Standards of Conduct
Implementation and Compliance for Transmission Providers
Pursuant to FERC Order No. 717

In compliance with Chapter I, Title 18, Part 358 of the Code of Federal Regulations (Standards of Conduct), Minnesota Power hereby provides the following information.

Overview of Operations and Functions
Minnesota Power is a public utility that owns, operates and controls facilities used for transmission of electric energy in interstate commerce. Minnesota Power is a division of ALLETE, Inc., and provides electricity to retail customers in Minnesota and to wholesale customers primarily in the Upper Midwest, and provides limited wholesale gas marketing and gas management services to a small number of industrial and municipal customers in Minnesota. An ALLETE subsidiary, Superior Water, Light and Power Company (SWL&P), provides electricity, water and gas service to retail customers in northwestern Wisconsin. SWL&P is a full requirements wholesale customer of Minnesota Power pursuant to FERC approved rates.

FERC requires electric transmission systems to be operated in a manner that does not impede fair competition. FERC Order No. 717 is intended to prevent Transmission Providers from giving preferential treatment to their affiliated marketing function employees. In its Order No. 717, FERC altered the essential nature of the Standards of Conduct. Under the 2004 rules, the focus was on the corporate entity in which an employee worked, with the goal of separating Transmission Providers from marketing and energy affiliates. With its new approach, FERC focuses instead on the functions of individual employees, with transmission function employees directed to operate separately from marketing function employees.

To ensure fair competition, Minnesota Power must take measures so that 1) transmission employees and marketing employees function independently, 2) and disclosure of transmission function information is restricted, and 3) the wholesale transmission tariffs are not administered in a an unduly discriminatory manner.
FERC requires that electric systems be operated in a manner that does not impede fair competition. This means that employees that engage in the sale of electric energy or natural gas for resale must not have access to information about the transmission systems used to move energy which is not available to everyone via the Internet, through a system known as “OASIS”. To accomplish that goal, FERC requires the following:

- Employees engaged in the transmission function must work independently from marketing function employees.
- Transmission function information is confidential and must not be shared with marketing function employees through non-public communications conducted off of the OASIS.
- No employee may act as a conduit for sharing transmission function information with marketing function employees.
- A transmission provider must provide equal access to non-public transmission function information to all its transmission function customers, affiliated and non-affiliated—except in the case of confidential customer information or Critical Energy Infrastructure Information, which must remain protected. For purposes of these Standards of Conduct, “transmission function information” is defined as any information relating to the day-to-day operations of our transmission system and/or the granting of transmission service requests. FERC has included the following as examples of transmission function information: available transmission capability, price, curtailments, storage, and balancing.
- If you have transmission function information related to our electric transmission grid, you need to be careful that you do not act as a conduit for conveying that information to anyone that works in a marketing function. The marketing functions for Minnesota Power include employees in Minnesota Power’s Energy Supply department; and ALLETE Clean Energy is a marketing affiliate of Minnesota Power.

If you believe you have divulged any transmission function information in violation of these rules, or if you have any questions about an incident where any of these requirements may not have been met by the company you must tell your supervisor, the Chief Compliance Officer, the Ethics Hotline (866-776-6951) or the Associate General Counsel. The company will post any violations on its Internet website.

The Order requires the company to post on its Internet website the job titles and job descriptions of its transmission function employees. The company must also post transfers of employees from the transmission function to the marketing function, and vice versa. The Order requires the Company to post on its Internet website the names and addresses of all its affiliates that employ or retain marketing function employees. A transmission provider must post on its Internet website a complete list of the employee-staffed facilities shared by any of the transmission
provider’s transmission function employees and marketing function employees. Information about potential merger partners as affiliates that may employ or retain marketing functions must also be posted on the Company’s Internet website. The Order also requires that we train employees on these Standards of Conduct and retain records of that training. If you have any questions regarding these Standards of Conduct, please contact the Chief Compliance Officer or the Associate General Counsel. The contact information for either person can be found later in this document.

**Definitions**

To understand the Standards fully and how they apply to Minnesota Power, you will need to become familiar with the following terms:

- **Transmission function employee**: An employee, contractor, consultant, or agent of a transmission provider who actively and personally engages on a day-to-day basis in transmission functions.

- **Transmission functions**: The planning, directing, organizing, or carrying out of day-to-day transmission operations, including the granting and denying of transmission service requests.

- **Transmission function information**: Information relating to transmission functions.

- **Transmission**: Electric transmission, network or point-to-point service, ancillary services or other methods of electric transmission, or the interconnection with jurisdictional transmission facilities, under part 35 of FERC’s regulations.

- **Transmission Provider**: A Transmission Provider is any public utility that owns, operates, or controls facilities used for the transmission of electric energy in interstate commerce.

- **Transmission customer**: Any eligible customer, shipper, or designated agent that can or does execute a transmission service agreement or can or does receive transmission service, including all persons who have pending requests for transmission service or for information regarding transmission.

- **Marketing function employee**: An employee, contractor, consultant, or agent of a transmission provider or of an affiliate of a transmission provider who actively and personally engages on a day-to-day basis in marketing functions.

- **Marketing functions**: In the case of electric public utilities and their affiliates, the sale for resale in interstate commerce, or the submission of offers to sell in interstate commerce, of electric energy or capacity, demand response, virtual transactions, or financial or physical transmission rights, all as subject to an exclusion for bundled retail sales.

- **Open Access Same Time Information System ("OASIS")**: The Internet location where a public utility posts the information required by Part 37 of FERC’s regulations, and where
it may also post the information required to be posted on its Internet website by Part 358
of FERC’s regulations.

**Transmission Provider**

Minnesota Power and SWL&P are members of the Midcontinent Independent System Operator (MISO). As defined by Section 358.3(a), the Transmission Function employees of both
Minnesota Power and SWL&P perform their work within Minnesota Power’s Transmission and Distribution department. As required by Section 358.5, the Transmission Function employees of
the Transmission Provider function independently of Marketing and Energy Affiliates, and no
employee other than those in the Transmission and Distribution department conduct
transmission system operations or reliability functions.

The prohibitions of Section 358.5 are also addressed by the fact that the Marketing Function employees are in a separate location from Minnesota Power’s system control center.

**Shared Facilities**

As defined by Section 358.7(e)(2), Minnesota Power’s General Office Building at 30 West Superior Street constitutes the only “shared facility” between the Transmission Provider and the
marketing function Affiliates. The General Office Building houses executive management and
corporate support of Minnesota Power. Except for a select few senior management officials,
Transmission Function employees are located at the Rowe Energy Control Center or the
Herbert Service Center, and therefore housed in separate facilities from any marketing function Affiliates. The transmission control centers are secure and accessible by keycards issued to
authorized personnel. Marketing Function Employees shall not have access to the system
control center or similar facilities used for transmission operations or reliability functions that
differ from the access available to other transmission customers. The executive management of
Minnesota Power is trained in the “no conduit rule”.

**Affiliates**

As defined by Section 358.3(c) MP Energy Supply and ALLETE Clean Energy perform sales for resale in interstate commerce as well as sales of electric energy and capacity and virtual
transactions, financial or physical transmission rights and are Affiliates of the Transmission Provider as defined by Sections 358.3(a).
Identifying Transmission Provider Employees and Affiliates on Internet Websites

Minnesota Power must post the following on its Internet websites:

1. The job titles and job descriptions of our Transmission Function Employees.

2. The names and addresses of all our affiliates that employ or retain Marketing Function Employees.

3. A complete list of the employee-staffed facilities shared by any of our Transmission Function Employees and Marketing Function Employees, including the types of facilities shared.

4. Information concerning potential merger partners as affiliates that may employ or retain Marketing Function Employees, within seven days after the potential merger is announced.

Job Titles and Job Descriptions

The following information is provided as required by Section 358.7(f)(1), concerning job titles and descriptions for the Transmission Function employees. As noted previously, the Transmission Function employees work within the Transmission and Distribution business unit, and there are no separate officers and directors of that business unit. None of the transmission employees are involved in marketing or sales.

As required by Section 358.7(g), the information required to be posted as noted above will be updated within seven days of a triggering event.

As required by Section 358.7(e)(3), ALLETE will post information concerning potential merger partners within seven days of a merger announcement. Procedures are in place within the Office of General Counsel that the Chief Compliance Officer can implement posting the identity of the possible merger partner within the required seven day time period.

Independent Functioning

Except in emergency circumstances affecting system reliability, Transmission Function Employees must function independently of Marketing Function Employees. Any Marketing Function Employee is prohibited from (a) conducting transmission functions – i.e., day-to-day operations, including granting or denying transmission service; and (b) having access to a system control center or similar facilities used for transmission operations or reliability functions that differs in any way from the access available to other transmission customers. Minnesota
Power is prohibited from permitting its Transmission Function Employees to conduct Marketing Functions.

FERC recognizes that system reliability must be maintained. Therefore, notwithstanding any other provisions in these Standards of Conduct, in emergency circumstances affecting system reliability, whatever steps are necessary to keep the system in operation may be taken. Each emergency that results in any deviation from these Standards of Conduct must be reported to FERC and must be posted within 24 hours of such deviation on the Internet websites utilized by Minnesota Power.

**Information Access and No-Conduit Rule**

Employees engaged in Marketing Functions may not have access to the System Control Center or similar facilities used for Transmission Operations that differs in any way from the access available to other transmission customers, and must not have access to any information about Minnesota Power's transmission system that is not available to all users of the company website or OASIS. Marketing Function employees are also prohibited from obtaining transmission function information through access to information not posted on the company website or OASIS, or that is not also available to the general public without restriction. All employees, including Transmission Function employees and other employee’s privy to transmission function information, are prohibited from serving as a conduit for conveying non-public transmission function information to Marketing Function Employees.

For purposes of these Standards of Conduct, “transmission function information” is defined as any information relating to the day-to-day operations of our transmission system and/or granting of transmission service requests. FERC has included the following as examples of transmission function information: available transmission capability, price, curtailments, storage, and balancing. Generation information necessary to perform generation dispatch may be shared with a Marketing Function Employee, but cannot include specific information about third-party transmission transactions or potential transmission arrangements. In addition, it may become necessary to share crucial operating information with a Marketing Function employee in order to maintain the reliability of the transmission system as described under “Independent Functioning”. Such exceptions may be subject to any disclosure or self-report requirements.
An employee may not share any information acquired from non-affiliated transmission customers or potential non-affiliated transmission customers, or developed in the course of responding to requests for transmission service on the OASIS, with Marketing Function Employees, except to the limited extent information is required to be posted on the OASIS in response to a request for transmission service or ancillary services. A non-affiliated transmission customer may voluntarily consent, in writing, to allow the sharing of the non-affiliated customer’s information with a Marketing Function Employee. The Transmission Provider must post notice on its Internet website of that consent along with a statement that it did not provide any preferences, either operational or rate-related, in exchange for that voluntary consent.

If any information is disclosed in a manner contrary to these standards, that information must be posted immediately on the Internet websites utilized by Minnesota Power, unless the information relates solely to a Marketing Function Employee’s specific request for transmission service. If a Minnesota Power employee discloses non-public customer information, critical energy infrastructure information, or any information that FERC by law has determined to be subject to limited dissemination, we must immediately post notice on its website that the information was disclosed.

When Transmission Function Employees and Marketing Function Employees are permitted to participate in joint meetings (e.g., when the discussion does not involve the transfer of transmission function information or when the employees must meet to preserve reliability of the transmission system), the participants in such meetings should complete a “Marketing Contact Form” and click submit on the form for filing.

**Transfers**

As required by Section 358.7(f)(2), any transfer of employees between the Transmission Provider and any marketing functioning will be posted on the Company’s website. Such posting will contain the required information, including the name of the transferring employee, the respective titles held while performing the marketing or transmission function, and the effective date of the transfer; and the posting will remain present for the requisite 90 day timeframe.
Minnesota Power’s Human Resource function has instituted a software system that sends an alert to the appropriate personnel of any transfer into or out of the Transmission Provider. This alert is used to initiate any posting requirement under this Section.

**Written Procedures**

This revised Minnesota Power Standards of Conduct document replaces the Standards of Conduct document issued pursuant to FERC Order No. 2004 and is maintained on the Minnesota Power website and is available to all transmission function employees, all marketing function employees, officers, directors, supervisory employees, and any employee likely to become privy to transmission function information.

Pursuant to Section 358.7(d), Minnesota Power is in full compliance with the Standards of Conduct (Order 717) requirements as of the January 26, 2009 effective date. Previously with respect to Standards of Conduct compliance, Minnesota Power had adopted and filed on February 6, 2004 a Plan and Schedule for Implementation of Order No. 2004 that included action items, milestone dates, and responsible persons. Affidavits of attendance are executed by employees attending the training sessions.

**Oversight**

Minnesota Power has established a Standards of Conduct steering committee that meets regularly to monitor ongoing Standard of Conduct compliance.

**Chief Compliance Officer**

Pursuant to Section 358.8(c)(2), Maggie Thickens, ALLETE Vice President, Chief Legal Officer and Corporate Secretary, is designated as Minnesota Power’s Chief Compliance Officer responsible for implementation of the Standards of Conduct. She may be contacted as noted below:

Maggie Thickens  
ALLETE Vice President, Chief Legal Officer and Corporate Secretary  
30 West Superior St  
Duluth, MN. 55802  
(218) 723-3950  
mthickens@allete.com
Non-discrimination Requirements
The Transmission Provider is aware of, and has procedures in place to ensure continued compliance with, the non-discrimination requirements mandated by Section 358.4.

Tariff Implementation
Where tariff provisions relating to the sale or purchase of open access transmission service do not permit discretion, they must be strictly enforced. Where tariff provisions relating to the sale or purchase of open access transmission service permit discretion, they must be applied in a fair and impartial manner that treats all transmission customers in a not unduly discriminatory manner. A written log is maintained detailing the circumstances and manner in which discretion was exercised under any terms of a tariff relating to the sale or purchase of open access transmission service. The information contained in this log is posted on the Internet website within 24 hours of when discretion is exercised under any terms of the tariff.

Employees must not give preference to our own Marketing Functions over any other wholesale customer regarding the sale or purchase of transmission service (including, but not limited to, issues of price, curtailments, scheduling, priority, ancillary services, or balancing). All similar requests for transmission service must be processed in the same manner and within the same period of time.

Separate Books and Records
All Transmission Providers maintain their books of account and records as prescribed by FERC regulations separately from those of its other affiliates, and these will be made available for FERC inspections.

Training of Employees
All Transmission Function Employees and Marketing Function Employees, must be trained on these Standards of Conduct annually. New employees fitting any of the aforementioned categories must be trained within 30 days of the time that their employment commences. Employees are required to certify that they have been trained.
**Compliance**

The following table details the deadlines for posting information on the Company’s Internet website.

<table>
<thead>
<tr>
<th>Job description changes</th>
<th>Within 7 business days</th>
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</thead>
<tbody>
<tr>
<td>Potential merger partners</td>
<td>Within 7 days of announcement</td>
</tr>
<tr>
<td>Reporting prohibited disclosures</td>
<td>Immediately</td>
</tr>
<tr>
<td>Posting acts of discretion under the tariff</td>
<td>Within one business day of exercise of discretion</td>
</tr>
<tr>
<td>Reporting employee transfers</td>
<td>Within 7 business days of the effective date and remain posted for 90 days</td>
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</tbody>
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These Standards of Conduct cannot prescribe rules for every case. This document should be used as a guide. If these Standards or the related procedures do not address your concern or question, you should first discuss it with your supervisor. If that does not resolve the issue or you suspect there has been a violation, contact anyone listed below.

**Contact Information**

Maggie Thickens  
ALLETE Vice President, Chief Legal Officer and Corporate Secretary  
30 West Superior St  
Duluth, MN. 55802  
(218) 723-3950  
mthickens@allelte.com

Christopher D. Anderson  
Associate General Counsel  
30 West Superior St  
Duluth, MN 55802  
(218) 723-3961  
canderson@allete.com

**Reporting Suspected Violations**

If you believe there has been a violation of the FERC Standards of Conduct, you should first discuss it with your supervisor. If that is not possible or you feel that person may be involved, you should contact one of the individuals listed under Contact Information in this document. If you are reporting an incident of disclosure of prohibited information, you need to report this as soon as you become aware of it.
Changes to Employee Job Descriptions
The Human Resources software is coded to alert the appropriate personnel of any employee transfer into or out of the Transmission Provider. These reports are reviewed and any required postings are made. If a change includes the addition of a new title, the job description document will be updated with the new title and a short description covering the duties and responsibilities of the position.

Once all updates have been completed, the documents will be forwarded to Records Services for posting on the Company internet. Past documents will be archived by the Records Services Department in compliance with FERC regulations.

Reporting Emergency Deviations
In emergency situations, when system reliability is jeopardized, whatever steps necessary to maintain system reliability may be taken. Any actions taken which violate these Standards of Conduct must be reported and posted within 24 hours. To report any such deviation, please contact the Chief Compliance Officer, who will be responsible for getting the information posted on the Internet website within 24 hours.

Potential Mergers
Legal Services will provide Records Services contact with information to be posted on the Internet website within 7 days of the announcement of a potential merger.

Reporting Prohibited Disclosure of Transmission Function Information
If information is disclosed by a Transmission Function Employee contrary to the intent of the Standards of Conduct requirements, that disclosure (and, in some cases, the disclosed information) must be posted on the Internet website immediately. If you believe there has been an improper disclosure of information, you should contact one of the individuals listed under Contact Information in this document.

Procedure of Reporting the Application of Discretion in Tariff-based Transactions
Minnesota Power rarely exercises discretion when providing service under FERC filed rates. On occasion, customer needs, changing market conditions, and other circumstances result in deviations from the filed rate or process outlined in tariffs. When this occurs, it is Minnesota Power’s practice to make the event transparent to the public.
One area where Minnesota Power employees apply discretion is in transmission price discounting on OASIS. When discretion (other than price discounting) is applied, a description is written by the employee and submitted to the webmaster for posting to the OASIS within 24 hours.

**Procedures for Documenting Permitted Conversations**

Transmission Function Employees and Marketing Function Employees may exchange certain non-public Transmission Function information required for compliance with reliability standards approved by FERC or for maintaining or restoring operation of the transmission system or generating units, or that may affect the dispatch of generating units. Minnesota Power must make and retain a contemporaneous record of all such exchanges, except in emergency circumstances, in which case a record must be made of the exchange as soon as practicable after the fact. The record may be handwritten or typed notes, electronic records, such as e-mails and text messages, recorded telephone exchanges, and the like. Records of permitted conversations must be retained for five years, and must be made available to FERC upon request.

The FERC Standards of Conduct reminder message should be recited at the beginning of all formal joint meetings that include both Transmission Function Employees and Marketing Function Employee. The following procedure has been developed to document all such meetings. The Transmission Function employee should go to the Power Delivery Home page located on the Stream; click on the Marketing Contact Form.

- Enter the attendees in the form;
- Note the subjects discussed;
- Click Submit.

If transmission function information must be discussed at a joint meeting:

- Ask the participants from the Marketing Function to excuse themselves from the meeting or determine whether there is an exception to the independent functioning or no-conduit rule that may apply;
- Note in “Topics Discussed” that the participants from the Marketing Function left the room or explain the rationale for why they were permitted to continue the discussion.
- DO NOT include any specific transmission function information in the minutes;
- Note when or if the Marketing Function participants re-joined the meeting.