

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

LeRoy Koppendrayer

Chair

Ken Nickolai

Commissioner

Marshall Johnson

Commissioner

Phyllis Reha

Commissioner

Thomas Pugh

Commissioner

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In the Matter of a Petition of Minnesota Power for Approval of its 2007 Capital Structure and Authorization to Issue Securities

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

Recommendations Excluding the Rights Plan:

- 1. Approved Minnesota Power's 2007 estimated capital structure. This approval will remain effective until the earlier of April 30, 2008, or the date at which the Commission issues a new capital structure order;**
- 2. Approved Minnesota Power's equity ratio contingency of plus/minus 15 percent around its 2007 proposed equity ratio. Equity ratios outside this range may not exceed a period of 60 days without prior Commission approval;**
- 3. Approved Minnesota Power's total capitalization contingency of \$160 million above its 2007 total capitalization. The Company may not exceed its total capitalization including the requested contingency of \$160 million for a period longer than 60 days without prior Commission approval;**
- 4. Approved any issuance of securities during the period this order is in effect that would not**

result in an equity ratio outside the proposed range or a total capitalization exceeding the proposed cap for more than 60 days; and

5. Required Minnesota Power to obtain prior approval for issuance of any securities during the period this order is in effect that would result in an equity ratio outside the approved range or a total capitalization exceeding its approved cap for more than 60 days.

Recommendations Regarding the Rights Plan:

6. Allowed Minnesota Power to forego prior Commission approval to issue securities under the Rights Plan and require the Company to refile a revised capital structure petition for review and approval by the Commission within six months after a Triggering Event; and

7. Required that if Minnesota Power either amends or terminates its Rights Plan, the Company must notify the Commission as soon as possible after such decision is made, and no later than Minnesota Power's next earliest capital structure filing following such termination or amendment.

Recommendations Regarding Potential Corporate Restructuring Effect on Credit Ratings:

8. Required Minnesota Power to keep the Commission informed of any corporate restructuring; and

9. Required Minnesota Power 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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