.* (filed December 19, 2014).

¹⁵ The QF project companies indirectly owned by Northern Wind are exempt from FPA Section 203 because each has a capacity of less than 20 MWs (see Section IV.B, *supra*) and therefore are exempt from Section 203 of the FPA pursuant to 18 C.F.R. § 292.601(c) (2014).

and Northern Wind is a holding company solely with respect to an EWG and QFs. Thus, because the Proposed Transaction involves ACE Mid-West, a holding company that owns only EWGs, acquiring the securities of Northern Wind, a holding company that owns an EWG and QFs, the transaction is authorized pursuant to the blanket authorization in 18 C.F.R. § 33.1(c)(8).¹⁶

VI. THE COMMISSION SHOULD AUTHORIZE THE PROPOSED TRANSACTION UNDER SECTION 203(a)(1)(A) OF THE FPA

Commission approval under Section 203 of the FPA requires a finding that the Transaction will be consistent with the public interest.¹⁷ In determining whether a proposed disposition of jurisdictional facilities is consistent with the public interest, the Commission considers four factors: (1) the effect on competition; (2) the effect on rates; (3) the effect on regulation; and (4) whether the proposed transaction will result in cross-subsidization of nonutility associate companies or pledge or encumbrance of utilities' assets for the benefit of associate companies.¹⁸ The Proposed Transaction is consistent with the public interest under these criteria as outlined by the Commission in its regulations, in the *Merger Policy Statement*, the *Supplemental Section 203 Policy Statement*,¹⁹ and Order No. 669, and warrants approval, as explained below.

A. The Proposed Transaction Will Have No Adverse Effect on Competition.

The Commission should find that the Proposed Transaction will not have an adverse effect on competition in the relevant markets because it does not raise any horizontal or vertical market power concerns.

¹⁶ Order No. 669-B, 116 FERC ¶ 61,076 at P 44.

¹⁷ See 16 U.S.C. § 824b(a)(4) (2012).

¹⁸ See 18 C.F.R. § 2.26.

¹⁹ *FPA Section 203 Supplemental Policy Statement*, FERC Stats. & Regs. ¶ 31,253 (2007), *order on clarification*, 122 FERC ¶ 61,157 (2008).

a. The Transaction does not raise any horizontal market power concerns

Section 33.3(a)(2)(i) of the Commission's regulations states that a horizontal competitive screen analysis is not required if the applicants affirmatively demonstrate "that the merging entities do not currently conduct business in the same geographic markets or that the extent of the business transactions in the same geographic markets is *de minimis*."²⁰ Under this standard, no horizontal competitive screen analysis is required with respect to the Proposed Transaction.

The geographic market relevant to the Proposed Transaction is the MISO BAA, which is the BAA in which the Chanarambie Facility is located. As noted above, all of the generation capacity of the Chanarambie Facility is committed to a non-affiliated third party (NSP) under a long-term PPA. In effect, this PPA with NSP eliminates any geographic market overlap between the combining entities, *i.e.*, Chanarambie and ACE and its affiliates thereby mitigating any potential horizontal market power concerns. Indeed, the Commission has previously recognized that a proposed transaction has no adverse effect on competition when the output of a generating facility is fully committed under a long-term PPA.²¹

Even if one conservatively disregards the PPA with NSP and makes the assumption that all of the relevant generation capacity is uncommitted, the Proposed Transaction would have a *de minimis* impact with respect to horizontal market power. At most, ACE and its affiliates can be said currently to own or control approximately

²⁰ 18 C.F.R. § 33.3(a)(2)(i). *See also Liberty Elec. Power*, 110 FERC ¶ 62,152 (2005) (approving transfer of jurisdictional facilities without requiring horizontal competitive screen analysis where parties held only *de minimis* interests in relevant markets).

²¹ *See Gen. Elec. Capital Corp.*, 115 FERC ¶ 62,024 (2006); *Duquesne Light Holdings, Inc.*, 117 FERC ¶ 61,326 (2006); *Nev. Sun-Peak LP*, 97 FERC ¶ 62,017 (2001).

2,894.1 MW (summer rating) of generation capacity, which represents 1.63 % of the 177,160 MW of installed market capacity in MISO.²² The addition of the 85.5 MW of generation capacity from the Chanarambie Facility in the Proposed Transaction will result in ACE and its affiliates controlling 2,979.6 MW of generation capacity, or 1.68% of the installed capacity in MISO. This combined total would clearly meet the *de minimis* standard,²³ even if one ignores the fact that Chanarambie's capacity is fully committed to NSP pursuant to a long-term PPA and therefore properly excluded from consideration.²⁴ This result does not change when the additional 12 MW associated with the eight QFs is included in the horizontal market power analysis. Again ignoring the fact that the capacity from those facilities is fully committed to NSP under a long-term PPA, it would result in ACE and its affiliates controlling 2,991.6 MW or 1.69% of the

²² See Midcontinent Independent System Operator, Inc., *Corporate Information Sheet* (Sept. 2014), <https://www.misoenergy.org/Library/Repository/Communication%20Material/Corporate/Corporate%20Fact%20Sheet.pdf>.

²³ See, e.g., *NewPage Pub. Utils.*, 143 FERC ¶ 62,121 at 64,074 (2013) (post-transaction shares of 1.65 percent of the installed capacity in the ISO-New England Inc. market, 0.9 percent of the installed capacity in the PJM market, and 2.52 percent of the total installed capacity in the MISO market); *Dynegy Roseton, L.L.C.*, 142 FERC ¶ 62,148 at 64,337 (2013) (post-transaction shares of 3.2 percent of the installed capacity in the New York Independent System Operator market); *Macho Springs Power, I, LLC*, 135 FERC ¶ 62,200 at 64,571 (2011) (post-transaction share of 3 percent of the generating capacity in the El Paso BAA); *Milford Power Co.*, 134 FERC ¶ 62,038 at 64,393-94 (2011) (post-transaction share of 4.5 percent of installed capacity in ISO-NE); *Majestic Wind Power LLC*, 129 FERC ¶ 62,125 at 64,393-94 (2009) (post-transaction share of 2.36 percent of installed capacity in MISO and 4.8 percent in the Western Area Power Administration-Upper Great Plains East BAA).

²⁴ See *S. Co. Energy Mktg., LP*, 81 FERC ¶ 61,009 at 61,043 (1997); *accord Destec Energy, Inc.*, 79 FERC ¶ 61,373 at 62,571 (1997) (potential for increased market power resulting from merger was “at most *de minimis*” where “most of the generation capacity owned by the Applicants is committed under long-term contracts, which effectively removes the resources from Applicant’s control”). See also *Pac. Nw. Generating Coop.*, 75 FERC ¶ 61,354 at 62,133 (1996); *Illinois Power Co.*, 71 FERC ¶ 61,172 at 61,632 (1995); *Morgan Stanley Capital Grp Inc.*, 69 FERC ¶ 61,175 at 61,692 (1994), *modified on other grounds*, 72 FERC ¶ 61,082 (1995).

installed capacity in MISO.²⁵ In sum, the Proposed Transaction does not raise any horizontal market power concerns in the relevant geographic area.

b. The Transaction does not raise any vertical market power concerns

Section 33.4(a)(2) of the Commission’s regulations states that a vertical competitive analysis is not required if the applicants affirmatively demonstrate that “the merging entities currently do not provide inputs to electricity products . . . and electricity products . . . in the same geographic markets or that the extent of the business transactions in the same geographic market is *de minimis*.”²⁶ Under this standard, no vertical competitive screen analysis is required.

Neither Chanarambie nor the eight QF project companies own or control any electric transmission facilities (other than generator interconnection facilities) or other inputs to generation that could be used to exercise vertical market power (*i.e.*, intrastate natural gas transportation or storage facilities, natural gas distribution facilities, sites for generation capacity development, physical coal supply sources, or ownership or control over who may access coal transportation).²⁷ Therefore, the Proposed Transaction will not

²⁵ See Triennial Market Power Analysis at Attachment 2 to Joint Affidavit of R. Frame and E. Korman, *ALLETE, Inc.*, Docket Nos. ER10-2819-003, *et al.* (filed Dec. 30, 2014) (“Triennial Update”). ACE notes that in the Triennial Update, ALLETE and its affiliates, including ACE, identified a potential 100 MW wind purchase in the MISO BAA and conservatively attributed that generation capacity to ALLETE and its affiliates even though the transaction was anticipated to close after the November 2012 to December 2013 test year used in the Triennial Update. ACE’s purchase of Chanarambie and the eight QF project companies is that transaction. The 2.5 MW difference between the 2,991.4 MW of generation capacity (summer rating) described herein and the 2,994.1 MW (summer rating) of generation capacity allocated to ALLETE and its affiliates in the Triennial Update reflects the fact that the transaction actually concerns a total of 97.5 MW as opposed to the approximate 100 MW identified in the Triennial Update.

²⁶ 18 C.F.R. § 33.4(a)(1).

²⁷ See 18 C.F.R. § 35.37(e).

result in any change in the Commission's prior assessment that ACE and its affiliates lack vertical market power in the MISO BAA.²⁸

Indeed, the only transmission grid facilities potentially implicated by the Proposed Transaction are those owned by ALLETE and Superior.²⁹ As explained above, however, ALLETE and Superior have transferred operational control over these facilities to MISO. Moreover, MISO provides service over those facilities pursuant to an OATT on file with the Commission, which has long been recognized as sufficient to "mitigate vertical market power by a transmission provider and its affiliates in a particular market."³⁰

ALLETE indirectly owns BNI Coal, Ltd. located in Center, North Dakota, which mines lignite for electric generation facilities with which ALLETE has long-term power purchase agreements. In addition, Superior owns a natural gas distribution system consisting of approximately 291 miles of pipelines. Finally, ALLETE has development and/or option rights on land near Center, North Dakota, where it has been developing its "Bison" wind generation projects. However, none of these assets are substantial or

²⁸ See, Triennial Market Power Analysis, *ALLETE, Inc.*, Docket No. ER10-2819-001 (filed Dec. 30, 2011); *ALLETE, Inc.*, 139 FERC ¶ 61,147 (2012) (order accepting triennial market power analysis). See also Triennial Market Power Analysis, *ALLETE, Inc.*, Docket Nos. ER10-2819-003, *et al.* (filed Dec. 30, 2014).

²⁹ Although ALLETE has an ownership interest in ATC which owns transmission facilities, ALLETE does not control ATC. In any case, ATC has transferred control over its transmission facilities to MISO.

³⁰ *National Grid plc*, 117 FERC ¶ 61,080 at P 45 (2006) ("Turning over operational control of transmission facilities to an independent entity eliminates any concerns about transmission-related vertical market power because it eliminates the ability for the merged firm to use its transmission system to harm competition in wholesale electricity markets.") *Market Based Rates for Wholesale Sales of Elec. Energy, Capacity & Ancillary Servs. By Pub Utils.*, Order No. 697, 119 FERC ¶61,295 at P 425 (2007); *order on reh'g*, Order No. 697-A, 123 FERC ¶ 61,055 (2008); *order on reh'g*, Order No. 697-B, 125 FERC ¶ 61,326 (2008); *order on reh'g*, Order No. 697-C, 127 FERC ¶ 61,284 (2009); *order on reh'g*, Order No. 697-D, 130 FERC ¶ 61,206 (2010); *aff'd sub nom. Mont. Consumer Counsel v. FERC*, 659 F.3d 910 (9th Cir. 2011); *cert. denied Pub. Citizen, Inc. v. FERC*, 133 S. Ct. 26 (2012).

significant enough to allow ACE or its affiliates to exercise vertical market power within or outside the MISO BAA and, importantly, the Proposed Transaction will result in no change in these interests.

Accordingly, the Proposed Transaction does not raise any vertical market power concerns.

B. The Proposed Transaction Will Have No Adverse Effect on Rates.

In evaluating the rate impact associated with transactions under Section 203 of the FPA, the Commission focuses on “the protection of wholesale ratepayers and transmission customers.”³¹ The Proposed Transaction will have no adverse effect on the rates of electric energy sold by Chanarambie, because it does not make sales at cost-based rates or provide transmission service to third parties. Following consummation of the Proposed Transaction, Chanarambie will continue to make sales of electric energy at market-based rates as authorized by the Commission and the terms of its contract with NSP, and the Commission has recognized that market-based wholesale power sales do not raise concerns about a transaction’s possible adverse effect on rates.³² Therefore, the Commission should conclude that the Proposed Transaction will not have an adverse effect on rates.

Further, the Proposed Transaction will have no effect on rates for transmission charged for ALLETE’s and Superior’s transmission assets.

C. The Proposed Transaction Will Have No Adverse Effect on Regulation

The Commission’s primary concern with the effect on regulation of a proposed disposition of jurisdictional facilities is whether the Commission’s jurisdiction or state

³¹ *New England Power Co., et al.*, 82 FERC ¶ 61,179, at 61,659, *order on reh'g*, 83 FERC ¶ 61,275 (1998). *See also Merger Policy Statement*, at 30,123-24.

³² *See, e.g., NorAm Energy Servs, Inc.*, 80 FERC ¶ 61,120 at 61,382-83 (1997).

regulation will be changed.³³ The Proposed Transaction will not deprive the Commission or any other federal or state agency of jurisdiction it had prior to consummation of the Proposed Transaction, and the Commission will be able to exercise the same regulatory authority over the sale of electricity at wholesale that it did prior to the Proposed Transaction. No facilities will be removed from the Commission's jurisdiction. Therefore, the Commission should conclude that the Proposed Transaction will not have an adverse effect on regulation.

D. The Proposed Transaction Will Not Result in Any Cross-Subsidization.

Under Section 203(a)(4) of the FPA and 18 C.F.R. § 2.26(f) of its regulations, the Commission considers whether a proposed transaction will result in cross-subsidization of a nonutility associate company by a utility company, or in a pledge or encumbrance of utility assets for the benefit of an associate company.

As explained in Exhibit M, ACE does not have any traditional utility operations and the Proposed Transaction does not involve traditional utility operations. Therefore, there are no cross-subsidization issues arising from the Proposed Transaction. In addition, based on facts and circumstances known to Applicants or that are reasonably foreseeable, the Proposed Transaction will not result in, at the time of the Proposed Transaction or in the future, cross-subsidization of a non-utility associate company or the pledge or encumbrance of utility assets for the benefit of an associate company. ACE's and ALLETE's relationship will be governed by the Commission's and Minnesota Public Utility Commission's regulations governing relationships between public utilities with captive customers and their market regulated power sales affiliates. As required by 18

³³ *Merger Policy Statement* at 30,124-25.

C.F.R. § 33.2(j)(1)(i), Exhibit M states that ACE has no existing pledges and encumbrances of utility assets.

VII. INFORMATION AND EXHIBITS REQUIRED BY SECTION 33.2 OF THE COMMISSION'S REGULATIONS

In compliance with Section 33.2 of the Commission's Regulations, 18 C.F.R. § 33.2, Applicants submit the following required information:

A. Section 33.2(a): Name and Address of Applicants

The exact legal name of Applicants and their respective principal business addresses are as follows:

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c/o EDF Renewable Energy, Inc.
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B. Section 33.2(b): Persons Authorized to Receive Communications

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Joshua.pearson@edf-re.com

C. Section 33.2(c): Description of the Applicants

1. Section 33.2(c)(1): Business Activities

See Section IV of this Application. To the extent deemed necessary, Applicants request waiver of the requirement to submit this information as a separate Exhibit A.

2. Section 33.2(c)(2): Applicants' energy subsidiaries and affiliates

The relevant energy subsidiaries and affiliates of the Applicants are described in Section IV above. As the Proposed Transaction does not involve a material overlap in generation or inputs to generation in any geographic market, Applicants request waiver of any requirement to provide a separate Exhibit B listing of their energy subsidiaries and affiliates. Such a listing would not aid the Commission's review of this Application.

3. Section 33.2(c)(3): Organizational charts depicting current and proposed post-transaction corporate structures

Organizational charts depicting the pre- and post-Transaction corporate structures are provided in Exhibit C. Applicants respectfully request partial waiver of 18 C.F.R. § 33.2(c)(3) to the extent necessary to permit them to include only those parent companies, energy subsidiaries, and energy affiliates that are relevant to the Proposed Transaction. Specifically, Applicants request partial waiver to exclude non-relevant intermediate holding companies, service companies, and similar subsidiaries and affiliates.

4. Section 33.2(c)(4): A description of business arrangements

Applicants' respective pertinent business interests are described in this Application above. Applicants request waiver of the requirement to provide Exhibit D, to the extent necessary, as the Proposed Transaction will not affect any business interest except as discussed herein.

5. Section 33.2(c)(5): Common officers or directors

The Applicants currently have no shared officers or directors. Following consummation of the Transaction, there may be common officers and directors shared between the entities being purchased and ACE, as such entities will be subsidiaries of ACE. To the extent that any FPA-jurisdictional interlocking appointment is to be made, the appropriate filing under 18 C.F.R. Part 45 will be prepared and filed. To the extent deemed necessary, Applicants request waiver of the requirement to submit this information as a separate Exhibit E.

6. Section 33.2(c)(6): Wholesale power sales and transmission customers

As described in Section VI, all of Chanarambie's output is committed to NSP under a long-term PPA as described in this Application above. To the extent deemed necessary, Applicants request waiver of the requirement to submit this information as a separate Exhibit F. Waiver is appropriate because Chanarambie makes sales pursuant to market-based rate authorizations and the Proposed Transaction will not impact those rates.

D. Section 33.2(d): Jurisdictional Facilities

The jurisdictional facilities owned, operated or controlled by Chanarambie are described in the text of this Application and consist of the interconnection facilities, the market-based rate tariff, and associated books, records, and accounts. Information regarding Applicants' energy-related affiliates are included in Section IV of this Application. For the reasons set forth herein, Applicants request a limited waiver of any requirement of 18 C.F.R. § 33.2(d) to re-state the information as a separate Exhibit G.

E. Section 33.2(e): Narrative Description of the Proposed Transaction

The Proposed Transaction is described in Section V. To the extent otherwise deemed necessary, Applicants request waiver of the requirement to re-state and submit this information as a separate Exhibit H.

F. Section 33.2(f): Contracts Related to the Proposed Transaction

The MIPA is submitted with this Application, on a non-public basis, in Exhibit I. Consistent with Section 388.112 of the Commission's regulations, 18 C.F.R. § 388.112, Applicants request privileged, non-public treatment for the MIPA in this Application. The MIPA contains commercially sensitive terms and conditions, the disclosure of which

could have a material adverse effect on the parties to those agreements, and adversely affect their ability to negotiate similar transactions in the future. As required by Section 33.9 of the Commission's regulations, 18 C.F.R. § 33.9, Applicants have included a draft protective order, which is based on the Commission's model protective order, in Attachment 1 hereto under which the agreement would be designated as protected materials subject to the provisions of the protective order. Applicants request waiver of the requirements of 18 C.F.R. § 33.2(f) to the extent that it would require the filing of the exhibits and schedules to the MIPA³⁴ or the submission of immaterial "side" documents associated with the Proposed Transaction, because these may be voluminous and will not relate to any matter subject to Commission review under the Commission's Section 203 policies and regulations.

G. Explanatory Statement

This Application contains an explanatory statement that the Proposed Transaction is consistent with the public interest in Section VI. To the extent otherwise deemed necessary, Applicants request waiver of the requirement to submit this information as a separate Exhibit J.

H. Map

The information required to be included in Exhibit K will not assist the Commission in determining whether to authorize the Proposed Transaction. Therefore, Applicants request a waiver of any requirements to provide a map and an Exhibit K.

³⁴ See, e.g., *Montenay Montgomery Ltd. P'ship*, 128 FERC ¶ 62,111 (2009) (granting FPA Section 203 application based on application containing a copy of the transaction document from which the schedules and exhibits were omitted).

I. Section 33.2(i): Other Regulatory Approvals

No other approvals are required to consummate the Proposed Transaction. To the extent otherwise deemed necessary, Applicants request waiver of the requirement to provide this information in Exhibit L.

J. Section 33.2(j): Statement Concerning Cross-Subsidization

See Exhibit M hereto and Section VI of this Application.

K. Section 33.5: Accounting Entries

Applicants are not including accounting entries showing the effect of the Proposed Transaction on account balances because Applicants are not required to maintain their respective books and records in accordance with the Commission's Uniform System of Accounts. Accordingly, Applicants respectfully request waiver of the requirement to include proposed accounting entries in this Application.

L. Section 33.7: Verification

A Verification signed by an authorized representative of each Applicant having appropriate authority and knowledge of the matters set forth in this Application is attached hereto as Attachment 2.

VIII. CONCLUSION

For the foregoing reasons, Applicants request that the Commission: (i) authorize the Proposed Transaction pursuant to Section 203(a)(1) of the FPA, (ii) grant a limited waiver of the Commission's Part 33 filing requirements as requested because such information is not necessary to ensure that the Proposed Transaction meets the statutory requirements of Section 203, and (iii) provide for a 21-day comment period on the Application and issue an order granting the requested authorization *on or before*

February 17, 2015 so that the Proposed Transaction can be consummated on or around
March 1, 2015.

Respectfully submitted,

/s/

Andrea Wolfman
Alston & Bird LLP
950 F Street, N.W.
Washington, DC 20004
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*Counsel for Chanarambie Power
Partners LLC*

/s/

Joseph C. Hall
Ruth M. Porter
Dorsey & Whitney LLP
1801 K Street, N.W.
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(202) 442-3506

Counsel for ALLETE Clean Energy, Inc.

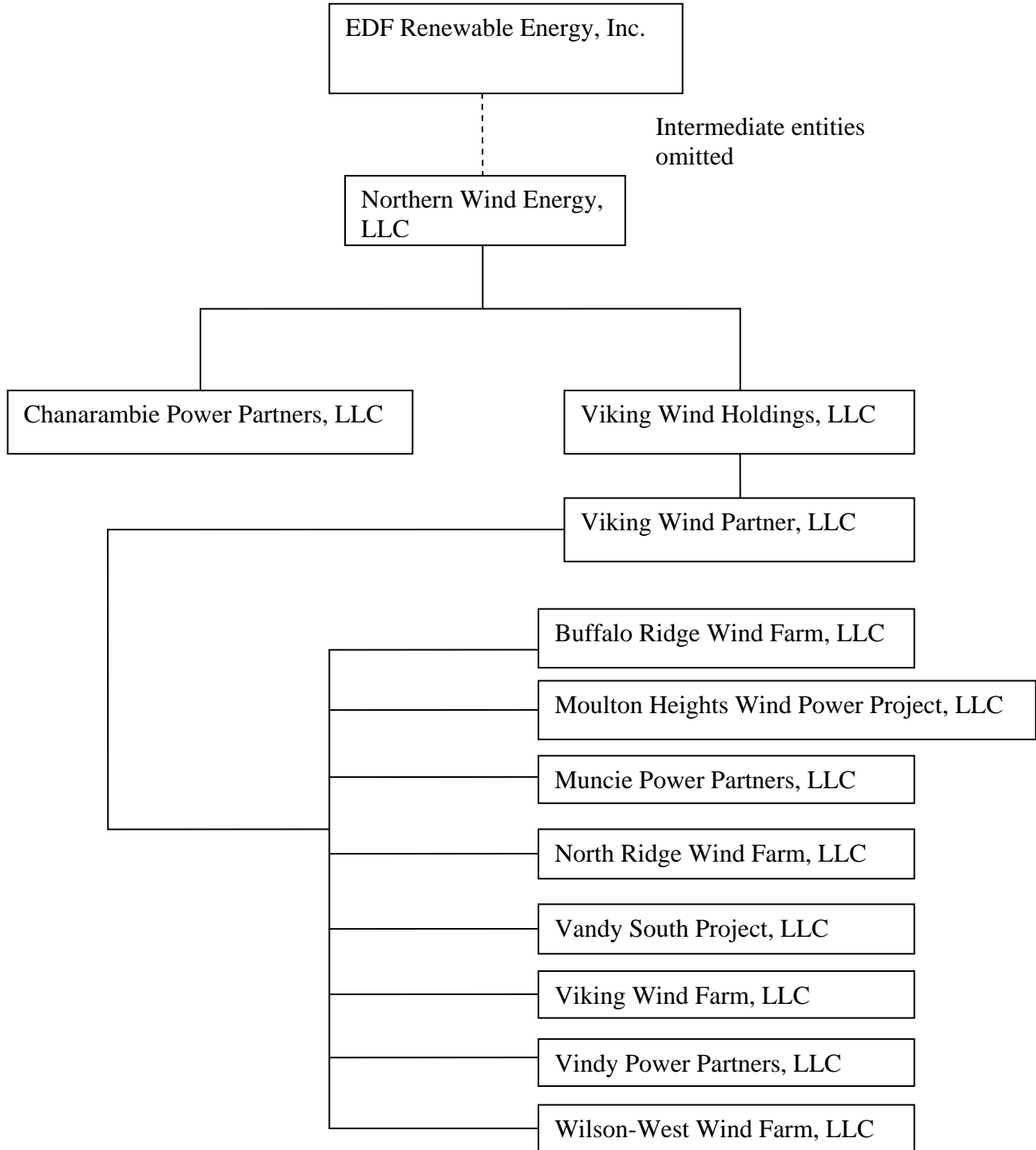
Dated: January 14, 2015

EXHIBIT C

Organizational Charts

Exhibit C-1

PRE-TRANSACTION STRUCTURE



Intermediate entities omitted

----- = Indirect
Subsidiary

Exhibit C-2

POST-TRANSACTION STRUCTURE

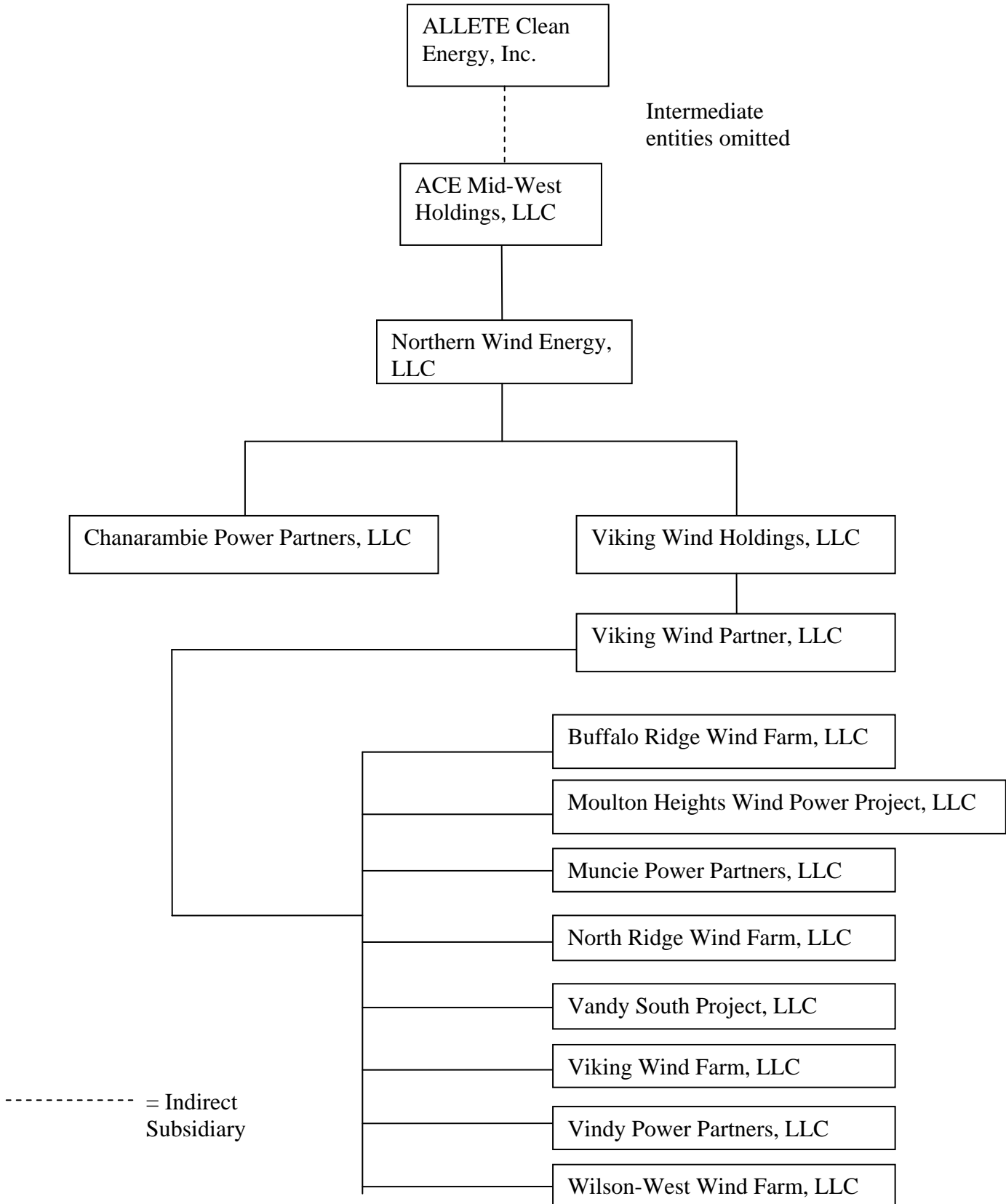


EXHIBIT I

MEMBERSHIP INTEREST PURCHASE AGREEMENT

**PRIVILEGED INFORMATION REMOVED
PURSUANT TO 18 C.F.R. § 388.112**

EXHIBIT M

Exhibit M

STATEMENT REGARDING CROSS-SUBSIDIZATION

Based on the facts and circumstances known to Applicants or that are reasonably foreseeable, the Proposed Transaction will not result in, at the time of the Proposed Transaction or in the future, cross-subsidization of a non-utility associate company or the pledge or encumbrance of utility assets for the benefit of an associate company. In particular, ACE does not have any traditional utility operations and the Proposed Transaction does not involve ACE's or its affiliates' traditional utility operations. Accordingly, the Proposed Transaction falls within one of the safe harbors recognized by the Commission.³⁵ The Commission has found that "the detailed explanation and evidentiary support required by Exhibit M may not be warranted" for safe harbor transactions,³⁶ and that, as a general matter "there is no potential for harm to customers" in the case of such transactions.³⁷

In accordance with Section 33.2(j)(1) of the Commission's regulations,³⁸ each Applicant verifies that:

- (1) It has no existing pledges or encumbrances of utility assets.
- (2) The Proposed Transaction will not now or in the future result in: (i) transfers of facilities between a traditional public utility associate company that has captive customers or that owns or provides transmission service over jurisdictional

³⁵ See *FPA Section 203 Supplemental Policy Statement*, FERC Stats. & Regs. ¶ 31,253 (2007).

³⁶ *Id.* at P 15.

³⁷ *Id.* at P 17.

³⁸ 18 C.F.R. § 33.2(j)(1).

transmission facilities, and an associate company; (ii) new issuances of securities by traditional public utility associate companies that have captive customers or that own or provide transmission service over jurisdictional transmission facilities, for the benefit of an associate company; (iii) new pledges or encumbrances of assets of a traditional public utility associate company that has captive customers or that owns or provides transmission service over jurisdictional transmission facilities, for the benefit of an associate company; or (iv) new affiliate contracts between non-utility associate companies and traditional public utility associate companies that have captive customers or that own or provide transmission service over jurisdictional transmission facilities, other than non-power goods and services agreements subject to review pursuant to FPA sections 205 and 206.

ATTACHMENT 1

Attachment 1

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

Chanarambie Power Partners, LLC)
ALLETE Clean Energy, Inc.) Docket No. EC15-__-000

PROTECTIVE ORDER

(Issued _____, 2014)

1. This Protective Order shall govern the use of all Protected Materials produced by, or on behalf of, any Participant. Notwithstanding any order terminating this proceeding, this Protective Order shall remain in effect until specifically modified or terminated by the Presiding Administrative Law Judge (“Presiding Judge”) or the Federal Energy Regulatory Commission (“Commission”).

2. This Protective Order applies to the following two categories of materials: (A) A Participant may designate as protected those materials which customarily are treated by that Participant as sensitive or proprietary, which are not available to the public, and which, if disclosed freely, would subject that Participant or its customers to risk of competitive disadvantage or other business injury; and (B) A Participant shall designate as protected those materials which contain critical energy infrastructure information, as defined in 18 C.F.R. § 388.113(c)(1) (“Critical Energy Infrastructure Information”).

3. Definitions -- For purposes of this Order:

(a) The term “Participant” shall mean each captioned Applicants, any person or entity contemplating intervening in this proceeding to whom Protected Materials are provided by the Applicants or its affiliates prior to such intervention, and a Participant as defined in 18 C.F.R. § 385.102(b).

(b) (1) The term “Protected Materials” means (A) materials (including depositions) provided by a Participant as part of any application or other pleading filed with the Commission or in response to discovery requests, and designated by such Participant as protected; (B) any information contained in or obtained from such designated materials; (C) any other materials which are made subject to this Protective Order by the Presiding Judge, by the Commission, by any court or other body having appropriate authority, or by agreement of the Participants; (D) notes of Protected Materials; and (E) copies of Protected Materials. The Participant producing the Protected Materials shall physically mark them on each page as “CONTAINS PRIVILEGED INFORMATION-DO NOT RELEASE” or “PROTECTED MATERIALS” or with words of similar import as long as the term “Protected Materials” is included in that designation to indicate that they are Protected Materials. If the Protected Materials contain Critical Energy Infrastructure Information, the Participant producing such information shall additionally mark on

each page containing such information the words “Contains Critical Energy Infrastructure Information - Do Not Release.”

(2) The term “Notes of Protected Materials” means memoranda, handwritten notes, or any other form of information (including electronic form) which copies or discloses materials described in Paragraphs 3(b)(1) or 5. Notes of Protected Materials are subject to the same restrictions provided in this order for Protected Materials except as specifically provided in this order.

(3) Protected Materials shall not include (A) any information or document contained in the files of the Commission, or any other federal or state agency, or any federal or state court, unless the information or document has been determined to be protected by such agency or court, or (B) information that is public knowledge, or which becomes public knowledge, other than through disclosure in violation of this Protective Order, or (C) any information or document labeled as “Non-Internet Public” by a Participant, in accordance with Paragraph 30 of FERC Order No. 630, FERC Stats. & Regs. ¶ 31,140. Protected Materials do include any information or document contained in the files of the Commission that has been designated as Critical Energy Infrastructure Information.

(c) The term “Non-Disclosure Certificate” shall mean the certificate annexed hereto by which Participants who have been granted access to Protected Materials shall certify their understanding that such access to Protected Materials is provided pursuant to the terms and restrictions of this Protective Order, and that such Participants have read the Protective Order and agree to be bound by it. All Non-Disclosure Certificates shall be served on all parties on the official service list maintained by the Secretary in this proceeding.

(d) The term “Reviewing Representative” shall mean a person who has signed a Non-Disclosure Certificate and who is:

- (1) Commission Litigation Staff;
- (2) an attorney who has made an appearance in this proceeding for a Participant;
- (3) attorneys, paralegals, and other employees associated for purposes of this case with an attorney described in Paragraph (2);
- (4) an expert or an employee of an expert retained by a Participant for the purpose of advising, preparing for or testifying in this proceeding;
- (5) a person designated as a Reviewing Representative by order of the Presiding Judge or the Commission; or
- (6) employees or other representatives of Participants appearing in this proceeding with significant responsibility for this docket.

4. Protected Materials shall be made available under the terms of this Protective Order only to Participants and only through their Reviewing Representatives as provided in Paragraphs 7-9.

5. Protected Materials shall remain available to Participants until the later of the date that an order terminating this proceeding becomes no longer subject to judicial review, or the date that

any other Commission proceeding relating to the Protected Material is concluded and no longer subject to judicial review. If requested to do so in writing after that date, the Participants shall, within fifteen days of such request, return the Protected Materials (excluding Notes of Protected Materials) to the Participant that produced them, or shall destroy the materials, except that copies of filings, official transcripts and exhibits in this proceeding that contain Protected Materials, and Notes of Protected Material may be retained, if they are maintained in accordance with Paragraph 6, below. Within such time period each Participant, if requested to do so, shall also submit to the producing Participant an affidavit stating that, to the best of its knowledge, all Protected Materials and all Notes of Protected Materials have been returned or have been destroyed or will be maintained in accordance with Paragraph 6. To the extent Protected Materials are not returned or destroyed, they shall remain subject to the Protective Order.

6. All Protected Materials shall be maintained by the Participant in a secure place. Access to those materials shall be limited to those Reviewing Representatives specifically authorized pursuant to Paragraphs 8-9. The Secretary shall place any Protected Materials filed with the Commission in a non-public file. By placing such documents in a nonpublic file, the Commission is not making a determination of any claim of privilege. The Commission retains the right to make determinations regarding any claim of privilege and the discretion to release information necessary to carry out its jurisdictional responsibilities. For documents submitted to Commission Litigation Staff ("Staff"), Staff shall follow the notification procedures of 18 C.F.R. § 388.112 before making public any Protected Materials.

7. Protected Materials shall be treated as confidential by each Participant and by the Reviewing Representative in accordance with the certificate executed pursuant to Paragraph 9. Protected Materials shall not be used except as necessary for the conduct of this proceeding, nor shall they be disclosed in any manner to any person except a Reviewing Representative who is engaged in the conduct of this proceeding and who needs to know the information in order to carry out that person's responsibilities in this proceeding. Reviewing Representatives may make copies of Protected Materials, but such copies become Protected Materials. Reviewing Representatives may make notes of Protected Materials, which shall be treated as Notes of Protected Materials if they disclose the contents of Protected Materials.

8. (a) If a Reviewing Representative's scope of employment includes the marketing of energy, the direct supervision of any employee or employees whose duties include the marketing of energy, the provision of consulting services to any person whose duties include the marketing of energy, or the direct supervision of any employee or employees whose duties include the marketing of energy, such Reviewing Representative may not use information contained in any Protected Materials obtained through this proceeding to give any Participant or any competitor of any Participant a commercial advantage.

(b) In the event that a Participant wishes to designate as a Reviewing Representative a person not described in Paragraph 3 (d) above, the Participant shall seek agreement from the Participant providing the Protected Materials. If an agreement is reached that person shall be a Reviewing Representative pursuant to Paragraphs 3(d) above with respect to those materials. If no agreement is reached, the Participant shall submit the disputed designation to the Presiding Judge for resolution.

9. (a) A Reviewing Representative shall not be permitted to inspect, participate in discussions regarding, or otherwise be permitted access to Protected Materials pursuant to this Protective

Order unless that Reviewing Representative has first executed a Non-Disclosure Certificate provided that if an attorney qualified as a Reviewing Representative has executed such a certificate, the paralegals, secretarial and clerical personnel under the attorney's instruction, supervision or control need not do so. A copy of each Non-Disclosure Certificate shall be provided to counsel for the Participant asserting confidentiality prior to disclosure of any Protected Material to that Reviewing Representative.

(b) Attorneys qualified as Reviewing Representatives are responsible for ensuring that persons under their supervision or control comply with this order.

10. Any Reviewing Representative may disclose Protected Materials to any other Reviewing Representative as long as the disclosing Reviewing Representative and the receiving Reviewing Representative both have executed a Non-Disclosure Certificate. In the event that any Reviewing Representative to whom the Protected Materials are disclosed ceases to be engaged in these proceedings, or is employed or retained for a position whose occupant is not qualified to be a Reviewing Representative under Paragraph 3(d), access to Protected Materials by that person shall be terminated. Even if no longer engaged in this proceeding, every person who has executed a Non-Disclosure Certificate shall continue to be bound by the provisions of this Protective Order and the certification.

11. Subject to Paragraph 18, the Presiding Administrative Law Judge shall resolve any disputes arising under this Protective Order. Prior to presenting any dispute under this Protective Order to the Presiding Administrative Law Judge, the parties to the dispute shall use their best efforts to resolve it. Any participant that contests the designation of materials as protected shall notify the party that provided the protected materials by specifying in writing the materials whose designation is contested. This Protective Order shall automatically cease to apply to such materials five (5) business days after the notification is made unless the designator, within said 5-day period, files a motion with the Presiding Administrative Law Judge, with supporting affidavits, demonstrating that the materials should continue to be protected. In any challenge to the designation of materials as protected, the burden of proof shall be on the participant seeking protection. If the Presiding Administrative Law Judge finds that the materials at issue are not entitled to protection, the procedures of Paragraph 17 shall apply. The procedures described above shall not apply to protected materials designated by a Participant as Critical Energy Infrastructure Information. Materials so designated shall remain protected and subject to the provisions of this Protective Order, unless a Participant requests and obtains a determination from the Commission's Critical Energy Infrastructure Information Coordinator that such materials need not remain protected.

12. All copies of all documents reflecting Protected Materials, including the portion of the hearing testimony, exhibits, transcripts, briefs and other documents which refer to Protected Materials, shall be filed and served in sealed envelopes or other appropriate containers endorsed to the effect that they are sealed pursuant to this Protective Order. Such documents shall be marked "PROTECTED MATERIALS" or "CONTAINS PRIVILEGED INFORMATION-DO NOT RELEASE" and shall be filed under seal and served under seal upon the Presiding Judge and all Reviewing Representatives who are on the service list. Such documents containing Critical Energy Infrastructure Information shall be additionally marked "Contains Critical Energy Infrastructure Information - Do Not Release." For anything filed under seal, redacted versions or, where an entire document is protected, a letter indicating such, will also be filed with the Commission and served on all parties on the service list and the Presiding Judge. Counsel for

the producing Participant shall provide to all Participants who request the same, a list of Reviewing Representatives who are entitled to receive such material. Counsel shall take all reasonable precautions necessary to assure that Protected Materials are not distributed to unauthorized persons.

13. If any Participant desires to include, utilize or refer to any Protected Materials or information derived therefrom in testimony or exhibits during the hearing in these proceedings in such a manner that might require disclosure of such material to persons other than reviewing representatives, such participant shall first notify both counsel for the disclosing participant and the Presiding Judge of such desire, identifying with particularity each of the Protected Materials. Thereafter, use of such Protected Material will be governed by procedures determined by the Presiding Judge.

14. Nothing in this Protective Order shall be construed as precluding any Participant from objecting to the use of Protected Materials on any legal grounds.

15. Nothing in this Protective Order shall preclude any Participant from requesting the Presiding Judge, the Commission, or any other body having appropriate authority, to find that this Protective Order should not apply to all or any materials previously designated as Protected Materials pursuant to this Protective Order. The Presiding Judge may alter or amend this Protective Order as circumstances warrant at any time during the course of this proceeding.

16. Each party governed by this Protective Order has the right to seek changes in it as appropriate from the Presiding Judge or the Commission.

17. All Protected Materials filed with the Commission, the Presiding Judge, or any other judicial or administrative body, in support of, or as a part of, a motion, other pleading, brief, or other document, shall be filed and served in sealed envelopes or other appropriate containers bearing prominent markings indicating that the contents include Protected Materials subject to this Protective Order. Such documents containing Critical Energy Infrastructure Information shall be additionally marked "Contains Critical Energy Infrastructure Information – Do Not Release."

18. If the Presiding Judge finds at any time in the course of this proceeding that all or part of the Protected Materials need not be protected, those materials shall, nevertheless, be subject to the protection afforded by this Protective Order for three (3) business days from the date of issuance of the Presiding Judge's decision, and if the Participant seeking protection files an interlocutory appeal or requests that the issue be certified to the Commission, for an additional seven (7) business days. None of the Participants waives its rights to seek additional administrative or judicial remedies after the Presiding Judge's decision respecting Protected Materials or Reviewing Representatives, or the Commission's denial of any appeal thereof. The provisions of 18 C.F.R. §§ 388.112 and 388.113 shall apply to any requests for Protected Materials in the files of the Commission under the Freedom of Information Act. (5 U.S.C. § 552).

19. Nothing in this Protective Order shall be deemed to preclude any Participant from independently seeking through discovery in any other administrative or judicial proceeding information or materials produced in this proceeding under this Protective Order.

20. None of the Participants waives the right to pursue any other legal or equitable remedies that may be available in the event of actual or anticipated disclosure of Protected Materials.

21. The contents of Protected Materials or any other form of information that copies or discloses Protected Materials shall not be disclosed to anyone other than in accordance with this Protective Order and shall be used only in connection with this (these) proceeding(s). Any violation of this Protective Order and of any Non- Disclosure Certificate executed hereunder shall constitute a violation of an order of the Commission.

**UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION**

Chanarambie Power Partners, LLC)
ALLETE Clean Energy, Inc.) **Docket No. EC15-__-000**
)
)

NON-DISCLOSURE CERTIFICATE

I hereby certify my understanding that access to Protected Materials is provided to me pursuant to the terms and restrictions of the Protective Order in this proceeding, that I have been given a copy of and have read the Protective Order, and that I agree to be bound by it. I understand that the contents of the Protected Materials, any notes or other memoranda, or any other form of information that copies or discloses Protected Materials shall not be disclosed to anyone other than in accordance with that Protective Order. I acknowledge that a violation of this certificate constitutes a violation of an order of the Federal Energy Regulatory Commission.

By: _____
Title: _____
Representing: _____
Date: _____

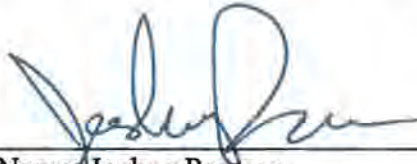
ATTACHMENT 2
VERIFICATIONS

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Chanarambie Power Partners, LLC) Docket No. EC15-__-000
ALLETE Clean Energy, Inc.)

VERIFICATION OF APPLICATION

The undersigned, being duly sworn, states that he is the authorized representative of Chanarambie Power Partners, LLC and Northern Wind Energy, LLC, the owner of all the ownership interests in the Chanarambie Power Partners, LLC, and that he has read the foregoing Application and knows the contents thereof; and that all statements contained therein with respect to the Chanarambie Power Partners, LLC and its affiliates are true and correct to the best of his knowledge, information, and belief.



Name: Joshua Pearson
Title: Assistant Secretary of EDF Renewable Energy, Inc., Managing Member of Northern Wind Energy, LLC

Chanarambie Power Partners, LLC and Northern Wind Energy, LLC

STATE OF CALIFORNIA)
) ss.
COUNTY OF SAN DIEGO)

Subscribed and sworn to (or affirmed) before me on this ___ day of _____ 2014, by JOSHUA PEARSON, proved to me on the basis of satisfactory evidence to be the person who appeared before me.

WITNESS my hand and official seal.

Notary's Signature

[Notary Seal]

See attached.

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
)
County of San Diego)

Subscribed and sworn to (or affirmed) before me on this 13th day of January, 2015, JOSHUA PEARSON, who proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.

(Seal)


Notary Public



UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Chanarambie Power Partners, LLC) Docket No. EC15-__-000
ALLETE Clean Energy, Inc.)

VERIFICATION OF APPLICATION

The undersigned, being duly sworn, states that he is the authorized representative of ALLETE Clean Energy, Inc. and that he or she has read the foregoing Application and knows the contents thereof; and that all statements contained therein with respect to ALLETE Clean Energy, Inc. and its affiliates are true and correct to the best of his or her knowledge, information, and belief.

Stephen Peluso

Name: Stephen Peluso
Title: Vice President, Project Origination

ALLETE Clean Energy, Inc.

Subscribed and sworn to before me this 13 day of January, 2015.

(SEAL)

Mary K Johnson
Notary Public,

County of Carlton
State of Minnesota





For Release: May 6, 2015

Contact: Amy Rutledge
Manager - Corporate Communications
218-723-7400
arutledge@allete.com

NEWS

ALLETE Clean Energy signs purchase agreement with The AES Corporation for 100.5 Megawatt Armenia Mountain wind facility near Troy, Pa.

Duluth, Minn.—ALLETE Clean Energy, a wholly-owned subsidiary of ALLETE, Inc. (NYSE: ALE), has agreed to acquire 100 percent of AES Armenia Mountain Wind, LLC, (Armenia Mountain) a 100.5 Megawatt (MW) wind facility near Troy, Pa., from The AES Corporation (AES) and a non-controlling interest from a minority shareholder for a total of \$108 million, plus the assumption of existing debt.

ALLETE Clean Energy (ACE) had an option to purchase the Armenia Mountain facility, which was exercised on April 1; a purchase agreement with AES was signed April 30. Closing is expected in July 2015.

Located in the busy PJM electricity market near the New York-Pennsylvania border, Armenia Mountain's 67, 1.5MW General Electric wind turbines were installed in 2009. All the facility's energy output is sold through existing power purchase agreements that extend through 2025.

This is the fourth wind facility ACE has acquired from AES and the seventh in its portfolio. In January of 2014, the ALLETE subsidiary finalized the acquisition of wind energy projects with a total capacity of 231MW in Lake Benton, Minn., Storm Lake, Iowa, and Condon, Ore., from AES. Armenia Mountain is the largest and newest of the wind installations acquired by ACE.

"This acquisition continues our steady growth, with ACE's operating assets to total 540MW," said ALLETE Clean Energy President Eric Norberg. "By moving into a different area of the country with a thriving renewable energy market, ACE builds upon its operational and entrepreneurial experience."

"ALLETE continues to successfully execute and integrate the major planks within our broader energy strategy," said ALLETE Chairman, President and CEO Al Hodnik. "ALLETE's combined portfolio of operating wind assets from ACE and Minnesota Power will total nearly 1,000 megawatts. This latest transaction reinforces our belief that a more sustainable energy future relying less on carbon will mold the North American energy landscape over the long haul."

In November of 2014, ALLETE Clean Energy also finalized a major development agreement with Montana-Dakota Utilities, a division of MDU Resources Group (NYSE: MDU), acquiring the rights to develop and construct a 107MW wind facility near Hettinger, N.D., and then sell the project to Montana-Dakota for approximately \$200 million, pending regulatory approval.

Morgan Stanley is acting as financial advisor to ALLETE Clean Energy for this transaction.

ALLETE Clean Energy was established in 2011 to acquire or develop capital projects to create energy solutions by way of wind, solar, biomass, hydro, natural gas, shale resources, clean coal technology and other emerging energy innovations.

ALLETE, Inc. is an energy company headquartered in Duluth, Minnesota. In addition to its electric utilities, Minnesota Power and Superior Water, Light and Power of Wisconsin, ALLETE owns ALLETE Clean Energy, based in Duluth, BNI Coal in Center, N.D., U.S. Water Services in St. Michael, Minnesota, and has an eight percent equity interest in the American Transmission Co. More information about ALLETE is available at www.allete.com.

The statements contained in this release and statements that ALLETE may make orally in connection with this release that are not historical facts, are forward-looking statements. These forward-looking statements involve risks and uncertainties and investors are directed to the risks discussed in documents filed by ALLETE with the Securities and Exchange Commission.

###

State of Minnesota
DEPARTMENT OF COMMERCE
DIVISION OF ENERGY RESOURCES

Nonpublic
 Public

Utility Information Request

Docket Number: E015/AI-15-712

Date of Request: 8/10/2015

Requested From: Minnesota Power

Response Due: 8/20/2015

Analyst Requesting Information: Nancy Campbell

Type of Inquiry: Financial Rate of Return Rate Design
 Engineering Forecasting Conservation
 Cost of Service CIP Other:

If you feel your responses are trade secret or privileged, please indicate this on your response.

Request No.	
5	Please explain how the financing for the wind facilities purchased by ALLETE Clean Energy are kept separate from ALLETE. Inc./MP.

RESPONSE:

ALLETE Clean Energy has financed its purchases directly – either by acquiring the existing debt of a project or obtaining project financing after the closing of an acquisition. ALLETE’s sole involvement has been equity infusions to ALLETE Clean Energy under the parameters of the ALLETE capital structure petition; Minnesota Power has no involvement in ALLETE Clean Energy financing.

Response by: Christopher D. Anderson
 Title: Associate General Counsel
 Department: Legal Services
 Telephone: (218) 723-3961

List sources of information:

State of Minnesota
DEPARTMENT OF COMMERCE
DIVISION OF ENERGY RESOURCES

Nonpublic
 Public

Utility Information Request

Docket Number: E015/AI-15-712

Date of Request: 8/10/2015

Requested From: Minnesota Power

Response Due: 8/20/2015

Analyst Requesting Information: Nancy Campbell

Type of Inquiry: Financial Rate of Return Rate Design
 Engineering Forecasting Conservation
 Cost of Service CIP Other:

If you feel your responses are trade secret or privileged, please indicate this on your response.

Request No.	
6	<p>Reference: The Commission’s July 23, 2012 Order in Docket No. E015/AI-11-868 on pages 4-5 stated that:</p> <p>The Commission concurs that the lease agreement between ALLETE, Inc. and ALLETE Clean Energy for office space contained in the affiliated interest transaction is reasonable and consistent with the public interest and the Commission will approve it, subject to continuing supervisory authority under Minn. Stat. § 216B.48, subd. 6. The Commission also agrees with the Department that future renewals of the lease are subject to Commission review, and that competitive bidding is the preferred standard by which to determine reasonableness.</p> <p>Based on the Commission’s Order stated above, please explain why ALLETE, Inc./MP did not perform competitive bidding for the current lease with ACE?</p>

RESPONSE:

While it is clearly understood that competitive bidding is the preferred method for an affiliate relationship, there is a 15% office space vacancy rate in downtown Duluth which indicates that competing tenants would not significantly increase the rental rate or terms of the lease. Further, since the Lake Superior Place is not in rate base, the lease rate paid by ALLETE Clean Energy

Response by: Christopher D. Anderson
 Title: Associate General Counsel
 Department: Legal Services
 Telephone: (218) 723-3961

List sources of information:

will have no impact on ratepayers. Finally, there are real-life business considerations that trump the regulatory preference of competitive bidding, such as shared employees enjoying easier access to ALLETE Clean Energy employees and offices (and vice versa) and common facilities are closer for ALLETE Clean Energy employees (parking, credit union and cafeteria).

Response by: Christopher D. Anderson
Title: Associate General Counsel
Department: Legal Services
Telephone: (218) 723-3961

List sources of information:

State of Minnesota
DEPARTMENT OF COMMERCE
DIVISION OF ENERGY RESOURCES

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Request No.	
7	Please provide the legal organization chart for ALLETE, Inc. that includes ALLETE, Inc./MP, ACE, and all other entities.

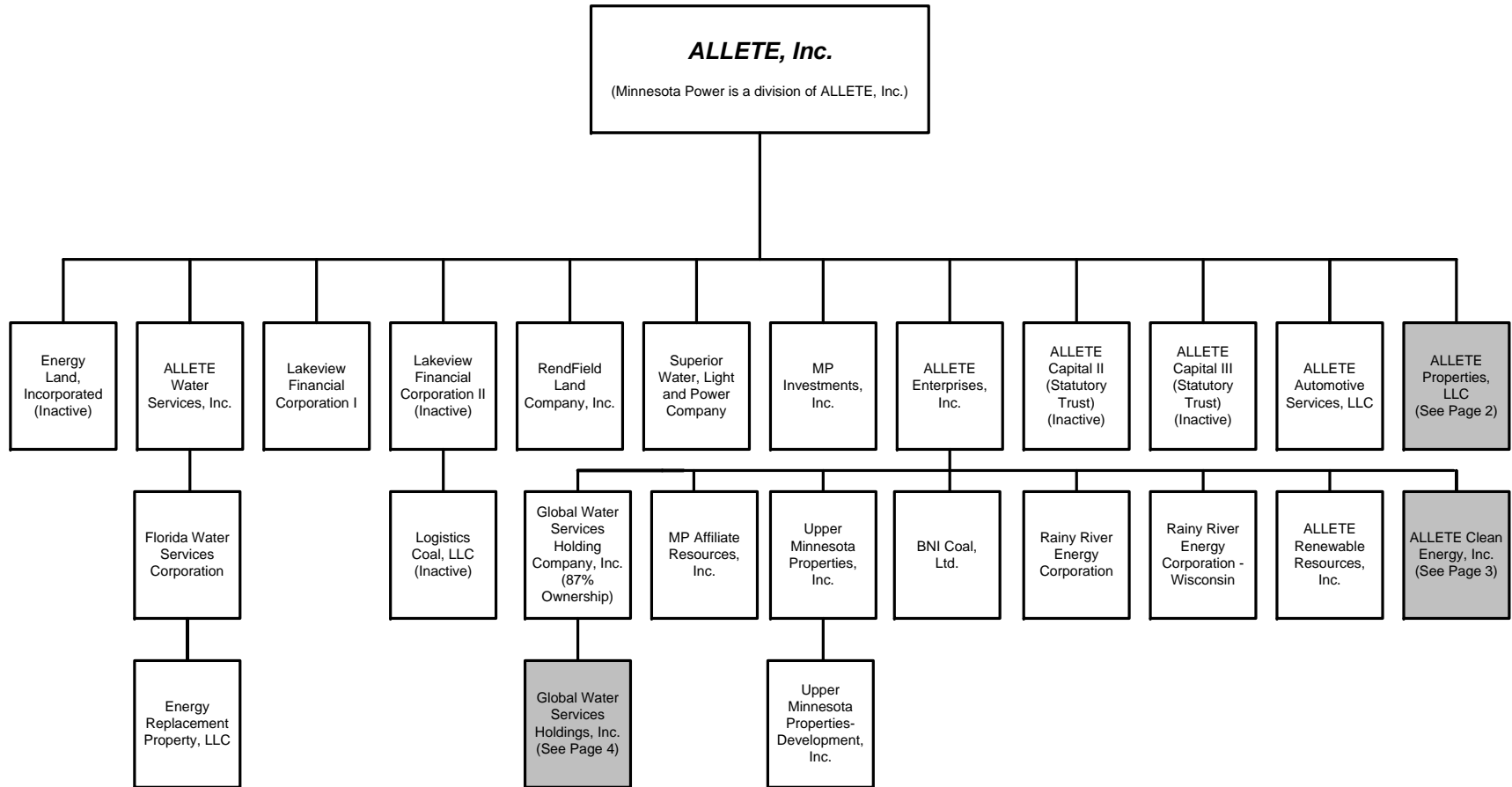
RESPONSE:

See the attached organization chart of ALLETE Inc.

Response by: Christopher D. Anderson
 Title: Associate General Counsel
 Department: Legal Services
 Telephone: (218) 723-3961

List sources of information:

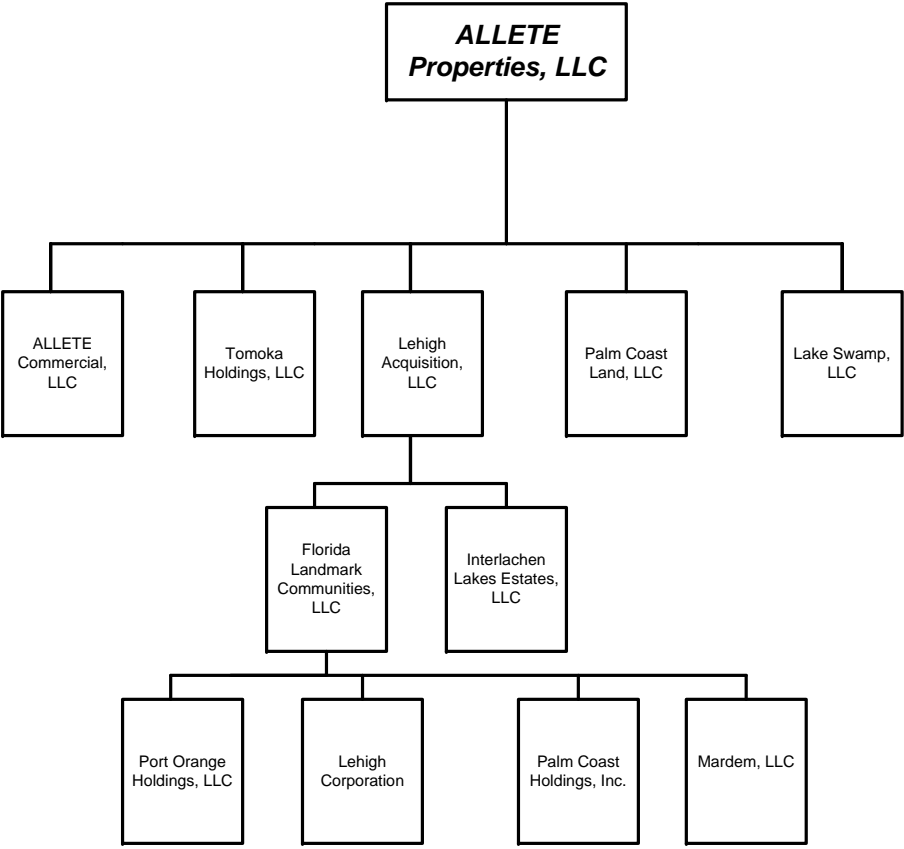
ALLETE, Inc. Legal Organization Chart



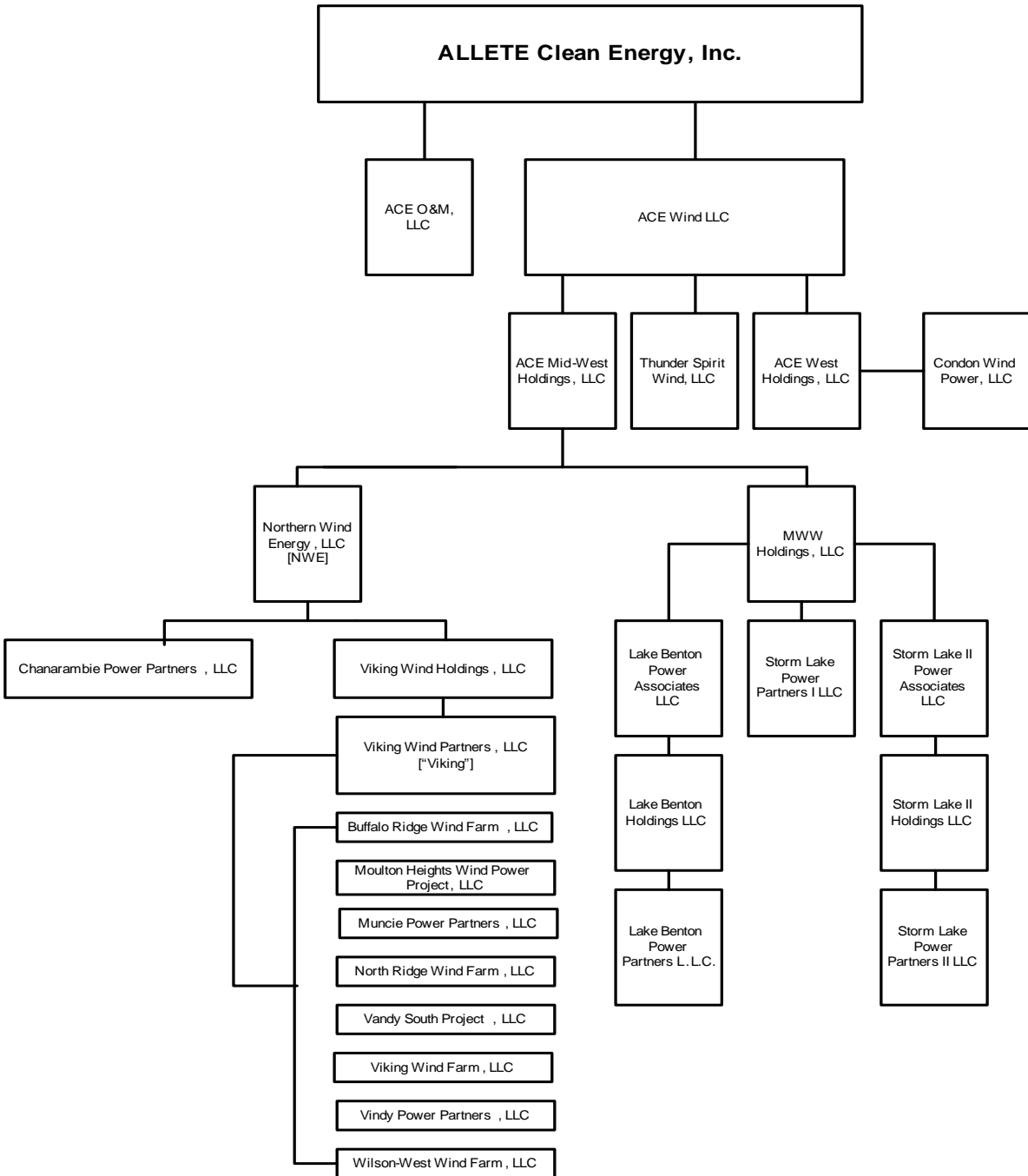
06/25/2015

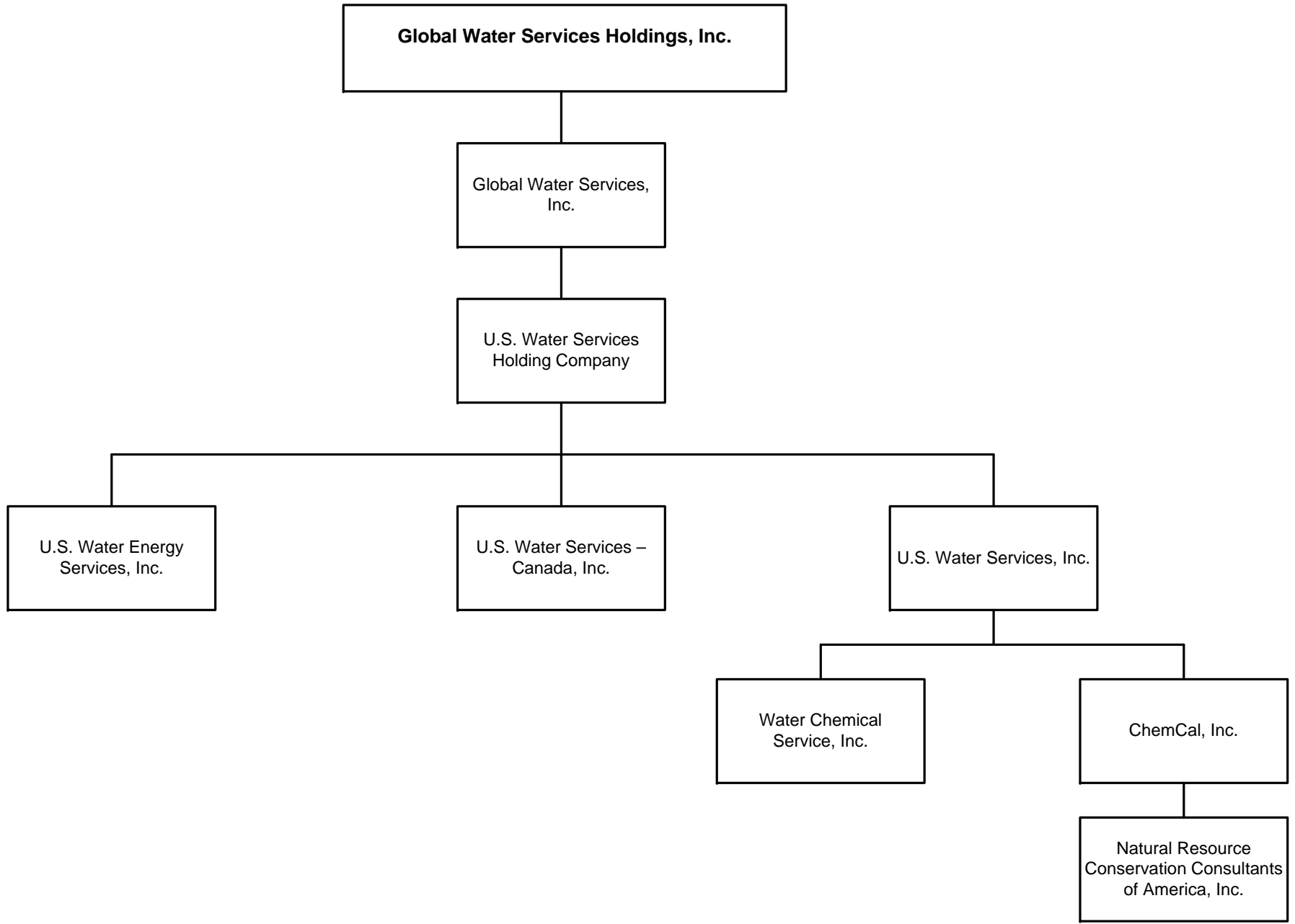
Changed ownership % listed under Global Water Services Holding Co., Inc. from 86% to 87%

ALLETE, Inc.
ALLETE Properties, LLC
Legal Organization Chart



ALLETE, Inc.
ALLETE Clean Energy , Inc.
Legal Organization Chart





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Request No.	
8	Please provide a list of employees (by title and function) that work only for ACE.

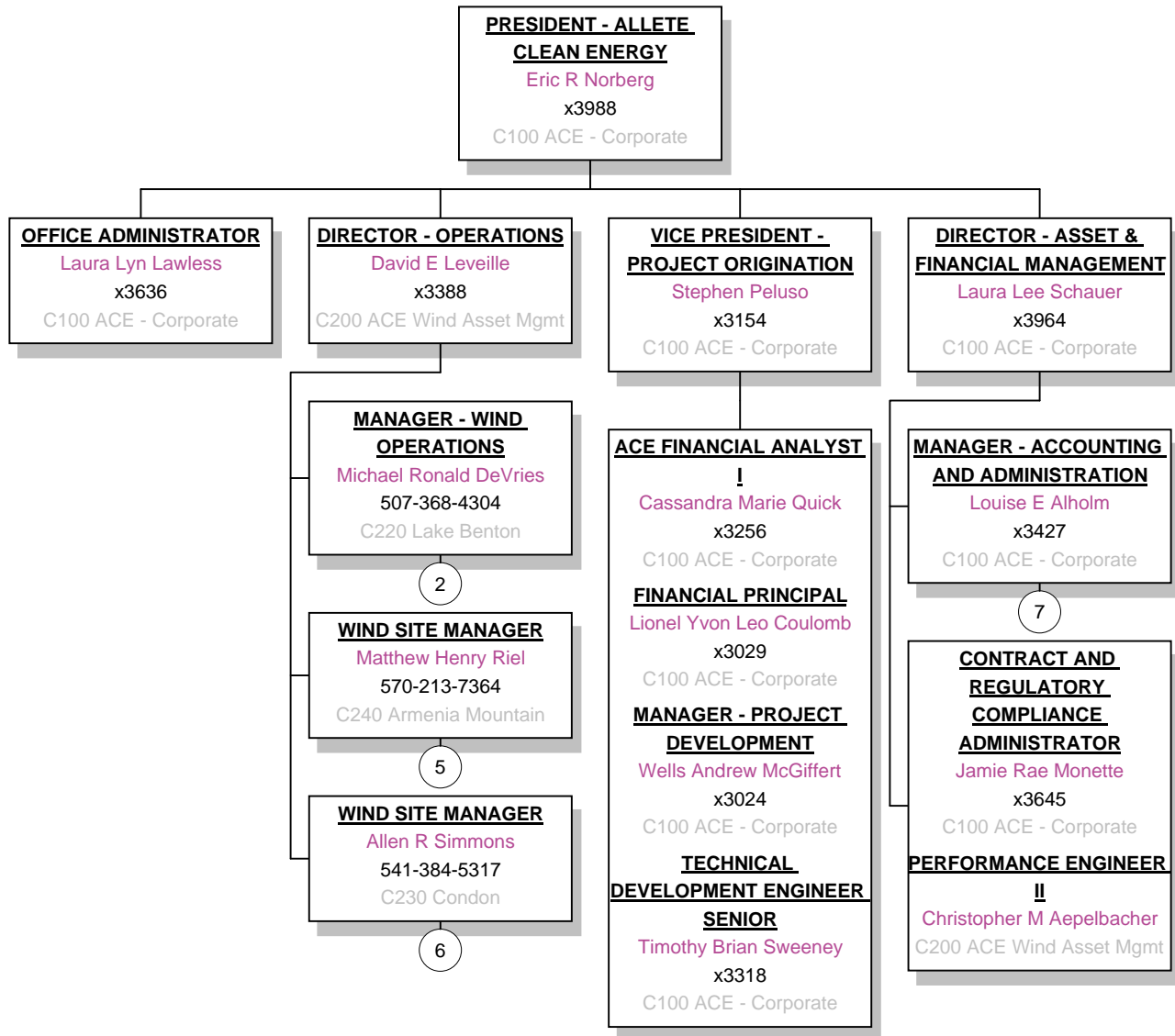
RESPONSE:

Please see the attached Employee Organizational Chart.

Response by: Louise Alholm
 Title: Manager - Accounting & Administration
 Department: ACE - Corporate
 Telephone: (218) 355-3427

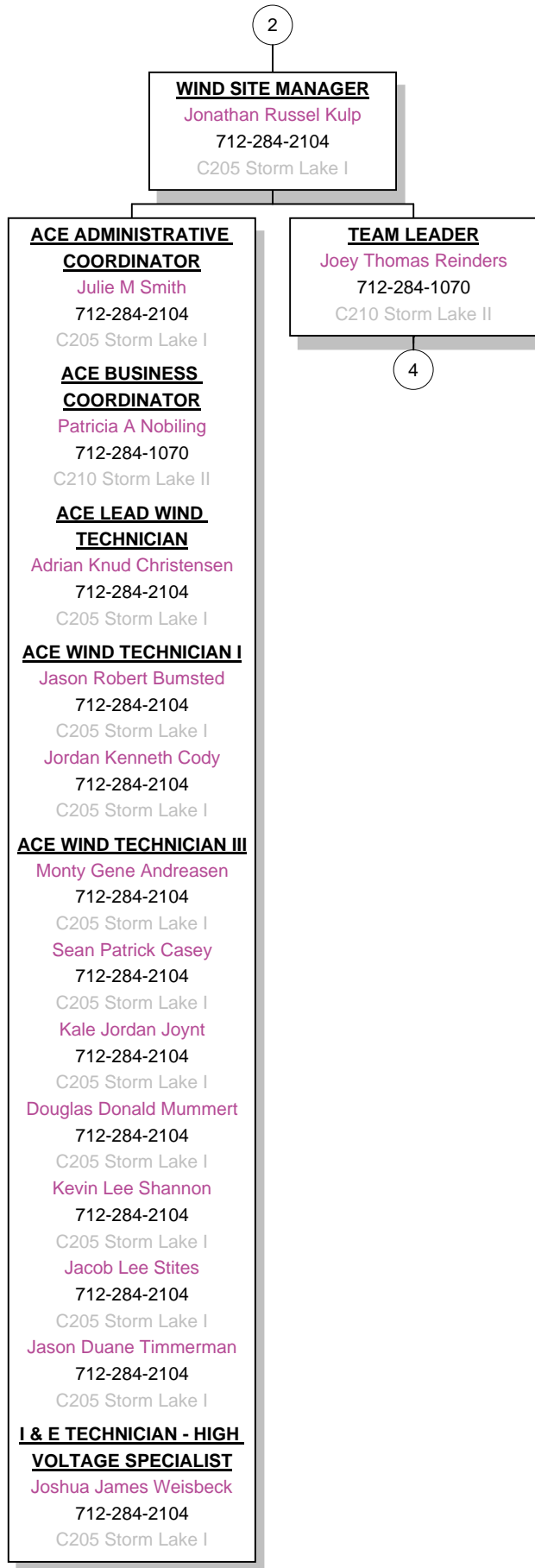
List sources of information:

ALLETE Clean Energy -- C100 ACE - Corporate -- 08/13/2015





ALLETE Clean Energy -- C205 Storm Lake I -- 08/13/2015



ALLETE Clean Energy -- C210 Storm Lake II -- 08/13/2015

3

TEAM LEADER

Joey Thomas Reinders

712-284-1070

C210 Storm Lake II

**ACE LEAD WIND
TECHNICIAN**

Tyler Joseph Daniel

712-284-1070

C210 Storm Lake II

ACE WIND TECHNICIAN I

Clarke Gregory Fisher

C210 Storm Lake II

ACE WIND TECHNICIAN II

Brandon Wesley Brock

712-284-1070

C210 Storm Lake II

Benjamin Miles Gehrke

712-284-1070

C210 Storm Lake II

Aaron Michael Kohn

712-284-1070

C210 Storm Lake II

Jordan Roger Petersen

712-284-1070

C210 Storm Lake II

David A Thomas

712-284-1070

C210 Storm Lake II

Andrew Wilson

712-284-1070

C210 Storm Lake II

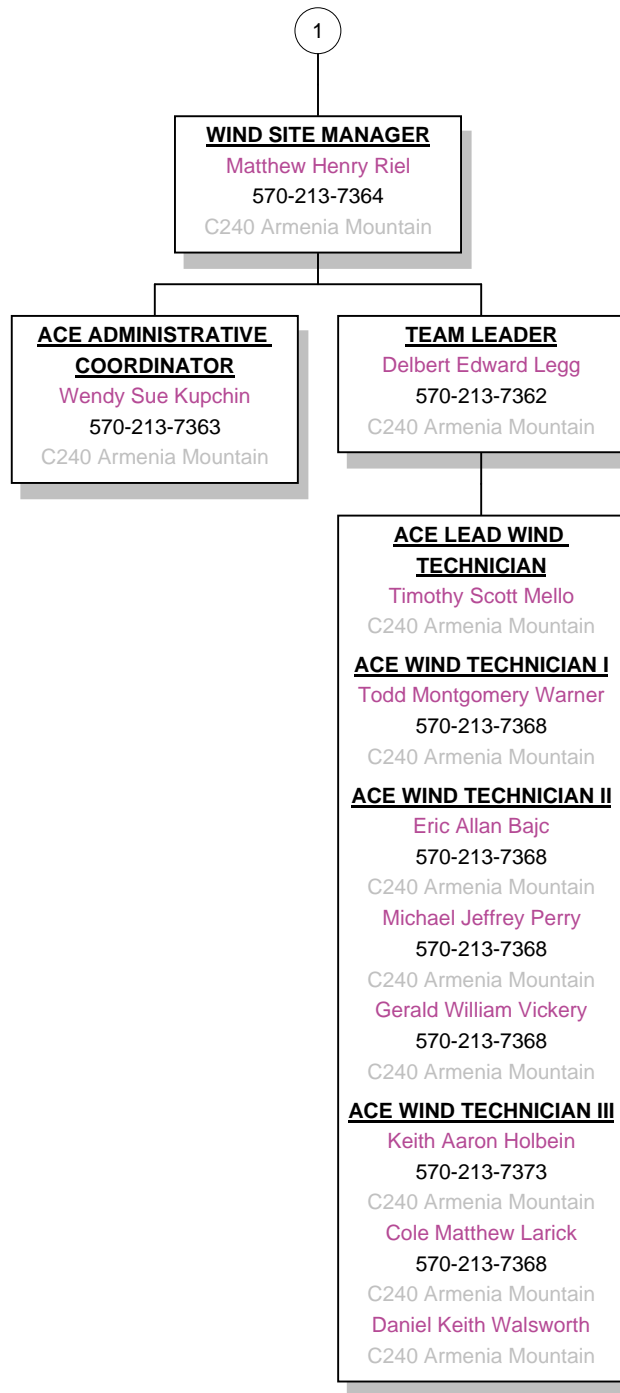
ACE WIND TECHNICIAN III

David Dale Skadeland

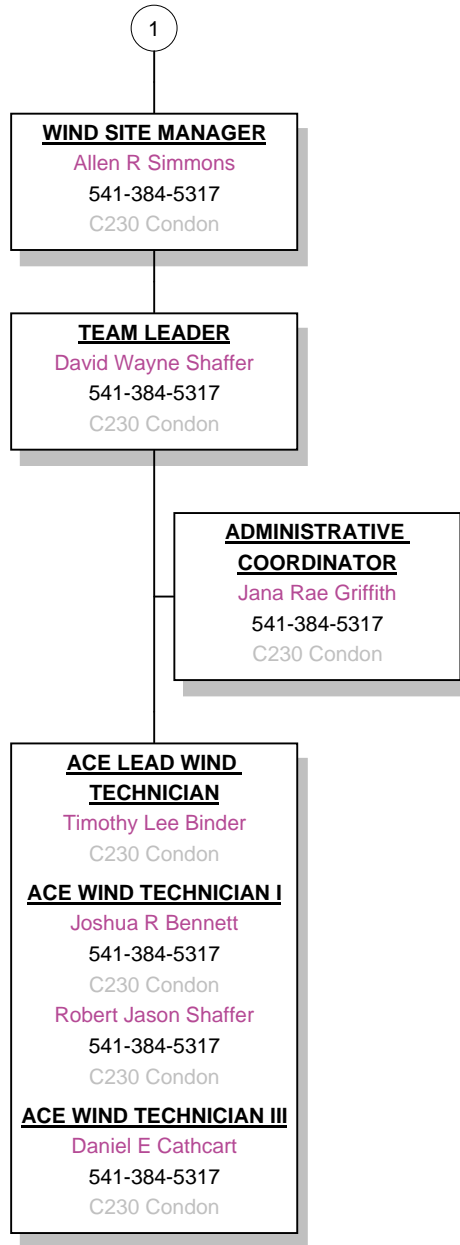
712-284-1070

C210 Storm Lake II

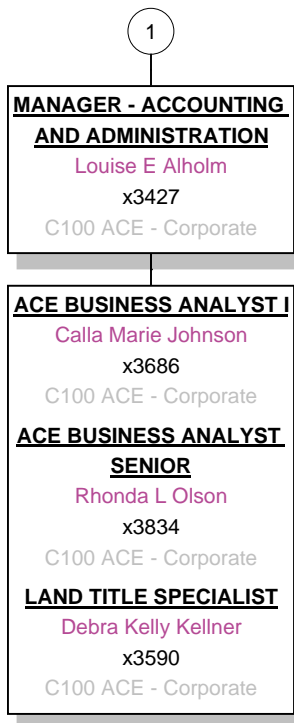
ALLETE Clean Energy -- C240 Armenia Mountain -- 08/13/2015



ALLETE Clean Energy -- C230 Condon -- 08/13/2015



ALLETE Clean Energy -- C100 ACE - Corporate -- 08/13/2015



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9	<p>Please provide a list of shared employees of MP/ALLETE, Inc. and ACE, and provide estimated percentages for work at each Company for 2014 and estimated 2015 (for example: 80% of time assigned MP and 20% of time assigned ACE for 2014, and expected 75% of time assigned MP and 25% assigned ACE for 2015).</p>

RESPONSE:

There are no shared employees of MP/ALLETE, Inc. and ACE. An individual is either an MP/ALLETE employee or an ACE employee. An MP/ALLETE employee working on a specific ACE project will charge their time accordingly via a direct charge work order, such that these labor costs are subsequently billed to ACE. In the instance that an ALLETE employee is working on a project such that the amount of time spent on ACE-specific tasks cannot be identified (due to overlap of tasks or practicality), the employee will charge their time accordingly to an indirect charge work order. Through the allocation process these labor costs are also subsequently billed to ACE.

The attached detail (OES IR 9 Attachment) shows the percentage of labor by Responsibility Center charged to MP and to ACE for 2014 and Jun 2015 YTD. Allocations of labor, whether direct charged or indirect charged, occur at the Responsibility Center level, not at the individual employee level.

Response by: Julie Fender
Title: Supervisor
Department: Accounting
Telephone: (218) 355-3723

List sources of information:

Minnesota Power
Docket E015/AI-15-712
OES IR 9

December-14
YTD Actuals

Responsibility Center				
135 Vegetation Management	Parent	Total	171,297.84	98.1579%
135 Vegetation Management	Subsidiary	SWLP	3,214.62	1.8421%
135 Vegetation Management	Total	Total	174,512.46	
140 Distribution System Engineering	Parent	Total	803,272.39	99.1514%
140 Distribution System Engineering	Subsidiary	SWLP	6,874.79	0.8486%
140 Distribution System Engineering	Total	Total	810,147.18	
141 Distribution Engineering & Operations	Parent	Total	71,370.05	100.0000%
141 Distribution Engineering & Operations	Total	Total	71,370.05	
145 Facility Operations	Parent	Total	517,773.01	99.7684%
145 Facility Operations	Subsidiary	SWLP	1,201.91	0.2316%
145 Facility Operations	Total	Total	518,974.92	
148 Customer Service	Parent	Total	643,088.95	100.0000%
148 Customer Service	Total	Total	643,088.95	
161 Customer Service Accounts	Parent	Total	770,566.15	100.0000%
161 Customer Service Accounts	Total	Total	770,566.15	
162 Renewable Programs	Parent	Total	66,260.88	100.0000%
162 Renewable Programs	Total	Total	66,260.88	
171 Customer Information	Parent	Total	356,059.72	100.0000%
171 Customer Information	Total	Total	356,059.72	
172 Customer Call Center	Parent	Total	1,222,357.63	100.0000%
172 Customer Call Center	Total	Total	1,222,357.63	
173 Cash Management	Parent	Total	115,602.93	84.6505%
173 Cash Management	Subsidiary	SWLP	20,962.08	15.3495%
173 Cash Management	Total	Total	136,565.01	
174 Meter Reading	Parent	Total	460,200.86	100.0000%
174 Meter Reading	Total	Total	460,200.86	
175 Operations Coordination Center	Parent	Total	553,125.03	100.0000%
175 Operations Coordination Center	Total	Total	553,125.03	
180 Fleet Maintenance	Parent	Total	935,025.31	91.6369%
180 Fleet Maintenance	Subsidiary	SWLP	85,334.04	8.3631%
180 Fleet Maintenance	Total	Total	1,020,359.35	
190 Field Operations	Parent	Total	5,446,808.88	99.6379%
190 Field Operations	Subsidiary	SWLP	19,793.01	0.3621%
190 Field Operations	Total	Total	5,466,601.89	
191 Meter Department	Parent	Total	1,219,948.42	99.4237%
191 Meter Department	Subsidiary	SWLP	7,070.96	0.5763%
191 Meter Department	Total	Total	1,227,019.38	
502 Hibbard Renewable Energy Center	Parent	Total	2,310,028.41	99.9925%
502 Hibbard Renewable Energy Center	Subsidiary	ALLETE Clean Energy	24.02	0.0010%
502 Hibbard Renewable Energy Center	Subsidiary	ALLETE Properties	79.26	0.0034%
502 Hibbard Renewable Energy Center	Subsidiary	BNI	38.43	0.0017%
502 Hibbard Renewable Energy Center	Subsidiary	SWLP	31.22	0.0014%
502 Hibbard Renewable Energy Center	Total	Total	2,310,201.34	
503 Laskin Energy Center	Parent	Total	2,459,760.64	99.9899%
503 Laskin Energy Center	Subsidiary	SWLP	248.00	0.0101%
503 Laskin Energy Center	Total	Total	2,460,008.64	

Minnesota Power
Docket E015/AI-15-712
OES IR 9

December-14
YTD Actuals

Responsibility Center

505 Rapids Energy Center	Parent	Total	2,382,958.62	99.5550%
505 Rapids Energy Center	Subsidiary	ALLETE Clean Energy	10,651.94	0.4450%
505 Rapids Energy Center	Total	Total	2,393,610.56	
506 Boswell Business Units 1&2	Parent	Total	2,287,597.67	100.0000%
506 Boswell Business Units 1&2	Total	Total	2,287,597.67	
507 Boswell Business Unit 3	Parent	Total	3,959,805.39	99.9903%
507 Boswell Business Unit 3	Subsidiary	ALLETE Clean Energy	385.37	0.0097%
507 Boswell Business Unit 3	Total	Total	3,960,190.76	
508 Boswell Business Unit 4	Parent	Total	3,657,573.13	99.9930%
508 Boswell Business Unit 4	Subsidiary	ALLETE Clean Energy	256.02	0.0070%
508 Boswell Business Unit 4	Total	Total	3,657,829.15	
509 Taconite Harbor Energy Center	Parent	Total	2,779,731.81	100.0000%
509 Taconite Harbor Energy Center	Total	Total	2,779,731.81	
517 Tac Ridge	Parent	Total	77,148.94	100.0000%
517 Tac Ridge	Total	Total	77,148.94	
518 Bison I Wind	Parent	Total	117,876.88	100.0000%
518 Bison I Wind	Total	Total	117,876.88	
519 Fuel Handling	Parent	Total	2,436,800.17	100.0000%
519 Fuel Handling	Total	Total	2,436,800.17	
520 Generation Operations	Parent	Total	2,017,194.61	99.8269%
520 Generation Operations	Subsidiary	ALLETE Clean Energy	3,497.40	0.1731%
520 Generation Operations	Total	Total	2,020,692.01	
522 Hydro	Parent	Total	2,028,756.40	100.0000%
522 Hydro	Total	Total	2,028,756.40	
530 ALLETE - President/CEO	Parent	Total	501,776.55	92.9283%
530 ALLETE - President/CEO	Subsidiary	ALLETE Clean Energy	4,978.79	0.9221%
530 ALLETE - President/CEO	Subsidiary	ALLETE Properties	17,674.02	3.2732%
530 ALLETE - President/CEO	Subsidiary	BNI	8,569.22	1.5870%
530 ALLETE - President/CEO	Subsidiary	SWLP	6,962.50	1.2894%
530 ALLETE - President/CEO	Total	Total	539,961.08	
531 Utility Operations - COO	Parent	Total	272,408.18	92.8662%
531 Utility Operations - COO	Subsidiary	ALLETE Clean Energy	2,739.19	0.9338%
531 Utility Operations - COO	Subsidiary	ALLETE Properties	9,680.01	3.3000%
531 Utility Operations - COO	Subsidiary	BNI	4,693.35	1.6000%
531 Utility Operations - COO	Subsidiary	SWLP	3,813.34	1.3000%
531 Utility Operations - COO	Total	Total	293,334.07	
547 Marketing	Parent	Total	1,293,239.63	99.9961%
547 Marketing	Subsidiary	ALLETE Clean Energy	6.92	0.0005%
547 Marketing	Subsidiary	ALLETE Properties	22.85	0.0018%
547 Marketing	Subsidiary	BNI	11.08	0.0009%
547 Marketing	Subsidiary	SWLP	9.00	0.0007%
547 Marketing	Total	Total	1,293,289.48	
548 Energy Supply/Asset Optimization	Parent	Total	815,089.35	100.0000%
548 Energy Supply/Asset Optimization	Total	Total	815,089.35	
550 Strategy & Planning	Parent	Total	1,191,060.70	94.7196%
550 Strategy & Planning	Subsidiary	ALLETE Clean Energy	8,666.17	0.6892%
550 Strategy & Planning	Subsidiary	ALLETE Properties	30,664.00	2.4386%
550 Strategy & Planning	Subsidiary	BNI	14,867.40	1.1823%
550 Strategy & Planning	Subsidiary	SWLP	12,200.68	0.9703%
550 Strategy & Planning	Total	Total	1,257,458.95	

Responsibility Center

553 ITS Administrative	Parent	Total	143,622.25	87.4770%
553 ITS Administrative	Subsidiary	ALLETE Clean Energy	7,559.49	4.6043%
553 ITS Administrative	Subsidiary	SWLP	13,001.22	7.9187%
553 ITS Administrative	Total	Total	164,182.96	
554 ITS Applications	Parent	Total	1,996,183.86	88.9000%
554 ITS Applications	Subsidiary	ALLETE Clean Energy	132,935.62	5.9203%
554 ITS Applications	Subsidiary	ALLETE Properties	99.73	0.0044%
554 ITS Applications	Subsidiary	BNI	47.87	0.0021%
554 ITS Applications	Subsidiary	Rainy River - Wisconsin	82.18	0.0037%
554 ITS Applications	Subsidiary	SWLP	116,076.80	5.1695%
554 ITS Applications	Total	Total	2,245,426.06	
556 ITS Systems	Parent	Total	1,251,450.76	88.6398%
556 ITS Systems	Subsidiary	ALLETE Clean Energy	60,490.89	4.2845%
556 ITS Systems	Subsidiary	BNI	0.00	0.0000%
556 ITS Systems	Subsidiary	SWLP	99,896.54	7.0756%
556 ITS Systems	Total	Total	1,411,838.19	
557 IT Security and Compliance	Parent	Total	231,233.31	92.6674%
557 IT Security and Compliance	Subsidiary	ALLETE Clean Energy	5,957.25	2.3874%
557 IT Security and Compliance	Subsidiary	SWLP	12,339.92	4.9453%
557 IT Security and Compliance	Total	Total	249,530.48	
575 Economic Development	Parent	Total	117,604.91	99.8864%
575 Economic Development	Subsidiary	ALLETE Clean Energy	133.70	0.1136%
575 Economic Development	Total	Total	117,738.61	
576 Community Relations	Parent	Total	138,376.98	100.0000%
576 Community Relations	Total	Total	138,376.98	
602 Transmission Structural Engineering	Parent	Total	155,734.50	86.8537%
602 Transmission Structural Engineering	Subsidiary	SWLP	23,572.16	13.1463%
602 Transmission Structural Engineering	Total	Total	179,306.66	
603 Power Delivery Engineering	Parent	Total	977,853.17	92.8707%
603 Power Delivery Engineering	Subsidiary	ALLETE Clean Energy	9,119.04	0.8661%
603 Power Delivery Engineering	Subsidiary	SWLP	65,946.72	6.2632%
603 Power Delivery Engineering	Total	Total	1,052,918.93	
604 Tech Systems	Parent	Total	2,339,062.13	94.4499%
604 Tech Systems	Subsidiary	MP	207.66	0.0084%
604 Tech Systems	Subsidiary	SWLP	137,240.38	5.5417%
604 Tech Systems	Total	Total	2,476,510.17	
606 System Performance & Relay Engineering	Parent	Total	2,811,039.72	100.0000%
606 System Performance & Relay Engineering	Total	Total	2,811,039.72	
608 Transmission Regulatory & Business Support	Parent	Total	766,394.16	99.9272%
608 Transmission Regulatory & Business Support	Subsidiary	ALLETE Clean Energy	558.01	0.0728%
608 Transmission Regulatory & Business Support	Total	Total	766,952.17	
650 Communications Infrastructure	Parent	Total	1,588,100.14	94.5223%
650 Communications Infrastructure	Subsidiary	ALLETE Clean Energy	25,659.88	1.5273%
650 Communications Infrastructure	Subsidiary	ALLETE Properties	63.85	0.0038%
650 Communications Infrastructure	Subsidiary	BNI	804.61	0.0479%
650 Communications Infrastructure	Subsidiary	MP	1,583.20	0.0942%
650 Communications Infrastructure	Subsidiary	Rainy River - Wisconsin	45.69	0.0027%
650 Communications Infrastructure	Subsidiary	SWLP	63,875.54	3.8018%
650 Communications Infrastructure	Total	Total	1,680,132.91	

Responsibility Center

731 Marketing & Public Affairs	Parent	Total	281,933.87	94.0758%
731 Marketing & Public Affairs	Subsidiary	ALLETE Clean Energy	2,360.18	0.7875%
731 Marketing & Public Affairs	Subsidiary	ALLETE Properties	8,193.60	2.7340%
731 Marketing & Public Affairs	Subsidiary	BNI	3,972.63	1.3256%
731 Marketing & Public Affairs	Subsidiary	SWLP	3,227.80	1.0771%
731 Marketing & Public Affairs	Total	Total	299,688.08	
733 Federal Government Affairs	Parent	Total	105,772.45	100.0000%
733 Federal Government Affairs	Total	Total	105,772.45	
734 State Government Affairs	Parent	Total	856,864.21	99.9900%
734 State Government Affairs	Subsidiary	ALLETE Clean Energy	4.32	0.0005%
734 State Government Affairs	Subsidiary	SWLP	81.72	0.0095%
734 State Government Affairs	Total	Total	856,950.25	
735 Public Affairs	Parent	Total	453,490.75	94.1351%
735 Public Affairs	Subsidiary	ALLETE Clean Energy	3,703.37	0.7687%
735 Public Affairs	Subsidiary	ALLETE Properties	13,067.31	2.7125%
735 Public Affairs	Subsidiary	BNI	6,335.68	1.3152%
735 Public Affairs	Subsidiary	SWLP	5,147.73	1.0686%
735 Public Affairs	Total	Total	481,744.84	
761 Corporate Legal Services	Parent	Total	1,019,396.82	84.4384%
761 Corporate Legal Services	Subsidiary	ALLETE Clean Energy	140,078.04	11.6029%
761 Corporate Legal Services	Subsidiary	ALLETE Properties	18,897.38	1.5653%
761 Corporate Legal Services	Subsidiary	BNI	11,741.73	0.9726%
761 Corporate Legal Services	Subsidiary	Rainy River - Wisconsin	2,031.63	0.1683%
761 Corporate Legal Services	Subsidiary	SWLP	15,121.53	1.2525%
761 Corporate Legal Services	Total	Total	1,207,267.13	
850 Environmental Services	Parent	Total	906,168.87	98.7329%
850 Environmental Services	Subsidiary	ALLETE Clean Energy	3,458.70	0.3768%
850 Environmental Services	Subsidiary	SWLP	8,170.63	0.8902%
850 Environmental Services	Total	Total	917,798.20	
900 Corporate Accounting-Admin.	Parent	Total	238,445.91	73.7700%
900 Corporate Accounting-Admin.	Subsidiary	ALLETE Clean Energy	70,039.77	21.6688%
900 Corporate Accounting-Admin.	Subsidiary	ALLETE Properties	8,204.25	2.5382%
900 Corporate Accounting-Admin.	Subsidiary	BNI	3,461.17	1.0708%
900 Corporate Accounting-Admin.	Subsidiary	Rainy River - Wisconsin	226.20	0.0700%
900 Corporate Accounting-Admin.	Subsidiary	SWLP	2,851.62	0.8822%
900 Corporate Accounting-Admin.	Total	Total	323,228.92	
920 Human Resources	Parent	Total	1,793,006.37	89.5665%
920 Human Resources	Subsidiary	ALLETE Clean Energy	65,347.75	3.2643%
920 Human Resources	Subsidiary	ALLETE Renewable Resources, In	453.46	0.0227%
920 Human Resources	Subsidiary	BNI	2,816.69	0.1407%
920 Human Resources	Subsidiary	SWLP	140,246.93	7.0058%
920 Human Resources	Total	Total	2,001,871.20	
923 Safety & Industrial Hygiene	Parent	Total	454,237.36	100.0000%
923 Safety & Industrial Hygiene	Total	Total	454,237.36	
939 Purchasing and Contracts	Parent	Total	803,478.62	92.5615%
939 Purchasing and Contracts	Subsidiary	ALLETE Clean Energy	19,795.91	2.2805%
939 Purchasing and Contracts	Subsidiary	ALLETE Properties	6.68	0.0008%
939 Purchasing and Contracts	Subsidiary	BNI	3.23	0.0004%
939 Purchasing and Contracts	Subsidiary	Rainy River - Wisconsin	5.49	0.0006%
939 Purchasing and Contracts	Subsidiary	SWLP	44,758.25	5.1562%
939 Purchasing and Contracts	Total	Total	868,048.18	

December-14
YTD Actuals

Responsibility Center

941 Stores	Parent	Total	650,617.60	99.8815%
941 Stores	Subsidiary	ALLETE Clean Energy	34.32	0.0053%
941 Stores	Subsidiary	SWLP	737.75	0.1133%
941 Stores	Total	Total	<u>651,389.67</u>	
950 Security	Parent	Total	320,770.63	98.2953%
950 Security	Subsidiary	SWLP	5,563.10	1.7047%
950 Security	Total	Total	<u>326,333.73</u>	
951 Land & Real Estate	Parent	Total	459,125.22	98.3905%
951 Land & Real Estate	Subsidiary	ALLETE Clean Energy	1,071.29	0.2296%
951 Land & Real Estate	Subsidiary	ALLETE Properties	9.20	0.0020%
951 Land & Real Estate	Subsidiary	BNI	4.45	0.0010%
951 Land & Real Estate	Subsidiary	Rainy River - Wisconsin	7.57	0.0016%
951 Land & Real Estate	Subsidiary	SWLP	6,418.14	1.3754%
951 Land & Real Estate	Total	Total	<u>466,635.87</u>	
959 Engineering Services	Parent	Total	852,100.73	97.8262%
959 Engineering Services	Subsidiary	ALLETE Clean Energy	13.86	0.0016%
959 Engineering Services	Subsidiary	SWLP	18,920.40	2.1722%
959 Engineering Services	Total	Total	<u>871,034.99</u>	
960 Facility Management	Parent	Total	202,088.29	99.9849%
960 Facility Management	Subsidiary	SWLP	30.44	0.0151%
960 Facility Management	Total	Total	<u>202,118.73</u>	
961 Office Services	Parent	Total	308,796.54	94.3759%
961 Office Services	Subsidiary	ALLETE Clean Energy	5,960.24	1.8216%
961 Office Services	Subsidiary	SWLP	12,441.87	3.8025%
961 Office Services	Total	Total	<u>327,198.65</u>	
962 Record Services	Parent	Total	101,474.03	92.6054%
962 Record Services	Subsidiary	ALLETE Clean Energy	3,394.39	3.0977%
962 Record Services	Subsidiary	SWLP	4,708.36	4.2969%
962 Record Services	Total	Total	<u>109,576.78</u>	
966 Investor Relations	Parent	Total	459,927.03	87.1731%
966 Investor Relations	Subsidiary	ALLETE Clean Energy	6,842.72	1.2969%
966 Investor Relations	Subsidiary	ALLETE Properties	21,443.92	4.0644%
966 Investor Relations	Subsidiary	BNI	10,364.66	1.9645%
966 Investor Relations	Subsidiary	Rainy River - Wisconsin	17,643.55	3.3441%
966 Investor Relations	Subsidiary	SWLP	11,380.16	2.1570%
966 Investor Relations	Total	Total	<u>527,602.04</u>	
969 Investments & Analysis	Parent	Total	822,673.71	83.8868%
969 Investments & Analysis	Subsidiary	ALLETE Clean Energy	99,294.58	10.1249%
969 Investments & Analysis	Subsidiary	ALLETE Properties	33,737.32	3.4401%
969 Investments & Analysis	Subsidiary	BNI	12,738.00	1.2989%
969 Investments & Analysis	Subsidiary	SWLP	12,251.80	1.2493%
969 Investments & Analysis	Total	Total	<u>980,695.41</u>	
973 Rates	Parent	Total	442,631.05	100.0000%
973 Rates	Total	Total	<u>442,631.05</u>	
974 Finance-Tax	Parent	Total	439,343.93	92.7619%
974 Finance-Tax	Subsidiary	ALLETE Clean Energy	4,949.05	1.0449%
974 Finance-Tax	Subsidiary	ALLETE Properties	15,612.31	3.2963%
974 Finance-Tax	Subsidiary	BNI	7,569.61	1.5982%
974 Finance-Tax	Subsidiary	SWLP	6,150.32	1.2986%
974 Finance-Tax	Total	Total	<u>473,625.22</u>	

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975 Corporate Finance - Admin	Parent	Total	321,930.53	92.8409%
975 Corporate Finance - Admin	Subsidiary	ALLETE Clean Energy	3,043.41	0.8777%
975 Corporate Finance - Admin	Subsidiary	ALLETE Properties	10,882.36	3.1383%
975 Corporate Finance - Admin	Subsidiary	BNI	5,274.65	1.5211%
975 Corporate Finance - Admin	Subsidiary	Rainy River - Wisconsin	1,348.20	0.3888%
975 Corporate Finance - Admin	Subsidiary	SWLP	4,275.74	1.2331%
975 Corporate Finance - Admin	Total	Total	346,754.89	
976 Pilots	Parent	Total	379,304.20	100.0000%
976 Pilots	Total	Total	379,304.20	
978 Internal Audit	Parent	Total	584,726.97	95.0573%
978 Internal Audit	Subsidiary	ALLETE Clean Energy	12,483.27	2.0294%
978 Internal Audit	Subsidiary	BNI	3,254.75	0.5291%
978 Internal Audit	Subsidiary	SWLP	14,666.33	2.3843%
978 internal Audit	Total	Total	615,131.32	
979 Financial Reporting & Budgeting	Parent	Total	437,062.12	91.0393%
979 Financial Reporting & Budgeting	Subsidiary	ALLETE Clean Energy	11,055.06	2.3028%
979 Financial Reporting & Budgeting	Subsidiary	ALLETE Properties	18,521.01	3.8579%
979 Financial Reporting & Budgeting	Subsidiary	BNI	5,463.58	1.1381%
979 Financial Reporting & Budgeting	Subsidiary	SWLP	7,978.86	1.6620%
979 Financial Reporting & Budgeting	Total	Total	480,080.63	
982 Finance & Business Development	Parent	Total	608,919.18	97.1095%
982 Finance & Business Development	Subsidiary	ALLETE Clean Energy	1,689.35	0.2694%
982 Finance & Business Development	Subsidiary	ALLETE Properties	5,379.92	0.8580%
982 Finance & Business Development	Subsidiary	BNI	7,424.10	1.1840%
982 Finance & Business Development	Subsidiary	SWLP	3,631.51	0.5791%
982 Finance & Business Development	Total	Total	627,044.06	
983 Risk Management	Parent	Total	242,319.41	97.6047%
983 Risk Management	Subsidiary	ALLETE Clean Energy	1,317.61	0.5307%
983 Risk Management	Subsidiary	ALLETE Properties	138.23	0.0557%
983 Risk Management	Subsidiary	BNI	2,495.01	1.0050%
983 Risk Management	Subsidiary	SWLP	1,995.99	0.8040%
983 Risk Management	Total	Total	248,266.25	
984 Accounting-General Accounting	Parent	Total	654,007.57	86.0403%
984 Accounting-General Accounting	Subsidiary	ALLETE Clean Energy	35,894.16	4.7222%
984 Accounting-General Accounting	Subsidiary	ALLETE Properties	37,416.81	4.9225%
984 Accounting-General Accounting	Subsidiary	BNI	190.64	0.0251%
984 Accounting-General Accounting	Subsidiary	SWLP	32,608.28	4.2899%
984 Accounting-General Accounting	Total	Total	760,117.46	
986 Energy Pricing & Billing	Parent	Total	387,486.71	99.9777%
986 Energy Pricing & Billing	Subsidiary	BNI	17.28	0.0045%
986 Energy Pricing & Billing	Subsidiary	SWLP	69.13	0.0178%
986 Energy Pricing & Billing	Total	Total	387,573.12	
987 Accounting-Property & Construction	Parent	Total	113,994.66	62.2862%
987 Accounting-Property & Construction	Subsidiary	ALLETE Clean Energy	68,964.07	37.6817%
987 Accounting-Property & Construction	Subsidiary	SWLP	58.74	0.0321%
987 Accounting-Property & Construction	Total	Total	183,017.47	
989 Company General	Total	Total	407,326.56	100.0000%
Total Company 100 Labor			74,850,805.27	
Total MP (Parent)			72,567,642.92	96.9497%
Total Subsidiary			2,283,162.35	3.0503%
Total ACE			834,415.12	1.1148%

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135 Vegetation Management	Parent	Total	100,829.74	97.6291%
135 Vegetation Management	Subsidiary	SWLP	2,448.64	2.3709%
135 Vegetation Management	Total	Total	103,278.38	
140 Distribution System Engineering	Parent	Total	458,888.57	99.5225%
140 Distribution System Engineering	Subsidiary	ALLETE Clean Energy	220.11	0.0477%
140 Distribution System Engineering	Subsidiary	SWLP	1,981.77	0.4298%
140 Distribution System Engineering	Total	Total	461,090.45	
141 Distribution Engineering & Operations	Parent	Total	30,954.69	100.0000%
141 Distribution Engineering & Operations	Total	Total	30,954.69	
145 Facility Operations	Parent	Total	287,906.66	99.9434%
145 Facility Operations	Subsidiary	SWLP	162.91	0.0566%
145 Facility Operations	Total	Total	288,069.57	
148 Customer Service	Parent	Total	355,666.41	100.0000%
148 Customer Service	Total	Total	355,666.41	
161 Customer Service Accounts	Parent	Total	398,036.04	100.0000%
161 Customer Service Accounts	Total	Total	398,036.04	
162 Renewable Programs	Parent	Total	60,474.09	100.0000%
162 Renewable Programs	Total	Total	60,474.09	
171 Customer Information	Parent	Total	189,309.58	100.0000%
171 Customer Information	Total	Total	189,309.58	
172 Customer Call Center	Parent	Total	636,145.83	99.7883%
172 Customer Call Center	Subsidiary	ALLETE Clean Energy	258.35	0.0405%
172 Customer Call Center	Subsidiary	ALLETE Properties	300.20	0.0471%
172 Customer Call Center	Subsidiary	BNI	171.24	0.0269%
172 Customer Call Center	Subsidiary	Global Water	505.69	0.0793%
172 Customer Call Center	Subsidiary	SWLP	114.16	0.0179%
172 Customer Call Center	Total	Total	637,495.47	
173 Cash Management	Parent	Total	59,389.27	85.5032%
173 Cash Management	Subsidiary	SWLP	10,069.26	14.4968%
173 Cash Management	Total	Total	69,458.53	
174 Meter Reading	Parent	Total	205,922.19	100.0000%
174 Meter Reading	Total	Total	205,922.19	
175 Operations Coordination Center	Parent	Total	199,117.19	100.0000%
175 Operations Coordination Center	Total	Total	199,117.19	
180 Fleet Maintenance	Parent	Total	466,067.25	87.6592%
180 Fleet Maintenance	Subsidiary	SWLP	65,613.42	12.3408%
180 Fleet Maintenance	Total	Total	531,680.67	
190 Field Operations	Parent	Total	2,362,267.59	99.2356%
190 Field Operations	Subsidiary	SWLP	18,196.24	0.7644%
190 Field Operations	Total	Total	2,380,463.83	
191 Meter Department	Parent	Total	662,786.23	99.2596%
191 Meter Department	Subsidiary	SWLP	4,943.93	0.7404%
191 Meter Department	Total	Total	667,730.16	
502 Hibbard Renewable Energy Center	Parent	Total	1,197,315.70	100.0000%
502 Hibbard Renewable Energy Center	Total	Total	1,197,315.70	
503 Laskin Energy Center	Parent	Total	704,264.36	58.9911%
503 Laskin Energy Center	Total	Total	704,264.36	

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505 Rapids Energy Center	Parent	Total	1,193,847.83	96.3148%
505 Rapids Energy Center	Subsidiary	ALLETE Clean Energy	45,679.67	3.6852%
505 Rapids Energy Center	Total	Total	1,239,527.50	
506 Boswell Business Units 1&2	Parent	Total	1,097,811.29	99.9960%
506 Boswell Business Units 1&2	Subsidiary	ALLETE Clean Energy	7.89	0.0007%
506 Boswell Business Units 1&2	Subsidiary	ALLETE Properties	7.89	0.0007%
506 Boswell Business Units 1&2	Subsidiary	BNI	4.42	0.0004%
506 Boswell Business Units 1&2	Subsidiary	Global Water	13.10	0.0012%
506 Boswell Business Units 1&2	Subsidiary	Rainy River - Wisconsin	7.26	0.0007%
506 Boswell Business Units 1&2	Subsidiary	SWLP	3.00	0.0003%
506 Boswell Business Units 1&2	Total	Total	1,097,854.85	
507 Boswell Business Unit 3	Parent	Total	2,090,090.63	100.0000%
507 Boswell Business Unit 3	Total	Total	2,090,090.63	
508 Boswell Business Unit 4	Parent	Total	1,856,701.97	99.9911%
508 Boswell Business Unit 4	Subsidiary	Global Water	165.42	0.0089%
508 Boswell Business Unit 4	Total	Total	1,856,867.39	
509 Taconite Harbor Energy Center	Parent	Total	1,426,555.20	100.0000%
509 Taconite Harbor Energy Center	Total	Total	1,426,555.20	
517 Tac Ridge	Parent	Total	37,832.14	100.0000%
517 Tac Ridge	Total	Total	37,832.14	
518 Bison I Wind	Parent	Total	57,968.08	100.0000%
518 Bison I Wind	Total	Total	57,968.08	
519 Fuel Handling	Parent	Total	1,237,461.03	100.0000%
519 Fuel Handling	Total	Total	1,237,461.03	
520 Generation Operations	Parent	Total	1,142,326.11	96.5811%
520 Generation Operations	Subsidiary	ALLETE Clean Energy	40,270.03	3.4047%
520 Generation Operations	Subsidiary	ALLETE Properties	21.10	0.0018%
520 Generation Operations	Subsidiary	BNI	11.76	0.0010%
520 Generation Operations	Subsidiary	Global Water	22.59	0.0019%
520 Generation Operations	Subsidiary	SWLP	112.56	0.0095%
520 Generation Operations	Total	Total	1,182,764.15	
522 Hydro	Parent	Total	986,058.19	100.0000%
522 Hydro	Total	Total	986,058.19	
530 ALLETE - President/CEO	Parent	Total	237,759.46	89.8816%
530 ALLETE - President/CEO	Subsidiary	ALLETE Clean Energy	5,301.50	2.0042%
530 ALLETE - President/CEO	Subsidiary	ALLETE Properties	7,119.11	2.6913%
530 ALLETE - President/CEO	Subsidiary	BNI	3,988.18	1.5077%
530 ALLETE - President/CEO	Subsidiary	Global Water	7,668.89	2.8991%
530 ALLETE - President/CEO	Subsidiary	SWLP	2,688.09	1.0162%
530 ALLETE - President/CEO	Total	Total	264,525.23	
531 Utility Operations - COO	Parent	Total	138,934.52	89.5104%
531 Utility Operations - COO	Subsidiary	ALLETE Clean Energy	3,275.13	2.1100%
531 Utility Operations - COO	Subsidiary	ALLETE Properties	4,222.84	2.7206%
531 Utility Operations - COO	Subsidiary	BNI	2,375.21	1.5303%
531 Utility Operations - COO	Subsidiary	Global Water	4,809.20	3.0984%
531 Utility Operations - COO	Subsidiary	SWLP	1,599.13	1.0303%
531 Utility Operations - COO	Total	Total	155,216.03	

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547 Marketing	Parent	Total	691,890.35	100.0000%
547 Marketing	Total	Total	691,890.35	
548 Energy Supply/Asset Optimization	Parent	Total	414,453.61	100.0000%
548 Energy Supply/Asset Optimization	Total	Total	414,453.61	
550 Strategy & Planning	Parent	Total	640,881.78	90.7859%
550 Strategy & Planning	Subsidiary	ALLETE Clean Energy	12,905.52	1.8282%
550 Strategy & Planning	Subsidiary	ALLETE Properties	16,311.33	2.3106%
550 Strategy & Planning	Subsidiary	BNI	9,199.56	1.3032%
550 Strategy & Planning	Subsidiary	Global Water	20,447.35	2.8965%
550 Strategy & Planning	Subsidiary	SWLP	6,180.78	0.8756%
550 Strategy & Planning	Total	Total	705,926.32	
553 ITS Administrative	Parent	Total	68,436.07	90.1520%
553 ITS Administrative	Subsidiary	ALLETE Clean Energy	3,626.88	4.7778%
553 ITS Administrative	Subsidiary	SWLP	3,848.92	5.0702%
553 ITS Administrative	Total	Total	75,911.87	
554 ITS Applications	Parent	Total	1,225,807.08	89.0290%
554 ITS Applications	Subsidiary	ALLETE Clean Energy	84,740.18	6.1546%
554 ITS Applications	Subsidiary	ALLETE Properties	36.02	0.0026%
554 ITS Applications	Subsidiary	BNI	20.79	0.0015%
554 ITS Applications	Subsidiary	Global Water	60.95	0.0044%
554 ITS Applications	Subsidiary	SWLP	66,198.29	4.8079%
554 ITS Applications	Total	Total	1,376,863.31	
556 ITS Systems	Parent	Total	643,424.97	92.3789%
556 ITS Systems	Subsidiary	ALLETE Clean Energy	29,684.82	4.2620%
556 ITS Systems	Subsidiary	SWLP	23,396.49	3.3591%
556 ITS Systems	Total	Total	696,506.28	
557 IT Security and Compliance	Parent	Total	81,267.40	92.6253%
557 IT Security and Compliance	Subsidiary	ALLETE Clean Energy	3,171.61	3.6149%
557 IT Security and Compliance	Subsidiary	SWLP	3,298.77	3.7598%
557 IT Security and Compliance	Total	Total	87,737.78	
575 Economic Development	Parent	Total	56,419.66	100.0000%
575 Economic Development	Total	Total	56,419.66	
576 Community Relations	Parent	Total	57,653.48	100.0000%
576 Community Relations	Total	Total	57,653.48	
602 Transmission Structural Engineering	Parent	Total	80,095.99	69.6698%
602 Transmission Structural Engineering	Subsidiary	SWLP	34,869.21	30.3302%
602 Transmission Structural Engineering	Total	Total	114,965.20	
603 Power Delivery Engineering	Parent	Total	520,210.01	91.9098%
603 Power Delivery Engineering	Subsidiary	ALLETE Clean Energy	8,052.96	1.4228%
603 Power Delivery Engineering	Subsidiary	SWLP	37,737.56	6.6674%
603 Power Delivery Engineering	Total	Total	566,000.53	
604 Tech Systems	Parent	Total	1,411,232.71	94.4234%
604 Tech Systems	Subsidiary	SWLP	83,346.45	5.5766%
604 Tech Systems	Total	Total	1,494,579.16	
606 System Performance & Relay Engineering	Parent	Total	423,915.01	100.0000%
606 System Performance & Relay Engineering	Total	Total	423,915.01	

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607 System Operations	Parent	Total	1,199,640.76	99.8567%
607 System Operations	Subsidiary	SWLP	1,722.08	0.1433%
607 System Operations	Total	Total	1,201,362.84	
608 Transmission Regulatory & Business Support	Parent	Total	379,815.71	99.2234%
608 Transmission Regulatory & Business Support	Subsidiary	ALLETE Clean Energy	2,696.63	0.7045%
608 Transmission Regulatory & Business Support	Subsidiary	ALLETE Properties	75.61	0.0198%
608 Transmission Regulatory & Business Support	Subsidiary	BNI	43.62	0.0114%
608 Transmission Regulatory & Business Support	Subsidiary	Global Water	127.95	0.0334%
608 Transmission Regulatory & Business Support	Subsidiary	SWLP	29.08	0.0076%
608 Transmission Regulatory & Business Support	Total	Total	382,788.60	
650 Communications Infrastructure	Parent	Total	910,808.41	95.2229%
650 Communications Infrastructure	Subsidiary	ALLETE Clean Energy	18,158.85	1.8985%
650 Communications Infrastructure	Subsidiary	ALLETE Properties	46.95	0.0049%
650 Communications Infrastructure	Subsidiary	BNI	118.91	0.0124%
650 Communications Infrastructure	Subsidiary	Global Water	78.36	0.0082%
650 Communications Infrastructure	Subsidiary	Rainy River - Wisconsin	31.07	0.0032%
650 Communications Infrastructure	Subsidiary	SWLP	27,258.91	2.8499%
650 Communications Infrastructure	Total	Total	956,501.46	
731 Marketing & Public Affairs	Parent	Total	135,884.03	90.9673%
731 Marketing & Public Affairs	Subsidiary	ALLETE Clean Energy	2,744.40	1.8372%
731 Marketing & Public Affairs	Subsidiary	ALLETE Properties	3,538.94	2.3691%
731 Marketing & Public Affairs	Subsidiary	BNI	1,989.83	1.3321%
731 Marketing & Public Affairs	Subsidiary	Global Water	3,878.94	2.5967%
731 Marketing & Public Affairs	Subsidiary	SWLP	1,340.72	0.8975%
731 Marketing & Public Affairs	Total	Total	149,376.86	
733 Federal Government Affairs	Parent	Total	57,427.22	100.0000%
733 Federal Government Affairs	Total	Total	57,427.22	
734 State Government Affairs	Parent	Total	449,964.70	100.0000%
734 State Government Affairs	Total	Total	449,964.70	
735 Public Affairs	Parent	Total	232,130.72	91.4656%
735 Public Affairs	Subsidiary	ALLETE Clean Energy	4,318.54	1.7016%
735 Public Affairs	Subsidiary	ALLETE Properties	5,578.89	2.1982%
735 Public Affairs	Subsidiary	BNI	3,138.15	1.2365%
735 Public Affairs	Subsidiary	Global Water	6,512.24	2.5660%
735 Public Affairs	Subsidiary	SWLP	2,111.70	0.8321%
735 Public Affairs	Total	Total	253,790.24	
761 Corporate Legal Services	Parent	Total	513,618.86	82.8079%
761 Corporate Legal Services	Subsidiary	ALLETE Clean Energy	63,367.14	10.2163%
761 Corporate Legal Services	Subsidiary	ALLETE Properties	9,684.17	1.5613%
761 Corporate Legal Services	Subsidiary	BNI	7,423.50	1.1968%
761 Corporate Legal Services	Subsidiary	Global Water	17,463.83	2.8156%
761 Corporate Legal Services	Subsidiary	Rainy River - Wisconsin	1,422.78	0.2294%
761 Corporate Legal Services	Subsidiary	SWLP	7,272.90	1.1726%
761 Corporate Legal Services	Total	Total	620,253.18	
850 Environmental Services	Parent	Total	496,652.00	97.5590%
850 Environmental Services	Subsidiary	ALLETE Clean Energy	10,338.01	2.0307%
850 Environmental Services	Subsidiary	ALLETE Properties	133.63	0.0262%
850 Environmental Services	Subsidiary	BNI	73.75	0.0145%
850 Environmental Services	Subsidiary	Global Water	9.79	0.0019%
850 Environmental Services	Subsidiary	SWLP	1,871.47	0.3676%
850 Environmental Services	Total	Total	509,078.65	

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900 Corporate Accounting-Admin.	Parent	Total	121,331.40	86.4451%
900 Corporate Accounting-Admin.	Subsidiary	ALLETE Clean Energy	10,501.86	7.4823%
900 Corporate Accounting-Admin.	Subsidiary	ALLETE Properties	2,636.56	1.8785%
900 Corporate Accounting-Admin.	Subsidiary	BNI	1,487.09	1.0595%
900 Corporate Accounting-Admin.	Subsidiary	Global Water	3,399.88	2.4223%
900 Corporate Accounting-Admin.	Subsidiary	SWLP	999.83	0.7123%
900 Corporate Accounting-Admin.	Total	Total	140,356.62	
920 Human Resources	Parent	Total	859,931.18	87.2181%
920 Human Resources	Subsidiary	ALLETE Clean Energy	57,037.40	5.7850%
920 Human Resources	Subsidiary	ALLETE Properties	6.25	0.0006%
920 Human Resources	Subsidiary	BNI	1,756.28	0.1781%
920 Human Resources	Subsidiary	Global Water	2,019.48	0.2048%
920 Human Resources	Subsidiary	Rainy River - Wisconsin	5.75	0.0006%
920 Human Resources	Subsidiary	SWLP	65,199.16	6.6128%
920 Human Resources	Total	Total	985,955.50	
923 Safety & Industrial Hygiene	Parent	Total	218,104.28	100.0000%
923 Safety & Industrial Hygiene	Total	Total	218,104.28	
939 Purchasing and Contracts	Parent	Total	376,023.20	90.8650%
939 Purchasing and Contracts	Subsidiary	ALLETE Clean Energy	16,707.78	4.0374%
939 Purchasing and Contracts	Subsidiary	ALLETE Properties	16.94	0.0041%
939 Purchasing and Contracts	Subsidiary	BNI	9.68	0.0023%
939 Purchasing and Contracts	Subsidiary	Global Water	28.48	0.0069%
939 Purchasing and Contracts	Subsidiary	Rainy River - Wisconsin	5.10	0.0012%
939 Purchasing and Contracts	Subsidiary	SWLP	21,035.26	5.0831%
939 Purchasing and Contracts	Total	Total	413,826.44	
941 Stores	Parent	Total	363,759.71	98.9547%
941 Stores	Subsidiary	SWLP	3,842.37	1.0453%
941 Stores	Total	Total	367,602.08	
950 Security	Parent	Total	179,325.43	97.5757%
950 Security	Subsidiary	ALLETE Clean Energy	531.26	0.2891%
950 Security	Subsidiary	SWLP	3,924.23	2.1353%
950 Security	Total	Total	183,780.92	
951 Land & Real Estate	Parent	Total	231,508.59	97.1925%
951 Land & Real Estate	Subsidiary	ALLETE Clean Energy	579.90	0.2435%
951 Land & Real Estate	Subsidiary	SWLP	6,107.38	2.5640%
951 Land & Real Estate	Total	Total	238,195.87	
959 Engineering Services	Parent	Total	488,821.60	96.8890%
959 Engineering Services	Subsidiary	ALLETE Clean Energy	248.55	0.0493%
959 Engineering Services	Subsidiary	SWLP	15,447.00	3.0617%
959 Engineering Services	Total	Total	504,517.15	
960 Facility Management	Parent	Total	124,371.18	99.7911%
960 Facility Management	Subsidiary	ALLETE Clean Energy	6.60	0.0053%
960 Facility Management	Subsidiary	SWLP	253.79	0.2036%
960 Facility Management	Total	Total	124,631.57	
961 Office Services	Parent	Total	146,123.62	93.7446%
961 Office Services	Subsidiary	ALLETE Clean Energy	30.79	0.0198%
961 Office Services	Subsidiary	Global Water	3,792.50	2.4331%
961 Office Services	Subsidiary	SWLP	5,927.29	3.8026%
961 Office Services	Total	Total	155,874.20	

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962 Record Services	Parent	Total	100,066.94	91.1033%
962 Record Services	Subsidiary	ALLETE Clean Energy	5,709.52	5.1981%
962 Record Services	Subsidiary	SWLP	4,062.53	3.6986%
962 Record Services	Total	Total	109,838.99	
966 Investor Relations	Parent	Total	233,366.81	81.7239%
966 Investor Relations	Subsidiary	ALLETE Clean Energy	9,382.26	3.2856%
966 Investor Relations	Subsidiary	ALLETE Properties	10,312.90	3.6115%
966 Investor Relations	Subsidiary	BNI	5,848.31	2.0480%
966 Investor Relations	Subsidiary	Global Water	11,686.83	4.0927%
966 Investor Relations	Subsidiary	Rainy River - Wisconsin	9,575.78	3.3534%
966 Investor Relations	Subsidiary	SWLP	5,382.35	1.8849%
966 Investor Relations	Total	Total	285,555.24	
969 Investments & Analysis	Parent	Total	440,050.63	82.3477%
969 Investments & Analysis	Subsidiary	ALLETE Clean Energy	46,923.53	8.7809%
969 Investments & Analysis	Subsidiary	ALLETE Properties	21,249.24	3.9764%
969 Investments & Analysis	Subsidiary	BNI	7,001.15	1.3101%
969 Investments & Analysis	Subsidiary	Global Water	13,958.60	2.6121%
969 Investments & Analysis	Subsidiary	SWLP	5,198.20	0.9728%
969 Investments & Analysis	Total	Total	534,381.35	
973 Rates	Parent	Total	237,112.18	100.0000%
973 Rates	Total	Total	237,112.18	
974 Finance-Tax	Parent	Total	233,464.22	87.7489%
974 Finance-Tax	Subsidiary	ALLETE Clean Energy	7,476.31	2.8100%
974 Finance-Tax	Subsidiary	ALLETE Properties	10,395.07	3.9070%
974 Finance-Tax	Subsidiary	BNI	3,988.74	1.4992%
974 Finance-Tax	Subsidiary	Global Water	8,049.34	3.0254%
974 Finance-Tax	Subsidiary	SWLP	2,685.67	1.0094%
974 Finance-Tax	Total	Total	266,059.35	
975 Corporate Finance - Admin	Parent	Total	145,564.62	93.6768%
975 Corporate Finance - Admin	Subsidiary	ALLETE Clean Energy	1,922.27	1.2371%
975 Corporate Finance - Admin	Subsidiary	ALLETE Properties	2,403.78	1.5469%
975 Corporate Finance - Admin	Subsidiary	BNI	1,350.48	0.8691%
975 Corporate Finance - Admin	Subsidiary	Global Water	2,847.70	1.8326%
975 Corporate Finance - Admin	Subsidiary	Rainy River - Wisconsin	390.14	0.2511%
975 Corporate Finance - Admin	Subsidiary	SWLP	911.27	0.5864%
975 Corporate Finance - Admin	Total	Total	155,390.26	
976 Pilots	Parent	Total	194,324.18	100.0000%
976 Pilots	Total	Total	194,324.18	
978 Internal Audit	Parent	Total	243,812.97	96.5869%
978 Internal Audit	Subsidiary	ALLETE Clean Energy	1,115.82	0.4420%
978 Internal Audit	Subsidiary	BNI	2,991.78	1.1852%
978 Internal Audit	Subsidiary	Global Water	20.50	0.0081%
978 Internal Audit	Subsidiary	SWLP	4,487.65	1.7778%
978 Internal Audit	Total	Total	252,428.72	
979 Financial Reporting & Budgeting	Parent	Total	216,362.80	90.9663%
979 Financial Reporting & Budgeting	Subsidiary	ALLETE Clean Energy	4,297.82	1.8070%
979 Financial Reporting & Budgeting	Subsidiary	ALLETE Properties	5,333.40	2.2423%
979 Financial Reporting & Budgeting	Subsidiary	BNI	2,844.83	1.1961%
979 Financial Reporting & Budgeting	Subsidiary	Global Water	5,577.95	2.3452%
979 Financial Reporting & Budgeting	Subsidiary	SWLP	3,432.57	1.4432%
979 Financial Reporting & Budgeting	Total	Total	237,849.37	

June-15
YTD Actuals

Responsibility Center

982 Finance & Business Development	Parent	Total	294,657.85	94.2410%
982 Finance & Business Development	Subsidiary	ALLETE Clean Energy	1,667.79	0.5334%
982 Finance & Business Development	Subsidiary	ALLETE Properties	2,088.39	0.6679%
982 Finance & Business Development	Subsidiary	BNI	7,597.04	2.4298%
982 Finance & Business Development	Subsidiary	Global Water	2,705.59	0.8653%
982 Finance & Business Development	Subsidiary	SWLP	3,947.68	1.2626%
982 Finance & Business Development	Total	Total	312,664.34	
983 Risk Management	Parent	Total	161,902.62	94.2704%
983 Risk Management	Subsidiary	ALLETE Clean Energy	6,904.94	4.0205%
983 Risk Management	Subsidiary	ALLETE Properties	71.30	0.0415%
983 Risk Management	Subsidiary	BNI	1,566.29	0.9120%
983 Risk Management	Subsidiary	SWLP	1,297.73	0.7556%
983 Risk Management	Total	Total	171,742.88	
984 Accounting-General Accounting	Parent	Total	316,934.29	83.8842%
984 Accounting-General Accounting	Subsidiary	ALLETE Clean Energy	18,134.07	4.7996%
984 Accounting-General Accounting	Subsidiary	ALLETE Properties	25,374.55	6.7160%
984 Accounting-General Accounting	Subsidiary	BNI	67.88	0.0180%
984 Accounting-General Accounting	Subsidiary	Global Water	790.27	0.2092%
984 Accounting-General Accounting	Subsidiary	Rainy River - Wisconsin	8.69	0.0023%
984 Accounting-General Accounting	Subsidiary	SWLP	16,513.62	4.3707%
984 Accounting-General Accounting	Total	Total	377,823.37	
986 Energy Pricing & Billing	Parent	Total	207,721.61	99.7464%
986 Energy Pricing & Billing	Subsidiary	ALLETE Clean Energy	528.10	0.2536%
986 Energy Pricing & Billing	Total	Total	208,249.71	
987 Accounting-Property & Construction	Parent	Total	79,567.11	69.6375%
987 Accounting-Property & Construction	Subsidiary	ALLETE Clean Energy	32,212.58	28.1926%
987 Accounting-Property & Construction	Subsidiary	ALLETE Properties	1,846.27	1.6159%
987 Accounting-Property & Construction	Subsidiary	BNI	23.56	0.0206%
987 Accounting-Property & Construction	Subsidiary	Global Water	1.96	0.0017%
987 Accounting-Property & Construction	Subsidiary	SWLP	607.50	0.5317%
987 Accounting-Property & Construction	Total	Total	114,258.98	
989 Company General	Total	Total	(274,486.21)	100.0000%
Total Company 100 Labor			37,972,451.38	
Total MP (Parent)			36,510,041.18	96.1488%
Total Subsidiary			1,462,410.20	3.8512%
Total ACE			560,737.37	1.4767%

State of Minnesota
DEPARTMENT OF COMMERCE
DIVISION OF ENERGY RESOURCES

Nonpublic
Public

Utility Information Request

Docket Number: E015/AI-15-712

Date of Request: 8/10/2015

Requested From: Minnesota Power

Response Due: 8/20/2015

Analyst Requesting Information: Nancy Campbell

Type of Inquiry: Financial Rate of Return Rate Design
 Engineering Forecasting Conservation
 Cost of Service CIP Other:

If you feel your responses are trade secret or privileged, please indicate this on your response.

Request No.	
10	Is ACE able to use all tax benefits for its wind facilities, including production tax credits, investment taxes, accelerated depreciation, both federal and states taxes, etc. using only ACE income/revenue, or does ACE use any ALLETE, Inc./MP income/revenue? Please explain your response and any provide tax information that supports this response.

RESPONSE:

Please see Note 15 – Income Tax Expense from ALLETE’s annual Form 10-K for 2014 (attached). As described in the footnote to the Income Tax Expense table, due to the bonus depreciation provisions of various tax legislations occurring since 2009, ALLETE / Minnesota Power has generated large bonus tax depreciation deductions resulting in large net operating loss (NOL) carryforwards on the federal and state tax returns. The NOL and Tax Credit Carryforward table shows that the NOLs have caused federal and state credits to be carried forward as well to be used in future years.

To date, ALLETE Clean Energy has purchased wind facilities that are no longer generating federal production tax credits (they are at least 10 years old), or the developer has already benefited from the federal investment tax credit, which is only available in the year placed in service. None of the ALLETE Clean Energy wind facilities are earning any state income tax credits.

Response by: Jamie Jago
Title: Manager - Taxes
Department: Finance - Tax
Telephone: (218) 355-3837

List sources of information:

The accelerated tax depreciation on wind facilities taken on the ALLETE Clean Energy return is combined with ALLETE and all other subsidiary income and loss, resulting in a large NOL carryforward position as shown in the Form 10-K. A calculation of the 2014 year end expected federal taxable income is also included in the ALLETE FERC Form 1, page 261. This calculation shows an expected federal taxable loss and the carryforward of federal production tax credits (Minnesota Power's production tax credits only, no subsidiaries are generating production tax credits) and federal research credits. ALLETE Clean Energy's tax benefits will be used along with Minnesota Power's as the NOLs and credit carryforwards are utilized on the federal and state returns.

Response by: Jamie Jago
Title: Manager - Taxes
Department: Finance - Tax
Telephone: (218) 355-3837

List sources of information:

ALLETE INC

FORM 10-K (Annual Report)

Filed 02/17/15 for the Period Ending 12/31/14

Address	30 W SUPERIOR ST DULUTH, MN 55802-2093
Telephone	2182795000
CIK	0000066756
Symbol	ALE
SIC Code	4931 - Electric and Other Services Combined
Industry	Electric Utilities
Sector	Utilities
Fiscal Year	12/31

NOTE 15. INCOME TAX EXPENSE

Income Tax Expense			
Year Ended December 31	2014	2013	2012
Millions			
Current Tax Expense			
Federal (a)	\$1.1	—	—
State (a)	2.9	\$0.1	\$0.5
Total Current Tax Expense	4.0	0.1	0.5
Deferred Tax Expense			
Federal	25.3	22.9	37.0
State	8.2	6.5	1.4
Investment Tax Credit Amortization	(0.8)	(0.8)	(0.9)
Total Deferred Tax Expense	32.7	28.6	37.5
Total Income Tax Expense	\$36.7	\$28.7	\$38.0

(a) For the years ended December 31, 2014, 2013, and 2012, the federal and state current tax expense was minimal due to NOLs which resulted from the bonus depreciation provisions of the Tax Increase Prevention Act of 2014 and the American Taxpayer Relief Act of 2012. The federal and state NOLs will be carried forward to offset future taxable income. The year ended 2014 includes the resolution of an IRS examination for the tax years 2005-2009 and the impacts of initiatives implemented on the 2013 federal and state tax returns to utilize tax carryforwards that may have expired.

Reconciliation of Taxes from Federal Statutory**Rate to Total Income Tax Expense**

Year Ended December 31	2014	2013	2012
Millions			
Income Before Non-Controlling Interest and Income Taxes	\$162.2	\$133.4	\$135.1
Statutory Federal Income Tax Rate	35%	35%	35%
Income Taxes Computed at 35 percent Statutory Federal Rate	\$56.8	\$46.7	\$47.3
Increase (Decrease) in Tax Due to:			
State Income Taxes – Net of Federal Income Tax Benefit	7.2	4.3	1.2
Regulatory Differences for Utility Plant	(3.5)	(2.2)	(2.2)
Production Tax Credits	(23.7)	(19.2)	(7.6)
Other	(0.1)	(0.9)	(0.7)
Total Income Tax Expense	\$36.7	\$28.7	\$38.0

The effective tax rate on income was 22.6 percent for 2014 (21.5 percent for 2013 ; 28.1 percent for 2012). The 2014, 2013, and 2012 effective rates were primarily impacted by production tax credits and by the deduction for AFUDC-Equity (included in Regulatory Differences for Utility Plant, above).

NOTE 15. INCOME TAX EXPENSE (Continued)**Deferred Tax Assets and Liabilities**

As of December 31	2014	2013
Millions		
Deferred Tax Assets		
Employee Benefits and Compensation	\$102.2	\$66.3
Property Related	102.7	82.2
NOL Carryforwards	156.5	112.8
Tax Credit Carryforwards	95.7	55.1
Power Purchase Agreements	51.8	—
Other	17.0	16.9
Gross Deferred Tax Assets	525.9	333.3
Deferred Tax Asset Valuation Allowance	(22.1)	(8.0)
Total Deferred Tax Assets	\$503.8	\$325.3
Deferred Tax Liabilities		
Property Related	\$848.8	\$656.2
Regulatory Asset for Benefit Obligations	89.9	58.7
Unamortized Investment Tax Credits	10.3	11.1
Partnership Basis Differences	41.9	36.7
Other	16.1	22.7
Total Deferred Tax Liabilities	\$1,007.0	\$785.4
Net Deferred Income Taxes	\$503.2	\$460.1
Recorded as:		
Net Current Deferred Tax Assets	\$7.5	\$19.0
Net Long-Term Deferred Tax Liabilities	510.7	479.1
Net Deferred Income Taxes	\$503.2	\$460.1

NOL and Tax Credit Carryforwards

As of December 31	2014	2013
Millions		
Federal NOL Carryforwards (a)	\$413.7	\$279.8
Federal Tax Credit Carryforwards	\$59.3	\$35.5
State NOL Carryforwards (a)	\$184.7	\$156.3
State Tax Credit Carryforwards (b)	\$14.7	\$11.9

(a) Pretax amounts.

(b) Net of a \$21.7 million valuation allowance as of December 31, 2014 (\$7.7 million as of December 31, 2013).

The federal NOL and tax credit carryforward periods expire between 2030 and 2035. We expect to fully utilize the federal NOL and federal tax credit carryforwards; therefore no federal valuation allowance has been recognized as of December 31, 2014. The state NOL and tax credit carryforward periods expire between 2025 and 2035. We have established a valuation allowance against certain state NOL and tax credits that we do not expect to utilize before their expiration.

NOTE 15. INCOME TAX EXPENSE (Continued)

Gross Unrecognized Income Tax Benefits	2014	2013	2012
Millions			
Balance at January 1	\$1.2	\$2.7	\$11.4
Additions for Tax Positions Related to the Current Year	—	0.1	—
Additions for Tax Positions Related to Prior Years	1.0	1.3	—
Reductions for Tax Positions Related to Prior Years	—	—	(8.7)
Reductions for Settlements	—	(2.9)	—
Lapse of Statute	(0.2)	—	—
Balance as of December 31	\$2.0	\$1.2	\$2.7

Unrecognized tax benefits are the differences between a tax position taken or expected to be taken in a tax return and the benefit recognized and measured pursuant to the “more-likely-than-not” criteria. The unrecognized tax benefit balance includes permanent tax positions which, if recognized would affect the annual effective income tax rate. In addition, the unrecognized tax benefit balance includes temporary tax positions for which the ultimate deductibility is highly certain but for which there is uncertainty about the timing of such deductibility. A change in the period of deductibility would not affect the effective tax rate but would accelerate the payment of cash to the taxing authority to an earlier period.

The gross unrecognized tax benefits as of December 31, 2014 , include \$0.4 million of net unrecognized tax benefits which, if recognized, would affect the annual effective income tax rate. The decrease in the unrecognized tax benefit balance of \$ 2.9 million in 2013 was due to the removal of our uncertain tax positions for positions effectively settled with the IRS for tax years 2005 through 2009. The decrease in the unrecognized tax benefit balance of \$8.7 million in 2012 was due to the removal of our uncertain tax position for our tax accounting method change for deductible repairs. During 2012, the IRS issued a directive from its Large Business and International Division to its local examination teams that led to the removal of the repairs uncertain tax position in 2012.

As of December 31, 2014 , we had no accrued interest (\$0.5 million for 2013 and \$0.5 million for 2012) related to unrecognized tax benefits included on our Consolidated Balance Sheet due to our NOL carryforwards. We classify interest related to unrecognized tax benefits as interest expense and tax-related penalties in operating expenses on our Consolidated Statement of Income. In 2014 , we recognized a decrease in interest expense of \$0.5 million related to unrecognized tax benefits on our Consolidated Statement of Income (zero for 2013 and decrease of \$0.6 million for 2012). There were no penalties recognized in 2014 , 2013 or 2012 . The unrecognized tax benefit amounts have been presented as reductions to the tax benefits associated with NOL and tax credit carryforwards on our Consolidated Balance Sheet.

ALLETE and its subsidiaries file a consolidated federal income tax return as well as combined and separate state income tax returns in various jurisdictions. ALLETE has settled with the IRS for the audit of tax years 2005 through 2009. ALLETE is no longer subject to federal examination for years before 2011, or state examination for years before 2010.

During the next 12 months it is reasonably possible the amount of unrecognized tax benefits could be reduced by \$0.1 million due to the expiration of the statute of limitations. This amount is primarily due to temporary tax positions.

In September 2013, the U.S. Treasury issued final regulations addressing the tax consequences associated with the acquisition, production and improvement of tangible property. The regulations are generally effective for tax years beginning January 1, 2014. As ALLETE is adopting certain utility-specific guidance for deductible repairs previously issued by the IRS, the issuance will not have a material impact on our consolidated financial statements.

State of Minnesota
DEPARTMENT OF COMMERCE
DIVISION OF ENERGY RESOURCES

Nonpublic
 Public

Utility Information Request

Docket Number: E015/AI-15-712

Date of Request: 8/10/2015

Requested From: Minnesota Power

Response Due: 8/20/2015

Analyst Requesting Information: Nancy Campbell

Type of Inquiry: Financial Rate of Return Rate Design
 Engineering Forecasting Conservation
 Cost of Service CIP Other:

If you feel your responses are trade secret or privileged, please indicate this on your response.

Request No.	
11	<p>If ACE uses income/revenue from ALLETE, Inc./MP to be able to use its tax benefits for ACE's wind facilities, how are the taxes benefit shared between ACE and ALLETE, Inc./MP?</p> <p>Please explain your response and provide any tax information that supports this response.</p>

RESPONSE:

ALLETE has federal and state tax agreements with each first tier subsidiary which have been filed with the Minnesota Public Utilities Commission (MPUC). ALLETE Clean Energy is a subsidiary of ALLETE Enterprises, Inc., formerly known as Minnesota Power Enterprises, Inc. (MPE), a first tier subsidiary of ALLETE. ALLETE Clean Energy signed federal and state tax agreements in 2011 when ACE was formed.

The federal tax agreement states the following:

WHEREAS, MPE is the common parent of an affiliated group which includes the Subsidiaries (the "Group"); and

WHEREAS, ALLETE, Inc. has elected to file consolidated federal income tax returns and MPE wishes to make provisions therefor;

Response by: Jamie Jago
 Title: Manager - Taxes
 Department: Finance - Tax
 Telephone: (218) 355-3837

List sources of information:

NOW, THEREFORE, in consideration of the premises and of the agreements herein set forth, MPE and the Subsidiaries hereby agree as follows:

Section 4. B (i) MPE shall compute the amount of federal income tax the Subsidiary would be required to pay for the immediately preceding fiscal year if the Subsidiary had filed a separate return.... and (iii) MPE shall notify each Subsidiary of its share of the consolidated tax liability no later than 60 days after completing the consolidated federal income return of the Group...

Section 4. C. If any Subsidiary shall have a net operating loss or unused tax credits on a separate return basis, which losses or unused tax credits are used on the consolidated return, MPE shall pay to such Subsidiary the amount by which the taxes of the Group are less by reason of including the Subsidiary in the Group.

Therefore, under the tax agreement, the tax benefits of ALLETE Clean Energy are not shared with ALLETE. Each Subsidiary pays its own separate tax liability as if it had filed a separate return, or is paid for its own losses or credits if used on the consolidated return as a member of the Group under ALLETE Enterprises.

Response by: Jamie Jago
Title: Manager - Taxes
Department: Finance - Tax
Telephone: (218) 355-3837

List sources of information:

State of Minnesota
DEPARTMENT OF COMMERCE
DIVISION OF ENERGY RESOURCES

Nonpublic Public

Utility Information Request

Docket Number: E015/AI-15-712

Date of Request: 8/10/2015

Requested From: Minnesota Power

Response Due: 8/20/2015

Analyst Requesting Information: Nancy Campbell

Type of Inquiry: Financial Rate of Return Rate Design
 Engineering Forecasting Conservation
 Cost of Service CIP Other:

If you feel your responses are trade secret or privileged, please indicate this on your response.

Request No.	
12	<p>Reference: Page 4 of MP's above referenced petition.</p> <p>On April 15, 2015, ACE acquired wind energy facilities in southern Minnesota (Chanarambie/Viking) from EDF Energy Holdings Limited for \$47.9 million for 97.5 MW of generating capability. Please provide all direct assignments, indirect allocations and overheads, assigned from ALLETE/MP to ACE by classification, including but not limited to: accounting, finance, tax, engineering, strategic planning, administrative, management, legal, environmental, design and project management, transmission, energy and/or supply services, data services, information technology, risk management, travel, etc. Please include accounting documents that support those costs were assigned ACE prior to this information requests, for example work orders or work order summaries dated July 30, 2015.</p>

RESPONSE:

See the attached reports showing charges allocated (indirect costs) and direct charges from ALLETE/MP to ACE entities, including Chanarambie/Viking (aka Northern Wind), for the time period January through July 2015.

Response by: Julie Fender
 Title: Supervisor
 Department: Accounting
 Telephone: (218) 355-3723

List sources of information:

ACE Allocations - Allocated Charges

Resp Center	RC Description	Location	Location Description	201501	201502	201503	201504	201505	201506	201507	Total
				Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount
0172	Customer Call Center	0741	ALLETE Clean Energy			\$1.99	\$3.47	\$8.97	\$5.17	\$6.03	\$25.63
		0742	Condon Wind Power, LLC			\$7.94	\$13.89	\$35.89	\$20.71	\$24.18	\$102.61
		0743	Lake Benton Power Partners, LLC			\$7.94	\$13.89	\$35.89	\$20.71	\$24.18	\$102.61
		0744	Storm Lake II Power Partners, LLC			\$7.94	\$13.89	\$35.89	\$20.71	\$24.18	\$102.61
		0746	Storm Lake I Power Partners, LLC			\$7.94	\$13.89	\$35.89	\$20.71	\$24.18	\$102.61
		0748	Northern Wind Energy					\$71.80	\$41.42	\$48.36	\$161.58
		Total				\$33.75	\$59.03	\$224.33	\$129.43	\$151.11	\$597.65
0506	Boswell Business Units 1&2	0741	ALLETE Clean Energy					\$0.51			\$0.51
		0742	Condon Wind Power, LLC					\$2.05			\$2.05
		0743	Lake Benton Power Partners, LLC					\$2.05			\$2.05
		0744	Storm Lake II Power Partners, LLC					\$2.05			\$2.05
		0746	Storm Lake I Power Partners, LLC					\$2.05			\$2.05
		0748	Northern Wind Energy					\$4.11			\$4.11
		Total						\$12.82			\$12.82
0520	Generation Operations	0741	ALLETE Clean Energy		\$0.41	\$0.04	\$0.54	\$0.21			\$1.20
		0742	Condon Wind Power, LLC		\$2.12	\$0.21	\$2.18	\$0.88			\$5.39
		0743	Lake Benton Power Partners, LLC		\$2.12	\$0.21	\$2.18	\$0.88			\$5.39
		0744	Storm Lake II Power Partners, LLC		\$2.12	\$0.21	\$2.18	\$0.88			\$5.39
		0746	Storm Lake I Power Partners, LLC		\$1.69	\$0.21	\$2.18	\$0.88			\$4.96
		0748	Northern Wind Energy					\$1.74			\$1.74
		Total			\$8.46	\$0.88	\$9.26	\$5.47			\$24.07
0530	ALLETE - President/CEO	0741	ALLETE Clean Energy	\$61.32	\$85.79	\$85.75	\$92.14	\$94.47	\$45.98	\$79.24	\$544.69
		0742	Condon Wind Power, LLC	\$306.58	\$428.96	\$342.95	\$368.59	\$377.78	\$183.84	\$316.98	\$2,325.68
		0743	Lake Benton Power Partners, LLC	\$306.58	\$428.96	\$342.95	\$368.59	\$377.78	\$183.84	\$316.98	\$2,325.68
		0744	Storm Lake II Power Partners, LLC	\$306.58	\$428.96	\$342.95	\$368.59	\$377.78	\$183.84	\$316.98	\$2,325.68
		0746	Storm Lake I Power Partners, LLC	\$245.26	\$343.18	\$342.95	\$368.59	\$377.78	\$183.84	\$316.98	\$2,178.58
		0748	Northern Wind Energy					\$755.61	\$367.70	\$633.94	\$1,757.25
		Total			\$1,226.32	\$1,715.85	\$1,457.55	\$1,566.50	\$2,361.20	\$1,149.04	\$1,981.10
0531	Utility Operations - COO	0741	ALLETE Clean Energy	\$34.19	\$47.26	\$33.62	\$47.32	\$77.58	\$34.28	\$45.15	\$319.40
		0742	Condon Wind Power, LLC	\$170.87	\$236.33	\$134.49	\$189.31	\$310.35	\$137.16	\$180.65	\$1,359.16
		0743	Lake Benton Power Partners, LLC	\$170.87	\$236.33	\$134.49	\$189.31	\$310.35	\$137.16	\$180.65	\$1,359.16

ACE Allocations - Allocated Charges

Resp Center	RC Description	Location	Location Description	ACE Allocations - Allocated Charges							Total
				201501	201502	201503	201504	201505	201506	201507	
				Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount
		0744	Storm Lake II Power Partners, LLC	\$170.87	\$236.33	\$134.49	\$189.31	\$310.35	\$137.16	\$180.65	\$1,359.16
		0746	Storm Lake I Power Partners, LLC	\$136.70	\$189.06	\$134.49	\$189.31	\$310.35	\$137.16	\$180.65	\$1,277.72
		0748	Northern Wind Energy					\$620.69	\$274.31	\$361.30	\$1,256.30
		Total		\$683.50	\$945.31	\$571.58	\$804.56	\$1,939.67	\$857.23	\$1,129.05	\$6,930.90
0550	Strategy & Planning	0741	ALLETE Clean Energy	\$183.28	\$150.80	\$190.32	\$331.41	\$347.44	\$284.72	\$204.29	\$1,692.26
		0742	Condon Wind Power, LLC	\$916.36	\$754.07	\$761.14	\$1,325.64	\$1,389.82	\$1,138.81	\$817.15	\$7,102.99
		0743	Lake Benton Power Partners, LLC	\$916.36	\$754.07	\$761.14	\$1,325.64	\$1,389.82	\$1,138.81	\$817.15	\$7,102.99
		0744	Storm Lake II Power Partners, LLC	\$916.36	\$754.07	\$761.14	\$1,325.64	\$1,389.82	\$1,138.81	\$817.15	\$7,102.99
		0746	Storm Lake I Power Partners, LLC	\$733.08	\$603.28	\$761.14	\$1,325.64	\$1,389.82	\$1,138.81	\$817.15	\$6,768.92
		0748	Northern Wind Energy					\$2,779.63	\$2,277.68	\$1,634.27	\$6,691.58
		Total		\$3,665.44	\$3,016.29	\$3,234.88	\$5,633.97	\$8,686.35	\$7,117.64	\$5,107.16	\$36,461.73
0553	ITS Administrative	0741	ALLETE Clean Energy	\$278.07	\$200.89	\$743.65	\$115.16	\$182.25	\$154.72	\$156.05	\$1,830.79
		0742	Condon Wind Power, LLC	\$278.07	\$200.89	\$743.65	\$115.16	\$182.25	\$154.72	\$156.05	\$1,830.79
		0743	Lake Benton Power Partners, LLC	\$382.34	\$276.19	\$1,022.53	\$158.33	\$250.59	\$212.75	\$214.58	\$2,517.31
		0744	Storm Lake II Power Partners, LLC	\$382.34	\$276.19	\$1,022.53	\$158.33	\$250.59	\$212.75	\$214.58	\$2,517.31
		0746	Storm Lake I Power Partners, LLC	\$382.34	\$276.19	\$1,022.53	\$158.33	\$250.59	\$212.75	\$214.58	\$2,517.31
		Total		\$1,703.16	\$1,230.35	\$4,554.89	\$705.31	\$1,116.27	\$947.69	\$955.84	\$11,213.51
0554	ITS Applications	0741	ALLETE Clean Energy	\$4,053.90	\$1,671.05	\$1,922.75	\$13,926.48	(\$8,442.34)	\$2,604.44	\$2,572.08	\$18,308.36
		0742	Condon Wind Power, LLC	\$6,111.21	\$2,319.51	\$2,627.63	\$17,360.89	(\$9,893.26)	\$3,403.32	\$3,344.98	\$25,274.28
		0743	Lake Benton Power Partners, LLC	\$6,281.31	\$2,520.59	\$2,886.11	\$20,329.48	(\$12,103.89)	\$3,856.13	\$3,803.29	\$27,573.02
		0744	Storm Lake II Power Partners, LLC	\$5,766.98	\$2,358.47	\$2,709.88	\$19,470.88	(\$11,739.68)	\$3,656.61	\$3,610.54	\$25,833.68
		0746	Storm Lake I Power Partners, LLC	\$5,766.98	\$2,358.47	\$2,709.88	\$19,470.88	(\$11,739.68)	\$3,656.61	\$3,610.54	\$25,833.68
		0748	Northern Wind Energy					\$15.69	\$2.22	\$5.17	\$23.08
		Total		\$27,980.38	\$11,228.09	\$12,856.25	\$90,558.61	(\$53,903.16)	\$17,179.33	\$16,946.60	\$122,846.10
0556	ITS Systems	0741	ALLETE Clean Energy	\$1,709.76	\$1,633.31	\$1,978.34	\$2,038.70	\$1,962.01	\$2,127.53	\$1,796.00	\$13,245.65
		0742	Condon Wind Power, LLC	\$1,718.12	\$1,633.73	\$1,978.34	\$2,038.70	\$1,962.04	\$2,127.53	\$1,796.00	\$13,254.46
		0743	Lake Benton Power Partners, LLC	\$2,327.85	\$2,244.66	\$2,720.25	\$2,803.19	\$2,697.65	\$2,925.39	\$2,469.54	\$18,188.53
		0744	Storm Lake II Power Partners, LLC	\$2,319.49	\$2,244.24	\$2,720.25	\$2,803.19	\$2,697.62	\$2,925.39	\$2,469.54	\$18,179.72
		0746	Storm Lake I Power Partners, LLC	\$2,319.49	\$2,244.24	\$2,720.25	\$2,803.19	\$2,697.62	\$2,925.39	\$2,469.54	\$18,179.72
		Total		\$10,394.71	\$10,000.18	\$12,117.43	\$12,486.97	\$12,016.94	\$13,031.23	\$11,000.62	\$81,048.08
0557	IT Security and Compliance	0741	ALLETE Clean Energy	\$112.63	\$856.40	\$85.99	\$120.03	\$263.60	\$560.44	\$154.29	\$2,153.38
		0742	Condon Wind Power, LLC	\$112.63	\$856.40	\$85.99	\$120.03	\$263.60	\$560.44	\$154.29	\$2,153.38

ACE Allocations - Allocated Charges

Resp Center	RC Description	Location	Location Description	201501	201502	201503	201504	201505	201506	201507	Total
				Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount
		0743	Lake Benton Power Partners, LLC	\$154.87	\$1,177.56	\$118.23	\$165.06	\$362.44	\$770.59	\$212.15	\$2,960.90
		0744	Storm Lake II Power Partners, LLC	\$154.87	\$1,177.56	\$118.23	\$165.06	\$362.44	\$770.59	\$212.15	\$2,960.90
		0746	Storm Lake I Power Partners, LLC	\$154.87	\$1,177.56	\$118.23	\$165.06	\$362.44	\$770.59	\$212.15	\$2,960.90
		Total		\$689.87	\$5,245.48	\$526.67	\$735.24	\$1,614.52	\$3,432.65	\$945.03	\$13,189.46
0608	Transmission Regulatory & Business Support	0741	ALLETE Clean Energy						\$4.69	\$1.10	\$5.79
		0742	Condon Wind Power, LLC						\$18.79	\$4.37	\$23.16
		0743	Lake Benton Power Partners, LLC						\$18.79	\$4.37	\$23.16
		0744	Storm Lake II Power Partners, LLC						\$18.79	\$4.37	\$23.16
		0746	Storm Lake I Power Partners, LLC						\$18.79	\$4.37	\$23.16
		0748	Northern Wind Energy						\$37.57	\$8.78	\$46.35
		Total							\$117.42	\$27.36	\$144.78
0650	Communications Infrastructure	0741	ALLETE Clean Energy					\$2.38	\$0.88	\$0.57	\$3.83
		0742	Condon Wind Power, LLC					\$9.52	\$3.50	\$0.98	\$14.00
		0743	Lake Benton Power Partners, LLC					\$9.52	\$3.50	\$1.16	\$14.18
		0744	Storm Lake II Power Partners, LLC					\$9.52	\$3.50	\$1.16	\$14.18
		0746	Storm Lake I Power Partners, LLC					\$9.52	\$3.50	\$1.16	\$14.18
		0748	Northern Wind Energy					\$18.99	\$7.00	\$1.07	\$27.06
		Total							\$59.45	\$21.88	\$6.10
0731	Marketing & Public Affairs	0741	ALLETE Clean Energy	\$37.04	\$58.32	\$50.41	\$42.08	\$54.39	\$58.58	\$39.79	\$340.61
		0742	Condon Wind Power, LLC	\$185.20	\$291.63	\$201.55	\$168.28	\$217.51	\$234.35	\$159.21	\$1,457.73
		0743	Lake Benton Power Partners, LLC	\$185.20	\$291.63	\$201.55	\$168.28	\$217.51	\$234.35	\$159.21	\$1,457.73
		0744	Storm Lake II Power Partners, LLC	\$185.20	\$291.63	\$201.55	\$168.28	\$217.51	\$234.35	\$159.21	\$1,457.73
		0746	Storm Lake I Power Partners, LLC	\$148.14	\$233.30	\$201.55	\$168.28	\$217.51	\$234.35	\$159.21	\$1,362.34
		0748	Northern Wind Energy					\$435.01	\$468.67	\$318.38	\$1,222.06
		Total			\$740.78	\$1,166.51	\$856.61	\$715.20	\$1,359.44	\$1,464.65	\$995.01
0735	Public Affairs	0741	ALLETE Clean Energy	\$38.34	\$58.91	\$59.87	\$54.63	\$83.76	\$56.31	\$51.53	\$403.35
		0742	Condon Wind Power, LLC	\$191.69	\$294.53	\$239.45	\$218.42	\$335.02	\$225.13	\$206.15	\$1,710.39
		0743	Lake Benton Power Partners, LLC	\$191.69	\$294.53	\$239.45	\$218.42	\$335.02	\$225.13	\$206.15	\$1,710.39
		0744	Storm Lake II Power Partners, LLC	\$191.69	\$294.53	\$239.45	\$218.42	\$335.02	\$225.13	\$206.15	\$1,710.39
		0746	Storm Lake I Power Partners, LLC	\$153.34	\$235.63	\$239.45	\$218.42	\$335.02	\$225.13	\$206.15	\$1,613.14
		0748	Northern Wind Energy					\$670.03	\$450.25	\$412.29	\$1,532.57
		Total			\$766.75	\$1,178.13	\$1,017.67	\$928.31	\$2,093.87	\$1,407.08	\$1,288.42

ACE Allocations - Allocated Charges

Resp Center	RC Description	Location	Location Description	201501	201502	201503	201504	201505	201506	201507	Total
				Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount
0761	Corporate Legal Services	0741	ALLETE Clean Energy	\$206.01	\$239.57	\$773.62	\$130.51	\$320.91	\$2,007.78	\$312.21	\$3,990.61
		0742	Condon Wind Power, LLC	\$608.46	\$948.64	\$2,715.89	\$363.36	\$865.25	\$7,591.50	\$635.20	\$13,728.30
		0743	Lake Benton Power Partners, LLC	\$608.46	\$948.64	\$2,715.89	\$363.36	\$865.25	\$7,591.50	\$635.20	\$13,728.30
		0744	Storm Lake II Power Partners, LLC	\$592.71	\$938.41	\$2,682.82	\$353.88	\$840.63	\$7,565.63	\$599.11	\$13,573.19
		0746	Storm Lake I Power Partners, LLC	\$540.60	\$774.08	\$2,498.65	\$351.34	\$840.63	\$7,565.63	\$599.11	\$13,170.04
		0748	Northern Wind Energy					\$1,188.88	\$14,614.01	\$476.38	\$16,279.27
		Total				\$2,556.24	\$3,849.34	\$11,386.87	\$1,562.45	\$4,921.55	\$46,936.05
0850	Environmental Services	0741	ALLETE Clean Energy	\$5.32	\$1.80	\$0.35	\$33.24				\$40.71
		0742	Condon Wind Power, LLC	\$26.55	\$9.02	\$1.41	\$52.24				\$89.22
		0743	Lake Benton Power Partners, LLC	\$26.55	\$9.02	\$1.41	\$52.24				\$89.22
		0744	Storm Lake II Power Partners, LLC	\$26.55	\$9.02	\$1.41	\$47.49				\$84.47
		0746	Storm Lake I Power Partners, LLC	\$21.25	\$7.22	\$1.41	\$47.49				\$77.37
		Total				\$106.22	\$36.08	\$5.99	\$232.70		
0900	Corporate Accounting-Admin.	0741	ALLETE Clean Energy	\$20.49	\$24.39	\$22.02	\$26.67	\$66.29	\$29.61	\$26.25	\$215.72
		0742	Condon Wind Power, LLC	\$102.43	\$122.04	\$88.06	\$106.67	\$265.14	\$118.45	\$105.00	\$907.79
		0743	Lake Benton Power Partners, LLC	\$102.43	\$122.04	\$88.06	\$106.67	\$265.14	\$118.45	\$105.00	\$907.79
		0744	Storm Lake II Power Partners, LLC	\$102.43	\$122.04	\$88.06	\$106.67	\$265.14	\$118.45	\$105.00	\$907.79
		0746	Storm Lake I Power Partners, LLC	\$81.94	\$97.65	\$88.06	\$106.67	\$265.14	\$118.45	\$105.00	\$862.91
		0748	Northern Wind Energy					\$530.34	\$236.89	\$210.00	\$977.23
		Total				\$409.72	\$488.16	\$374.26	\$453.35	\$1,657.19	\$740.30
0920	Human Resources	0741	ALLETE Clean Energy	\$2,802.40	\$3,090.67	\$3,533.65	\$3,360.26	\$4,211.45	\$3,025.71	\$2,597.29	\$22,621.43
		0742	Condon Wind Power, LLC	\$2,202.53	\$2,720.70	\$2,999.38	\$3,060.01	\$3,825.30	\$2,700.56	\$2,472.38	\$19,980.86
		0743	Lake Benton Power Partners, LLC	\$2,202.53	\$2,720.70	\$2,999.38	\$3,060.01	\$3,825.30	\$2,700.56	\$2,472.38	\$19,980.86
		0744	Storm Lake II Power Partners, LLC	\$2,002.29	\$2,473.38	\$2,726.69	\$2,781.81	\$3,477.68	\$2,455.05	\$2,247.62	\$18,164.52
		0746	Storm Lake I Power Partners, LLC	\$2,002.29	\$2,473.38	\$2,726.69	\$2,781.81	\$3,477.68	\$2,455.05	\$2,247.62	\$18,164.52
		0748	Northern Wind Energy					\$3.22			\$3.22
		Total				\$11,212.04	\$13,478.83	\$14,985.79	\$15,043.90	\$18,820.63	\$13,336.93
0922	Benefit Plans	0741	ALLETE Clean Energy	\$239.85	\$1,759.00	\$2,206.76	\$1,310.67	\$1,799.38	\$471.15	\$354.70	\$8,141.51
		0742	Condon Wind Power, LLC	\$46.17	\$44.76	\$1,259.71	\$82.06	\$166.51	\$60.43	\$86.68	\$1,746.32
		0743	Lake Benton Power Partners, LLC	\$46.17	\$44.76	\$1,259.71	\$82.06	\$166.51	\$60.43	\$86.68	\$1,746.32
		0744	Storm Lake II Power Partners, LLC	\$41.97	\$40.70	\$1,145.20	\$74.61	\$151.37	\$54.93	\$78.80	\$1,587.58
		0746	Storm Lake I Power Partners, LLC	\$41.97	\$40.70	\$1,145.20	\$74.61	\$151.37	\$54.93	\$78.80	\$1,587.58

ACE Allocations - Allocated Charges

Resp Center	RC Description	Location	Location Description	ACE Allocations - Allocated Charges							Total
				201501	201502	201503	201504	201505	201506	201507	
				Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount
		Total		\$11.71							\$11.71
0961	Office Services	0741	ALLETE Clean Energy	\$8.12							\$8.12
		0742	Condon Wind Power, LLC	\$8.12							\$8.12
		0743	Lake Benton Power Partners, LLC	\$11.15							\$11.15
		0744	Storm Lake II Power Partners, LLC	\$11.15							\$11.15
		0746	Storm Lake I Power Partners, LLC	\$11.15							\$11.15
		Total		\$49.69							
0962	Record Services	0741	ALLETE Clean Energy	\$363.12	\$581.05	\$589.73	\$542.20	\$662.82	\$338.91	\$287.91	\$3,365.74
		0742	Condon Wind Power, LLC	\$399.42	\$639.16	\$648.71	\$596.44	\$729.11	\$372.82	\$316.72	\$3,702.38
		0743	Lake Benton Power Partners, LLC	\$399.42	\$639.16	\$648.71	\$596.44	\$729.11	\$372.82	\$316.72	\$3,702.38
		0744	Storm Lake II Power Partners, LLC	\$363.12	\$581.05	\$589.73	\$542.20	\$662.82	\$338.91	\$287.91	\$3,365.74
		0746	Storm Lake I Power Partners, LLC	\$363.12	\$581.05	\$589.73	\$542.20	\$662.82	\$338.91	\$287.91	\$3,365.74
		Total		\$1,888.20	\$3,021.47	\$3,066.61	\$2,819.48	\$3,446.68	\$1,762.37	\$1,497.17	\$17,501.98
0966	Investor Relations	0741	ALLETE Clean Energy	\$147.10	\$304.80	\$293.59	\$324.56	\$319.15	\$244.08	\$302.66	\$1,935.94
		0742	Condon Wind Power, LLC	\$570.69	\$1,277.62	\$1,193.73	\$1,346.06	\$1,138.48	\$912.92	\$1,136.05	\$7,575.55
		0743	Lake Benton Power Partners, LLC	\$570.69	\$1,277.62	\$1,193.73	\$1,346.06	\$1,138.48	\$912.92	\$1,136.05	\$7,575.55
		0744	Storm Lake II Power Partners, LLC	\$566.20	\$1,272.93	\$1,187.57	\$1,340.58	\$1,130.36	\$909.19	\$1,131.66	\$7,538.49
		0746	Storm Lake I Power Partners, LLC	\$507.75	\$1,134.81	\$1,063.24	\$1,199.37	\$1,130.36	\$909.19	\$1,131.66	\$7,076.38
		0748	Northern Wind Energy					\$2,098.20	\$1,743.70	\$2,175.42	\$6,017.32
		Total		\$2,362.43	\$5,267.78	\$4,931.86	\$5,556.63	\$6,955.03	\$5,632.00	\$7,013.50	\$37,719.23
0969	Investments & Analysis	0741	ALLETE Clean Energy	\$245.13	\$371.98	\$291.88	\$282.69	\$308.10	\$463.89	\$282.82	\$2,246.49
		0742	Condon Wind Power, LLC	\$1,128.19	\$1,790.43	\$1,154.74	\$1,059.54	\$1,142.20	\$1,625.30	\$1,131.32	\$9,031.72
		0743	Lake Benton Power Partners, LLC	\$1,128.19	\$1,790.43	\$1,154.74	\$1,059.54	\$1,142.20	\$1,625.30	\$1,131.32	\$9,031.72
		0744	Storm Lake II Power Partners, LLC	\$1,127.69	\$1,787.52	\$1,154.00	\$1,057.41	\$1,138.96	\$1,624.10	\$1,131.32	\$9,021.00
		0746	Storm Lake I Power Partners, LLC	\$903.14	\$1,435.85	\$1,154.00	\$1,057.41	\$1,138.96	\$1,624.10	\$1,131.32	\$8,444.78
		0748	Northern Wind Energy					\$2,213.09	\$3,224.45	\$2,262.64	\$7,700.18
		Total		\$4,532.34	\$7,176.21	\$4,909.36	\$4,516.59	\$7,083.51	\$10,187.14	\$7,070.74	\$45,475.89
0974	Finance-Tax	0741	ALLETE Clean Energy	\$21.51	\$78.45	\$114.20	\$80.55	\$107.45	\$110.66	\$67.80	\$580.62
		0742	Condon Wind Power, LLC	\$107.57	\$392.33	\$456.78	\$322.18	\$429.76	\$442.65	\$271.26	\$2,422.53
		0743	Lake Benton Power Partners, LLC	\$107.57	\$392.33	\$456.78	\$322.18	\$429.76	\$442.65	\$271.26	\$2,422.53
		0744	Storm Lake II Power Partners, LLC	\$107.57	\$392.33	\$456.78	\$322.18	\$429.76	\$442.65	\$271.26	\$2,422.53
		0746	Storm Lake I Power Partners, LLC	\$86.04	\$313.88	\$456.78	\$322.18	\$429.76	\$442.65	\$271.26	\$2,322.55

ACE Allocations - Allocated Charges

Resp Center	RC Description	Location	Location Description	201501	201502	201503	201504	201505	201506	201507	Total
				Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount
		0748	Northern Wind Energy					\$859.50	\$885.32	\$542.50	\$2,287.32
		Total		\$430.26	\$1,569.32	\$1,941.32	\$1,369.27	\$2,685.99	\$2,766.58	\$1,695.34	\$12,458.08
0975	Corporate Finance - Admin	0741	ALLETE Clean Energy	\$18.36	\$21.43	\$16.15	\$28.14	\$34.59	\$98.96	\$16.94	\$234.57
		0742	Condon Wind Power, LLC	\$91.84	\$107.13	\$64.59	\$117.36	\$138.26	\$395.81	\$67.78	\$982.77
		0743	Lake Benton Power Partners, LLC	\$91.84	\$107.13	\$64.59	\$117.36	\$138.26	\$395.81	\$67.78	\$982.77
		0744	Storm Lake II Power Partners, LLC	\$91.84	\$107.13	\$64.59	\$117.36	\$138.26	\$395.81	\$67.78	\$982.77
		0746	Storm Lake I Power Partners, LLC	\$73.49	\$85.71	\$64.59	\$112.55	\$138.26	\$395.81	\$67.78	\$938.19
		0748	Northern Wind Energy					\$276.59	\$791.58	\$135.53	\$1,203.70
		Total		\$367.37	\$428.53	\$274.51	\$492.77	\$864.22	\$2,473.78	\$423.59	\$5,324.77
0979	Financial Reporting & Budgeting	0741	ALLETE Clean Energy	\$76.53	\$65.20	\$68.61	\$91.34	\$103.89	\$44.18	\$45.48	\$495.23
		0742	Condon Wind Power, LLC	\$233.70	\$272.59	\$214.07	\$266.78	\$271.47	\$176.59	\$181.89	\$1,617.09
		0743	Lake Benton Power Partners, LLC	\$236.52	\$273.60	\$215.55	\$269.17	\$275.00	\$176.59	\$181.89	\$1,628.32
		0744	Storm Lake II Power Partners, LLC	\$239.33	\$274.62	\$217.02	\$271.58	\$278.51	\$176.59	\$181.89	\$1,639.54
		0746	Storm Lake I Power Partners, LLC	\$196.54	\$221.50	\$217.02	\$271.58	\$278.51	\$176.59	\$181.89	\$1,543.63
		0747	Thunder Spirit Wind, LLC	\$14.06	\$5.04	\$7.36	\$12.01	\$17.57			\$56.04
		0748	Northern Wind Energy					\$493.68	\$353.22	\$363.77	\$1,210.67
		Total		\$996.68	\$1,112.55	\$939.63	\$1,182.46	\$1,718.63	\$1,103.76	\$1,136.81	\$8,190.52
0982	Finance & Business Development	0741	ALLETE Clean Energy	\$38.61	\$28.93	\$42.30	\$41.70	\$132.70	\$43.94	\$39.81	\$367.99
		0742	Condon Wind Power, LLC	\$82.94	\$114.82	\$124.57	\$122.82	\$501.91	\$142.56	\$108.81	\$1,198.43
		0743	Lake Benton Power Partners, LLC	\$82.94	\$114.82	\$124.57	\$122.82	\$501.91	\$142.56	\$108.81	\$1,198.43
		0744	Storm Lake II Power Partners, LLC	\$78.36	\$113.58	\$121.93	\$120.22	\$500.22	\$140.59	\$105.84	\$1,180.74
		0746	Storm Lake I Power Partners, LLC	\$71.86	\$93.36	\$121.93	\$120.22	\$500.22	\$140.59	\$105.84	\$1,154.02
		0748	Northern Wind Energy					\$966.51	\$242.15	\$152.23	\$1,360.89
		Total		\$354.71	\$465.51	\$535.30	\$527.78	\$3,103.47	\$852.39	\$621.34	\$6,460.50
0983	Risk Management	0742	Condon Wind Power, LLC	\$62.72	\$48.35	\$58.59	\$58.23	\$97.86	\$77.36	\$60.45	\$463.56
		0743	Lake Benton Power Partners, LLC	\$83.63	\$64.48	\$78.14	\$77.61	\$130.51	\$103.15	\$80.58	\$618.10
		0744	Storm Lake II Power Partners, LLC	\$62.72	\$48.35	\$58.59	\$58.23	\$97.86	\$77.36	\$60.45	\$463.56
		0746	Storm Lake I Power Partners, LLC	\$62.72	\$48.35	\$58.59	\$58.23	\$97.86	\$77.36	\$60.45	\$463.56
		Total		\$271.79	\$209.53	\$253.91	\$252.30	\$424.09	\$335.23	\$261.93	\$2,008.78
0984	Accounting-General Accounting	0741	ALLETE Clean Energy	\$456.28	\$426.88	\$442.86	\$489.16	\$612.07	\$387.40	\$397.04	\$3,211.69
		0742	Condon Wind Power, LLC	\$403.10	\$371.50	\$336.93	\$397.45	\$501.34	\$323.94	\$352.37	\$2,686.63
		0743	Lake Benton Power Partners, LLC	\$435.39	\$401.83	\$370.47	\$433.46	\$549.58	\$354.36	\$383.12	\$2,928.21

ACE Allocations - Allocated Charges

Resp Center	RC Description	Location	Location Description	201501	201502	201503	201504	201505	201506	201507	Total
				Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount
		0744	Storm Lake II Power Partners, LLC	\$467.69	\$432.18	\$403.99	\$469.47	\$597.82	\$384.81	\$413.86	\$3,169.82
		0746	Storm Lake I Power Partners, LLC	\$465.63	\$431.26	\$403.99	\$469.47	\$597.82	\$384.81	\$413.86	\$3,166.84
		0747	Thunder Spirit Wind, LLC	\$161.48	\$151.76	\$167.60	\$180.06	\$241.24	\$152.17	\$153.77	\$1,208.08
		0748	Northern Wind Energy					\$327.21	\$221.79	\$274.15	\$823.15
		Total		\$2,389.57	\$2,215.41	\$2,125.84	\$2,439.07	\$3,427.08	\$2,209.28	\$2,388.17	\$17,194.42
0987	Accounting-Property & Construction	0741	ALLETE Clean Energy	\$2.32				\$0.07			\$2.39
		0742	Condon Wind Power, LLC	\$11.56				\$0.29			\$11.85
		0743	Lake Benton Power Partners, LLC	\$11.56				\$0.29			\$11.85
		0744	Storm Lake II Power Partners, LLC	\$11.56				\$0.29			\$11.85
		0746	Storm Lake I Power Partners, LLC	\$9.24				\$0.29			\$9.53
		0748	Northern Wind Energy					\$0.57			\$0.57
		Total		\$46.24				\$1.80			\$48.04
0989	Company General-Allocated	0741	ALLETE Clean Energy	\$27.90			\$33.48	\$24.80		\$159.96	\$246.14
		0742	Condon Wind Power, LLC	\$125.55			\$150.66	\$99.20		\$639.84	\$1,015.25
		0743	Lake Benton Power Partners, LLC	\$125.55			\$150.66	\$99.20		\$639.84	\$1,015.25
		0744	Storm Lake II Power Partners, LLC	\$125.55			\$150.66	\$99.20		\$639.84	\$1,015.25
		0746	Storm Lake I Power Partners, LLC	\$111.60			\$133.92	\$99.20		\$639.84	\$984.56
		0748	Northern Wind Energy					\$198.40		\$1,279.68	\$1,478.08
		Total		\$516.15			\$619.38	\$620.00		\$3,999.00	\$5,754.53
Total				\$80,783.59	\$81,282.09	\$94,528.61	\$157,742.58	\$43,216.45	\$141,563.21	\$87,765.45	\$686,881.98

ACE Direct Charges

				Account	17410							
				Month	201501	201502	201503	201504	201505	201506	201507	Total
Resp Center	RC Description	Location	Location Description	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount
0140	Distribution System	0747	Thunder Spirit Wind, LLC			\$398.68						\$398.68
		Total				\$398.68						\$398.68
0505	Rapids Energy Center	0745	ACE O&M			\$2,453.25						\$2,453.25
		0747	Thunder Spirit Wind, LLC	\$11,709.45	\$15,533.96	\$9,982.29	\$14,699.31	\$16,346.60	\$15,415.11	\$33,959.76	\$117,646.48	
		Total		\$11,709.45	\$15,533.96	\$12,435.54	\$14,699.31	\$16,346.60	\$15,415.11	\$33,959.76	\$120,099.73	
0520	Generation Operations	0741	ALLETE Clean Energy	\$629.02	\$3,238.09	\$2,163.88	\$447.60	\$1,323.69	\$223.79	\$3,273.32	\$11,299.39	
		0743	Lake Benton Power Partners,						\$491.88	\$218.57	\$710.45	
		0745	ACE O&M						\$95.45		\$95.45	
		0747	Thunder Spirit Wind, LLC	\$4,587.17	\$11,462.20	\$13,753.00	\$22,280.15	\$24,472.68	\$21,123.67	\$14,935.86	\$112,614.73	
		0748	Northern Wind Energy						\$223.79		\$223.79	
		Total		\$5,216.19	\$14,700.29	\$15,916.88	\$22,727.75	\$25,796.37	\$22,158.58	\$18,427.75	\$124,943.81	
0554	ITS Applications	0741	ALLETE Clean Energy	\$7,891.14	\$5,411.88	\$8,003.10	\$7,319.31	\$17,148.06	\$18,503.79	\$27,178.32	\$91,455.60	
		0742	Condon Wind Power, LLC	\$806.57	\$4,369.92	\$1,272.60	\$730.99	\$1,471.85	\$1,943.95	\$2,099.89	\$12,695.77	
		0743	Lake Benton Power Partners,	\$288.73	\$435.29	\$790.14	\$1,969.87	\$291.14	\$1,921.63	\$1,219.18	\$6,915.98	
		0744	Storm Lake II Power Partners	\$241.34	\$953.41	\$803.35	\$971.96	\$1,025.50		\$58.22	\$4,053.78	
		0746	Storm Lake I Power Partners,			\$675.17					\$675.17	
		0747	Thunder Spirit Wind, LLC			\$144.34					\$144.34	
		0765	ACE Corporate Office			\$38.73		\$435.98	\$163.48		\$638.19	
		Total		\$9,227.78	\$11,170.50	\$11,727.43	\$10,992.13	\$20,372.53	\$22,532.85	\$30,555.61	\$116,578.83	
0556	ITS Systems	0741	ALLETE Clean Energy	\$13,243.99	\$2,678.02	\$1,088.82	\$102.18	\$20,281.21	\$5,913.12	\$7,354.71	\$50,662.05	
		0742	Condon Wind Power, LLC						\$41.89		\$41.89	
		0744	Storm Lake II Power Partners		\$3,087.17	\$37.72			\$298.55		\$3,423.44	
		Total		\$13,243.99	\$5,765.19	\$1,126.54	\$102.18	\$20,281.21	\$6,253.56	\$7,354.71	\$54,127.38	
0557	IT Security and Compliance	0741	ALLETE Clean Energy					\$102.02			\$102.02	
		Total					\$102.02			\$102.02		
0603	Power Delivery Engineering	0742	Condon Wind Power, LLC				\$588.81	\$7,077.30	\$441.67	\$195.57	\$8,303.35	
		0743	Lake Benton Power Partners,	\$1,918.48	\$1,143.67		(\$284.26)	(\$1.72)	\$73.60	\$294.20	\$3,143.97	
		0744	Storm Lake II Power Partners				\$213.17	\$1.29			\$214.46	
		0746	Storm Lake I Power Partners,				\$4,586.54	\$27.30			\$4,613.84	

ACE Direct Charges

				Account	17410							
				Month	201501	201502	201503	201504	201505	201506	201507	Total
Resp Center	RC Description	Location	Location Description	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount
		0747	Thunder Spirit Wind, LLC		\$68.08							\$68.08
		0748	Northern Wind Energy								\$1,912.27	\$1,912.27
		Total		\$1,918.48	\$1,211.75		\$5,104.26	\$7,104.17	\$515.27	\$2,402.04		\$18,255.97
0607	System Operations	0741	ALLETE Clean Energy								\$92.04	\$92.04
		Total									\$92.04	\$92.04
0608	Transmission Regulatory & Business Support	0741	ALLETE Clean Energy	\$811.19	\$1,280.87	\$183.43	\$188.94	\$1,702.38	\$71.38	\$73.68		\$4,311.87
		Total		\$811.19	\$1,280.87	\$183.43	\$188.94	\$1,702.38	\$71.38	\$73.68		\$4,311.87
0650	Communications Infrastructure	0741	ALLETE Clean Energy	\$8,545.29	\$3,209.44		\$2,093.73	\$2,887.77	\$6,624.18	\$8,536.19		\$31,896.60
		0742	Condon Wind Power, LLC	\$226.04		\$37.29		\$169.01		\$73.50		\$505.84
		0743	Lake Benton Power Partners,		\$546.58	\$26.95		\$10.01		\$823.53		\$1,407.07
		0744	Storm Lake II Power Partners			\$36.57				\$736.18		\$772.75
		0745	ACE O&M							\$54.19		\$54.19
		0765	ACE Corporate Office	\$7,431.13		\$1,221.07	\$1,177.72	\$4,483.62	\$4,042.80	\$862.15		\$19,218.49
		Total		\$16,202.46	\$3,756.02	\$1,321.88	\$3,271.45	\$7,550.41	\$10,666.98	\$11,085.74		\$53,854.94
0761	Corporate Legal Services	0741	ALLETE Clean Energy	\$9,795.93	\$9,158.18	\$19,235.80	\$17,347.99	\$20,840.23	\$8,892.36	\$5,929.40		\$91,199.89
		0742	Condon Wind Power, LLC	\$1,415.32	\$862.93	\$468.38	\$508.44	\$1,750.63		\$109.03		\$5,114.73
		0743	Lake Benton Power Partners,	\$1,166.02	\$201.91	\$433.67	\$218.06	\$364.73		\$218.06		\$2,602.45
		0744	Storm Lake II Power Partners	\$1,043.16	\$100.96	\$100.96		\$364.73		\$218.06		\$1,827.87
		Total		\$13,420.43	\$10,323.98	\$20,238.81	\$18,074.49	\$23,320.32	\$8,892.36	\$6,474.55		\$100,744.94
0850	Environmental Services	0741	ALLETE Clean Energy					\$307.70	\$1,456.17	\$4,909.99		\$6,673.86
		0747	Thunder Spirit Wind, LLC	\$1,314.49	\$836.47	\$2,675.48	\$2,830.79	\$3,784.66	\$3,569.27	\$2,281.69		\$17,292.85
		Total		\$1,314.49	\$836.47	\$2,675.48	\$2,830.79	\$4,092.36	\$5,025.44	\$7,191.68		\$23,966.71
0900	Corporate Accounting-Admin	0741	ALLETE Clean Energy	\$1,756.33	\$2,769.31	\$6,802.54	\$975.89	\$511.37	\$767.05	\$937.49		\$14,519.98
		Total		\$1,756.33	\$2,769.31	\$6,802.54	\$975.89	\$511.37	\$767.05	\$937.49		\$14,519.98
0920	Human Resources	0741	ALLETE Clean Energy	\$2,265.39	\$1,078.34	\$3,091.88	\$3,418.42	\$14,037.49	\$6,456.18	\$10,376.32		\$40,724.02
		Total		\$2,265.39	\$1,078.34	\$3,091.88	\$3,418.42	\$14,037.49	\$6,456.18	\$10,376.32		\$40,724.02
0922	Benefit Plans	0741	ALLETE Clean Energy	\$1,015.34	\$61,611.25	\$93,968.52	\$35,305.32	\$36,985.36	\$92,619.18	\$2,257.24		\$323,762.21
		Total		\$1,015.34	\$61,611.25	\$93,968.52	\$35,305.32	\$36,985.36	\$92,619.18	\$2,257.24		\$323,762.21
0939	Purchasing and Contracts	0741	ALLETE Clean Energy	\$81.86		\$54.83	\$26.98	\$252.66	\$9.66	\$516.58		\$942.57

ACE Direct Charges

				Account 17410								
				Month	201501	201502	201503	201504	201505	201506	201507	Total
Resp Center	RC Description	Location	Location Description	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount
	Contracts	0742	Condon Wind Power, LLC				\$69.43			\$8.18		\$77.61
		0743	Lake Benton Power Partners,	\$991.30	\$615.36	\$23.41	\$3,184.13	\$60.10			\$138.00	\$5,012.30
		0744	Storm Lake II Power Partners		\$14.62	\$592.54				\$723.42		\$1,330.58
		0746	Storm Lake I Power Partners,			\$29.85	\$29.85	\$182.43	\$193.78			\$435.91
		Total		\$1,073.16	\$629.98	\$770.06	\$3,240.96	\$495.19	\$935.04	\$654.58		\$7,798.97
0950	Security	0741	ALLETE Clean Energy							\$858.10		\$858.10
		Total								\$858.10		\$858.10
0959	Engineering Services	0741	ALLETE Clean Energy							\$303.74		\$303.74
		Total								\$303.74		\$303.74
0960	Facility Management	0741	ALLETE Clean Energy							\$824.78	\$146.31	\$971.09
		Total								\$824.78	\$146.31	\$971.09
0961	Office Services	0741	ALLETE Clean Energy	\$359.67	\$272.17	\$471.58	\$449.09	\$372.70	\$248.49	\$323.26		\$2,496.96
		Total		\$359.67	\$272.17	\$471.58	\$449.09	\$372.70	\$248.49	\$323.26		\$2,496.96
0966	Investor Relations	0741	ALLETE Clean Energy		\$5,113.28	\$2,776.41	\$954.38	\$189.92	\$13,783.93	\$2,700.60		\$25,518.52
		Total			\$5,113.28	\$2,776.41	\$954.38	\$189.92	\$13,783.93	\$2,700.60		\$25,518.52
0969	Investments & Analysis	0741	ALLETE Clean Energy	\$62,362.02	\$4,361.69	(\$39,364.18)	\$13,316.44	\$6,987.19	\$12,074.69	\$35,684.45		\$95,422.30
		0747	Thunder Spirit Wind, LLC			\$57,900.00	\$126,000.00			\$250.00	\$116,584.13	\$300,734.13
		Total		\$62,362.02	\$4,361.69	\$18,535.82	\$139,316.44	\$6,987.19	\$12,324.69	\$152,268.58		\$396,156.43
0974	Finance-Tax	0741	ALLETE Clean Energy	(\$30,000.00)	\$31,605.12	\$1,411.31	\$249.58				\$20,249.69	\$23,515.70
		Total		(\$30,000.00)	\$31,605.12	\$1,411.31	\$249.58				\$20,249.69	\$23,515.70
0978	Internal Audit	0741	ALLETE Clean Energy	\$141.45	\$225.05	\$1,435.78					\$6,546.64	\$8,348.92
		Total		\$141.45	\$225.05	\$1,435.78					\$6,546.64	\$8,348.92
0979	Financial Reporting & Budgeting	0741	ALLETE Clean Energy							\$226.44	\$4,985.45	\$5,211.89
		Total								\$226.44	\$4,985.45	\$5,211.89
0983	Risk Management	0741	ALLETE Clean Energy	\$22,908.17	\$194,690.57	\$6,004.93		\$14,435.00			\$4,909.99	\$242,948.66
		Total		\$22,908.17	\$194,690.57	\$6,004.93		\$14,435.00			\$4,909.99	\$242,948.66
0984	Accounting-General Accounting	0741	ALLETE Clean Energy	\$2,352.49	(\$20.90)	\$1,748.74	\$2,208.64	\$3,484.21	\$4,786.33			\$16,686.06
		0747	Thunder Spirit Wind, LLC								\$488.39	\$488.39
		Total		\$2,352.49	(\$20.90)	\$1,748.74	\$2,208.64	\$3,484.21	\$4,786.33		\$2,614.94	\$17,174.45

ACE Direct Charges

				Account 17410								
				Month	201501	201502	201503	201504	201505	201506	201507	Total
Resp Center	RC Description	Location	Location Description	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount
0986	Energy Pricing & Billing	0741	ALLETE Clean Energy				\$133.29	\$399.83	\$319.87	\$479.81		\$1,332.80
		Total					\$133.29	\$399.83	\$319.87	\$479.81		\$1,332.80
0987	Accounting-Property & Construction	0741	ALLETE Clean Energy	\$10,108.63	\$12,894.56	\$13,289.20	\$7,216.56	\$9,790.46	\$3,089.04	\$19,554.10		\$75,942.55
		Total		\$10,108.63	\$12,894.56	\$13,289.20	\$7,216.56	\$9,790.46	\$3,089.04	\$19,554.10		\$75,942.55
0989	Company General-Allocated	0741	ALLETE Clean Energy								\$60,140.00	\$60,140.00
		Total									\$60,140.00	\$60,140.00
Total				\$147,407.11	\$380,208.13	\$215,932.76	\$271,459.87	\$214,357.09	\$229,074.39	\$406,762.56		\$1,865,201.91

State of Minnesota
DEPARTMENT OF COMMERCE
DIVISION OF ENERGY RESOURCES

Nonpublic Public

Utility Information Request

Docket Number: E015/AI-15-712

Date of Request: 8/10/2015

Requested From: Minnesota Power

Response Due: 8/20/2015

Analyst Requesting Information: Nancy Campbell

Type of Inquiry: Financial Rate of Return Rate Design
 Engineering Forecasting Conservation
 Cost of Service CIP Other:

If you feel your responses are trade secret or privileged, please indicate this on your response.

Request No.	
13	<p>Please identify all utility owned assets and services (for example: transmission assets or transmission services) that are shared between ACE and MP/ALLETE, Inc. and were not already identified in the above question, and explain how MP ensures all costs are fully allocated to ACE.</p>

RESPONSE:

There are no utility-owned assets shared between Minnesota Power and ALLETE Clean Energy that have not been previously identified. All costs allocations have been and will continue to be governed by the cost allocation methodology set forth in Docket No. E015/M-01-1416.

Response by: Christopher D. Anderson
 Title: Associate General Counsel
 Department: Legal Services
 Telephone: (218) 723-3961

List sources of information:

State of Minnesota
DEPARTMENT OF COMMERCE
DIVISION OF ENERGY RESOURCES

Nonpublic
Public

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Request No.	
14	<p>Reference: May 29, 2015 Compliance Filing in Docket Nos. E015/M-01-1416 and E015/AI-11-868 Exhibit E</p> <p>For "ALLOC12" which allocates Board of Directors and Investor Relations Costs, please explain why the use of "Corporate Equity" is a reasonable allocator of these costs.</p> <p>RESPONSE:</p> <p>As provided in Docket No. E-015/GR-08-415 (DeVinck Rebuttal Testimony), "Minnesota Power's cost allocation process was reviewed by the OES in In the Matter of Minnesota Power's Asset Separation and Accounting Methodology, Docket No. E015/M-01-1416. In compliance with the Commission's August 8, 2002, Order in that docket, there was a September 2, 2002 meeting between the Company, OES, OAG, and Commission staff to discuss in detail various issues raised in that docket. During this meeting, Minnesota Power explained that it does not have a general or default corporate allocator, but rather direct charges corporate costs or allocates them as described above. The outcome of the meeting was documented by an October 15, 2002 compliance filing; one of the requirements coming out of that meeting was that the Company must annually update the OES on changes to its allocators. Since then, Minnesota Power has submitted an annual compliance filing." Minnesota Power continues to submit annual compliance filings under this Docket.</p>

Response by: Julie Fender
Title: Supervisor
Department: Accounting
Telephone: (218) 355-3723

List sources of information:

Minnesota Power's allocation methodologies were also reviewed in Docket No. E015/GR-09-1151. As provided in Steven Q. DeVinck's Direct Testimony in this docket, "The approximate 15% of Company costs that cannot be directly assigned relate mostly to general and administrative support activities that benefit all entities in the ALLETE consolidated group. Such activities include legal, accounting, human resources, and information technology. To allocate such costs, a cost pool is created for each similar type of administrative and general activity. Expenses within each cost pool are then allocated utilizing an "Allocation Method" specifically designed for that activity....The objective of this process is to allocate general and administrative costs in a reasonable and fair manner that correlates the benefit each activity provides to the Company's regulated versus non-regulated activities. Thus there are no general or default allocations, nor default assumptions as to whether costs should be allocated to regulated or non-regulated activities."

Specific to the question in this information request, the October 15, 2002 compliance filing in Docket No. E015/M-01-1416 addressed the use of a Corporate Equity allocator. As part of the outcome of the proceedings in this Docket, "Minnesota Power addressed the Department's concern regarding the use of a corporate equity allocator by providing evidence of its limited scope as presented in the original Petition and Minnesota Power action since that time to further limit its use through direct charging and alternate allocators." Additionally, as part of the information request process in E015/GR-09-1151 related to DeVinck's testimony included above, the OES questioned the Company's allocation process (OES IR 134). Included in the Company's responses to those questions was the following explanation of the Corporate Equity allocator:

"Corporate Equity is calculated utilizing the amount of equity investment in various entities – ALLETE/MP, MP Lines of Business and ALLETE Subsidiaries. It is not the intent to claim equity as a causative factor of increased activity, however, it is an available "number" that often can be equated with the value of an entity and as such it is often interpreted that the activity support for an entity increases with it's value. Minimal use of the method is desired. The intent is to utilize this solely for those costs that are associated with investors or shareholders where the concept of "value" = "equity" may be valued."

Response by: Julie Fender
Title: Supervisor
Department: Accounting
Telephone: (218) 355-3723

List sources of information:

State of Minnesota
DEPARTMENT OF COMMERCE
DIVISION OF ENERGY RESOURCES

Nonpublic Public

Utility Information Request

Docket Number: E015/AI-15-712

Date of Request: 8/10/2015

Requested From: Minnesota Power

Response Due: 8/20/2015

Analyst Requesting Information: Nancy Campbell

Type of Inquiry: Financial Rate of Return Rate Design
 Engineering Forecasting Conservation
 Cost of Service CIP Other:

If you feel your responses are trade secret or privileged, please indicate this on your response.

Request No.	
15	<p>Reference: May 29, 2015 Compliance Filing in Docket Nos. E015/M-01-1416 and E015/AI-11-868 Exhibit E</p> <p>For "ALLOC12" which allocates Board of Directors and Investor Relations Costs, please recalculate the percentage of regulated and non-regulated percentages (like Exhibit D) using the allocator "Expenses less purchased goods sold" consistent with the Commission's March 7, 1995 and September 28, 1994 Orders in Docket G,E-999/CI-90-1008.</p>

RESPONSE:

See OES IR 15 Attachment for the calculation of percentages using "Expenses less purchased goods sold." Expenses are based on YTD June 2015 information.

Response by: Julie Fender
 Title: Supervisor
 Department: Accounting
 Telephone: (218) 355-3723

List sources of information:

2015 Budget Allocations By Method

IR No. 15

			Reg	Non-Reg	SWLP	BNI	US Water	RR WI	MP Ent	ACE Parent	TS	NW	SL1	SL2	LB	COND	Real Estate	Total
					700	708	732	737	724	741	747	748	746	744	743	742	726	
Special	Activity Description	Allocation Method	%	%	%	%	%	%	%	%							%	
Information based on YTD June 2015 information																		
Expenses method																		
1010	Board of Directors	ALLOC12	71.2	6.2	3.6	0.6	11.0	0.0	0.2	2.4	0	0.2	0.7	0.7	0.7	0.8	1.7	100.0
3030	Investor Relations	ALLOC12	71.2	6.2	3.6	0.6	11.0	0.0	0.2	2.4	0	0.2	0.7	0.7	0.7	0.8	1.7	100.0

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Request No.	
16	<p style="text-align: center;">Reference: May 29, 2015 Compliance Filing in Docket Nos. E015/M-01-1416 and E015/AI-11-868 Exhibit E</p> <p>For "ALLOC24" which allocates Budgeting, Environmental Regulatory Support, and Security, please explain why the use of "Fixed Assets of MP and SWL&P" is a reasonable allocator of these costs and why the allocation is limited to MP and SWL&P.</p>

RESPONSE:

"ALLOC24" can be further broken down into three associated "special" segments in Minnesota Power's general ledger account string:

Special 1020 – Budgeting

This method is used to allocate costs of developing and administering budgets and budget to actual reporting for Minnesota Power and Superior Water Light & Power (SWL&P), both of which utilize the company's O&M and capital budgeting system. Basing the allocation off of the proportion of fixed assets is deemed to provide more constant, consistent allocation percentages indicative of size of company and percentage of benefit associated with use of the shared budgeting system.

Response by: Julie Fender
 Title: Supervisor
 Department: Accounting
 Telephone: (218) 355-3723

List sources of information:

Special 3060 – Security

This method is used to allocate the costs of network and General Office Building (GOB) security to Minnesota Power and SWL&P. SWL&P does provide its own security, however, certain administrative functions are provided by personnel in the GOB and so a portion of security costs certainly benefit functions of SWL&P's operations. The cost of providing security services to other tenants is included in lease/rental payments.

Special 2090 – Environmental Regulatory Support

This method, while still available, has not been used in allocating indirect costs across lines of business since prior to 2012.

As provided in Docket No. E015/GR-09-1151, OES Information Request 134, "Fixed Asset Balance – The fixed asset balance for specific ALLETE/MP entities is a surrogate method of determining value (or equity) for the lines of business within MP and certain subsidiaries that utilize ALLETE/MP's systems. Sub category of the fixed asset balances may also be used, e.g. land account balances."

Review and approval of Minnesota Power's allocation methodologies was the subject of a meeting held on September 2, 2002 between the Company, OES, OAG and Commission staff. Annual compliance filings to the OES have been provided annually under Docket No. E015/M-01-1416.

Response by: Julie Fender
Title: Supervisor
Department: Accounting
Telephone: (218) 355-3723

List sources of information:

State of Minnesota
DEPARTMENT OF COMMERCE
DIVISION OF ENERGY RESOURCES

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Utility Information Request

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 Cost of Service CIP Other:

If you feel your responses are trade secret or privileged, please indicate this on your response.

Request No.	
17	<p style="text-align: center;">Reference: May 29, 2015 Compliance Filing in Docket Nos. E015/M-01-1416 and E015/AI-11-868 Exhibit E</p> <p>For "ALLOC25" which allocates Strategic Planning, Financial Planning, Tax Services, Financial Reporting, Finance Services, External Communications, and Legal Services, please explain why the use of "Fixed Asset Balances and Corporate Equity" is a reasonable allocator of these costs.</p> <p>RESPONSE:</p> <p>Please refer to OES Information Request 134 filed under docket number E015/GR-09-1151 for a description of the bases/rationales for all of our allocation methods. In that attachment we explain the following:</p> <p>"<u>Corporate Equity</u> is calculated utilizing the amount of equity investment in various entities – ALLETE/MP, MP Lines of Business and ALLETE Subsidiaries. It is not the intent to claim equity as a causative factor of increased activity, however, it is an available "number" that often can be equated with the value of an entity and as such it is often interpreted that the activity support for an entity increases with its value. Minimal use of the method is desired. The intent is to utilize this solely for those costs that are associated with investors or shareholders where the concept of "value"= "equity" may be valued."</p>

Response by: Julie Fender
 Title: Supervisor
 Department: Accounting
 Telephone: (218) 355-3723

List sources of information:

“At times corporate equity is used in combination with other bases to develop allocation methods that may be more reflective of the benefits being derived by the entities receiving the allocation.” This is the case for ALLOC25.

“Fixed Asset Balance - The fixed asset balance for specific ALLETE/MP entities is a surrogate method of determining value (or equity) for the lines of business within MP and certain subsidiaries that utilize ALLETE/MP’s fixed asset systems. Sub category of the fixed asset balances may also be used, e.g. land account balances.”

“At times fixed asset balances may be used in combination with other bases to develop allocation methods that may be more reflective of the benefits being derived by the entities receiving the allocation.”

Response by: Julie Fender
Title: Supervisor
Department: Accounting
Telephone: (218) 355-3723

List sources of information:

State of Minnesota
DEPARTMENT OF COMMERCE
DIVISION OF ENERGY RESOURCES

Nonpublic
 Public

Utility Information Request

Docket Number: E015/AI-15-712

Date of Request: 8/10/2015

Requested From: Minnesota Power

Response Due: 8/20/2015

Analyst Requesting Information: Nancy Campbell

Type of Inquiry: Financial Rate of Return Rate Design
 Engineering Forecasting Conservation
 Cost of Service CIP Other:

If you feel your responses are trade secret or privileged, please indicate this on your response.

Request No.	
18	<p>Reference: May 29, 2015 Compliance Filing in Docket Nos. E015/M-01-1416 and E015/AI-11-868 Exhibit E</p> <p>For "ALLOC25" which allocates Strategic Planning, Financial Planning, Tax Services, Financial Reporting, Finance Services, External Communications, and Legal Services, for 2014 how many dollars were allocated using the allocator "ALLOC25"?</p>

RESPONSE:

In 2014, total dollars allocated to ALLETE Clean Energy (ACE) through ALLOC25 were \$134,312.82.

Response by: Julie Fender
 Title: Supervisor
 Department: Accounting
 Telephone: (218) 355-3723

List sources of information:

State of Minnesota
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 Public

Utility Information Request

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Request No.	
19	<p>Reference: May 29, 2015 Compliance Filing in Docket Nos. E015/M-01-1416 and E015/AI-11-868 Exhibit E</p> <p>For "ALLO33" which allocates Executive Compensation Programs based on number of participants in each Company Business Unit, how would an employee or participant that is an executive in two business units be treated for this allocator. Please explain why this is a reasonable allocation for regulated and non-regulated business units.</p> <p>RESPONSE:</p> <p>An individual is included as a plan participant of the company in which they are directly employed or paid. The "ALLO33" methodology is used to allocate the costs of plan administration (such as time and labor of Human Resources personnel), not the costs of the benefits paid or accrued.</p> <p>As provided in Docket No. E015/GR-09-1151, OES Information Request 134, "Plan Participants – Human Resources can identify the number of individuals that participate in certain benefit plans. As with Headcount base the number of employees involved is more causative than the amount of their salaries."</p> <p>Review and approval of Minnesota Power's allocation methodologies was the subject of a meeting held on September 2, 2002 between the Company, OES, OAG and Commission staff.</p>

Response by: Julie Fender
 Title: Supervisor
 Department: Accounting
 Telephone: (218) 355-3723

List sources of information:

Annual compliance filings to the OES have been provided annually under Docket No. E015/M-01-1416.

Response by: Julie Fender
Title: Supervisor
Department: Accounting
Telephone: (218) 355-3723

List sources of information:

State of Minnesota
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Utility Information Request

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Type of Inquiry: Financial Rate of Return Rate Design
 Engineering Forecasting Conservation
 Cost of Service CIP Other:

If you feel your responses are trade secret or privileged, please indicate this on your response.

Request No.	
20	<p style="text-align: center;">Reference: May 29, 2015 Compliance Filing in Docket Nos. E015/M-01-1416 and E015/AI-11-868 Exhibit E</p> <p>For “HeadCT2, HeadCT5 & HeadCT6” indicates use of “number of employees” how does the Company handle shared employees? For example, if an employee primarily works for MP 70 percent of the time but 30 percent of the time is working on ACE projects, how is this employee handled under number of employees.</p>

RESPONSE:

There are no shared employees. An individual is an employee of only one entity. An employee working on a specific company project will charge their time accordingly via a direct charge work order. If an employee is working on a project that benefits more than one entity, then an indirect charge work order is used to allocate costs.

For purposes of the allocation methodologies that use headcount as the basis of allocations, an individual is included in the headcount for the company of which they are directly employed and paid.

Response by: Julie Fender
 Title: Supervisor
 Department: Accounting
 Telephone: (218) 355-3723

List sources of information:

CERTIFICATE OF SERVICE

I, Sharon Ferguson, hereby certify that I have this day, served copies of the following document on the attached list of persons by electronic filing, certified mail, e-mail, or by depositing a true and correct copy thereof properly enveloped with postage paid in the United States Mail at St. Paul, Minnesota.

**Minnesota Department of Commerce
Public Comments**

Docket No. E015/AI-15-712

Dated this 30th day of September 2015

/s/Sharon Ferguson

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