

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

LeRoy Koppendrayer

Chair

Gregory Scott

Commissioner

Marshall Johnson

Commissioner

Phyllis Reha

Commissioner

Ellen Gavin

Commissioner

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Christopher D. Anderson  
Senior Attorney  
Minnesota Power  
30 West Superior Street  
Duluth, MN 55802

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In the Matter of a Petition by Minnesota Power for Approval of its 2003 Capital Structure and Permission to Issue Securities

The above entitled matter has been considered by the Commission and the following disposition made:

**Recommendations excluding the Rights Plan:**

**Approved the Company's 2003 estimated capital structure. This approval will remain effective until the Commission issues a new capital structure order for the year 2004;**

**Approved the Company's equity contingency of plus/minus 15 percent around its 2003 proposed equity ratio. Equity ratios outside this range may not exceed a period of 60 days without prior Commission approval;**

**Approved the Company's total capitalization's contingency of \$330 million above its 2003 total capitalization. The Company may not exceed its total capitalization including the requested contingency of \$330 million for a period longer than 60 days without prior Commission approval;**

**Approved any issuance of securities in calendar year 2003 that would not result in an equity ratio outside the proposed range or a total capitalization exceeding its proposed cap for more than 60 days; and**

**The Company is required to obtain prior approval for issuance of any securities in calendar year 2003 that would result in an equity ratio outside the approved range or a total capitalization exceeding its approved cap for more than 60 days.**

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**Recommendations regarding the Rights Plan:**

**The Company is allowed to forego prior Commission approval to issue securities under the Rights Plan and is required to refile a revised capital structure petition for review and approval by the Commission within six months after a Triggering Event; and**

**If the Company either amends or terminates its Rights Plan prior to July 23, 2006, the Company must notify the Commission as soon as possible after such decision is made, and no later than the Company's next earliest capital structure filing following such termination or amendment.**

**Recommendations Regarding Potential Corporate Restructuring Effect on Credit Ratings:**

**The Company is required to keep the Commission informed of any corporate restructuring;**

**The Company is required to keep the Commission informed of any Rating Agency action.**

The Commission agrees with and adopts the recommendations of the Department of Commerce which are attached and hereby incorporated in the Order.

BY ORDER OF THE COMMISSION

Burl W. Haar  
Executive Secretary

(S E A L)

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