

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

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In the Matter of Minnesota Power's Petition for Approval of Aircraft Ownership Transfer Between Allete, Inc. and Adesa, Inc.

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

Minnesota Rules part 7825.1400 is varied to the extend needed to permit the proposed transaction.

The proposed exchange of aircrafts between ALLETE and ADESA is approved. Consistent with Commission cases discussed in the comments of the Minnesota Department of Commerce, ALLETE shall account for the gain or loss in Account 108, Accumulated Provision for Depreciation of Electric Utility Plant.

ALLETE shall file its final journal entries for the airplane exchange within 30 days of the transaction being final.

The Commission shall continue to require Minnesota Power to include a cost/benefit analysis in

its next rate case filing. Such an analysis shall address:

whether the benefits of allocating 100 percent of an aircraft to the regulated utility exceeds the costs;

whether the aircraft ownership allocated to the regulated entity is necessary in the provision of utility service; and

whether the arrangement is beneficial compared to using alternative transportation.

ALLETE shall show and provide adequate support for these allocations of aircraft costs in its next rate case. Additionally, ALLETE shall explain and support in the context of its next rate case whether or not the entire aircraft should be included in rate base for regulated purposes or whether some proportional share of the aircraft equal to regulated use should be included in rate base.

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

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