

**Minnesota Power Capital Structure Determination**  
**2015 Actual**  
*(in thousands)*

	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	13 Mos. Average
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<b>ALLETE - Parent</b>														
Common Equity	\$ 1,609,475	\$ 1,628,037	\$ 1,714,411	\$ 1,768,891	\$ 1,778,907	\$ 1,769,255	\$ 1,776,636	\$ 1,797,152	\$ 1,802,154	\$ 1,821,926	\$ 1,838,531	\$ 1,834,955	\$ 1,820,100	\$ 1,766,187
Short-term Debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Long-term Debt	1,303,980	1,303,980	1,303,980	1,303,980	1,303,980	1,303,980	1,303,980	1,303,980	1,353,980	1,453,980	1,453,980	1,453,980	1,438,300	1,352,774
Total Capitalization	2,913,455	2,932,017	3,018,391	3,072,871	3,082,887	3,073,235	3,080,616	3,101,132	3,156,134	3,275,906	3,292,511	3,288,935	3,258,400	3,118,961
Equity Ratio	55.2%	55.5%	56.8%	57.6%	57.7%	57.6%	57.7%	58.0%	57.1%	55.6%	55.8%	55.8%	55.9%	56.6%
Debt Ratio	44.8%	44.5%	43.2%	42.4%	42.3%	42.4%	42.3%	42.0%	42.9%	44.4%	44.2%	44.2%	44.1%	43.4%

**Less:**

<b>Equity Investments in Subsidiaries and Other Equity Adjustments</b>														
ALLETE Enterprises	49,926	52,773	225,426	224,735	280,280	281,684	281,715	386,044	337,718	347,070	361,250	342,069	312,323	267,924
Real Estate	97,196	96,812	96,595	96,209	99,084	98,566	98,237	97,845	100,487	100,335	100,600	101,061	79,896	97,148
SWL&P	39,113	39,789	40,466	40,967	41,188	41,434	41,571	41,644	41,763	41,946	42,044	42,285	41,648	41,220
Other Subsidiaries	3,121	3,153	3,197	3,210	3,191	3,314	3,213	3,213	3,196	3,151	3,157	3,154	2,984	3,173
Unearned ESOP Shares	(7,195)	(6,545)	(5,896)	(5,247)	(4,598)	(3,948)	(3,299)	(2,650)	(2,000)	(1,351)	(702)	(53)	-	(3,345)
FAS 158	(20,102)	(20,004)	(19,891)	(19,785)	(19,679)	(19,574)	(19,468)	(19,362)	(19,257)	(19,151)	(19,111)	(19,006)	(23,531)	(19,840)
Equity Adjustments	162,060	165,978	339,897	340,089	399,465	401,476	401,970	506,734	461,906	472,000	487,239	469,511	413,319	386,280

**Debt Allocated to Subsidiaries**

	152,800	152,800	152,800	152,800	152,800	152,800	152,800	152,800	202,800	202,800	202,800	202,800	202,800	172,031
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**Less: Outstanding Debt Expense**

Unamortized Debt Expense	9,971	9,889	9,808	9,726	9,645	9,563	9,481	9,400	9,318	10,056	9,968	9,880	9,840	9,734
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**Minnesota Power Capitalization**

Common Equity	1,447,415	1,462,060	1,374,514	1,428,802	1,379,442	1,367,779	1,374,666	1,290,418	1,340,248	1,349,925	1,351,292	1,365,444	1,406,781	1,379,907
Short-term Debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Long-term Debt	1,141,209	1,141,291	1,141,372	1,141,454	1,141,535	1,141,617	1,141,699	1,141,780	1,141,862	1,241,124	1,241,212	1,241,300	1,225,660	1,171,009
Total Capitalization	\$ 2,588,624	\$ 2,603,350	\$ 2,515,886	\$ 2,570,256	\$ 2,520,977	\$ 2,509,396	\$ 2,516,365	\$ 2,432,198	\$ 2,482,109	\$ 2,591,049	\$ 2,592,504	\$ 2,606,744	\$ 2,632,441	\$ 2,550,915
Equity Ratio	55.91%	56.16%	54.63%	55.59%	54.72%	54.51%	54.63%	53.06%	54.00%	52.10%	52.12%	52.38%	53.44%	54.09%
Debt Ratio	44.09%	43.84%	45.37%	44.41%	45.28%	45.49%	45.37%	46.94%	46.00%	47.90%	47.88%	47.62%	46.56%	45.91%

**Minnesota Power Capital Structure Determination**  
**2016 Estimated**  
*(in thousands)*

	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	13 Mos. Average
<b>ALLETE - Parent</b>														
Common Equity	\$ 1,820,100	\$ 1,839,938	\$ 1,831,992	\$ 1,849,798	\$ 1,855,885	\$ 1,845,252	\$ 1,865,449	\$ 1,880,516	\$ 1,869,941	\$ 1,885,388	\$ 1,900,796	\$ 1,890,418	\$ 1,905,403	\$ 1,864,683
Short-term Debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Long-term Debt	1,438,300	1,418,300	1,418,300	1,418,300	1,418,300	1,418,300	1,418,300	1,418,300	1,418,300	1,418,300	1,413,300	1,393,300	1,373,300	1,414,069
Total Capitalization	3,258,400	3,258,238	3,250,292	3,268,098	3,274,185	3,263,552	3,283,749	3,298,816	3,288,241	3,303,688	3,314,096	3,283,718	3,278,703	3,278,752
Equity Ratio	55.9%	56.5%	56.4%	56.6%	56.7%	56.5%	56.8%	57.0%	56.9%	57.1%	57.4%	57.6%	58.1%	56.9%
Debt Ratio	44.1%	43.5%	43.6%	43.4%	43.3%	43.5%	43.2%	43.0%	43.1%	42.9%	42.6%	42.4%	41.9%	43.1%
<b>Less:</b>														
<b>Equity Investments in Subsidiaries and Other Equity Adjustments</b>														
ALLETE Enterprises	312,323	315,898	317,937	311,176	316,975	310,850	309,739	309,165	310,545	310,353	316,575	337,980	357,116	318,202
Real Estate	79,896	79,552	79,140	80,810	80,534	71,658	71,374	70,801	70,228	69,944	69,371	68,798	68,515	73,894
SWL&P	41,648	42,181	42,683	43,114	43,606	43,424	43,759	44,106	44,453	44,800	45,147	45,494	45,840	43,866
Other Subsidiaries	2,984	3,054	3,024	3,097	3,090	3,062	3,004	3,033	3,062	3,004	3,033	3,062	3,004	3,039
Unearned ESOP Shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
FAS 158	(23,531)	(23,426)	(23,320)	(23,367)	(23,312)	(22,502)	(22,085)	(21,668)	(21,252)	(20,835)	(20,418)	(20,002)	(19,585)	(21,946)
Equity Adjustments	413,319	417,259	419,464	414,830	420,894	406,491	405,792	405,437	407,036	407,267	413,708	435,332	454,889	417,055
<b>Debt Allocated to Subsidiaries</b>	202,800	202,800	202,800	202,800	202,800	202,800	202,800	202,800	202,800	202,800	197,800	177,800	157,800	197,031
<b>Less: Outstanding Debt Expense</b>	9,840	9,752	9,665	9,577	9,489	9,402	9,315	9,227	9,140	9,052	8,965	8,878	8,791	9,315
Unamortized Debt Expense														
<b>Minnesota Power Capitalization</b>														
Common Equity	1,406,781	1,422,678	1,412,528	1,434,969	1,434,991	1,438,760	1,459,657	1,475,079	1,462,905	1,478,122	1,487,088	1,455,086	1,450,513	1,447,627
Short-term Debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Long-term Debt	1,225,660	1,205,748	1,205,835	1,205,923	1,206,011	1,206,098	1,206,185	1,206,273	1,206,360	1,206,448	1,206,535	1,206,622	1,206,709	1,207,724
Total Capitalization	\$ 2,632,441	\$ 2,628,426	\$ 2,618,363	\$ 2,640,891	\$ 2,641,002	\$ 2,644,858	\$ 2,665,843	\$ 2,681,352	\$ 2,669,265	\$ 2,684,569	\$ 2,693,623	\$ 2,661,708	\$ 2,657,223	\$ 2,655,351
Equity Ratio	53.44%	54.13%	53.95%	54.34%	54.34%	54.40%	54.75%	55.01%	54.81%	55.06%	55.21%	54.67%	54.59%	54.52%
Debt Ratio	46.56%	45.87%	46.05%	45.66%	45.66%	45.60%	45.25%	44.99%	45.19%	44.94%	44.79%	45.33%	45.41%	45.48%

**Minnesota Power Capital Structure Determination**  
**2017 Estimated**  
*(in thousands)*

13 Mos.  
Average

	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Average
<b>ALLETE - Parent</b>														
Common Equity	1,905,403	1,919,586	1,907,906	1,922,838	1,937,691	1,925,994	1,940,745	1,955,566	1,943,834	1,958,627	1,973,450	1,961,698	1,996,226	\$ 1,942,274
Short-term Debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Long-term Debt	1,373,300	1,373,300	1,373,300	1,373,300	1,373,300	1,373,300	1,363,300	1,363,300	1,363,300	1,363,300	1,363,300	1,363,300	1,363,300	1,367,915
Total Capitalization	3,278,703	3,292,886	3,281,206	3,296,138	3,310,991	3,299,294	3,304,045	3,318,866	3,307,134	3,321,927	3,336,750	3,324,998	3,359,526	3,310,190
Equity Ratio	58.1%	58.3%	58.1%	58.3%	58.5%	58.4%	58.7%	58.9%	58.8%	59.0%	59.1%	59.0%	59.4%	58.7%
Debt Ratio	41.9%	41.7%	41.9%	41.7%	41.5%	41.6%	41.3%	41.1%	41.2%	41.0%	40.9%	41.0%	40.6%	41.3%

**Less:**

	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Average
<b>Equity Investments in Subsidiaries and Other Equity Adjustments</b>														
ALLETE Enterprises	357,116	380,502	381,163	380,687	385,120	385,966	437,403	439,426	438,432	440,621	442,706	441,753	443,122	411,847
Real Estate	68,515	68,515	68,515	68,515	68,515	68,515	68,515	68,515	68,515	68,515	68,515	68,515	68,515	68,515
SWL&P	45,840	46,252	46,447	46,642	46,835	47,027	47,216	47,403	47,590	47,775	47,957	48,139	48,320	47,188
Other Subsidiaries	3,004	3,033	3,062	3,091	3,033	3,062	3,004	3,033	3,062	3,004	3,033	3,062	3,004	3,037
Unearned ESOP Shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
FAS 158	(19,585)	(19,585)	(19,585)	(19,585)	(19,585)	(19,585)	(19,585)	(19,585)	(19,585)	(19,585)	(19,585)	(19,585)	(19,585)	(19,585)
Equity Adjustments	454,889	478,717	479,602	479,349	483,918	484,984	536,553	538,791	538,014	540,330	542,627	541,884	543,376	511,003

**Debt Allocated to Subsidiaries**

	157,800	157,800	157,800	157,800	157,800	157,800	107,800	107,800	107,800	107,800	107,800	107,800	107,800	130,877
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**Less: Outstanding Debt Expense**

Unamortized Debt Expense	8,791	8,714	8,626	8,539	8,451	8,364	8,675	8,586	8,498	8,409	8,320	8,232	8,143	8,488
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**Minnesota Power Capitalization**

Common Equity	1,450,513	1,440,869	1,428,304	1,443,489	1,453,773	1,441,010	1,404,191	1,416,775	1,405,820	1,418,297	1,430,824	1,419,814	1,452,850	1,431,272
Short-term Debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Long-term Debt	1,206,709	1,206,786	1,206,874	1,206,961	1,207,049	1,207,136	1,246,825	1,246,914	1,247,002	1,247,091	1,247,180	1,247,268	1,247,357	1,228,550
Total Capitalization	\$ 2,657,223	\$ 2,647,656	\$ 2,635,178	\$ 2,650,450	\$ 2,660,822	\$ 2,648,147	\$ 2,651,017	\$ 2,663,689	\$ 2,652,822	\$ 2,665,388	\$ 2,678,003	\$ 2,667,082	\$ 2,700,207	\$ 2,659,822
Equity Ratio	54.59%	54.42%	54.20%	54.46%	54.64%	54.42%	52.97%	53.19%	52.99%	53.21%	53.43%	53.23%	53.81%	53.81%
Debt Ratio	45.41%	45.58%	45.80%	45.54%	45.36%	45.58%	47.03%	46.81%	47.01%	46.79%	46.57%	46.77%	46.19%	46.19%

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Documents:

PLC – 2 S&P Global Ratings for ALLETE 2016

PLC – 3 S&P Corporate Methodology

PLC – 4 Moody's Ratings for ALLETE 2016

PLC – 5 Moody's Rating Methodology

**TRADE SECRET IN THEIR ENTIRETY**