

Direct Testimony and Schedules
Joshua G. Rostollan

Before the Minnesota Public Utilities Commission

State of Minnesota

In the Matter of the Application of Minnesota Power
For Authority to Increase Rates for Electric Utility
Service in Minnesota

Docket No. E015/GR-21-335

Exhibit _____

BUDGETING, COST ALLOCATIONS, AND EXPENSES

November 1, 2021

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1 **I. INTRODUCTION AND QUALIFICATIONS**

2 **Q. Please state your name and business address.**

3 A. My name is Joshua G. Rostollan, and my business address is 30 West Superior Street,
4 Duluth, Minnesota 55802.

5
6 **Q. By whom are you employed and in what position?**

7 A. I am employed by ALLETE, Inc., doing business as Minnesota Power (“Minnesota
8 Power” or “Company”). My current position is Manager – ALLETE Financial
9 Reporting and Budgeting.

10
11 **Q. Please summarize your qualifications and experience.**

12 A. I graduated from the University of North Dakota in 2009 with a Bachelor of Accounting
13 degree and am a Certified Public Accountant, licensed in Minnesota. I joined ALLETE
14 in 2010 as an Accounting Analyst, became an Accounting Analyst Senior in 2014, and
15 was promoted to Supervisor – Accounting, Financial Reporting and Budgeting in 2017.
16 I assumed my current position as Manager – ALLETE Financial Reporting and
17 Budgeting in 2021. In this position, I am responsible for budgeting and financial
18 reporting-related matters for ALLETE.

19
20 **Q. What is the purpose of your testimony?**

21 A. I present an overview of the Company’s budgeting process, including the reliability of
22 our budgets, an overview of the Company’s cost containment efforts since our last rate
23 case, and a discussion of certain depreciation topics. I also provide testimony on the
24 Company’s cost allocation process and our employee expense review — including
25 support for travel, dues/memberships, and related employee expenses.

26
27 **Q. How is your testimony organized?**

28 A. I first discuss Minnesota Power’s budgeting process, cost containment efforts, and
29 depreciation. This is followed by a description of our cost allocation process. Finally,
30 I discuss our employee expense review and provide support for those expenses we are
31 including in the 2022 test year.

1 **Q. Are you sponsoring any exhibits in this proceeding?**

2 A. Yes. I am sponsoring the following schedules to my Direct Testimony:

- 3 • MP Exhibit ____ (Rostollan), Direct Schedule 1 – 2010 through 2020 Budget to
4 Actual Comparison;
- 5 • MP Exhibit ____ (Rostollan), Direct Schedule 2 – 2010 through 2020 Budget to
6 Actuals Comparison with 2021 Projected Year and 2022 Test Year O&M
7 Expense;
- 8 • MP Exhibit ____ (Rostollan), Direct Schedule 3 – Investor Relations;
- 9 • MP Exhibit ____ (Rostollan), Direct Schedule 4 – Board of Directors;
- 10 • MP Exhibit ____ (Rostollan), Direct Schedule 5 – Cost Allocations;
- 11 • MP Exhibit ____ (Rostollan), Direct Schedule 6 – Corporate Credit Card Policy
12 an Employee Expense Reporting Policy;
- 13 • MP Exhibit ____ (Rostollan), Direct Schedule 7 – Employee Handbook;
- 14 • MP Exhibit ____ (Rostollan), Direct Schedule 8 – Expenses for Employees User
15 Manual;
- 16 • MP Exhibit ____ (Rostollan), Direct Schedule 9 – Expenses for Supervisors User
17 Manual;
- 18 • MP Exhibit ____ (Rostollan), Direct Schedule 10 – Summary of Employee
19 Expenses; and
- 20 • MP Exhibit ____ (Rostollan), Direct Schedule 11 – Employee Expense Key Word
21 Search List.

22
23 **II. BUDGETING PROCESS**

24 **Q. What is the purpose of this section of your testimony?**

25 A. In this section of my testimony, I provide an explanation of the Company's overall
26 budgeting process. As part of that explanation, I also discuss cost containment efforts
27 undertaken since Minnesota Power's 2016 Rate Case (Docket No. E015/GR-16-664)
28 ("2016 Rate Case") and certain depreciation topics for Minnesota Power.

1 **A. Overview of Budget Process**

2 **Q. Please provide an overview of Minnesota Power’s annual budget process.**

3 A. The annual budget process results in both an operating budget and a capital budget for
4 Minnesota Power. This is a “zero-based” budgeting philosophy initiated at the work
5 area. Minnesota Power currently has approximately 90 different work areas across the
6 Company. Work area budgets are first developed by the corresponding manager and
7 then reviewed by the appropriate management. As part of this process, work areas
8 consider costs at the Federal Energy Regulatory Commission (“FERC”) account level
9 within the Company’s general ledger. The broader capital and operating budgets
10 compiled from the individual work area budgets are periodically reviewed as the budget
11 progresses and are eventually finalized in October.

12
13 **Q. Please describe the nature of Minnesota Power’s capital budget.**

14 A. The annual capital budget is a detailed annual increment of the Company’s long-term
15 capital plan. The long-term plan is based on the Company’s projected capital needs to
16 meet regulatory, environmental, and renewable resource commitments — as well as to
17 preserve existing assets — over a multi-year period. The capital budget consists of
18 detailed project budgets developed by project engineers or project coordinators, with
19 detailed non-budget-year capital expenditures included for multi-year projects.

20
21 **Q. How is the capital budget developed?**

22 A. As described above, the annual capital budget process is initiated at the work area level.
23 For the annual capital budget, detailed project budgets are developed by project
24 engineers or project coordinators from each work area. These detailed budgets
25 anticipate capital purchases or work that needs to be done during the budget year, with
26 detailed non-budget-year capital expenditures included for multi-year projects. These
27 project budgets are reviewed and approved by management or, in some cases, sent back
28 to the responsible individuals within the work areas for additional information to support
29 the request before being approved by management. The annual capital budget compiled
30 from the project budgets is reviewed as the budget progresses and is eventually finalized
31 in October.

1 **Q. Please describe Minnesota Power’s operating budget.**

2 A. The following components comprise Minnesota Power’s annual operating budget:

- 3 • *Revenue, Kilowatt (“kW”) and Megawatt-Hour (“MWh”) sales* – Minnesota
4 Power’s electric service revenues are budgeted by applying the appropriate tariff
5 rates to forecasted kW and MWh sales by customer class. The forecasted sales
6 for all classes are based on data-intensive modeling completed for the annual
7 Advance Forecast Report (“AFR”). The Company’s AFR is filed annually with
8 the Department of Commerce (“Department”). For larger industrial and
9 municipal customers, the AFR results are modified as necessary to reflect more
10 recent planned usage information obtained directly from the customers.
11 Company witness Benjamin S. Levine discusses the forecasting process in more
12 detail in his Direct Testimony. Other revenue not generated from MWh sales is
13 budgeted based on the Company’s expectations for the budget year.
- 14 • *Fuel and Purchased Power* – Expected budget period production from our
15 generating plants and existing purchase power agreements are used to project
16 our fuel cost and additional purchase power requirements. A detailed power
17 supply model projects hour-by-hour and seasonal power costs based on historic
18 trends and current generating unit outage schedules. Generation costs are
19 developed based on historic cost models, coal and rail contracts, and anticipated
20 dispatch from the power supply model.
- 21 • *Transmission Services Expenses* – These costs are forecasted using
22 Midcontinent Independent System Operator, Inc. rates available at the time the
23 budget is prepared, as well as projections for Minnesota Power’s transmission
24 rates for the budgeted year.
- 25 • *Operating and Maintenance (“O&M”) Expenses - Labor and Benefits* – Labor
26 costs are developed using current staffing levels as a starting point. Each work
27 area then adjusts for proposed changes to staffing levels due to promotions,
28 retirements, staffing needs, and other factors. Inflationary wage increases over
29 the prior year are incorporated into the calculation when applicable. Benefit
30 amounts are determined per the various plan provisions, based on factors such
31 as percentage of pay, or are actuarially determined under the Accounting

Standards Codification (“ASC”) 712 Compensation – Nonretirement Postemployment Benefits and ASC 718 Compensation – Retirement Benefits.

- *O&M Expenses – Other Than Labor and Benefits* – Minnesota Power employs a zero-based budgeting philosophy for O&M expenses that are not labor related. This approach requires building the budget from a baseline, while reviewing historical amounts and activities as well as expected operational changes in the business to inform the budgeting process. In the operational areas of the Company, long-term maintenance and outage schedules are used to determine annual outage expenses.
- *Property Taxes* – Property taxes are projected based on detailed calculations combining historic and budgeted capital expenditures and taking into consideration the valuation approaches used by the Minnesota Department of Revenue in assessing the majority of Minnesota Power’s property tax expense.
- *Depreciation and Amortization Expense* – Depreciation and amortization expenses are projected based on detailed calculations combining historic and budgeted capital additions. Depreciable lives and salvage rates for our generation facilities were reviewed and approved by the Minnesota Public Utilities Commission (“Commission”) in our annual Remaining Life Depreciation Petition (Docket No. E015/D-20-701). Depreciable lives and rates for all of our intangible, transmission, distribution, and general plant were reviewed and approved by the Commission in our 2021 Intangible, Transmission, Distribution, and General Plant Depreciation Petition (Docket No. E015/D-21-229). Minnesota Power also filed its 2021 Remaining Life Depreciation Petition (Docket No. E015/D-21-386) on June 10, 2021.
- *Interest Expense* – Interest expense for Minnesota Power is determined by multiplying the debt component of average rate base by ALLETE’s actual cost of debt outstanding. Allowance for Funds Used During Construction Debt is treated as a reduction of interest expense.
- *Income Taxes* – Income tax expense for Minnesota Power is developed for both current and deferred income taxes based on long-standing regulatory precedents requiring accounting for income taxes on a “stand-alone” basis. The stand-alone

1 method calculates income taxes as if Minnesota Power was the only entity
2 included in ALLETE's consolidated federal and unitary state income tax returns.
3 Company witness John D. Armbruster discusses income tax considerations in
4 more detail in his Direct Testimony. Current Income Taxes are computed using
5 budgeted pretax income adjusted for required federal and state permanent and
6 temporary differences. Deferred Income Taxes are calculated using actual and
7 budgeted temporary differences.

- 8 • *ALLETE non-regulated activities and costs incurred on behalf of subsidiaries*
9 *or other entities* – These items are segregated and are not part of Minnesota
10 Power's regulatory and ratemaking budget.
11

12 **Q. Has Minnesota Power enhanced its budgeting process at all since its last rate case?**

13 A. Yes. In the Company's 2016 Rate Case, there was some confusion over FERC accounts
14 and how Minnesota Power budgeted and tracked actual expense in what we called
15 "Responsibility Centers" or work areas. As part of our overall efforts to improve our
16 rate case filing and data, the Company has taken a critical look at where dollars are
17 assigned in our budgeting process to help ensure the amounts budgeted in our FERC
18 accounts reflect the amounts we anticipate spending on capital and O&M.
19

20 **Q. Did the Company follow its typical processes, described above, to establish the**
21 **2022 budget for this rate case?**

22 A. Yes, with the exception of how we established the employee expense adjustment, which
23 is discussed in more detail below in the Employee Expense Review section of my
24 testimony.
25

26 **Q. Does Minnesota Power modify these budgets at all for establishing the revenue**
27 **requirement in a rate case?**

28 A. Yes. Our 2022 budget has been modified to incorporate various regulatory
29 considerations — such as adjustments required for ratemaking by past Commission
30 decisions, adjustments to amortization periods, removal of items for which cost

1 recovery is not sought, and other miscellaneous adjustments. Company witness
2 Amanda L. Turner discusses these modifications in more detail in her Direct Testimony.

3
4 **Q. How has Minnesota Power ensured that the overall classification of expenses is**
5 **appropriate and consistent with FERC requirements?**

6 A. Minnesota Power ensures that the overall classification of expenses is appropriate and
7 consistent with FERC requirements in a number of ways.

8
9 First, Minnesota Power maintains resources for employees related to the appropriate
10 FERC accounting and expense reporting. For example, the Company maintains a chart
11 of accounts detailing the various accounting segments used for reporting, including
12 information on FERC accounts and cost types to be used. In addition to identifying what
13 each FERC account represents, definitions for FERC O&M accounts are listed in the
14 chart of accounts. This chart of accounts is accessible to all employees and updated
15 periodically. The Company also has a chart of accounts team that is available to
16 employees for questions related to the chart of accounts or other accounting-related
17 topics, including the appropriate FERC account or cost type to use for an invoice or
18 expense report. Members of the chart of accounts team are experienced in accounting
19 and the Company's chart of accounts.

20
21 Second, employees responsible for preparing portions of the O&M budget are provided
22 guidance related to FERC accounts at the beginning of the O&M budgeting process.
23 This guidance includes emphasizing the importance of using the appropriate FERC
24 account and information on where to find definitions for FERC accounts in the chart of
25 accounts. The 2022 budget guidance for FERC accounts also specifically noted that
26 lobbying, donation, and other non-regulated expenses need to be charged to the
27 appropriate FERC accounts for those expenses. Along with the FERC account numbers
28 to use, employees were provided the related definitions of lobbying, donations, and non-
29 regulated expenses to ensure they understand which types of costs should use those
30 FERC accounts.

1 Third, Minnesota Power reviewed the findings in the FERC's audit report issued on
2 December 4, 2020 for any items that may affect the 2022 budget used to develop the
3 2022 test year. None of the findings identified in the audit report impact the 2022
4 budget, as they were either historical transactions that will not reoccur in 2022 or
5 corrections that were made to existing processes or reporting that will ensure that they
6 do not reoccur.

7
8 **B. Budgeting Results**

9 **Q. Please discuss the accuracy of Minnesota Power's budgeting process.**

10 A. Overall, Minnesota Power's budgeting process has been very accurate. Over the period
11 of 2010 through 2020, Minnesota Power's actual results for key financial metrics have
12 an average deviation of approximately one percent to four percent from budget — or
13 one percent to three percent, excluding certain outlier years. Both our revenues and
14 expenses — including the accuracy of our financial estimates — however, can be
15 significantly impacted by unforeseeable changes, such as the outcome of rate
16 proceedings or a downturn in market conditions for our Large Power customers. In
17 2015, financial metrics were significantly impacted by downturns in market conditions
18 for our Large Power customers. In 2017, Minnesota Power began making strategic
19 reductions in its O&M expenses based on the outcome it was anticipating in the 2016
20 Rate Case, which impacted its financial metrics for 2017. In 2020, Minnesota Power's
21 financial metrics were significantly impacted by the COVID-19 pandemic.

22
23 A comparison between Minnesota Power's budgets and actual results for the period
24 covering 2010 through 2020 is attached as MP Exhibit ____ (Rostollan), Direct
25 Schedule 1 to my Direct Testimony.

26
27 **Q. Why did the anticipated outcome of the 2016 Rate Case impact the accuracy of**
28 **your actual to budget results for 2017 even though the final order in that rate case**
29 **was not received until 2018?**

30 A. As the 2016 Rate Case progressed during 2017, the Company observed that various
31 parties proposed considerable cuts to its 2017 test year and extremely low returns on

1 equity. In response, the Company began managing the risk posed by these cuts and low
2 returns on equity by making strategic reductions in its O&M expenses — which were
3 not anticipated in the budget used to develop the 2017 test year — resulting in larger
4 than typical variances from budget by the end of 2017. Although the Company’s O&M
5 expense was under budget in 2017, the actual 2017 O&M expense was still higher than
6 the Commission-authorized O&M expense in the 2016 Rate Case. For 2018 and 2019,
7 the Company was able to reflect these reductions in its budget, which is why our
8 variances to budget are lower in those years.

9
10 **Q. Has the Company made changes to its actual spend compared to budget in prior**
11 **years because of other unforeseen changes?**

12 A. Yes. The Company previously had to make notable budget reductions in 2015 to
13 respond to market changes and in 2020 to respond to the COVID-19 pandemic.
14 Forecasting deviations from our historical averages arose in 2015 due to efforts by the
15 Company to reduce O&M expenses to help offset the lower MWh sales received from
16 our Large Power Customers. In 2020, deviations arose due to the onset of the
17 COVID-19 pandemic and its impact on both customer and Minnesota Power business
18 operations. For example, many commercial and industrial customers operated at
19 reduced levels or were temporarily closed or idled during 2020 due to the COVID-19
20 pandemic. In addition, Minnesota Power had to adjust its operations due to the pandemic
21 — resulting in the delay of its planned April 2020 outage at Boswell Energy Center to
22 2021 and lower employee expenses as travel and group meetings were restricted.

23
24 **Q. What other changes does the Company make to its O&M expenses on a real-time**
25 **basis as a year progresses?**

26 A. The Company’s overall ability to perform its activities is directly impacted by changes
27 to the retail service needs of our customers. Therefore, it is critically important that the
28 Company retain the ability to respond in dynamic and timely ways to changes in
29 customer needs and demands. The Company proactively monitors and responds to these
30 types of changes, including increasing or decreasing O&M expense to levels that are
31 appropriate based upon the revised customer expectations.

1 **Q. How do market and rate case outcome changes, such as those experienced in 2015,**
2 **2017, and 2020, impact Minnesota Power's budget accuracy?**

3 A. In response to these changes, and to better match our costs to the resources available to
4 Minnesota Power, the Company deployed countermeasures, which I describe in more
5 detail below, to reduce the impact of these rate outcomes or economic downturns. Most
6 often, such measures help Minnesota Power weather difficult times, but are not
7 sustainable over the long term, although the Company makes all efforts to minimize
8 O&M expense proactively to respond to various market indicators.

9
10 **Q. Please provide more detail about the impact of economic downturns or rate**
11 **outcomes on Minnesota Power's actual to budget results.**

12 A. When the three years I discuss in detail above are removed from the averages,
13 Minnesota Power's budgeting for O&M expense from 2010 through 2020 had an
14 average deviation of 2.4 percent. When 2015, 2017, and 2020 are included in the total,
15 the average deviation increases to 4.1 percent. In 2015 and 2017, O&M expense actuals
16 were lower than budget by over eight percent while in 2020, O&M actuals were lower
17 than budget by over nine percent. These deviations to budget for O&M expense are
18 often offset by lower margins.

19
20 For example, the forecasting deviations in 2015, 2017, and 2020 from the Company's
21 historical averages arose due to proactive measures employed by management to reduce
22 O&M expenses in an effort to offset the changes occurring to the Company's overall
23 financial metrics — including lower margins. These efforts included compensation-
24 related savings from reductions in staffing levels through attrition and layoffs,
25 temporary freezes on external hiring, the delay of contract and professional services
26 expenditures, and stringent employee-related expense containment (such as on
27 education and travel).

28
29 In addition to the additional measures implemented to respond to specific events, the
30 Company has undertaken, and continues to evaluate, ongoing cost control measures.
31 Routine reviews of costs are inherent in the budgeting process, as described above, and

1 we also seek out opportunities to save money and increase efficiencies throughout any
2 given year.

3
4 **Q. What do you conclude regarding Minnesota Power's budgeting process and**
5 **results?**

6 A. Minnesota Power employs a robust budgeting process built from the input of front line
7 employees and managers, with reviews at each stage of the budgeting process. This
8 culture of cost containment results in budgets that are tailored to providing cost-effective
9 service and to recognizing the limitations of the resources available to us. While
10 Minnesota Power has experienced unexpected, significant drop offs in revenue at times,
11 Minnesota Power responds appropriately and as proactively as practicable to those
12 situations and maintains reasonable cost levels that are necessary to the level of service
13 we need to provide to our customers.

14
15 **C. 2016 Rate Case to 2022 Test Year**

16 **Q. Please explain how the Company has managed costs since the 2016 Rate Case.**

17 A. The Company's O&M costs remain lower than the 2016 Rate Case, even after over half
18 a decade has passed, due to ongoing cost containment efforts. Reductions began in
19 earnest in the second half of 2017 based on expectations for the outcome in the 2016
20 Rate Case. This continued beyond 2017, as evidenced by the significant reductions to
21 O&M expense Minnesota Power made in subsequent years. In fact, 2020 O&M expense
22 for Minnesota Power was lower than even 2010, and the 2022 O&M expense used to
23 develop the 2022 test year — although higher than the last several years — is also
24 expected to be lower than 2010.

25
26 **Q. Can you provide more detail on the extent of these O&M reductions?**

27 A. Yes. Due to the large rescaling at Minnesota Power in 2017 and 2018, O&M expense
28 in Minnesota Power's 2022 unadjusted test year is approximately \$20 million Total
29 Company lower than its budget used to develop the 2017 test year in the 2016 Rate
30 Case. The lower O&M expense has been primarily driven by lower employee
31 compensation and benefit expenses. Additionally, the Company continues to make

1 strategic decisions on O&M — which will carry forward to the 2022 test year — as I
2 describe later in my testimony.

3
4 **Q. What is the anticipated financial impact of these efforts to salaries and wages for**
5 **the 2022 test year?**

6 A. Employee salaries and wages in the 2022 test year are lower by approximately \$10
7 million Total Company than in Minnesota Power's budget used to develop the 2017 test
8 year for the 2016 Rate Case. This decrease has primarily been driven by reduced
9 staffing levels resulting from layoffs and attrition. Through strategic workforce
10 planning efforts, employee staffing levels have been reduced through a thoughtful,
11 systematic approach as discussed in Company witness Laura E. Krollman's Direct
12 Testimony.

13
14 **Q. Please explain how some of the other O&M expenses have been reduced?**

15 A. Employee and retiree benefits expenses in the 2022 test year are lower by approximately
16 \$10 million Total Company than they were in Minnesota Power's budget used to
17 develop the 2017 test year for the 2016 Rate Case. This reduction has primarily been
18 due to reduced staffing levels as well as changes to our benefits programs, including
19 defined benefit plan and other postretirement plans as discussed by Ms. Krollman in her
20 Direct Testimony.

21
22 Contract, professional service, and materials expenses in the 2022 test year are similar
23 to Minnesota Power's budget used to develop the 2017 test year for the 2016 Rate Case.
24 Lower costs for generation maintenance of retired or idled generating facilities are offset
25 by higher expected vegetation management related to transmission and distribution
26 lines, higher software and cyber security costs, and higher insurance expense due to
27 rising insurance rates.

1 **Q. Are the trends resulting from these cost-saving or other mitigating measures**
2 **employed in recent years sustainable over the long term?**

3 A. No. Many of these measures are not sustainable in perpetuity. These measures include
4 the delay of contract and professional services expenditures, hiring freezes, and below-
5 market compensation increases for employees. Staffing levels have been aligned with
6 current business needs, and the hiring of additional employees are included in the 2022
7 test year compared to the last several years. As discussed by Company witness
8 Ms. Krollman, the Company will need to increase employee compensation and benefits
9 to remain market-competitive and to attract and retain talent.

11 **Q. How does O&M expense used to develop the 2022 test year O&M compare to**
12 **previous years?**

13 A. The O&M expense used to develop the 2022 test year is expected to be higher than 2020
14 — the most recently-completed year — but still lower than seven of the last 11 years
15 going back to 2010. The decrease in O&M from 2010 to the 2022 unadjusted test year
16 is 0.2 percent, as shown in MP Exhibit ____ (Rostollan), Direct Schedule 2 of my Direct
17 Testimony. This compares to an average annual U.S. inflation rate of 1.7 percent since
18 2010 according to Consumer Price Index data from the Federal Reserve Bank of
19 Minneapolis. In fact, the Company has managed our employee levels and compensation
20 costs such that salaries and wage expenses used to develop the 2022 test year are lower
21 than those Minnesota Power incurred in 2010 during the tail end of the Great Recession.

23 The Company has managed to maintain low O&M levels despite the need for significant
24 capital investments, the transformation of our system through the *EnergyForward*
25 initiative, rising market costs of employee compensation and benefits, and overall
26 marketplace inflation. In addition — and despite aggressive and unsustainable cost
27 reductions over the last several years — Minnesota Power has made great strides in
28 meeting and aligning with the Commission's long-term policy goals; however, the
29 Company simply cannot sustain these O&M levels in perpetuity and continue providing
30 the same service and value to its customers.

1 **Q. Why is the O&M expense used to develop the 2022 test year O&M higher than the**
2 **last several years?**

3 A. The O&M expense used to develop the 2022 test year O&M is higher than the last
4 several years for a number of reasons, including higher employee-related expenses,
5 generation maintenance expense, vegetation management program costs, and insurance
6 expense.

7
8 First — compensation, benefit, and employee expenses are expected to be higher in
9 2022 compared to 2020 and 2019. Staffing levels have been aligned with current
10 business needs and the hiring of additional employees are included in the 2022 test year
11 compared to 2020 and 2019 as discussed by Ms. Krollman in her Direct Testimony. As
12 I discussed previously, the Company reduced staffing levels through layoffs and
13 attrition in response to the expected outcome of its 2016 Rate Case. In addition, the
14 Company employed a temporary hiring freeze in 2020 while Minnesota Power
15 navigated the safety and economic uncertainty of the COVID-19 pandemic. The
16 COVID-19 pandemic also resulted in meeting and travel restrictions, which drastically
17 reduced employee expenses during 2020. Minnesota Power expects employee expenses
18 to increase as these restrictions are lifted.

19
20 Second, Minnesota Power expects higher generation maintenance expense compared to
21 2020 and 2019. This is due in part to escalation factors within the contracts for the Bison
22 Wind Generating Facility. In addition, the amount budgeted in a given year for
23 generation maintenance fluctuates, in part, based on the length and scope of planned
24 outages each year at the Company's generation units according to the long-term outage
25 plan. Consistent with the outage plan, the length and scope of the outages varies each
26 year, which in turn results in fluctuations in the generation maintenance expense from
27 year to year.

28
29 Third, Minnesota Power expects an increase in costs for its vegetation management
30 program. As discussed in Company witness Daniel W. Gunderson's Direct Testimony,

1 the increase is primarily the result of vegetation related cost increases and the addition
2 of a number of substation and other electrical systems.

3
4 Fourth, insurance expense is expected to increase compared to prior years. The increase
5 is primarily due to higher rates, consistent with the utility industry as a whole.

6
7 **Q. Does the 2022 test year O&M budget described above and attached to your**
8 **testimony represent the level of O&M included in the Company's rate request?**

9 A. No. As described by Company witness Ms. Turner, even with this low O&M budget,
10 the Company proposes a number of adjustments to our regulated O&M budget that
11 further reduce our 2022 test year request. Our overall cost controls and robust budgeting
12 process continue to keep 2022 test year costs at reasonable and prudent levels.

13
14 **Q. Do you recommend the use of a multi-year average for developing the level of**
15 **O&M to include in rate requirements?**

16 A. No. The 2022 test year O&M is the best reflection of the anticipated O&M expenses
17 for 2022 based on our current expectations for operations and costs. The 2022 test year
18 carefully considers system and Company nuances as well as known impacts that a multi-
19 year average would ignore. Incorporating a multi-year average would disconnect the
20 amount of O&M allowed to be collected through rates from the operational realities and
21 costs that Minnesota Power is expected to experience.

22
23 Further, there are likely going to be years from time to time where unusual market
24 conditions have anomalous effects on Minnesota Power's finances — including its
25 actual employee expenses. It is more reasonable for parties to identify specific items
26 included or excluded from the test year and discuss whether specific adjustments should
27 be made for those particular items. Doing so is more predictable and more closely
28 reflects the circumstances Minnesota Power is experiencing when it files a rate case.
29 Use of a historical average means that in every rate case, there will be argument about
30 whether specific years ought to be included in the historical average.

1 **D. Cost Containment Efforts**

2 **Q. Please describe the Company's cost control efforts, generally.**

3 A. As a matter of good management, the Company is always looking for opportunities to
4 control cost increases, reduce costs, or increase efficiencies while still providing quality
5 electric service to customers. Some of the results of these efforts can sometimes be
6 quantified, while others are difficult or impossible to quantify individually. For
7 example, the staffing level reductions I discussed earlier result in specific cost
8 reductions, whereas some cost control efforts — such as extending contracts with
9 reduced costs during the remaining term of the existing contract — help contain what
10 would otherwise be higher expense increases in the future. Because the potential future
11 cost is not actually known in the latter case, it may not be possible to definitively
12 calculate the difference between the actual costs and how much higher costs would have
13 been if not for containment efforts. In other circumstances, the cost control effort is
14 only one of many moving parts in the overall management of our resources such that it
15 is not possible to isolate the specific savings associated with the effort to control costs.
16 For example, efficiency improvements are difficult to quantify because, in many
17 instances, they enable an employee to take on work that otherwise would be deferred or
18 not completed. All of these efforts, however, are built into our budgets as Minnesota
19 Power determines the resources it needs to complete its work.

20
21 **Q. Is there a single total of all cost savings achieved?**

22 A. No. Some cost savings are permanent, some are ongoing but limited in time, and some
23 are one-time savings. Further, the amount of cost savings experienced by the Company
24 with respect to individual cost controls at any given time can fluctuate, and the savings
25 efforts are implemented at various jurisdictional levels.

26
27 **Q. How are the savings associated with the Company's cost containment efforts**
28 **incorporated into the 2022 test year?**

29 A. To the extent Minnesota Power expects to achieve savings from cost containment
30 efforts, they are factored into the work area budgets used as the basis for the 2022 test
31 year. If not for these efforts, our overall costs and budgets would be higher.

E. Depreciation and Amortization

Q. Is the Company seeking to change its depreciable lives or depreciation rates?

A. In this rate case, the Company is utilizing the depreciable lives and depreciation rates for its generating facilities from its 2021 Remaining Life Depreciation Petition (Docket No. E015/D-21-386) filed with the Commission on June 10, 2021. For intangible, transmission, distribution, and general plant, the Company is utilizing the depreciable lives and depreciation rates filed in its 2021 Intangible, Transmission, Distribution, and General Plant Depreciation Petition (Docket No. E015/D-21-229) which was approved by the MPUC on July 29, 2021. This filing reflects longer depreciable lives and lower depreciation rates for much of our transmission, distribution, and general plant.

III. COST ALLOCATIONS

A. Company Structure

Q. Please briefly describe how Minnesota Power fits into ALLETE.

A. Minnesota Power is a division, not a subsidiary, of ALLETE and comprises the majority of ALLETE's activities. Net income from Minnesota Power regulated operations was approximately 65 percent of total consolidated ALLETE net income in 2020 and is projected to be 65 percent of budgeted total consolidated ALLETE net income in 2021. The remaining 35 percent of ALLETE's budgeted consolidated net income in 2021 comes primarily from the following wholly-owned subsidiaries: ALLETE Clean Energy; BNI Energy; Superior Water, Light and Power Company; and an investment in the American Transmission Company.

Q. How does the Company ensure accurate cost assignment between regulated and non-regulated activities?

A. The Company complies with the guidance developed by the Commission in Docket No. G,E999/CI-90-1008. In that Docket, the Commission identified four principles for ensuring cost separation between regulated and non-regulated activities:

- Tariffed rates shall be used to value tariffed services provided to the non-regulated activity;

- Costs shall be directly assigned to either regulated or non-regulated activities whenever possible;
- Costs that cannot be directly assigned are common costs, which shall be grouped into homogeneous cost categories. Each cost category shall be allocated based on direct analysis of the origin of the costs whenever possible. If direct analysis is not possible, common costs shall be allocated based upon an indirect cost-causative linkage to another cost category or group of cost categories for which direct assignment or allocation is available; and
- When neither direct nor indirect measures of cost causation can be found, the cost category shall be allocated based upon a general allocator computed by using the ratio of all expenses directly assigned or attributed to regulated and non-regulated activities — excluding the cost of fuel, gas, purchased power, and the purchased cost of goods sold.

The Company directly assigns costs whenever possible. Approximately 86 percent of Minnesota Power's 2020 regulated and non-regulated O&M expenses were directly assigned.

Q. Please describe the process for charging costs that are directly assignable.

A. Company employees submit time sheets biweekly in the Oracle Time and Labor software application; as they do so, they indicate the time spent performing work for Minnesota Power, non-regulated activities, or subsidiaries. The employee's time entry is electronically submitted to his or her supervisor for review and approval. Time spent directly working on specific Minnesota Power, non-regulated, or subsidiary business is directly assigned. Time that benefits more than one activity or entity is allocated using the allocation methods discussed as follows.

Costs incurred to purchase goods or services relating to Minnesota Power, non-regulated activities, or subsidiaries are directly charged or billed to the applicable entity.

1 **B. Allocation Process**

2 **Q. Please describe the process for allocating costs that are not directly assignable.**

3 A. Approximately 14 percent of the Company's 2020 O&M expenses could not be directly
4 assigned. These expenses relate mostly to general and administrative support activities
5 that benefit all entities in the ALLETE consolidated group. Such activities may include
6 Board of Directors, legal, accounting, human resources, and information technology
7 expenditures.

8
9 To allocate such costs, a cost pool is created for each similar type of administrative and
10 general activity. Expenses within each cost pool are then allocated utilizing an
11 allocation method specifically designed for that activity.

12
13 There are 28 different Allocation Methods currently being utilized by the Company.¹
14 The allocators are specific in nature and include factors such as number of employees,
15 fixed asset balances, corporate equity, number of plan participants, and number of
16 desktop and laptop computers.

17
18 As an example, payroll services are performed at the ALLETE level for Minnesota
19 Power as well as for certain non-regulated activities and subsidiaries. Because the cost
20 of payroll services cannot be directly assigned, that cost is allocated. The Allocation
21 Method is based on the number of employees in each entity. This Allocation Method is
22 logical because the cost of providing payroll services correlates closely with the number
23 of employees in each entity.

24
25 The objective of this process is to allocate general and administrative costs in a
26 reasonable, prudent, and fair manner that correlates the benefit each activity provides to
27 the Company's regulated versus non-regulated and subsidiary activities. Thus, there are

¹ See *In the Matter of the Petition of Minn. Power for Approval of Asset Separation and Acct. Methodology*, Docket No. E015/M-01-1416, MINNESOTA POWER 2021 ASSET AND ACCOUNTING METHODOLOGY COMPLIANCE FILING (April 30, 2021) (describing the Company's allocation methods); see also *Minn. Power's Petition for Approval of Affiliated Int. Between ALLETE and ALLETE Clean Energy*, Docket No. E015/AI-11-868, MINNESOTA POWER 2021 ASSET AND ACCOUNTING METHODOLOGY COMPLIANCE FILING (April 30, 2021) (describing the Company's allocation methods).

1 no general or default allocations, nor default assumptions as to whether costs should be
2 allocated to regulated, non-regulated, or subsidiary activities.

3
4 **Q. Have Minnesota Power's cost allocation methods changed materially since its**
5 **previous rate case?**

6 A. No. The cost allocation methods have not changed materially since the last rate case,
7 but there have been updates. These updates have adjusted allocation percentages
8 between regulated, non-regulated, and subsidiary activities as the amount of ALLETE's
9 regulated and non-regulated activity has ebbed and flowed. These changes have been
10 provided in annual Compliance Filings in Docket No. E015/M-01-1416 — most
11 recently submitted in April 2021 — and are developed to ensure cost is allocated based
12 on applicable proportions. The allocation methods are designed to, as closely as is
13 reasonably possible, match the costs being allocated with the corresponding benefit
14 received from the activity.

15
16 **Q. Does your cost allocation testimony also address the requirement that the**
17 **Company demonstrate that customers are not subsidizing the activities of**
18 **Minnesota Power's affiliated companies?**

19 A. Yes. In Docket Nos. E015/AI-08-339, E015/AI-08-340, and E015/AI-08-341
20 addressing Administrative Services Agreements between ALLETE, Inc. and various
21 subsidiaries, the Commission ordered that “the Company must demonstrate in future
22 rate cases that the First Amendment to Services Agreement has not resulted in cross-
23 subsidization by Minnesota Power's ratepayers of the activities of its affiliated
24 companies.”² Minnesota Power has implemented cost allocation procedures to ensure
25 accurate cost assignment between regulated and non-regulated activities. The processes

² See *In the Matter of Minn. Power's Petition for Approval of an Admin. Serv. Agreement Between ALLETE, Inc. and its Subsidiary, ALLETE Prop., LLC (f/k/a/ MP Real Estate Holdings, Inc.)*, Docket No. E015/AI-08-339, ORDER at 1 (Jan. 13, 2009); *In the Matter of Minn. Power's Petition for Approval of an Admin. Serv. Agreement Between ALLETE, Inc. and its Subsidiary, Superior Water, Light and Power Co. (SWL&P)*, Docket No. E015/AI-08-340, ORDER at 1 (Jan. 13, 2009); *In the Matter of Minn. Power's Petition for Approval of an Admin. Serv. Agreement Between ALLETE, Inc. and its Subsidiary, Minn. Power Enter., Inc.*, Docket No. E015/AI-08-341, ORDER at 1 (Jan. 13, 2009).

described above demonstrate and ensure that the Company's customers are not subsidizing the activities of Minnesota Power's affiliate companies.

C. Allocation of Investor Relations' and Board of Directors' Expenses

Q. Has the Commission identified any specific requirements regarding Minnesota Power's cost allocations for this rate case filing?

A. No. The Commission did, however, direct in our 2009 rate case (Docket No. E015/GR-09-1151) that Minnesota Power provide background information about the Investor Relations and Shareholder Services ("Investor Relations") and Board of Director costs — including how costs of these activities are allocated between shareholders and customers and why the allocation is reasonable. Minnesota Power did provide that information as required without issue in our 2016 Rate Case, and I am providing updated information in my testimony — although not required — for informational purposes.

Q. Please explain the nature of the Company's Investor Relations expenses, including categories of Investor Relations costs.

A. The Investor Relations team is responsible for all aspects of Minnesota Power's Investor Relations policies, objectives, and initiatives. The team maintains and improves relations between ALLETE and its shareholders and/or the broader financial community, which is necessary to attract and retain the capital needed to operate the Company.

Investor Relations conducts various types of work, including the following: directing and overseeing shareholder communications; coordinating dividends and other shareholder payments; account administration and maintenance; cost basis reporting; administering dividend reinvestment and share purchase programs; coordinating company mailings and proxy results; and generally performing all other supportive functions that affect the registered stock and/or shareholders of ALLETE.

1 Certain memberships or travel to conferences that would typically show up as an
2 “employee expense” are also considered Investor Relations where they support these
3 activities.
4

5 **Q. Please describe the Company’s Investor Relations communications functions in**
6 **more detail.**

7 A. Investor Relations communications with shareholders integrate finance, Company
8 news, marketing, and securities law compliance to enable the most effective two-way
9 communication between the Company, the financial community, and other financial
10 stakeholders. Communications are delivered through a variety of platforms, including
11 formal presentations and on-site meetings generally in the major financial centers along
12 with electronic communications via phone, website, and other means.
13

14 **Q. How does Minnesota Power ensure that it is budgeting a reasonable level of**
15 **Investor Relations expenses?**

16 A. As discussed earlier in my testimony, the annual budget is initiated at the work area
17 level and is subject to a series of reviews and approvals. This includes the Investor
18 Relations work area budget.
19

20 **Q. How are Investor Relations costs allocated between Minnesota regulated activities**
21 **and non-regulated activities?**

22 A. For the 2022 test year, Investor Relations costs are charged approximately 38 percent to
23 Minnesota Power regulated activities based on charges directly assigned to regulated
24 activities, with the remainder allocated using the Company’s corporate equity allocator
25 as described later in my testimony. The remaining 62 percent of costs are directly
26 assigned or allocated to subsidiaries or other non-regulated activities. The portion of
27 costs allocated using the corporate equity allocator is based on each entity’s forecasted
28 equity balance at the close of 2022.
29

1 **Q. What is Minnesota Power’s proposal for rates?**

2 A. Consistent with past Commission precedent, Minnesota Power proposes to exclude 50
3 percent of Investor Relations costs allocable to Minnesota Power from rates.
4

5 **Q. Do these Investor Relations expenses benefit Minnesota Power customers?**

6 A. Yes. The Company needs to be transparent in discussions with investors (debt and
7 equity) and the rating agencies in regards to its business and financing decisions. As
8 current or potential investors better understand the company and desire to own the
9 company’s debt or equity, the resulting financing costs for customers decreases. This
10 desire — like any marketing — is driven by effective communications and
11 correspondence with investors, which helps create value with the Company’s
12 debtholders and shareholders when it is in the market to issue long-term debt or equity
13 as needed. It is necessary for the Company to be well positioned to issue equity and
14 debt at favorable prices and interest rates to support ongoing capital expenditures and
15 rating agency expectations, which in turn support access to and a reasonable cost of
16 capital for Minnesota Power customers.
17

18 **Q. Why does Minnesota Power propose to recover only a portion of Investor Relations**
19 **expenses?**

20 A. The Company recognizes that the Commission has, in recent rate cases, concluded that
21 Investor Relations expenses are to be divided between shareholders and customers
22 because shareholders and customers both benefit from Investor Relations efforts.
23 Shareholders benefit from Investor Relations activities that support and encourage their
24 investments in the Company; this causes customers to also derive benefits from Investor
25 Relations because shareholder investment reduces the Company’s costs of capital.
26

27 Minnesota Power's regulated electric business is very capital intensive in nature.
28 External funding that is required to construct and maintain a cost effective and reliable
29 electric system typically comes from either debt or equity financing. Investor Relations
30 activities provide a clear line of communication between the Company, the financial
31 community, and other stakeholders — ultimately resulting in the Company’s stock

1 being appropriately priced in the equity markets. The financial community stays
2 connected with the Company's strategy and results through Investor Relations activities.
3 These ongoing Investor Relations activities ensure a stable demand for the Company's
4 stock and contribute to a readily accessible and liquid marketplace to raise equity-
5 sourced funds. Investor Relations impacts the Company's stock price and plays an
6 important role in keeping the cost of equity borne by our customers at reasonable levels.

7
8 Although Minnesota Power believes that its full allocable share of Investor Relations
9 costs are necessary to keep customer utility costs at reasonable levels and should be
10 recoverable in rates, the Company also recognizes that Commission precedent is to
11 allow 50 percent of Investor Relations costs. Consistent with this precedent, the 2022
12 test year excludes 50 percent of Company-incurred Investor Relations costs from its rate
13 recovery request.

14
15 MP Exhibit ____ (Rostollan), Direct Schedule 3 provides the various categories of
16 Investor Relations costs for the 2022 test year and shows an adjustment of \$204,643
17 Total Company (\$181,966 MN Jurisdictional)³ to reduce the Company's rate request.
18 The base amount for this adjustment includes employee expenses that would otherwise
19 be reportable under Minn. Stat. § 216B.16, subdivision 17 as travel and lodging, dues,
20 or food and beverage.

21
22 **Q. Please explain the nature of the Company's Board of Directors expenses, including**
23 **any categories of Board of Directors costs.**

24 **A.** Board of Directors costs primarily include compensation for services provided by
25 members of the Board of Directors and — to a lesser extent — reimbursement for or
26 payment on behalf of expenditures or “expense reimbursements” incurred by members
27 of the Board of Directors for Company business, such as travel expenses to attend board
28 meetings. Any expense reimbursements are reviewed and approved prior to payment.

29

³ A summary of allocation factors used across the Company for purposes of calculating the Minnesota Jurisdictional totals is provided Volume 3, Direct Schedules B-16 to B-19 and C-13 to C-16.

1 **Q. How does Minnesota Power ensure that it is budgeting a reasonable level of Board**
2 **expenses?**

3 A. As discussed earlier in my testimony, the annual budget is initiated at the work area
4 level and is subject to a series of reviews and approvals — including the Board of
5 Directors expense budget.

6
7 **Q. How are Board of Directors costs allocated between Minnesota regulated activities**
8 **and non-regulated activities?**

9 A. For the 2022 test year, Board of Directors costs are allocated approximately 57 percent
10 to Minnesota Power regulated activities using the Company's corporate equity allocator
11 as described below. The remaining 43 percent of costs are allocated to subsidiaries.
12 The allocation is based on each entity's forecasted equity balance at the close of 2022.

13
14 **Q. Does Minnesota Power propose to include a portion of Board costs in rates?**

15 A. Yes, in part. The portion of Board costs allocable to Minnesota Power are proposed to
16 be included in rates, with further proposed adjustment.

17
18 To strike a balance between customers and shareholders, Minnesota Power proposes to
19 include the portion of Board of Directors compensation, travel costs, lodging, and other
20 incidental costs allocable to Minnesota Power in rates — with the exception of meal
21 expenses related to the board. The Board of Directors serves as the key oversight for
22 the Company, and a utility cannot function without a board of directors or other
23 management body — regardless of whether it is publicly held or a private company. As
24 such, these Board of Directors costs should be included in rates.

25
26 Volume 3, Schedule H – 4 provides the Board of Directors compensation and expense
27 reimbursements for the 2022 test year. Volume 3, Schedule H – 1 and MP Exhibit ____
28 (Rostollan), Direct Schedule 4 show an adjustment of \$180,660 Total Company
29 (\$160,627 MN Jurisdictional) to exclude Board of Directors reimbursements for meal
30 expenses based on the same methodology used for calculating the proposed employee
31 expense adjustment and reduce the Company's rate request.

1
2 **D. Corporate Equity Allocator**

3 **Q. What is the purpose of this section of your testimony?**

4 A. The purpose of this section of my testimony is to discuss Minnesota Power's "corporate
5 equity" allocator, including explaining why the Company uses this allocation
6 methodology.

7
8 **Q. Does Minnesota Power allocate any costs to the Minnesota utility using its
9 "corporate equity" allocator?**

10 A. Yes, in part. Within the annual compliance filings for Docket No. E015/M-01-1416,
11 *Asset Separation and Accounting Methodology*, the Company describes each allocation
12 method currently in use and the basis on which costs are allocated. As the current 2021
13 Compliance Filing shows, there are several areas of costs that are allocated solely on
14 the corporate equity allocator method — Board of Directors costs and Investor Relations
15 costs, as discussed above, as well as Audit Services costs. The current filing also shows
16 that there are areas of costs that are allocated based on combinations of corporate equity
17 and fixed asset balances. These areas are Strategic Planning, Financial Planning, Tax
18 Services, Financial Reporting, Finance Services, External Communications, Legal
19 Services, and General Accounting Services. Costs within these areas are directly
20 assigned when possible. However, not all charges, particularly those related to general
21 and administrative support functions, can be directly assigned because such costs are
22 incurred routinely for the benefit of all or multiple areas of ALLETE. Below I discuss
23 why these allocation methods are appropriate.

24
25 **Q. Please describe why each of the costs using the corporate equity allocator cannot
26 be directly assigned.**

27 A. Generally, it is not possible to readily identify which entity benefits from activities and
28 expenses such as those of the Board of Directors and Investor Relations. The same is
29 true, at times, for Audit Services. For example, an audit or review of the Company's
30 financial statements is a review of the financial activities of ALLETE, Inc. as a whole

1 — with no single entity as the focus or receiving the benefit. Hence, it is not possible
2 or practical to directly assign the costs in such an audit.
3

4 **Q. Please explain why each of the costs for which the corporate equity allocator is**
5 **used cannot be allocated using an indirect cost causative allocator.**

6 A. Allocating certain types of costs using an indirect cost causative allocator is not always
7 practical or capable of being done in a consistent manner. For example — Board of
8 Directors, Investor Relations, and Audit Services costs bear no rational relationship to
9 headcount, number of computers, fixed asset balances, and the like. Rather, these costs
10 are incurred based on the overall needs of ALLETE.
11

12 **Q. Why does the Company use a corporate equity allocator instead of the**
13 **Commission’s general allocator of “Expenses less purchased goods sold”?**

14 A. The corporate equity allocator more directly aligns expenditures for the Board of
15 Directors, Investor Relations, and Audit Services with the associated value of each
16 entity. Minnesota Power has long used the corporate equity allocator; it has done so
17 ever since Docket No. E015/M-01-1416, titled *In the Matter of the Petition of Minnesota*
18 *Power for Approval of Asset Separation and Accounting Methodology*. This
19 methodology was also addressed in Docket No. E015/AI-15-712 and explained as
20 follows:
21

22 Corporate Equity is calculated utilizing the amount of equity investment
23 in various entities – ALLETE/MP, MP Lines of Business,⁴ and ALLETE
24 Subsidiaries. It is not the intent to claim equity as a cost causative factor
25 of increased activity. However, it is an available “number” that often
26 can be equated with the value of an entity and, as such, it is often
27 interpreted that the activity support for an entity increases with its value.
28 Minimal use of the method is desired.⁵
29

⁴ This component, “MP Lines of Business,” is no longer in use.

⁵ *In the Matter of Minn. Power’s (MP’s) Petition for Approval of Affiliate Int. Between ALLETE, Inc. and ALLETE Clean Energy (ACE)*, Docket No. E015/AI-15-712, ORDER at 11 (Jan. 14, 2016) (quoting Minnesota Power’s explanation of the corporate equity allocator).

1 **Q. Do you believe that the corporate equity allocator is superior to the expenses less**
2 **purchased goods sold allocator and does not harm customers?**

3 A. Yes. In addition to the corporate equity allocator providing a better allocation of costs
4 in alignment with the actual value of each entity, the use of the expenses less purchased
5 goods sold allocator could result in higher allocations to Minnesota Power and its
6 customers over time as a result of fluctuations in expenditures at Minnesota Power.

7
8 In Docket No. E015/AI-15-712 and Docket No. E015/GR-16-664, the Company
9 demonstrated that use of the corporate equity allocator produced results that were
10 consistent with the Commission's expenses less purchased goods sold method.

11
12 **Q. Has a comparison of these two methods been performed for this rate case?**

13 A. Yes. Comparisons using 2020 data show that the corporate equity allocator method
14 produces results that are more favorable for customers than the expenses less purchased
15 goods sold method. MP Exhibit ____ (Rostollan), Direct Schedule 5 illustrates the
16 allocation percentages using the corporate equity allocator versus the expenses less
17 purchased goods sold allocator. In 2020, the most recently completed fiscal year, the
18 corporate equity allocator method utilized by Minnesota Power resulted in an allocation
19 to customers of approximately 61.0 percent — lower than a modified expenses less
20 purchased goods sold method, which would also result in approximately 82.0 percent
21 of corporate costs being allocated to Minnesota Power regulated operations. However,
22 the Company has calculated the expenses less purchased goods sold allocation
23 percentage to the benefit of regulated customers by excluding depreciation,
24 amortization, and property and other taxes from expenses. Adding these items back into
25 the calculation would still result in a higher allocation to customers of 79.3 percent
26 under the expenses less purchased goods sold method compared to utilizing the
27 corporate equity allocator method.

1 **Q. Please summarize why the corporate equity allocator is reasonable for Minnesota**
2 **Power's customers.**

3 A. The corporate equity allocator is the better method because it more directly aligns Board
4 of Directors, Investor Relations, and Audit Services expenses with the value of each
5 entity — and not on the level of expenditures at each entity — which is neither
6 dependent on nor the driving force of Board of Directors, Investor Relations, or Audit
7 Services efforts. The corporate equity allocator is not subject to annual swings in
8 expenditure levels, and customers benefit when the Company makes a new or additional
9 investment in an entity. A comparison of the allocation methods shows that customers
10 are helped, not harmed, by the Company's use of the corporate equity allocator.
11

12 **IV. TRAVEL, ENTERTAINMENT AND RELATED EMPLOYEE EXPENSES**

13 **Q. What is the purpose of this section of your testimony?**

14 A. In this section of my testimony, I provide support for the travel, entertainment, and
15 related employee expenses information that the Company is providing in compliance
16 with Minn. Stat. § 216B.16, subd. 17 ("Employee Expense Statute"). The employee
17 expense schedules setting forth this information are provided in Volume 3, Schedule H
18 to the Company's initial filing. I have also provided the Company's written policies
19 governing employee expenses and our compliance plan to comply with Order Point 16
20 in the November 2, 2010, Order in Docket No. E015/GR-09-1151. The employee
21 expense policies are provided in MP Exhibit ____ (Rostollan), Direct Schedule 6 and MP
22 Exhibit ____ (Rostollan), Direct Schedule 7.
23

24 **A. Employee Expense Policies**

25 **Q. How does Minnesota Power incur "employee expenses"?**

26 A. Employee expenses are those expenditures incurred by employees in the course of their
27 employment and in support of the Company's business, such as travel, meals, lodging,
28 and similar expenses. These expenses are tracked in our employee expense reporting
29 system. These expenses are consistent with the categories set forth in the Employee
30 Expense Statute. Employee expenses include expenditures for airfare, hotel stays, car
31 rentals, parking, meals for business purposes, or recognition for the work performed by

1 Company employees to provide safe and reliable service to customers. These expenses
2 may be expenses that — in the furtherance of their work for the Company — an
3 employee pays for using their own financial resources and then is reimbursed for, or
4 they may be expenses that are paid for using a Company credit card or invoiced directly
5 to — and paid by — the Company.
6

7 **Q. Are the Company's employee expenses needed for the provision of utility services?**

8 **A.** Yes. Company business regularly requires that our employees work at locations other
9 than their offices or primary work locations. Employees often incur expenses when they
10 work in the field to ensure the reliability of the Company's facilities and equipment,
11 manage workers across our service territory, meet with our customers and other
12 stakeholders, or travel to attend conferences or trainings to maintain their knowledge
13 base. Additionally, some employees work at remote locations and must attend meetings
14 or training at the main offices in Duluth, Minnesota, causing them to incur travel
15 expenses. Employees also attend training from time to time to ensure they are
16 performing their jobs in their highest capacity or complete continuing education to
17 maintain their professional licenses. The Company encourages employees to take
18 advantage of web-based training to the greatest extent possible, but not all training
19 sessions are available through this technology, and certain professional licenses limit
20 the use of web-based or on-demand training to comply with licensing requirements.
21 Expense guidance is provided in the Company's Employee Handbook.
22

23 **Q. Has Minnesota Power implemented and adhered to an employee expense**
24 **compliance plan to ensure the implemented policies are followed?**

25 **A.** Yes. The Company developed a written policy after the 2009 rate case (Docket
26 No. E015/GR-09-1151). That policy is documented in the Employee's Handbook and
27 provides guidelines for all employees in regards to business-related expenses.
28

29 In addition, the Employee's Handbook addresses ratepayer impacts of employee
30 expenses, as shown below:
31

1 *A significant portion of ALLETE consists of regulated utility operations.*
2 *As such, both Minnesota Power and Superior Water Light & Power are*
3 *subject to regulatory review to ensure that the utility rates they charge*
4 *their customers are reasonable and deemed necessary for the provision*
5 *of utility service. Thus the impacts on Minnesota and Wisconsin*
6 *ratepayers should always be considered when incurring and charging*
7 *an expense.*

8
9 *Expenses incurred while working on regulated operations (such as*
10 *Minnesota Power, Superior Water Light & Power) should be charged to*
11 *a regulated work order. Expenses incurred while working on non-*
12 *regulated operations (such as BNI Energy, ALLETE Clean Energy, and*
13 *non-regulated business development) should be charged to a non-*
14 *regulated work order. The Company has also determined that*
15 *entertainment expenses will not be charged to ratepayers (as specified*
16 *in Entertainment Events and Meals below); therefore, the correct cost*
17 *type and a non-regulated work order must be used for all costs*
18 *associated with entertainment expenses. Contact Accounting with*
19 *questions on the proper use of accounts.*
20

21 Additional procedures and required expense documentation for employees are
22 explained in the Corporate Credit Card and Employee Expense Reporting Policy &
23 Procedure Manual. Training on the policies and expense documentation procedures is
24 provided for new supervisors through our Foundations for Leadership program. Any
25 employee wishing to receive a corporate credit card must receive supervisor approval,
26 sign a corporate credit card agreement, and complete Expense Training, which is
27 administered electronically through the Oracle Learner Self-Service application.
28 Copies of the training handouts and presentations provided to supervisors are included
29 in MP Exhibit ____ (Rostollan), Direct Schedule 8 and MP Exhibit ____ (Rostollan),
30 Direct Schedule 9, respectively.

31
32 **B. Employee Expense Review**

33 **Q. Has the Commission identified any specific requirements regarding Minnesota**
34 **Power's filing of employee expense data for this rate case filing?**

35 **A.** No, the Commission has not identified any specific requirements for this rate case filing
36 beyond the requirements of the Employee Expenses Statute. As noted above, the

1 information provided in compliance with the Employee Expense Statute is provided in
2 Volume 3, Schedule H to the Company's initial filing.

3
4 **Q. Please explain the information contained in Volume 3, Schedule H.**

5 **A.** Volume 3, Schedule H of Minnesota Power's initial filing contains detailed information
6 about employee expenses for 2020, the most recently completed fiscal year, in
7 accordance with the Employee Expense Statute. Minnesota Power has provided
8 schedules to correspond with the costs requested for recovery pursuant to Minn. Stat.
9 Section 216B.16, subds. 17(a)(1)-(7) as follows:

- 10 • Schedule H – 1 Summary of Employee Expenses;
- 11 • Schedule H – 1A Travel and Lodging Expenses for Employees;
- 12 • Schedule H – 1B Travel and Lodging Expenses for Vice President / Ten
13 Highest Paid;
- 14 • Schedule H – 2A Food and Beverage Expenses for Employees;
- 15 • Schedule H – 2B Food and Beverage Expenses for Vice President / Ten
16 Highest Paid;
- 17 • Schedule H – 3 Recreational and Entertainment Expenses;
- 18 • Schedule H – 4 Board of Director Expenses and Compensation;
- 19 • Schedule H – 5A Ten Highest Paid Officers and Employees' Compensation;⁶
- 20 • Schedule H – 5B Additional Expenses for Vice President / Ten Highest Paid;
- 21 • Schedule H – 6 Dues and Expenses for Membership in Organizations or
22 Clubs;
- 23 • Schedule H – 7 Gift Expenses;
- 24 • Schedule H – 8 Dues and Memberships with Lobbying;
- 25 • Schedule H – 9 Miscellaneous Employee Expenses;
- 26 • Schedule H – 10 Aircraft Expenses;

⁶ Volume 3, Schedule H - 5A identifies the ten highest paid employees, as well as those with the title of Vice President or above. In the case of Minnesota Power's 2020 employees (and as explained in more detail below), the list of ten highest paid employees or officers includes all employees at the level of Vice President or above except one. Volume 3, Schedules H – 1B, 2B, and 5B contain expense detail for the highest paid and Vice President or above employees, who are identified by title in Volume 3, Schedule H – 5A.

- Schedule H – 11 Lobbying Expenses; and
- Schedule H – 12 Relevant Documentation to Support the 2018 Employee Expense Adjustment.

In Volume 3, Schedule H – 8, I have included a schedule showing the lobbying-related portion of certain dues. This schedule is to be used in conjunction with Volume 3, Schedule H – 6. Volume 3, Schedule H – 9 contains the detail of employee expenditures for parking, registrations, fees, and other miscellaneous expenditures. This schedule provides additional transaction detail for travel and also includes other employee-type expenditures not specifically required under the Employee Expense Statute. Finally, MP Exhibit ____ (Rostollan), Direct Schedule 10, provides a one-page summary of the total amounts for each expense category. This one-page summary is also included in Volume 3, Schedule H – 1 to this filing. The Company is not requesting recovery of Minnesota Power’s allocated share of corporate aircraft expense; therefore, as indicated in Volume 3, Schedule H – 10, information regarding such expenses is not included. As indicated in Volume 3, Schedule H – 3, a detailed schedule is not included for Recreation or Entertainment expenses as these are accounted for in non-regulated expenditures. Similarly — as Volume 3, Schedule H – 11 indicates — Lobbying expenses are excluded expenses for which we are not seeking recovery, as discussed below; therefore, transaction data is not included.

Q. Does Minnesota Power request that any of the information in Volume 3, Schedule H be classified as non-public data?

A. Yes. Volume 3, Schedule H – 5A includes compensation information for the ten highest paid employees of the Company. The Employee Expense Statute allows for the salary of one or more of the ten highest paid officers and employees of Minnesota Power, other than the five highest paid, to be treated as private data on individuals. Minnesota Power requests that the salaries of the highest paid employees other than the five highest paid be kept non-public for competitive reasons.

1 **Q. Please provide additional information explaining how Minnesota Power tracks and**
2 **accounts for employee expenses.**

3 **A.** The Company uses software called Oracle Payables to process all invoices, employee
4 expense reimbursements, and company credit card reconciliations. In addition to
5 payment for business meals and travel expenses, employees are encouraged to use a
6 corporate-issued credit card for registrations, books, dues and subscriptions, safety work
7 clothing, and miscellaneous small dollar (\$3,000 or less) material purchases necessary
8 to conduct company business.

9
10 All transactional detail is maintained in Oracle Payables and is also stored in a data
11 warehouse. The data warehouse provides a single source for storing all financial
12 transactions, allowing users to access information in one location rather than needing
13 access to multiple financial sub-ledgers.

14
15 **Q. How did Minnesota Power extract the data provided with this rate case?**

16 **A.** As previously noted, the Employee Expense Statute requires that we provide employee
17 expense data from our last completed fiscal year — in this case, 2020. Our original
18 extraction of data was limited to costs assigned to the Minnesota electric jurisdiction,
19 either directly or through allocation. Cost types were developed as part of the
20 Company's chart of accounts to capture expenses into categories based on the Employee
21 Expense Statute. This is consistent with how data was extracted in our last rate case.

22
23 **Q. How was the data warehouse queried to develop the employee expense schedules?**

24 **A.** Using the data warehouse, queries were made on each cost type, exported to Microsoft
25 Excel, and then separated into spreadsheets based on the filing requirements of the
26 Employee Expense Statute. These expenses were either paid via direct company
27 invoicing from the vendor, employee expense report reimbursement, or by corporate
28 credit cards issued to employees. We also searched for employee expenses charged via
29 expense report or credit card to cost types that were not responsive to the categories
30 under the statute — such as in the cost types used for contractor services, safety clothing
31 and equipment for plant, construction or maintenance personnel, or office supplies. In

1 these cost types, we identified items that may not be considered appropriate for recovery
2 — such as life or social event expenditures — and included those amounts in an
3 adjustment discussed below (referred to as the “Test Year Adjustment”).
4

5 **Q. How was the queried data formatted for executive employees and Board of**
6 **Directors?**

7 **A.** The Employee Expense Statute requires the Company to include schedules of expenses
8 for the ten highest paid employees,⁷ board members,⁸ and all employees at the level of
9 vice president or above.⁹ We obtained a list of the ten highest paid employees for 2020.
10 There was one non-vice president or higher-level employee on this list of the ten highest
11 paid. For simplicity, we chose to include this employee with the vice president-level
12 and higher group and use a single group of individuals for both the top ten and vice
13 president level and higher reporting requirements. Volume 3, Schedules H – 4, 5A and
14 5B include the compensation and expenses of the board members and ten highest paid,
15 respectively. For other incidental expenses, we chose to use the executive-specific cost
16 types to pull the data. These cost types were designed to be used by all executives for
17 their expenses as a way to comply with the Employee Expense Statute for both the top
18 ten and vice president level and higher reporting requirements. We then made the
19 determination that Minnesota Power would not request recovery of employee expenses
20 for the travel, lodging, and meals of ALLETE Chair, President and Chief Executive
21 Officer, Bethany M. Owen, and ALLETE Senior Vice President and Chief Financial
22 Officer, Robert J. Adams (positions and titles currently held by these individuals).

23
24 Finally, we have also excluded from these schedules reimbursements for meal expenses
25 for members of ALLETE’s Board of Directors.
26

⁷ Minn. Stat. § 216B.16, subd. 17(a)(5) (2020).

⁸ Minn. Stat. § 216B.16, subd. 17(a)(4).

⁹ Minn. Stat. § 216B.16, subd. 17(b).

1 **Q. Were there any adjustments made in the way the Company prepared its 2022**
2 **budget for employee expenses as a result of financial impacts of COVID-19**
3 **experienced in 2020 and 2021?**

4 A. No, with the exception of how we established the employee expense adjustment.
5 Minnesota Power continues to employ a zero-based budgeting philosophy for O&M
6 expenses that are not labor related. This approach requires building the budget from a
7 baseline, while reviewing historical amounts and activities as well as expected
8 operational changes in the business to inform the budgeting process. Minnesota Power
9 budgeted for 2022 assuming that meeting and travel restrictions related to COVID-19
10 that drastically reduced employee expenses in 2020 and 2021 have been lifted.
11 Traditionally, the proposed employee expense adjustment is based on a review of
12 employee expenses for the most recently completed fiscal year, which would be 2020
13 for this filing. Typically, the adjustment to the test year is equal to the adjustment
14 identified for the most recently completed fiscal year in that review; however, the
15 Company proposes calculating the adjustment to the 2022 test year on a prorated basis
16 using its analysis of 2018 actual employee expenses due to the unique and
17 unprecedented financial impacts faced by the Company in 2020.

18
19 As discussed previously, the COVID-19 pandemic resulted in meeting and travel
20 restrictions — which drastically reduced employee expenses during 2020 resulting in
21 the year not being representative of a typical year. Also — as part of its withdrawn rate
22 case in Docket No. E015/GR-19-442 — the Company performed a detailed analysis of
23 2018 actual employee expenses, which was the basis for its proposed adjustment to 2020
24 test year employee expenses in that docket. The Company believes 2018 still represents
25 a typical year and that it would be a reasonable basis for calculating the 2022 adjustment.
26 Taking this into consideration, the Company proposes calculating the adjustment for the
27 2022 test year by taking the 2022 test year employee expenses and multiplying that
28 amount by the percentage of 2018 employee expense adjustment divided by 2018 actual
29 employee expenses. A copy of the relevant documentation from which Minnesota
30 power established the 2018 employee expense adjustment is included in Volume 3,

Schedule H – 12 Relevant Documentation to Support the 2018 Employee Expense Adjustment.¹⁰

Q. How were these reports reviewed?

A. Our remaining source data was separated into each required reporting category. We first reviewed each category by investigating transactions using our keyword search, which we explain in further detail below. We then began looking for employee recognition transactions, foreign travel, lobbying-related transactions, Board of Directors' costs, investor relations transactions, and life or social events and excluded items from the Company's rate request as necessary. This process was largely manual and included line-by-line reviews of all employee expenses. The determination of the validity of transactions requires careful consideration and the application of judgment. For example, when an employee's business description of the expense did not provide enough information to determine validity, we looked at other information in the accounting data — such as the description of the charging work order or our own knowledge of the type of work that employee is engaged in on a daily basis — to gain additional insight. Ultimately, supervisors are responsible for determining the validity of their employees' expenses before approving them. The supervisors are in the best position to understand the scope of work being performed by an employee and any necessary employee expenses related to that work. Minnesota Power has made a good-faith effort to exclude any items not necessary for the provision of utility services.

Q. How were the word searches performed?

A. We used keyword searches as an aid to identify transactions for review. We started with the keyword listing from our last rate case as well as words we determined should be searched for based on our most recent company activity. The keyword list is attached as MP Exhibit ____ (Rostollan), Direct Schedule 11 to my testimony. Transactions where keywords were found were further reviewed to determine the appropriateness of

¹⁰ Please note that Schedule H – 5A – Ten Highest Paid Officers and Employees' Compensation for 2018 is not provided here, as the compensation information in that document is not relevant to the calculation of the 2018 employee expense adjustment.

1 the business purpose. The Company also made a good-faith effort to identify and
2 exclude any expenses containing a misspelled search term. The keyword search was
3 one of many ways in which we analyzed the large amount of data, but it should not be
4 assumed that all transactions where these words were found have been excluded.
5

6 **Q. Please describe the line-by-line evaluation performed after word-search-based**
7 **exclusions were complete.**

8 **A.** We reviewed all schedules for transactions related to employee recognition, foreign
9 travel, lobbying, investor relations, economic development, and life and social events
10 based on the following criteria:

- 11 • Individual employee recognition was excluded, with the exception of
12 recognition related to safety achievements;
- 13 • Foreign travel was excluded, except to the extent it was specifically related to
14 utility operations, such as our agreements with Manitoba Hydro;
- 15 • Lobbying-related transactions were excluded. In addition, dues to organizations
16 were evaluated to determine any portion of those dues that was used for or
17 related to lobbying and an adjustment was made for the lobbying portion;
- 18 • Investor Relations employee expense-related transactions were identified and
19 will be subject to the 50 percent exclusion for all 2022 test year expenditures.
20 The non-labor related charges were removed from the employee expense
21 schedules and are not included in either the 2022 test year employee expenses
22 or the adjustment to the employee expenses for the 2022 test year. All costs
23 related to investor relations are addressed previously in my testimony;
- 24 • Economic Development employee expense-related transactions were identified
25 and will be subject to the 50 percent exclusion for all 2022 test year expenditures
26 for interim rates. The Company is requesting that final rates include the entirety
27 of all 2022 test year Economic Development employee-expense related
28 expenditures. The non-labor related charges are included in the 2022 test year
29 employee expenses and the adjustment to the employee expenses for the 2022
30 test year. Costs related to economic development activities are addressed in
31 Mr. Franklyn Frederickson's Direct Testimony; and

- Life and social event transactions were excluded except for non-discretionary length of service and retirement awards issued by ALLETE's Human Resources Department.

Q. Does Minnesota Power believe that employee expenses have been appropriately excluded from the test year?

A. Yes. Our review of employee expenses was thorough and complete. We believe we have made a good-faith effort to exclude any items not necessary for the provision of utility services and attempted to err on the side of exclusion rather than inclusion of expenses.

Q. What are the results of Minnesota Power's employee expense review?

A. As a result of the employee expense review, we have identified a Test Year Adjustment in the amount of \$547,303 Total Company (\$486,614 MN Jurisdictional). This amount has been excluded from the test year cost of service. A summary schedule of the Test Year Adjustment, by type of expense, is included as MP Exhibit ____ (Rostollan), Direct Schedule 10.

C. Memberships and Dues

Q. Has the Company included costs associated with memberships and dues in its employee expenses?

A. Yes. Minnesota Power has included these costs in the 2022 test year and rate recovery request. Please refer to Ms. Turner's Direct Testimony for more information on how memberships and dues were included in the test year and rate recovery request.

Q. Please explain how Company memberships in various trade and specialty organizations provide value to Minnesota Power's customers.

A. The membership and dues amounts that Minnesota Power has included in its rate request each provide value to Minnesota Power's customers. These organizations provide key insights into and education on various aspects of our industry and allow Minnesota Power and its employees to efficiently provide service to our customers. For example,

1 there are important tax and rate education sessions that the Edison Electric Institute
2 offers only to its members that, if Minnesota Power had to create and deploy similar
3 programs, would be very costly on a Company basis. Additionally, many of our
4 employees maintain licenses that are necessary to perform Company functions related
5 to the planning, design, and maintenance of our generation and power delivery systems.
6 These licenses require ongoing continuing education — including awareness of new
7 technologies, requirements, codes, and standards — which many of these organizations
8 provide access to for members. Minnesota Power thoughtfully evaluated the
9 memberships and dues that resulted in the amounts included in the 2022 test year, and
10 only those that provide value to the Company's customers and were reasonable and
11 necessary were included.

12
13 **D. Research Expenses**

14 **Q. Has the Company included costs for research expenses in the 2022 test year?**

15 **A.** Yes, Minnesota Power included \$190,000 Total Company (\$168,931 MN
16 Jurisdictional) of expenses to support Electrical Power Research Institute ("EPRI")
17 research as detailed in Volume 3, Direct Schedule G-4.

18
19 **Q. Please describe Minnesota Power's investments in EPRI research and how it**
20 **benefits customers.**

21 **A.** Minnesota Power has a long history of working with EPRI research experts to address
22 energy and environment related problems. EPRI conducts the research and property
23 rights to the products that result from the research may be owned by EPRI or the
24 Company, depending upon the specific nature of the research and related licensing
25 restrictions. In previous years, EPRI member utilities contributed to general EPRI
26 funding through a single package approach, which was then directed to specific areas
27 for research based on EPRI member voting. EPRI restructured into Area Research
28 Programs ("ARP"), which target subject areas for three-year periods. The Company
29 maintains membership in the EPRI ARP programs most applicable to its operations to
30 ensure deliberate and valuable spending of O&M dollars in this area. Minnesota Power
31 can add or remove target subject areas to best support Minnesota Power operations

1 providing efficient utility research and development coverage to a full array of issues
2 that concern the electric utility industry. ARP funding covered research areas related to
3 the analysis of environmental policy design, implementation, greenhouse gas reduction
4 planning, and resource planning in changing carbon futures. Customers benefit from
5 leveraging research focused on target subject areas that support the Company's planning
6 in these areas.

7
8 **E. COVID-19 Deferred Costs**

9 **Q. Is the Company requesting recovery of any deferred costs related to the COVID-**
10 **19 pandemic in the 2022 test year?**

11 **A.** No. We have tracked pandemic related costs and submitted this information to the
12 Commission as part of Docket No. G999/M-20-427 (*In the Matter of the Petition of the*
13 *Minnesota Rate Regulated Electric and Gas Utilities for Authorization to Track*
14 *Expenses Resulting From the Effects of COVID-19 and Record and Defer Such*
15 *Expenses into a Regulatory Asset*). However, the Company is not seeking recovery of
16 any of these costs in the current rate proceeding.

17
18 **F. Specific Issues with Employee Expenses**

19 **Q. Are there sometimes situations where employees are reimbursed for expenses they**
20 **incurred, but there is no vendor name associated with the expense as set forth in**
21 **the Schedules the Company is filing?**

22 **A.** Yes. When an employee purchases an item with his or her own financial resources, the
23 employee is considered the "vendor" that the Company is paying. This is logical and is
24 standard practice in any expense tracking system as the system needs to know who to
25 pay. Minnesota Power reimburses the employee directly, so the employee is the
26 "vendor" for purposes of employee expenses. This is no different than where Minnesota
27 Power pays a contractor's invoice and records only that contractor's name in the ledger,
28 even though there may be third-party expenses detailed on the contractor's invoice —
29 such as fuel or equipment rentals.

1 Further, the identity of the third party that the employee paid can be determined from
2 the employee's expense report — the actual receipt is attached to the expense report.
3 Minnesota Power maintains this supporting documentation for future inquiry.
4

5 **Q. In the event an employee uses their own financial resources to make a purchase or**
6 **purchases for which they seek reimbursement, how are those expenses reviewed?**

7 A. In these instances, an employee must submit an expense reimbursement request and
8 provide sufficient documentation to support the purchases that were made.
9 Additionally, before that expense reimbursement request is submitted for processing,
10 that employee's supervisor must review the report and confirm that the expenses for
11 which the employee seeks reimbursement are consistent with Company policies and
12 appropriately documented. After this review and approval, the expense reimbursement
13 is then submitted for processing. The Company maintains records of these
14 reimbursement requests should future questions arise related to these employee
15 expenses.
16

17 **Q. Has the Company faced additional scrutiny for these types of employee expenses**
18 **in prior rate cases?**

19 A. Yes. In the 2016 Rate Case, the Office of the Attorney General – Residential Utilities
20 and Antitrust Division ("OAG-RUD") objected to expenses that identified an employee
21 as the "vendor" in our general ledger accounting system as a broad matter.
22

23 **Q. How did the Commission decide this issue in the Company's last rate case?**

24 A. The Commission determined the Company provided sufficient process, and evidence of
25 that process, to reject the OAG-RUD's objections on this issue.
26

27 **Q. Has the Company addressed this issue in this rate case?**

28 A. Yes, although it was not required. In response to the concerns that the OAG-RUD raised
29 in the 2016 Rate Case, the Company implemented a change to the employee expense
30 tracking system in which employees include information identifying a third-party payee.
31 This system change was implemented in early 2020. For transactions where the

1 employee was the vendor and occurring prior to this change, the Company manually
2 added the third-party payee information to a small number of transactions in the
3 employee expense review schedules. Since this is a customization to a standard
4 reporting system, the Company may not be able to maintain this feature in future system
5 upgrades or new implementations.

6
7 Additionally, Board of Directors' expense reimbursements are not processed within the
8 employee expense reporting system, but rather are accounted and paid as any other
9 external vendor. The nature and detail of the expense items are simply not maintained
10 within the expense reporting system. For the purpose of this rate filing, the Company
11 manually added the expense detail — with exception for personal mileage and internally
12 generated accounting entries for Board of Directors' compensation expenses — to the
13 Board of Directors schedule included in Volume 3, Schedule H – 4.

14
15 **Q. Under what conditions is it appropriate for an employee to make a purchase for**
16 **the Company using his or her personal financial resources?**

17 A. While employees are trained to use their Company-issued credit card for all company-
18 related purchases, this is not always possible. Various situations arise where an
19 employee is not able to use the Company-issued credit card, including the following:
20 where a magnetic stripe or chip on the card has suddenly become unusable; a Company-
21 issued credit card is not able to be processed at the point of sale due to a reader or card
22 malfunction; the point of sale does not accept credit cards — as happens in certain
23 locations where our employees need to travel for Company business — including our
24 linemen or right-of-way agents; or a Company card has been identified as lost, and a
25 replacement Company card has not yet arrived for that employee.

26
27 **Q. What is the expense submission and review process in these instances?**

28 A. Where an employee pays for an expense using their own funds, the employee prepares
29 an expense report and submits it to their supervisor for review and approval. The
30 employee must provide documentation or detail necessary to support the costs for which
31 they are seeking reimbursement. The supervisor must then review the expense

1 reimbursement request, the supporting detail, and business purpose for the expense and
2 determine whether the expenses are appropriate before approving the reimbursement
3 request.
4

5 **G. Additional Exclusions**

6 **Q. Is the Company requesting recovery for Minnesota Power's allocated share of**
7 **corporate aircraft expenses?**

8 **A.** No. The Company has excluded all corporate aircraft expenses as part of its review of
9 employee expenses.
10

11 **Q. Has the Commission identified any requirements regarding Minnesota Power's**
12 **accounting for lobbying expenses for this rate case filing?**

13 **A.** Yes. In Minnesota Power's 2010 rate case (Docket No. E015/GR-09-1151), the
14 Commission ordered (Order Point 17) the Company to adopt accounting procedures to
15 readily identify lobbying expenses and "to record these expenses to FERC Account
16 426.4, Civic and Political Expenses."
17

18 **Q. Has Minnesota Power adopted procedures to identify lobbying expenses and**
19 **record these expenses to FERC Account 426.4?**

20 **A.** Yes, as explained above, Minnesota Power has adopted procedures to identify lobbying
21 expenses. It records these expenses to FERC Account 426.4, Expenditures for certain
22 civic, political, and related activities. Consistent with my testimony above, the expenses
23 recorded in this FERC Account are not included in our rate request. Employees also
24 make a good faith effort to record expenses to the appropriate accounts. As part of our
25 review of employee expenses, we also look for any indirectly related lobbying expenses
26 and exclude these items.
27

28 An adjustment to exclude these expenditures from rate recovery is incorporated in the
29 total Test Year Adjustment, as discussed above. Accordingly, we believe the 2022 test
30 year appropriately excludes lobbying expenses from our cost of service.
31

V. CONCLUSION

1

2 **Q. Does this complete your testimony?**

3 **A. Yes. I appreciate the opportunity to provide this testimony.**

Minnesota Power
Actual Variance From Budget
Historical Summary
Total Company

	2010			2011		
	Actual	Budget	Variance	Actual	Budget	Variance
Gross Margins						
Revenue	\$800,268	\$770,987		\$815,725	\$771,187	
Expense						
Fuel	127,672	124,147		144,166	147,526	
Square Butte	55,230	56,727		61,198	67,495	
Other Purchased Power	142,243	108,501		101,213	74,069	
Margins	\$475,123	\$481,612	\$(6,489)	\$509,148	\$482,097	\$27,051
			-1.35%			5.61%
Total Operating Expenses	\$339,365	\$341,171	\$(1,806)	\$356,513	\$349,897	\$6,616
			-0.53%			1.89%
Operating and Maintenance Expenses	\$219,634	\$224,620	\$(4,986)	\$226,779	\$224,460	\$2,319
			-2.22%			1.03%
Total MWh Sales	13,162,216	12,041,960	1,120,256	13,192,752	12,683,595	509,157
			9.30%			4.01%
Retail and Municipal MWh Sales	10,417,422	9,230,510	1,186,912	10,988,199	10,473,090	515,109
			12.86%			4.92%

**Minnesota Power
Actual Variance From Budget
Historical Summary
Total Company**

	2012			2013			2014		
	Actual	Budget	Variance	Actual	Budget	Variance	Actual	Budget	Variance
Gross Margins									
Revenue	\$838,618	\$838,894		\$883,294	\$876,537		\$956,416	\$932,905	
Expense									
Fuel	135,020	150,942		155,099	150,950		143,069	142,561	
Square Butte	67,090	69,167		71,073	72,685		70,082	74,745	
Other Purchased Power	106,585	91,215		108,590	85,365		142,970	107,736	
Margins	<u>\$529,923</u>	<u>\$527,570</u>	<u>\$2,353</u>	<u>\$548,532</u>	<u>\$567,537</u>	<u>\$(19,005)</u>	<u>\$600,295</u>	<u>\$607,863</u>	<u>\$(7,568)</u>
			0.45%			-3.35% a.			-1.25%
Total Operating Expenses	<u>\$374,866</u>	<u>\$373,063</u>	<u>\$1,803</u>	<u>\$399,193</u>	<u>\$413,998</u>	<u>\$(14,805)</u>	<u>\$425,515</u>	<u>\$434,484</u>	<u>\$(8,969)</u>
			0.48%			-3.58%			-2.06%
Operating and Maintenance Expenses	<u>\$227,751</u>	<u>\$229,927</u>	<u>\$(2,176)</u>	<u>\$231,688</u>	<u>\$249,097</u>	<u>\$(17,409)</u>	<u>\$234,302</u>	<u>\$242,074</u>	<u>\$(7,772)</u>
			-0.95%			-6.99% a.			-3.21%
Total MWh Sales	<u>13,106,314</u>	<u>12,911,977</u>	<u>194,337</u>	<u>13,264,062</u>	<u>13,147,553</u>	<u>116,509</u>	<u>13,942,499</u>	<u>13,692,135</u>	<u>250,364</u>
			1.51%			0.89%			1.83%
Retail and Municipal MWh Sales	<u>11,107,357</u>	<u>11,001,970</u>	<u>105,387</u>	<u>10,985,809</u>	<u>11,236,598</u>	<u>(250,789)</u>	<u>11,038,979</u>	<u>10,998,343</u>	<u>40,636</u>
			0.96%			-2.23%			0.37%

a. The 2013 budget was developed under the assumption that the Rapids Energy Center would receive Commission approval to be moved to regulated operations, which was not received resulting in lower margins and O&M.

**Minnesota Power
Actual Variance From Budget
Historical Summary
Total Company**

	2015			2016			2017		
	Actual	Budget	Variance	Actual	Budget	Variance	Actual	Unadjusted Test Year	Variance
Gross Margins									
Revenue	\$954,977	\$1,003,798		\$965,424	\$1,010,294		\$1,026,492	\$1,055,652	
Expense									
Fuel	127,118	131,690		134,602	140,031		152,764	127,165	
Square Butte	77,784	77,907		73,303	82,360		75,729	84,220	
Other Purchased Power	123,234	144,585		125,025	123,900		159,792	149,899	
Margins	\$626,841	\$649,616	\$(22,775)	\$632,494	\$664,003	\$(31,509)	\$638,207	\$694,368	\$(56,161)
			-3.51% b.			-4.75% c.			-8.09% d.
Total Operating Expenses	\$443,246	\$469,602	\$(26,356)	\$467,186	\$481,696	\$(14,510)	\$457,218	\$504,037	\$(46,819)
			-5.61% b.			-3.01%			-9.29% d.
Operating and Maintenance Expenses	\$223,232	\$243,245	\$(20,013)	\$213,166	\$216,847	\$(3,681)	\$216,315	\$235,564	\$(19,249)
			-8.23% b.			-1.70%			-8.17% d.
Total MWh Sales	14,369,559	14,389,285	(19,726)	14,147,335	13,780,410	366,925	14,692,658	13,935,337	757,321
			-0.14%			2.66%			5.43%
Retail and Municipal MWh Sales	10,059,466	11,093,840	(1,034,374)	9,830,787	10,464,475	(633,688)	10,654,217	10,449,547	204,670
			-9.32% b.			-6.06% c.			1.96%

b. Taconite shut-downs due to steel imports and low taconite prices. Significant cost reduction efforts initiated to mitigate earnings impact.

c. Continued to be impacted by taconite shut-downs due to steel imports and low taconite prices.

d. Impacted by anticipated rate case outcome resulting in lower revenue and reductions in O&M to offset the impact. Depreciation expense also lower due to life extension on Boswell.

**Minnesota Power
Actual Variance From Budget
Historical Summary
Total Company**

	2018			2019			2020		
	Actual	Budget	Variance	Actual	Budget	Variance	Actual	Budget	Variance
Gross Margins									
Revenue	\$1,021,400	\$1,003,663		\$1,003,730	\$985,731		\$940,634	\$1,006,393	
Expense									
Fuel	141,493	137,090		88,109	104,886		76,291	102,826	
Square Butte	78,047	84,959		82,684	83,428		79,467	84,753	
Other Purchased Power	178,006	164,529		211,828	176,330		186,062	177,407	
Margins	<u>\$623,854</u>	<u>\$617,085</u>	<u>\$6,769</u>	<u>\$621,109</u>	<u>\$621,087</u>	<u>\$22</u>	<u>\$598,814</u>	<u>\$641,407</u>	<u>\$(42,593)</u>
			1.10%			0.00%			-6.64% f.
Total Operating Expenses	<u>\$473,627</u>	<u>\$472,896</u>	<u>\$731</u>	<u>\$450,030</u>	<u>\$458,251</u>	<u>\$(8,221)</u>	<u>\$455,880</u>	<u>\$476,468</u>	<u>\$(20,588)</u>
			0.15%			-1.79%			-4.32% f.
Operating and Maintenance Expenses	<u>\$207,637</u>	<u>\$214,871</u>	<u>\$(7,234)</u>	<u>\$186,797</u>	<u>\$189,113</u>	<u>\$(2,316)</u>	<u>\$185,066</u>	<u>\$203,761</u>	<u>\$(18,695)</u>
			-3.37% e.			-1.22%			-9.17% f.
Total MWh Sales	<u>14,591,253</u>	<u>14,104,467</u>	<u>486,786</u>	<u>13,667,757</u>	<u>13,151,138</u>	<u>516,619</u>	<u>12,865,705</u>	<u>12,800,007</u>	<u>65,698</u>
			3.45%			3.93%			0.51%
Retail and Municipal MWh Sales	<u>10,638,690</u>	<u>10,866,652</u>	<u>(227,962)</u>	<u>10,482,913</u>	<u>10,523,520</u>	<u>(40,607)</u>	<u>9,230,235</u>	<u>10,598,981</u>	<u>(1,368,746)</u>
			-2.10%			-0.39%			-12.91% f.

e. Continued impact of rate case outcome resulting in further reductions in O&M to earn Minnesota Power's allowed return on equity.

f. Impacted by the 2019 coronavirus global pandemic and its impact on both customer and Minnesota Power business operations.

**Minnesota Power
Actual Variance From Budget
Historical Summary
Total Company**

	Total All Years			Total All Years (Excl. 2015, 2017 & 2020)		
	Actual	Budget	Variance	Actual	Budget	Variance
Gross Margins						
Revenue	\$10,206,978	\$10,256,041		\$7,284,875	\$7,190,198	
Expense						
Fuel	1,425,403	1,459,814		1,069,230	1,098,133	
Square Butte	791,687	838,446		558,707	591,566	
Other Purchased Power	1,585,548	1,403,536		1,116,460	931,645	
Margins	\$6,404,340	\$6,554,245	\$(149,905)	\$4,540,478	\$4,568,854	\$(28,376)
			-2.29%			-0.62%
Total Operating Expenses	\$4,642,639	\$4,775,563	\$(132,924)	\$3,286,295	\$3,325,456	\$(39,161)
			-2.78%			-1.18%
Operating and Maintenance Expenses	\$2,372,367	\$2,473,579	\$(101,212)	\$1,747,754	\$1,791,009	\$(43,255)
			-4.09%			-2.42%
Total MWh Sales	151,002,110	146,637,864	4,364,246	109,074,188	105,513,235	3,560,953
			2.98%			3.37%
Retail and Municipal MWh Sales	115,434,074	116,937,526	(1,503,452)	85,490,156	84,795,158	694,998
			-1.29%			0.82%

	2022 Unadjusted Test Year	2021 Projected Year	2020 Actual	2020 Budget	2019 Actual	2019 Budget	2018 Actual	2018 Budget	2017 Actual	Commission Approved Amount (16-664)	2017 Unadjusted Test Year (a)	2016 Actual	2016 Budget	2015 Actual	2014 Actual	2013 Actual	2012 Actual	2011 Actual	2010 Actual
1. POWER PRODUCTION																			
A. Steam Power Generation																			
Operation																			
(500) Operation Supervision	\$5,009,395	\$4,946,228	\$3,877,431	\$5,873,135	\$4,713,468	\$4,986,932	\$6,058,151	\$8,604,867	\$6,649,544	\$7,208,856	\$9,929,976	\$6,173,215	\$10,056,226	\$7,170,500	\$7,230,053	\$7,463,200	\$8,007,313	\$2,160,208	\$1,735,872
(501) Fuel	94,465,966	102,074,180	82,735,372	109,971,978	94,878,449	111,326,959	149,684,997	146,917,394	143,367,151	144,986,433	139,838,129	151,319,350	155,006,776	130,174,522	144,561,807	164,810,840	149,686,073	150,069,588	134,764,482
(502) Steam Expenses	8,840,851	7,944,120	9,329,249	8,092,865	9,312,167	9,743,848	10,562,658	12,708,666	11,393,393	10,433,067	11,420,955	16,121,960	17,324,095	16,961,572	18,033,385	18,763,556	17,732,365	19,585,298	17,145,229
(503) Steam from Other Sources	-	-	-	-	-	-	-	-	-	-	-	1,681,660	1,651,058	3,219,969	3,429,151	2,559,898	1,609,465	1,731,354	2,747,769
(Less) (504) Steam Transferred-Cr.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(505) Electric Expenses	1,567,840	1,565,622	1,404,903	908,959	1,539,631	989,591	1,822,805	139,190	1,892,677	1,269,686	1,269,686	1,701,633	1,047,402	1,360,848	1,518,784	1,814,323	479,245	5,562,227	8,774,401
(506) Misc Steam Power Expenses	372,533	242,032	419,154	435,813	543,485	308,355	800,614	737,225	553,868	910,628	910,628	1,247,170	1,208,808	1,165,746	1,668,146	2,012,067	2,039,032	5,102,834	6,976,875
(507) Rents	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(509) Allowances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Operation	110,256,585	116,772,182	97,766,109	125,282,750	110,987,200	127,355,685	168,929,225	169,107,342	163,856,633	164,808,670	163,369,374	178,244,988	186,294,365	160,053,157	176,441,326	197,423,884	179,553,493	184,211,509	172,144,630
Maintenance																			
(510) Maint Supervision and Eng	3,506,625	3,201,491	2,793,789	4,124,087	2,677,699	2,701,090	3,357,688	5,093,788	4,074,056	4,913,827	5,403,455	3,800,414	4,772,150	4,942,241	5,116,835	5,002,857	5,706,790	3,556,232	11,025,457
(511) Maint of Structures	621,679	560,614	696,813	671,150	927,081	532,581	1,018,541	681,723	1,163,815	582,993	582,993	1,216,167	1,161,633	1,255,848	1,581,838	1,549,679	1,528,948	3,703,886	8,212,747
(512) Maint of Boiler Plant	10,020,571	10,001,314	6,770,315	11,663,286	9,040,936	11,119,305	9,613,150	12,005,395	11,731,724	16,051,910	16,051,910	13,662,565	14,479,543	16,238,027	18,800,545	18,280,808	22,763,871	22,931,176	13,014,303
(513) Maint of Electric Plant	1,522,623	1,439,399	2,044,871	1,851,131	2,548,768	1,449,073	2,713,305	2,265,595	3,226,061	2,143,926	2,143,926	2,707,237	3,174,781	2,955,749	2,995,960	3,256,789	4,200,844	3,006,387	548,535
(514) Maint of Misc Steam Plant	2,297,991	1,964,867	3,456,165	2,200,024	3,101,696	2,291,404	3,867,090	2,502,393	4,725,423	5,109,261	5,109,261	3,634,873	1,942,127	5,047,469	4,900,806	4,439,875	4,230,251	7,993,254	8,477,674
Total Maintenance	17,969,489	17,167,685	15,761,953	20,509,678	18,296,180	18,093,453	20,569,774	22,548,894	24,921,079	28,801,917	29,291,545	25,021,256	25,530,234	30,439,334	33,395,984	32,530,008	38,430,704	41,190,935	41,278,716
Total Steam Power Production Expenses	128,226,074	133,939,867	113,528,062	145,792,428	129,283,380	145,449,138	189,498,999	191,656,236	188,777,712	193,610,587	192,660,919	203,266,244	211,824,599	190,492,491	209,837,310	229,953,892	217,984,197	225,402,444	213,423,346
B. Nuclear Power Generation - N/A																			
C. Hydraulic Power Generation																			
(535) Operation Supervision and Eng	1,103,965	727,122	697,548	780,573	689,303	729,175	759,047	1,164,806	857,941	1,216,614	2,412,823	744,996	1,819,273	1,094,243	1,079,364	1,329,497	1,834,970	929,102	1,036,403
(536) Water for Power	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(537) Hydraulic Expenses	668,463	796,826	738,702	825,957	777,788	1,074,450	889,964	913,694	1,071,121	1,433,513	1,148,580	1,046,049	1,107,471	1,302,605	1,244,099	1,308,291	1,188,356	1,063,241	338,664
(538) Electric Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	63,257	440,263
(539) Misc Hydraulic Power Gen	58,030	33,210	29,049	45,051	34,456	56,658	75,218	78,950	258,316	294,953	294,953	203,997	222,201	312,261	187,933	379,666	251,457	484,850	622,945
(540) Rents	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Operation	1,830,458	1,557,158	1,465,299	1,651,581	1,501,547	1,860,283	1,724,229	2,157,450	2,187,378	2,945,080	3,856,356	1,995,042	3,148,945	2,709,109	2,511,396	3,017,454	3,274,783	2,540,450	2,438,275
Maintenance																			
(541) Maint Supervision and Eng	385,085	359,784	374,509	334,873	329,828	(35,199)	384,193	287,496	474,160	514,969	626,777	448,677	597,904	400,287	550,753	572,946	602,182	605,794	1,855,660
(542) Maint of Structures	42,993	107,470	88,659	60,395	120,302	19,200	76,957	51,891	45,560	73,962	73,962	22,495	66,672	90,298	196,550	261,524	103,504	675,530	1,069,552
(543) Maint of Reservoirs	859,941	964,895	778,841	1,328,595	919,140	1,053,818	1,317,590	679,788	1,152,771	604,374	604,374	923,691	549,844	789,103	781,297	960,020	1,175,462	966,814	-
(544) Maint of Electric Plant	1,188,851	922,523	1,104,134	975,652	896,964	942,297	1,002,687	1,196,455	1,016,865	1,581,601	1,581,601	1,127,196	1,614,686	835,319	1,167,143	1,295,548	1,643,027	1,918,651	1,104,053
(545) Maint of Misc Hydraulic	838,946	1,096,061	711,028	1,134,230	1,104,598	1,074,696	1,242,398	1,145,398	1,306,137	1,058,911	1,058,911	1,857,482	979,255	892,626	1,584,546	945,605	1,015,437	326,147	-
Total Maint	3,315,816	3,450,733	3,057,171	3,833,745	3,370,832	3,054,812	4,023,825	3,361,028	3,995,493	3,833,817	3,945,625	4,379,541	3,808,361	3,007,633	4,280,289	4,035,643	4,539,612	4,492,936	4,029,265
Total Hydro Power Production	5,146,274	5,007,891	4,522,470	5,485,326	4,872,379	4,915,095	5,748,054	5,518,478	6,182,871	6,778,897	7,801,981	6,374,583	6,957,306	5,716,742	6,791,685	7,053,097	7,814,395	7,033,386	6,467,540
D. Other Power Generation (wind)																			
Operation																			
(546) Operation Supervision and Eng	445,320	411,020	376,652	495,464	327,320	641,181	369,221	775,837	36,962	251,911	3,031,660	142,311	3,566,910	310,985	317,352	299,642	189,263	601,411	140,536
(547) Fuel	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(548) Generation Exp	350,000	57,000	137,842	118,499	83,289	112,000	149,695	115,504	149,173	481,200	481,200	230,779	528,156	487,363	239,673	409,165	12,819	-	-
(549) Misc Other	1,334,096	1,294,360	1,387,730	1,736,085	1,236,142	1,480,307	1,662,388	1,242,845	1,672,684	258,931	258,931	2,083,386	287,032	2,276,592	2,127,472	1,827,252	2,463,610	1,651,721	-
(550) Rents	3,173,172	3,141,760	2,926,020	2,945,390	2,983,546	3,008,328	2,987,001	3,121,810	2,877,497	3,203,516	3,203,516	3,098,588	3,436,548	2,794,953	1,642,507	1,614,778	97,552	-	-
Total Operation	5,302,588	4,904,140	4,828,2																

	2022 Unadjusted Test Year	2021 Projected Year	2020 Actual	2020 Budget	2019 Actual	2019 Budget	2018 Actual	2018 Budget	2017 Actual	Commission Approved Amount (16-664)	2017 Unadjusted Test Year (a)	2016 Actual	2016 Budget	2015 Actual	2014 Actual	2013 Actual	2012 Actual	2011 Actual	2010 Actual
2. TRANSMISSION																			
Operation																			
(560) Operation Supervision and Eng	2,763,391	2,488,638	2,296,541	1,939,453	1,886,513	1,389,477	2,054,076	2,688,717	2,352,748	6,108,333	4,260,432	2,266,013	3,466,826	2,898,672	2,819,403	2,611,001	2,710,392	2,051,377	1,513,623
(561.1) Load Dispatch-Reliability	1,718,092	1,767,843	1,559,438	1,863,425	1,589,358	1,496,881	1,827,532	2,441,618	2,292,084	2,747,008	2,747,008	2,653,894	3,058,246	3,045,325	3,213,368	3,467,357	4,001,838	3,271,394	2,319,938
(561.2) Load Dispatch-Monitor Trans	3,682,536	4,075,265	3,494,040	3,529,481	3,308,816	2,342,662	4,146,827	4,406,273	3,581,505	2,978,604	2,978,604	2,598,337	2,290,020	2,344,418	1,280,025	990,234	917,419	265,692	790,740
(561.3) Load Dispatch-Transmission Service and Sch	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(561.4) Sch, Sys Control and Dispatch	2,269,206	1,291,561	1,914,017	2,057,118	1,943,554	1,637,424	2,029,704	1,614,872	1,961,971	1,453,260	1,453,260	1,558,819	1,490,850	1,460,494	1,619,024	1,659,212	2,031,033	1,706,970	1,414,473
(561.5) Reliability, Planning Dev	689,362	768,412	512,176	756,645	601,563	781,891	626,635	1,147,530	666,610	836,934	836,934	776,982	311,022	1,058,925	985,330	1,147,707	1,197,582	2,149,582	1,931,217
(561.6) Trans Ser Studies	-	-	-	-	-	-	-	-	-	-	-	-	88,200	-	-	-	-	(1,796)	(4,827)
(561.7) Gen Inter Studies	-	-	-	-	-	-	1,339	1,840	-	46,840	46,840	-	-	37,369	55,858	50,035	49,253	(11,124)	13,878
(561.8) Reliab, Planning Dev Ser	163,162	92,865	137,623	147,913	139,746	117,735	145,941	116,114	141,072	104,495	104,495	112,083	107,196	105,013	116,412	119,302	146,036	124,174	101,704
(562) Station Expenses	105,978	123,106	87,054	171,616	96,495	1,524	191,740	90,000	117,460	-	-	103,798	50,088	68,318	37,479	39,355	80,322	-	-
(563) Overhead Line Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	823,292	981,468
(564) Underground Line Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(565) Trans of Electricity by Others	67,000,434	64,070,776	65,105,566	75,467,645	67,824,231	71,171,002	67,904,601	72,398,017	69,267,830	30,930,201	70,410,144	63,606,628	73,007,522	50,653,854	42,752,372	29,975,055	27,697,217	21,537,094	26,526,053
(566) Misc Trans Expenses	677,569	671,567	588,024	742,390	805,666	863,078	1,387,057	1,062,446	1,054,339	791,934	791,934	732,672	739,522	2,585,561	1,510,342	1,199,067	984,757	-	-
(567) Rents	2,566,925	2,561,130	2,423,522	3,460,948	2,050,501	1,909,592	1,904,196	1,800,000	1,769,133	1,809,998	1,809,998	1,631,990	1,449,996	1,301,693	1,004,839	925,127	906,468	-	443,280
Total Operation	81,636,655	77,911,163	78,118,001	90,136,634	80,246,443	81,711,266	82,219,648	87,767,427	83,204,752	47,807,607	85,439,649	76,041,216	86,059,488	65,559,642	55,394,452	42,183,452	40,722,317	31,916,655	36,031,547
Maintenance																			
(568) Maintenance Supervision and Engineering	3,494	3,602	3,837	3,764	4,599	1,451	3,851	-	1,715	-	-	292	-	2,716	3,178	-	-	7,928	102,499
(569) Maint of Structures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	443	-	-	-	-
(569.1) Maint of Computer Hardware	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	173,426	153,676
(569.2) Maint of Computer Software	-	-	-	-	-	5,820	-	-	5,659	-	-	-	-	6,273	-	-	-	491,415	289,229
(569.3) Maint of Com Equipment	1,971,429	2,319,204	1,992,258	1,725,092	1,726,261	2,241,561	1,844,050	2,311,778	2,652,785	2,735,764	2,735,764	2,141,387	2,292,568	1,938,062	1,986,699	2,140,204	2,832,394	1,658,290	1,267,208
(569.4) Maint of Misc Regional Transmission Plant	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(570) Maint of Station Equip	3,882,459	3,841,151	3,203,105	3,376,157	3,499,749	4,242,220	3,585,173	4,737,459	3,395,562	2,991,552	2,991,552	3,045,169	2,230,302	2,957,138	3,143,597	3,383,058	3,035,258	4,205,977	4,902,792
(571) Maint of Overhead Lines	4,267,742	4,803,852	3,662,590	3,597,675	3,877,620	2,923,108	2,209,888	2,726,886	2,894,329	3,564,854	3,564,858	2,835,019	3,531,253	2,782,278	4,047,662	4,532,530	2,867,013	1,261,599	1,471,289
(572) Maint of Underground Lines	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(573) Maint of Misc Trans Plant	-	24,958	5,564	55,063	24,153	36,832	53,996	-	125,812	140,594	140,594	209,918	-	287,975	242,316	(53,753)	-	-	-
Total Maintenance	10,125,124	10,992,767	8,867,354	8,757,751	9,132,382	9,450,992	7,696,958	9,776,123	9,075,862	9,432,764	9,432,768	8,231,785	8,054,123	7,974,442	9,423,895	10,002,039	8,734,665	7,798,635	8,186,693
Total Transmission Expenses	91,761,779	88,903,930	86,985,355	98,894,385	89,378,825	91,162,258	89,916,606	97,543,550	92,280,614	57,240,371	94,872,417	84,273,001	94,113,611	73,534,084	64,818,347	52,185,491	49,456,982	39,715,290	44,218,240
3. REGIONAL MARKET EXPENSES - N/A																6,465	(16,479)	30,001	41,931
4. DISTRIBUTION																			
Operation																			
(580) Operation Super and Eng	975,790	1,029,086	722,842	1,054,879	911,751	563,625	1,087,316	1,178,504	1,145,188	1,388,711	1,388,711	949,017	1,326,384	1,179,173	1,579,956	1,383,702	1,510,979	1,484,098	1,758,383
(581) Load Dispatching	628,870	565,112	567,728	811,285	750,280	676,733	291,245	800,944	669,892	-	-	738,775	574,340	794,931	881,663	825,068	676,886	-	-
(582) Station Expenses	2,000	2,000	2,655	2,760	2,747	2,760	2,755	-	233	-	-	-	-	-	-	-	-	-	-
(583) Overhead Line Expenses	243,444	253,294	244,661	257,956	223,470	226,501	152,185	247,410	217,481	155,344	155,344	264,689	282,676	284,147	251,683	248,773	2,970,857	991,251	953,761
(584) Underground Line Expenses	63,632	54,496	70,693	52,951	75,515	58,641	68,030	42,848	50,351	40,974	40,974	135,575	199,960	106,468	138,793	97,967	92,313	634,300	598,576
(585) Street Lighting and Signal	138,220	134,916	127,804	129,260	160,999	190,558	142,915	191,137	148,155	185,897	185,897	188,562	171,015	194,711	170,870	194,956	141,375	-	-
(586) Meter Expenses	1,601,868	(833,710)	(833,290)	330,413	361,997	16,569	289,542	(29,816)	316,664	1,067,176	1,067,176	1,182,970	963,632	1,130,672	1,305,637	828,571	1,971,523	1,703,264	1,497,564
(587) Customer Installations	-	-	2,875	-	957	-	1,147	-	1,065	-	-	800	-	2,800	87	-	-	-	-
(588) Misc Expenses	6,397,045	6,617,569	4,917,090	6,619,542	5,768,727	6,784,306	5,404,793	7,520,262	7,011,202	8,109,378	8,109,378	6,147,290	7,620,758	6,631,904	7,847,835	6,638,951	5,953,535	293,226	262,913
(589) Rents	78,664	78,665	78,669	78,665	67,978	103,938	98,518	123,997	133,676	-	-	2,456	-	406	1,253	985	517	-	-
Total Operation	10,129,533	7,901,428	5,901,727	9,337,711	8,324,421	8,623,631	7,538,446	10,075,286	9,693,907	10,947,480	10,947,480	9,610,134	11,138,765	10,325,212	12,177,777	10,218,973	13,317,985	5,106,139	5,071,197
Maintenance																			
(590) Maint Supervision and Eng	850,059	766,719	809,574	779,643	786,537	308,754	724,542	722,250	743,196	805,544	805,544	639,291	1,067,906	865,505	496,505	220,091	267,932	598,849	591,852
(591) Maint of Structures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(592) Maint of Station Equip	73,864	82,920	25,214	144,957	49,528	-	41,604	-	74,336	-	-	77,435	18,084	114,729	47,829	69,367	166,519	3,353,895	3,291,172
(593) Maint of Overhead Lines	14,875,675	13,714,237	10,924,292	10,938,086	8,871,494	9,351,606	9,416,023	8,778,277	12,506,541	11,045,737	11,045,741	14,608,665	9,585,744	10,856,965	9,562,353	9,153,186	7,652,910	12,413,536	11,352,975
(594) Maint of Underground Lines	1,701,681	1,630,522	1,735,641	1,597,360	1,569,423	1,568,133	1,656,776	1,791,500	1,594,894	1,256,834	1,256,834	1,684,567	1,178,978	1,190,353	1,327,707	1,555,754	1,584,465	2,092,720	2,053,582
(595) Maint of Line Transformers	-	-	-	-	-	-	-	-	3,816	-	-	1,125	-	(646)	3,190	-	-	-	-
(596) Maint of Street Lightning	49,430	49,812	29,872	40,161	39,175	29,387	32,914	-	43,468	-	-	58,363	-	33,637	25,888	37,374	27,358	152,450	149,599
(597) Maint of Meters	11,824	18,542	2,396	18,274	15,141	23,641	18,552	21,450	21,817	21,580	21,580	18,940	-	19,222	15,369	-	-	1,529	4,201
(598) Maint of Misc Dist Plant	899,207	740,347	806,043	921,732	582,891	704,243	785,940	873,622	910,889	1,265,330	1,265,330	724,056	1,285,068	781,918	955,114	925,760	1,770,672	17,586	13,606
Total Maintenance	18,461,740	17,003,099	14,333,032	14,440,213	11,914,189	11,985,764	12,676,351	12,187,099	15,898,957	14,395,025	14,395,029	17,812,442	13,135,780	13,861,683	12,433,955	11,961,532	11,469,856	18,630,565	

Investor Relations Costs in Regulated Expense - Total Company

	2022
	Test Year
Labor and Overheads	\$226,067
Professional Services	109,214
Materials	17,586
Travel	13,559
Meals	10,383
Lodging	8,793
Office Supplies / Postage	8,453
Rental Expense	7,545
Registration / Fees	4,254
Dues and Subscriptions	1,900
Other	1,531
Total Unadjusted	409,285
Percentage Requested in Rate Recovery	50%
2022 Adjustment - Total Company	\$204,643

Minnesota Power
Board of Directors Costs in Regulated Expense - Total Company

	2022 Test Year
Board of Directors	
Compensation	\$1,520,818
Contract / Professional Services / Materials	96,441
Meeting and Training Expenses	<u>127,924</u>
Total Board of Directors Expenses Allocated to Minnesota Power	1,745,183
Less: Adjustment for Board of Directors Expenses	<u>(180,660)</u>
Portion of Board of Directors Costs requested in Rate Recovery - Total Company	<u><u>\$1,564,523</u></u>

Minnesota Power
Expenses Less Purchased Goods Allocator Calculation

Comparison of 2020 Allocator Methods

	<u>Minnesota Power Regulated</u>
Total O&M per FERC Form 1	\$599,320
Less: Purchased Fuel Costs	(76,291)
Less: Purchased Power	<u>(265,529)</u>
	257,500
Addback: Allocated Expenses	6,517
Total Minnesota Power Expenses	<u>\$264,017</u>
ALLETE, Inc. Consolidated Expenses	\$321,974
Percentage attributed to Minnesota Power Regulated	82.0%
Total O&M (Including Transmission Services)	\$599,320
Less: Purchased Fuel Costs	(76,291)
Less: Purchased Power	(265,529)
Add: Depreciation and Amortization	160,843
Add: Property and Other Taxes	47,767
	<u>466,110</u>
Add back: Allocated Expenses	6,517
Add back: Allocated Taxes	<u>205</u>
Total Minnesota Power Expenses	\$472,832
ALLETE, Inc. Consolidated	\$595,888
Percentage attributed to Minnesota Power Regulated	79.3%
Corporate Equity Allocator in Use	61.0%



CORPORATE CREDIT CARD POLICY & EMPLOYEE EXPENSE REPORTING POLICY

REVISED JULY 24, 2019

ALLETE INC.

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PROGRAM POLICY

All employees who travel on Company business and/or are authorized to make minor purchases for Company business may be issued a corporate credit card. Employees must, however:

- Have supervisory approval,
- Complete the Request for New Account Form (Form 4969),
- Sign the Corporate Credit Card Agreement (Form 6218b) and
- Complete the required expense training in My ALLETE Advantage.

Accepting the corporate credit card and signing the agreement requires compliance with the guidelines and procedures contained in this policy and procedure manual. Failure to comply with the published guidelines and procedures may result in disciplinary action, up to and including termination of employment.

PROGRAM OBJECTIVES

Employees are strongly encouraged to use the corporate credit card whenever possible and appropriately. Key benefits to the Company of employees using the corporate credit card include improved cost control and monitoring, elimination of costly processing for small dollar invoices and the receipt of Company rebates/credits from the credit card vendor. If used properly, the key benefits to employees using the corporate credit card include convenience, security and flexibility.

PROGRAM CONTACTS

Wells Fargo Customer Service – 1-800-932-0036 – Cardholder customer service 24/7 – report disputed items

Program Coordinator/Card Program Administrator – Jillian Wahto – Ext. 3340

Card Program Administrator (Back-up) – Vanessa Paulson – Ext. 3918

Program Manager – Amy DeCaigny – Ext. 3733

Corporate Credit Card Inquiries E-mail: corporatecreditcard@allete.com

HOW TO OBTAIN A CORPORATE CREDIT CARD

1. An employee's immediate supervisor completes and signs the Corporate Credit Card Request for New Account ([Form 4969](#));
2. The supervisor and the employee complete and sign the Minnesota Power Corporate Credit Card Agreement ([Form 6218b](#)).
3. Forward both forms to corporatecreditcard@allete.com.
4. The employee completes the required Expense Training in My ALLETE Advantage.

When the new card is received, the employee follows the activation instructions on the card to activate the new account.

PROGRAM ACCOUNT LIMITS

The chart listed below shows standard account limits for Company employees based on their titles.

If any employee wants either limit increased temporarily, they will need to provide a reasoning to their immediate supervisor. Their immediate supervisor will forward their approval via email to corporatecreditcard@allete.com.

<u>Title</u>	<u>Single Purchase Limit</u>	<u>Monthly Purchase Limit</u>
All employees under Vice President title	Up to \$3000	\$5,000
Vice President – Senior Vice President	Up to \$5000	\$15,000
CEO, President, Chairman	\$10,000	\$15,000
Purchasing representatives	\$10,000	\$15,000

TARGETED AND RESTRICTED TRANSACTIONS

Employees **should use** their corporate credit card for the following items:

- Business travel expenses
 - ✓ Commercial air travel (purchased through CTS)
 - ✓ Transportation (taxi, shuttle, etc.)
 - ✓ Enterprise rental vehicles
 - ✓ Parking fees
 - ✓ Lodging and associated expenses
- Business meals
- Conference, seminar, or class registration
- Dues and subscriptions
- Work clothing (safety boots, flame-retardant clothing)
- Miscellaneous small dollar material purchases

Employees **should NOT use** their corporate credit card for the following items:

- Cash advances
- Contract or professional services
- Gift cards or certificates (purchase through MPECU using [Form 6151](#))
- Inventory items (Stores)
- IT hardware and software
 - Including cell phones, monitors, scanners, video conferencing equipment, digital cameras – use [Hub – IT Assist](#))
- Medical expenses
- Personal charges
- Political contributions
- Purchases over \$3,000
 - Purchases greater than \$3,000 require a purchase requisition
 - See [Requesting Limit Changes](#) for additional detail
- Single item purchases greater than single transaction limit.
 - Cardholders **may not** split purchases to avoid their single transaction limit.
- Small dollar materials with negotiated pricing
 - *Such as office supplies.* A full list of CPA's and preferred suppliers can be found on the [Purchasing home page](#) under Suppliers & Contractors.

NOTE: *These lists may not be all-inclusive.
Questions on appropriate uses should be directed to Purchasing..*

NOTE: Misuse of the Corporate credit card for unauthorized charges may result in disciplinary action up to and including termination of employment.

ACCOUNT MAINTENANCE

For account maintenance, such as a name change or replacing a card for a broken or damaged card, contact corporatecreditcard@allete.com.

REPORTING LOST OR STOLEN CARDS

- Contact Wells Fargo Customer Service **IMMEDIATELY** – 1-800-932-0036 to report a lost or stolen card. Wells Fargo will record the circumstances of the loss or theft, the cardholder's name and account number. They will issue a replacement card to cardholder.
- Contact corporatecreditcard@allete.com to report the lost or stolen card.

REPORTING FRAUDULENT CHARGES

- The cardholder is held accountable for **all** charges on his/her Corporate credit card, and must promptly report all fraudulent charges.
- Contact Wells Fargo Customer Service **IMMEDIATELY** – 1-800-932-0036 to report possible fraudulent charges. Cardholder may be required to review all charges considered fraudulent. Wells Fargo will issue a new card for a new account if it is determined that the existing account should be cancelled at this time.
- Contact corporatecreditcard@allete.com to document the report of fraud.

HANDLING A DISPUTED CHARGE

- Contact the merchant to attempt to resolve the disputed charge as soon as possible.
- If you cannot resolve the disputed charge with the merchant, contact Wells Fargo Customer Service – 1-800-932-0036 to report the disputed charge on the account. Wells Fargo will record the circumstances of the disputed charge and advise you on resolution.
- Visa®/MasterCard® regulations stipulate that we cannot dispute the charge(s) due to the lapse in time. Regulations require disputes to be initiated within 60 days of posting.

STATEMENT CUT-OFF DATE/MONTHLY LIMIT REFRESHED

Statement cut-off date is the 25th of the month. Full monthly limit is refreshed on the 26th of the month.

REQUESTING LIMIT CHANGES TO ACCOUNT

- Supervisor approval is required when requesting a temporary single transaction limit increase greater than \$3,000.
- Vice President approval is required when requesting a permanent single transaction limit greater than \$3,000.
 - Cardholder to review and complete the [Request to increase single purchase limit form](#).
- A request should be sent to corporatecreditcard@allete.com to increase the monthly or single transaction limit along with the appropriate approval.

RESPONSIBILITIES

CARDHOLDER

1. The corporate credit card is the property of the Company and is to be used for Company business purposes **only**. Any inadvertent personal charges must be reimbursed within 30 days. A personal check must be attached to the reconciliation to cover all personal charges. This is something that is closely monitored and should not happen unless you are paying for safety boots, flame-retardant clothing, personal phone calls or personal expenses related to business travel.
2. The corporate credit card is issued in the name of the cardholder and no one except that cardholder may use the card.
3. Cardholder safeguards the corporate credit card and its account number against loss or theft.
4. Cardholder agrees to follow Company policy related to use of the corporate credit card and co-signs the Corporate Credit Card Agreement with immediate supervisor to confirm agreement.
5. Cardholder verifies the accuracy of each transaction.
6. Cardholder identifies and resolves disputed and unauthorized charges, including immediate reporting of fraudulent charges to Wells Fargo.
7. Cardholder completes transaction reconciliation within 30 days, documenting a valid business justification to include explanation of expenditures, dates, places / locations and names of the individuals if purchase applied to someone other than cardholder.
8. Cardholder attaches **all receipts, scanned (clear and legible)**, containing an itemized list of all items purchased and the total cost for all of the items purchased to the expense report within Oracle iExpense. ([Substitute Receipt Form 6320](#) must be completed, approved by supervisor and attached to the expense report in Oracle for all missing receipts.) Cardholder submits completed expense report (with a digital copy of all receipts) through Oracle to supervisor for review and approval.

See the [Oracle 101 iExpense Manual](#) for detailed instructions.

9. Reconciliations are due within 30 days of transaction download into Oracle iExpenses.
- a. Account Suspension** - accounts with delinquent transactions older than 60 days will be placed in suspension:
- i. First time suspension: all transactions must be reconciled and approved. Email corporatecreditcard@allete.com once the report has been submitted and approved by the supervisor for the account to be reinstated.
 - ii. Second time suspension: all transactions need to be reconciled and approved, and the employee must ask their Vice President for approval to reinstate their corporate card. *The approval email should be forwarded to corporatecreditcard@allete.com.* Once these tasks have been completed, the account will be reinstated.
 - iii. Third time suspension: the account will be closed and any company-related expenses will be processed through the expense personal reimbursement process.
 - 1. If an employee wishes to have their card reinstated, the employee must:
 - a. Have all transactions be reconciled and approved.
 - b. Review and pass the corporate credit card training and quiz, located in My ALLETE Advantage.
 - c. Create a comprehensive “action plan” which outlines agreed upon steps to insure adherence to company policy going forward.
 - d. Send the action plan to their VP **and** the CFO of ALLETE for review. *The approval will be heavily dependent on the comprehensive “action plan”.*
 - e. Forward a photo of the completed training and quiz, the action plan and the VP & CFO approvals to corporatecreditcard@allete.com for the card to be reinstated.
 - iv. This reinstatement process is required for all subsequent occurrences.
10. Cardholder returns the corporate credit card to immediate supervisor before leaving service.

NOTE: *Violation of this policy may result in disciplinary action, up to and including termination of employment.*

SUPERVISOR

*It is the supervisor's responsibility to ensure every reconciliation is **complete** and **accurate** before it is submitted in Oracle (to Accounts Payable). Please carefully review each of your employees' reconciliations before you approve it.*

1. Immediate supervisor authorizes the issuance of corporate credit cards.
2. Immediate supervisor requests adjustments to monthly and/or single transaction limits by contacting corporatecreditcard@allete.com.
3. Immediate supervisor ensures that cardholder does not use the corporate credit card for personal use and that any inadvertent personal charges are reimbursed to Company within 30 days. (Exception: Personal charges for safety boots or flame-retardant clothing are allowed.)
4. Immediate supervisor ensures that all corporate credit card policies are adhered to concerning appropriate use of the corporate credit card and co-signs the Corporate Credit Card Agreement with cardholder.
5. Immediate supervisor ensures that cardholder has listed a detailed valid business justification for all transactions listed on the reconciliation form.
6. Immediate supervisor ensures that cardholder has attached a digital copy of **all receipts** containing an itemized list of all items purchased and the total cost for all of the items purchased. ([Substitute Receipt Form 6320](#) must be completed, approved by supervisor and attached to the expense report in Oracle for all missing receipts.)

See the [Oracle 101 iExpense Manual](#) for detailed instructions.

7. Immediate supervisor reviews and approves expense report with the digital copy of all receipts for final reconciliation.
 - ***Note: Once the expense report has been approved by the supervisor, there are no other reviews done of the expense report. Supervisor review is the main control over an employee's credit card purchases.***
8. Immediate supervisor notifies program coordinator or card program administrator upon cardholder's termination of employment with the Company.

PROGRAM COORDINATOR

1. Act as liaison with card provider, Company and cardholders.
2. Creates and maintains corporate credit card manual, administration manual and administrator user guide.
3. Administers the day-to-day operation of the purchasing card function.
4. Performs daily maintenance of cards and database applications.
5. Creates new accounts; maintains documentation files of all cardholder agreements, approvals and correspondence.
6. Maintains monthly and single transaction limit adjustments to accounts.
7. Responds to program inquiries; provides guidance on policies and procedures.
8. Assists in account problem resolution.
9. Handles security issues, such as fraud, compromised accounts and lost/stolen cards by working with the cardholder and card provider.
10. Electronically monitors card activity by cardholders and business units; monitors and evaluates reports designed to maintain the integrity of the program.
11. Conducts random compliance checks of card transactions to ensure cardholder compliance with program policies and procedures.
12. Coordinates with internal auditors on program reviews.
13. Identifies and drives future program applications/enhancements.

ACCOUNTS PAYABLE

1. Receives monthly summary invoice for corporate credit card charges from Wells Fargo. Uploads individual transactions into iExpense for each cardholder's account.
2. Processes payment to Wells Fargo so that it is received by the due date.
3. Processes final approval for payment of the expense report.

HOW TO ENTER A MASTERCARD/EXPENSE REPORT

PROGRAM POLICY

Employees are encouraged to use the corporate credit card program as much as possible; however, for those times when an employee has to use personal funds for authorized and appropriate business-related out-of-pocket expenditures, reimbursement should be requested using an expense report.

Instructions for entering a MasterCard reconciliation and/or an expense report are detailed in the **iExpense Manual** or **iExpense training video** on the [Purchasing training page](#).

EMPLOYEE'S HANDBOOK

This Employee Handbook will help you become more familiar with our Company by providing basic information about policies, procedures and benefits.

If you have any questions, please call ALLETE Human Resources at 218-723-3921.

WELCOME TO ALLETE

Starting a new job is a great opportunity and sometimes a challenge. There will be lots to learn and you may have many questions. This Employee Handbook will help you become more familiar with our Company by providing basic information about policies, procedures and benefits.

Chances are you'll have questions about the Company that don't occur to you until after you've worked here for a while. If referring to this handbook doesn't answer them, feel free to ask your supervisor or someone from Human Resources.

Welcome to ALLETE. Good luck in your new job.

ALLETE is well-positioned as a reliable provider of competitively-priced energy in the upper Midwest and has a strategic investment in the American Transmission Company. Our businesses include: Minnesota Power, Superior Water Light & Power, BNI Coal, ALLETE Properties and ALLETE Clean Energy.

Minnesota Power serves electricity to 144,000 residents across a 26,000 square mile service territory in northern Minnesota, 16 municipal systems, and some of the nation's largest industrial customers.

SWL&P has approximately 15,000 electric customers, 12,000 natural gas customers and 10,000 water customers. It is one of several other utilities, including municipalities and rural electric cooperatives that purchase electricity at wholesale from Minnesota Power.

BNI Coal operates a lignite mine in Center, N.D., producing about four million tons annually. Two electric generating cooperatives, Minnkota Power and Square Butte, consume virtually all of BNI Coal's lignite production under agreements extending through 2026. The mining process disturbs and reclaims approximately 200 acres per year.

ALLETE Properties owns real estate in several Florida locations. Most of the land now held by ALLETE Properties is located in three mixed-use projects in Flagler and Volusia Counties in northeast Florida: Town Center, Palm Coast Park and Ormond Crossings.

ALLETE Clean Energy leverages industry knowledge and innovation to bring clean energy to customers across North America. Operating independently of Minnesota Power, ALLETE Clean Energy's customers will include electric utilities, cooperatives, municipalities, independent power marketers and large end users. Projects in the range of \$50 million to \$150 million will be developed utilizing wind energy, hydropower, biomass and other new technologies, as well as low-emission fuels such as natural gas and liquefied fossil fuels.

INVESTOR-OWNED

Shareholders provide capital that enables us to serve customers

As an diversified company (NYSE: ALE), ALLETE's management is overseen by a board of directors elected by approximately 70,000 ALLETE common and preferred shareholders, who have provided capital needed to build facilities that enable Minnesota Power to serve customers. The holders of ALLETE common stock, who have invested their money with the expectation of receiving dividends from our business and growth in their investments, are the Company's true owners. Thus, we are a public corporation whose income is subject to taxation, in contrast to an electric cooperative, whose members share its untaxed profits, or a utility owned and operated by a unit of government, such as a municipality or public power district.

Minnesota Power and Superior Water, Light & Power are regulated by local, state and national governmental agencies. Virtually every aspect of the Company's operation is subject to public review – from rates and service, to siting and environmental control of facilities, to issuance of stocks and bonds.

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I. INTRODUCTION

This Employee's Handbook is a collection of general information, guidelines, and practices that apply to employees in the business units known as ALLETE, Minnesota Power, Superior Water Light & Power, and ALLETE Clean Energy. For purposes of this guide, the above business units will be referred to as "the Company."

This handbook is intended for use in making decisions that affect employees. Supervisors and employees are expected to use both common sense and good judgment in applying this information to individual circumstances. Suggestions and questions on the contents of this handbook are encouraged and should be referred to the Vice President – Human Resources.

These guidelines are not intended to be all-inclusive. All versions of the Employee's Handbook dated prior to the most current version are expressly revoked and will have no further application.

The Company reserves the right to unilaterally modify this handbook and all other Company policies, regardless of whether they are contained in this handbook. The Company reserves the right to take any disciplinary action it deems appropriate regardless of the procedures set forth in this handbook. This Employee's Handbook does not create any contractual rights, and employees are "at will." Any individual's employment may be terminated at any time for any reason or for no reason at all.

If any portion of this handbook is in conflict with the provisions of an existing labor agreement or any statute, which applies to your position or special situations, the provisions of the labor agreement or statute will apply.

II. COMPANY PRACTICES

EQUAL EMPLOYMENT OPPORTUNITY/AFFIRMATIVE ACTION

It is the policy of ALLETE, Minnesota Power, Superior Water Light & Power, and ALLETE Clean Energy to recruit, hire, train, and promote persons in all job titles without regard to race, color, creed, national origin, religion, sex, gender identity, marital status, familial status, sexual orientation, status with regard to public assistance, membership or activity in a local commission, disability, or age. The Company will not discriminate against qualified employees or applicants because of physical or mental handicap or because they are disabled veterans or veterans of the Vietnam Era. If you would like to review the Affirmative Action Plan, contact the Human Resources Department.

Affirmative action will be provided to insure equal employment opportunity under Executive Order 11246 (as amended), Section 503 of the Rehabilitation Act of 1973, and Section 402 of the Vietnam Era Veterans Readjustment Act of 1974.

Employment decisions and personnel actions will be based on furthering the principle of equal employment opportunity. Such decisions and actions include hiring, promotion, transfer, layoff, return from layoff, job evaluation, compensation, benefits, Company-sponsored training, education, tuition assistance, and Company-sponsored employee social and recreation activities.

The Company is committed to equal employment opportunity for all individuals.

The Director Employee/Labor Relations & Talent Acquisition is assigned overall responsibility for implementing the program and reporting progress. The Chief Executive Officer of ALLETE will receive and review reports on the progress of the program.

Every employee is expected to comply with the letter, spirit and intent of this policy. Anyone who feels he or she is being discriminated against should contact the Director – Employee/Labor Relations & Talent Acquisition, who will investigate the matter.

Appropriate disciplinary action will be taken against any employee who engages in discriminatory behavior in violation of this policy or for any other violation of our Equal Employment Opportunity/Affirmative Action Plan (“EEO/AA”).

Employees and applicants are protected from coercion, intimidation, interference, or discrimination for filing a complaint or assisting in an investigation under applicable federal and state laws, including, the Minnesota Human Rights Act, the Rehabilitation Act, Vietnam Era Veterans Readjustment Assistance Act, the Americans with Disabilities Act, the Age Discrimination in Employment Act, and the Family & Medical Leave Act. Supervisor Responsibility

It is the responsibility of each supervisor to:

- Support the Company's EEO/AA objectives and coordinate efforts with Human Resources to meet the Affirmative Action goals and timetables.
- Become familiar with and implement all EEO/AA policies as they pertain to supervisory duties.
- Be alert and sensitive toward identifying, counseling, and implementing action for members of protected groups who have potential for advancement.
- Assure that employee performance is evaluated on a uniform basis, whether or not an employee is a member of a protected group.

RESPECTING DIVERSITY

The Company is committed to providing a workplace that is respectful to the diversity represented within the organization. It is not appropriate to display any material in the workplace that may be offensive or derogatory to others regarding race, color, creed, religion, sex, national origin, marital status, sexual orientation, status with regard to public assistance, membership or activity in a local commission, disability, age, etc.

All employees are expected to be responsive to requests by supervisors or coworkers to limit the communication of personal beliefs, either verbally or non-verbally, (clothing, literature, items posted on walls, bulletin boards, computer screens, etc.), particularly when such expression is causing disruption to the workgroup.

Supervisors must be sensitive and aware of any potentially offensive or derogatory behavior or material in their work area. It is the supervisor's responsibility to ensure that it is immediately addressed and discontinued.

Employees who feel material in the workplace is offensive or derogatory should immediately bring the concern to the supervisor or Human Resources.

WORKPLACE HARASSMENT

Consistent with long-standing practice, it is the Company's policy that all employees have a right to work in an environment free of discrimination, which encompasses freedom from harassment. The Company prohibits harassment of its employees in any form, whether committed by supervisors, non-supervisory employees, or non-employees where the Company has some control over their conduct. Such conduct by employees will result in appropriate Corrective Action, up to and including termination.

"Harassment" is verbal or physical conduct, which a reasonable person would find to show hostility or aversion toward an individual on the basis of his/her race, color, religion, sex, national origin, familial status, age, disability, protected veteran status, or sexual orientation, or that of his/her relatives, friends or associates and that:

- Has the purpose or effect of creating an intimidating, hostile or offensive work environment;

- Has the purpose or effect of unreasonably interfering with an individual's work performance; or
- Adversely affects an individual's employment opportunities.

Harassing conduct includes, but is not limited to:

- Continual or repeated verbal abuse, including negative verbal slurs, stereotyping, threats, intimidation, and graphic verbal commentaries about an individual's body.
- Written or graphic materials or objects placed on or circulated within Company premises (walls, bulletin boards, computer terminals, vehicles, etc.) that show hostility or aversion toward an individual or group or are sexually suggestive.
- Repeated offensive sexual flirtations, advances or propositions; unwelcome sexual advances, requests for sexual favors, and other verbal or physical conduct of a sexual nature.

Conduct by employees, which are intimidating or disrespectful, either verbally or physically, toward another individual is prohibited, and will result in Corrective Action, up to and including termination.

Supervisor Responsibility

Supervisors are expected to take proactive measures to ensure an environment free of harassment. This policy covers harassment in employment situations wherever they occur including, but not limited to, the normal work site, other locations on Company time, and attendance at Company-related events such as seminars and retirement parties.

Supervisors shall not threaten or insinuate, either explicitly or implicitly, that an employee's refusal to submit to sexual advances or other harassing behavior will adversely affect the employee's employment, evaluation, wages, advancement, duties, shifts, or any other condition of employment or career development. Submission to such conduct cannot be made a condition of employment.

Procedure for Reporting Incidents

All employees are responsible for prompt notification of any situation that involves harassment, intimidation, or disrespectful treatment of individuals. Such situations should be reported to a supervisory employee or to Human Resources. As an alternative, employees may call or write the Vice President – Human Resources.

Company Response to Reported Incidents

Every reported incident of employee harassment, intimidation, or potential violence will be promptly and thoroughly and investigated with respect for the confidences and sensitivities of the situation.

Retaliation

The Company also prohibits and will take appropriate Corrective Action, up to and including termination, with any employee who engages in reprisal or retaliation against another employee who reports alleged harassment, intimidation, or potential workplace violence.

WORKPLACE VIOLENCE PROHIBITED

The safety and security of everyone associated with the Company, including employees, customers, and visitors, is very important to the Company. Any act or threat of physical violence is prohibited on Company premises, at Company functions, or while performing Company duties. This prohibition encompasses any behavior that creates a climate of violence, hostility, disorder, disruption or intimidation.

Any person who makes threats, exhibits threatening behavior, or engages in violent acts on Company property will be removed from the premises as quickly as safety permits and may be required to remain off Company premises pending the outcome of an investigation.

The Company takes seriously any threatening statement, “joke” or action related to guns, bombs, or other weapons, or other threats of violence. The Company will investigate such incidents.

Weapons Banned from the Workplace

Employees are prohibited from carrying or possessing weapons while on Company property or while acting in the course and scope of employment. Unauthorized items or objects that create or could create a substantial risk of harm to the employee or another person are prohibited, including, but not limited to:

- firearms;
- explosives;
- knives; and
- other objects, materials or substances capable of causing death or serious injury.

This weapons prohibition extends to personal, Company, and rental vehicles used for Company business. Possession of a license to carry a concealed handgun does not exempt an employee from this policy.

Firearms are not allowed in Company facilities or on Company property, except in parking facilities or parking areas if the firearm is properly and securely stored in a locked vehicle. Notwithstanding the foregoing, the Company may allow authorized employees or contractors to use a shotgun on power plant property for the purpose of de-slugging boilers. Any shotgun used for this purpose must be stored in a locked cabinet on Company property when not in use for the limited purpose allowed.

An employee who carries pepper spray for personal protection while coming to and going from work may carry the spray while on Company property or while acting in the course and scope of employment only if it is properly and securely stored (in a locked location to the extent possible) at all times other than when the employee is coming to and going from work.

Employees' work areas, furniture, files, electronic files, lockers and personal belongings on Company premises are subject to search by the Company when there is a reasonable suspicion of concealed weapons, alcohol or illicit or unauthorized drugs on Company property.

Duty to Report Violence in the Workplace

Employees are required to report any behavior of which they are aware that may violate this policy, including, but not limited to, threats that they have witnessed, received, or threats they are aware that another employee has witnessed or received. Reporting is required without regard to the relationship between the person who engaged in the prohibited behavior and the person against whom it was directed. You should immediately report the information to your supervisor, to the Employee Relations Manager, to Security (extension 3852) or to the Ethics and Integrity Hotline at 866-776-6951.

You are encouraged to inform their supervisor or other Company leader if you are involved in a situation outside of work (including a domestic matter) that may pose a risk to the workplace. If you have listed a Company worksite in a restraining, stalking or other protective order, you must immediately notify your supervisor, Human Resources, or Security of that fact and the surrounding circumstances.

Retaliation against any employee who makes a report in good faith is prohibited.

Preventing Workplace Violence

The Company will make every effort to provide a workplace free of violence. Prior to most incidents of violence (domestic and workplace) there are warning signs of trouble. Either the signs are not recognized or the escalation and urgency of the situation is not understood. All employees must take the potential for violence seriously.

Supervisors should take the following actions to reduce the potential for workplace violence:

- Develop and maintain a relationship with each employee supervised.
- Learn the signs and symptoms of a "troubled" individual.
- Recognize the warning signs of building aggression and react immediately. Do not wait until a "convenient" time.
- Address any threat, no matter how casually it is expressed, as unacceptable behavior that will not be tolerated at work.

- Encourage employees to provide feedback and communicate about problems that need leadership's attention.
- Never diminish or ignore employee concerns or complaints. Evaluate each circumstance and seek consultation.
- Encourage employees to utilize Company resources such as employee relations and employee assistance programs.
- When a supervisor learns that an employee may be involved in a violent domestic situation, or has been threatened in any way, consult with Human Resources and Security and consider developing a safety plan.
- Recognize "mob" behavior when it starts in an employee group and stop it immediately.
- Consult with Human Resources regarding options whenever there are concerns about an individual's anger level (employee, customer, vendor, etc.).

Any employee who is concerned about aggressive or violent comments or behavior in the workplace should promptly discuss the matter with his or her supervisor, Human Resources or Security Manager.

Consequences for Policy Violation

Any employee who violates this policy is subject to discipline, which may include, but is not limited to, reassignment of job duties, suspension or termination of employment. The Company may refer any matter to law enforcement authorities for potential criminal charges and prosecution.

EMPLOYEE RELATIONS

Employee Relations services are provided to promote open communication, participation and understanding of differences among all employees, while respecting individual dignity and value.

An Employee Relations Representative is available to assist in developing innovative and creative approaches to resolve sensitive issues and recommend actions that are consistent with law, regulations, and Company practices.

Examples of assistance available are:

- Facilitating conflict resolution (individuals or groups).
- Assistance in developing growth and development plans.
- Assistance in developing feedback processes for behavior change.
- Providing assessment tools i.e., individual performance measures, communication styles, 360-degree feedback for leadership and assessments for hiring.

Formal training and resource materials on a wide range of employee relations issues are available from Human Resources.

DRUG AND ALCOHOL ABUSE

The Company is committed to the health and safety of its employees. It is a Company priority to maintain a work environment that is free from the effects of alcohol and drug abuse.

Whether employees are on the job (including rest and meal periods), on Company property, or operating Company vehicles, machinery, or equipment, the following are prohibited:

- Use, possession, sale, or transfer of illicit drugs or medically unauthorized prescription drugs.
- Possession, sale, transfer, or consumption of alcoholic beverages (unless specifically authorized by the Company).
- Being under the influence of alcohol, illicit drugs, or medically unauthorized prescription drugs.

Employees taking medically authorized prescription drugs which impair judgment or abilities must advise their supervisor before operating Company vehicles or machinery.

Actions taken by employees off the job may also result in Corrective Action, up to and including termination, if job performance is impaired or if public confidence in or perception of, the Company is damaged.

Self-referral

Employees experiencing problems with alcohol or other drugs are urged to voluntarily seek assistance. Early recognition and treatment are in the employee's and Company's best interest. Employees who believe they may have a problem with alcohol or illegal drugs, or supervisors who believe that an employee may have such a problem are encouraged to take advantage of free, confidential consultations under the Employee Resource Program. This benefit is free and totally confidential. No one within the Company will know an employee has contacted a counselor, unless the employee tells others at work. All data privacy laws apply to this benefit; no counselor or health care provider can release any information about an employee without his/her signed release.

Early Response to Suspected Abuse

If there is reason to suspect that alcohol or drug abuse is causing job performance problems, supervisors are encouraged to contact Employee Relations to develop next steps.

Indicators of alcohol or drug abuse may include:

- absenteeism
- lateness or leaving early
- lower quality of work

- lack of initiative
- irritability or anger with coworkers
- moodiness or mood swings
- inappropriate behavior
- unusual or inappropriate dress
- poor hygiene
- avoidable accidents either at or away from the workplace

Supervisors should never diagnose an employee's personal problems. Work performance and behavior problems are not always caused by substance abuse. They can also result from health, financial, and/or family problems. Therefore, it is important that an employee displaying these types of problems be referred to the Employee Resource Program to receive a thorough professional evaluation and assistance. Supervisors should consult with an Employee Relations Representative before initiating intervention when personal problems or lifestyle are suspected to be a contributing factor to an employee's declining work performance.

Determining Presence of Alcohol or Drugs

The Company may take reasonable measures to determine whether alcohol, illegal drugs, or medically unauthorized prescription drugs are located or being used on Company property.

Searches will not be made without reasonable cause, but will be made in the following areas when the Company believes a search is justified and necessary:

- Company property, facilities, or equipment.
- Personal property located on Company premises when there is a reasonable suspicion of possession or use of illegal drugs or alcohol.
- An individual, such as clothing the person is wearing, by law enforcement officials if there is reasonable suspicion of possession or use of alcohol or illicit drugs.

Searches involving a person or personal property should be approved by Legal Services. In situations where the supervisor has a reasonable suspicion that an employee or their property should be searched, the supervisor should observe the individual until further guidance is obtained from Legal Services or Human Resources.

If a search of a person or personal property is deemed necessary, the purpose of the search and the potential implications of refusing to be searched must be explained to the employee(s). Refusal to submit to a reasonable search will result in immediate removal from the job assignment and may result in Corrective Action, up to and including termination.

Any illicit drugs found will be immediately turned over to the appropriate law enforcement agency.

Reasonable Suspicion – Drug and Alcohol Testing

The Company may require an employee to submit to a drug /alcohol test when the Company reasonably suspects that an employee:

- Has violated the Company's policy prohibiting drug and alcohol use.
- Has sustained or caused another employee to sustain personal injury.
- Has caused a work-related accident or was operating or helping to operate machinery, equipment, or vehicles involved in a work-related accident.

Indicators that an employee is presently under the influence of drugs or alcohol may include:

- odor of alcohol on the breath
- unusual smoke smell on the hair or clothing
- flushed face
- red, teary eyes
- hand tremors
- unstable gait
- slurred speech
- increased nervousness
- sleeping on the job
- errors in judgment or neglect of details
- mood changes, especially after breaks
- defensiveness or suspiciousness
- avoiding contact with coworkers or supervision

If a number of the above indicators are present, there is cause for a reasonable suspicion drug and alcohol test. A supervisor with a reasonable suspicion should immediately:

1. Remove the employee from their workstation to a safe and private setting.
2. Ask another supervisor or appropriate third person to join them as a witness.
3. Contact the next level of supervision or Human Resources for consultation and assistance.
4. Inquire and observe the employee.
5. Ask the employee to explain the behavior or events leading to the reasonable suspicion.
6. Ask the employee to submit to a drug and alcohol test.
 - If the employee agrees to be tested, immediately transport him/her to the nearest identified clinical test site and then transport the employee home. (Call Human Resources to identify the nearest testing site.)
 - If the employee declines to submit to testing, transport the employee home and instruct him/her not to return to work until Human Resources contacts them.

Never allow employees to drive themselves home when there is serious concern about their fitness for duty.

If an employee refuses to submit to a reasonable suspicion drug and alcohol test, it will be considered the same as a positive test, and a violation of this policy. Any evidence

that an employee has diluted the test sample or used an adulterant to mask the presence of drugs or alcohol will also be considered the same as a positive test.

Supervisors should consult their Supervisor's Guide or Human Resources for current drug and alcohol testing sites and more detailed procedures.

Commercial Motor Vehicle Drivers

Employees who drive commercial motor vehicles are subject to the requirements of the Department of Transportation concerning drugs and alcohol. Any Commercial Motor Vehicle Driver who fails to comply with the Department of Transportation Federal Commercial Motor Carrier Safety Regulations, including testing, evaluation, and any prescribed assistance may be subject to corrective action up to and including termination.

Gas Pipeline Workers

Gas Pipeline Workers are also subject to the requirements of the Department of Transportation concerning drugs and alcohol. Any Gas Pipeline employee who fails to comply with the Department of Transportation Pipeline and Hazardous Material Safety Administration (PHMSA) requirements, including testing, evaluation, and any prescribed assistance may be subject to corrective action up to and including termination.

Corrective Action Procedures for Policy Violations

Violation of the Company Drug and Alcohol Policy will result in Corrective Action, up to and including termination. However, employees should not be disciplined for drug or alcohol dependency. The Company believes it is a positive step when an employee chooses to seek chemical dependency treatment and recovery from an addiction. If appropriate, Corrective Action may be adjusted when the employee agrees to a chemical dependency evaluation and cooperates with all recommended treatment, including future abstinence from drugs or alcohol.

Any employee who has violated the Company Drug and Alcohol Abuse Policy, if substantial evidence is documented, should be immediately relieved of job responsibilities and will be subject to Corrective Action, up to and including termination. Depending on the severity of the conduct and resulting risks faced by the Company, termination may result from a first offense. However, if appropriate, the following corrective guidelines will generally apply:

- If there is substantial evidence of a violation of the Company's Drug and Alcohol Abuse Policy, a Corrective Interview will be held using the procedures outlined in the Guide to Corrective Action. If the evidence of violation is sufficient, the supervisor can request that the employee undergo a chemical dependency evaluation and cooperate with any resulting recommendations. If the employee refuses to undergo evaluation, a period of one to two weeks off without pay may be given with the expectation that the employee develop a written plan for behavior change.

- In the event of a second violation of the Company's Drug and Alcohol Abuse Policy, the supervisor should consider all relevant factors. Examples include the severity of the conduct, length of time since the most recent Corrective Interview, the employee's record with the Company, the resulting risk to the Company, and all other factors as appropriate. The supervisor, in consultation with Human Resources, will determine the appropriate corrective measures, up to and including termination. Two weeks off without pay will be the minimum Corrective Action for a substantiated second violation of this Drug and Alcohol Policy.
- A third substantiated violation of the Company's Drug and Alcohol Abuse Policy will result in the employee's termination.

DRIVER'S LICENSE POLICY

This policy establishes defined employment standards for ALLETE, Minnesota Power, Superior Water Light & Power, and ALLETE Clean Energy, (collectively, "Company") employees who are required to maintain a valid driver's license and, for some, a Commercial Driver's License (CDL), as part of their job requirements.

Covered Employees

Except as otherwise stated in this policy, employees covered by this Driver's License Policy ("Covered Employees") are those in positions for which a driver's license is required in the job description or for which driving is an essential function of the job.

Determination of whether driving is an essential function of a position will be based on the following considerations:

- Are employees in the position actually required to perform the function of driving?
- Would removing the function of driving fundamentally change the job?

Covered Employees fall into three categories: (1) employees who participate in the Runzheimer program, (2) employees who have (or are on track to have) 9,000 miles of annual mileage reimbursement, and (3) employees with less than 9,000 miles of annual mileage reimbursement, employees who utilize Enterprise rental vehicles, and employees who drive Company vehicles.

Failure To Report Citation

All employees in any of the above categories must report to their supervisor or the Transportation Department, within one business day, any conviction that results in the suspension, restriction, cancellation, disqualification, or revocation of the employee's driving privilege and/or any citation for being under the influence of alcohol or a controlled substance or refusal to take an alcohol test. Failure to notify the Company will be grounds for immediate termination.

Driving Record Checks

Driving records of CDL holders will be reviewed monthly. An annual driving records check will be conducted by the Transportation Department for Covered Employees in categories 1 and 2. Employees in category 3 may be selected randomly for a driving record check not more than once annually. Employees who are subject to regular annual driving records checks or who are randomly selected consistent with this policy must provide ALLETE with the appropriate signed authorization.

Operating A Vehicle On Behalf Of The Company Without Valid And Appropriate License

Knowingly operating a vehicle on behalf of the Company without a valid driver's license appropriate for the vehicle being driven will be grounds for immediate termination.

Citations Issued While Driving On Behalf Of The Company

A loss of driving privileges resulting from a citation for the misuse of alcohol or drugs or for recklessness, issued while any employee is driving on Company time (or while driving at a time when the mileage would qualify for reimbursement by the Company) will result in immediate termination.

Loss of driving privileges while driving on behalf of the Company due to other circumstances may result in other forms of discipline up to and including termination.

First Time Loss Of License While Driving On Personal Time

In cases where a Covered Employee loses all driving privileges, or loses his or her CDL while retaining Class D driving privileges, the Company may make arrangements for the employee to perform alternative productive work during the period of suspension, provided such work is available and the employee is qualified to perform it. Such arrangements will be on a case-by-case basis and for no more than one year from the effective date of loss of driving privilege. Notwithstanding the preceding sentence, if all requirements for reinstatement are met within the required timeframes, and the Covered Employee has done everything required to gain reinstatement, time beyond one year may be allowed for the State's administrative process to be completed. Loss of driving privileges by a Covered Employee for more than one year will be grounds for termination of employment.

Arrangements for first time loss of license will be handled on a case-by-case basis by a special committee consisting of the manager of the Covered Employee's department and the Vice President – Human Resources or his/her designee. The Union's Business Manager (or designated representative), and the Union's President will participate in any discussion of arrangements involving a represented Covered Employee. This committee is authorized to look for productive alternative work that the Covered Employee may perform, but is not authorized to create positions. Covered Employees assigned to alternative productive work will be solely responsible for their own transportation to and from work.

Any alternative work arrangement will be documented in writing and may, but need not, involve the following:

- Assignment, in the Covered Employee's same classification, to an alternate work location within the Company's service area. The temporarily assigned work location will be considered the Covered Employee's reporting headquarters for the duration of the assignment and no expenses or premiums associated with working away from normal reporting headquarters will be paid to the Covered Employee for reporting to the temporarily assigned location.
- Reclassification into another position at the rate for that position. Non-union employees assigned to a position with a higher Market Rate will remain at their existing rate of pay. Union employees will not be eligible for upgrading to Lead, Senior, or Subforeman (Paragraph 70) positions for the duration of the temporary assignment.
- Suspension without pay until driving privileges are reinstated but not to exceed one year.

Seniority for Union employees in the classification held at the time of license loss will cease to accrue after 173.3 hours of assignment to alternative work, if such assignment is not in the same classification. Seniority in the classification assigned to will accrue under the normal rules of seniority. At such time as the Covered Employee is returned to the classification held prior to loss of license, his or her classification and/or department date will be adjusted to reflect the time assigned to alternative work outside their classification. The adjustment will reflect the total time assigned, less 173.3 hours.

Second Loss Of Driving Privilege

Second time loss of any or all driving privileges of a Covered Employee, no matter the duration, will be grounds for termination of employment.

Responsibility

The Vice President – Human Resources shall be responsible for administering this policy.

BACKGROUND CHECK POLICY

This policy establishes defined employment standards for ALLETE, Minnesota Power, Superior Water Light & Power, and ALLETE Clean Energy (collectively, "Company") employees whose job responsibilities necessitate ongoing background checks.

Covered Employees

Except as otherwise stated in this policy, employees covered by this Background Check Policy ("Covered Employees") are those employees in positions for which an identity verification and/or criminal background check is required to comply with the Maritime Transportation Security Act (MTSA) and/or the North American Electric Reliability Corporation (NERC) Critical Infrastructure Protection Standards. An employee is a

Covered Employee only to the extent his or her job requirement subjects him or her to the applicable law or standard.

Maritime Transportation Security Act

Covered Employees under the Maritime Transportation Security Act include those who need unescorted access to secure areas of ports, facilities, or vessels regulated by the Maritime Transportation Security Act (MTSA). Covered Employees must obtain a Transportation Worker Identification Credential (TWIC). A TWIC card – a tamper-resistant card containing the worker's biometric (fingerprint template) – is obtained through the Department of Homeland Security (Department). The Covered Employee is also responsible for keeping his or her TWIC active which requires re-application with the Department every five years.

If a Covered Employee is unable to obtain, or loses his or her TWIC, the Covered Employee will be immediately relieved of job responsibilities and may be subject to employment action, up to and including termination. A Covered Employee, who is unable to obtain, or maintain his or her TWIC and dispute the Transportation Security Administration's findings, should submit a written appeal with the Transportation Security Administration. The Vice President of Human Resources will review each situation on a case-by-case basis.

North American Electric Reliability Corporation (NERC) Critical Infrastructure Protection Standards

Covered Employees under the North American Electric Reliability Corporation (NERC) Critical Infrastructure Protection Standards include those who have authorized cyber access or authorized unescorted physical access to Critical Cyber Assets. These employees must undergo a personnel risk assessment and complete security awareness training. In accordance with these standards, a personnel assessment includes, at a minimum, identity verification and a 7-year criminal background check.

Based on the personnel risk assessment information, the Covered Employee may be immediately relieved of job responsibilities and may be subject to employment action, up to and including termination. This review will be on a case-by-case basis. The background check results will be reviewed by the Vice President of Human Resources taking into account the severity and timing of the transgression, to determine the level of risk to the Company. Acceptance of risk will require a written statement from the Vice President of Human Resources to be kept on file. The Company may make arrangements for the employee to perform alternative productive work (that does not require authorized cyber access or unescorted physical access to Critical Cyber Assets) during a period of suspension, provided such work is available and the employee is qualified to perform it. Such arrangements will be determined on a case-by-case basis by the Vice President of Human Resources.

PRIVACY OF EMPLOYMENT RECORDS

The Company acknowledges the concern of individual employees that their privacy be safeguarded. The following is designed to protect employees and prevent unauthorized disclosure of written information to coworkers, other parties, organizations, and businesses.

Basic Principles

Individual employees are entitled to know what historical records pertaining to them are collected, maintained, used, or disseminated.

The Company will, to the fullest extent practicable, collect, maintain, use, and disseminate information in such a way that it is used only for necessary and legal purposes; accurate for its intended use; safeguarded from misuse; and retained in accord with approved retention schedules.

Individual employees will be permitted to inspect historical information pertaining to them, have a copy of all or part of the information, and if necessary, propose a correction or amendment to the records. Such proposal for correction or amendment will be reviewed and, if found appropriate, used to modify the information on file.

The Company will collect information, to the greatest extent practicable, directly from the individual employee.

Employment Verification or References Policy

Human Resources is the only authorized source for providing reference information on employees. When inquiries are received from outside the Company regarding current or former employees, calls or letters must be referred to Human Resources.

Human Resources will only respond to a written reference inquiry. Along with the written request, an authorization to release information (signed by the employee) will be required for any employment verification or reference request.

When the written request and authorization to release are received, Human Resources will only provide information that is documented in the personnel file to verify:

- Name of the employee
- Dates of employment
- Positions held during employment
- Salary verification
- Reason for leaving
- Documented illegal acts in accordance with applicable laws

Only the Vice President – Human Resources may authorize providing additional information.

Exception: Human Resources or Legal Services may provide additional information to representatives of government agencies if it can be determined that the request is legitimate. However, proper identification and proof of the legal authority is required.

Employee Records

It is necessary and appropriate to establish, maintain and retain current work-related information for employees. This includes all official documents, such as employment application, job history, and performance appraisals, as well as reports, correspondence, and memoranda pertaining to the employee. .

Files are confidential. Employees may review their own files in Human Resources. Files for non-vested employees (i.e., employees who leave service having less than five years of continuous service) are maintained for five years after an employee leaves the Company. Files for vested employees are not destroyed.

Changes in Personal Data

It is the employee's responsibility to report any changes in name, address, telephone number, marital status, family dependents, and emergency contacts. When a name change occurs, the employee should also contact the Social Security Administration office and fill out the proper form.

Access to Information

Supervisory personnel who have a business-related "need to know" may review relevant job-related information. Authorized personnel can secure duplications of documents, data, or information filed in Human Resources. Information pertaining to disciplinary corrective interviews is only available to the Vice President – Human Resources or designee. The Vice President – Human Resources or designee will determine whether the corrective interview contained in a file is relevant information that the current or new supervisor should be made aware of.

Wage Disclosure

Whether an employee discloses his or her personal wage information to others is a personal choice. An employee may disclosure his or her personal wage information, so long as the employee does not disclose company proprietary or trade secret information or information that is otherwise protected under law or subject to a legal privilege.

The Company will not take any adverse action against an employee for disclosing his or her own wages or for discussing another employee's wages which have been voluntarily disclosed to the employee. Minnesota employees have certain rights in connection with wage disclosure (ref: Minnesota Statutes Section 181.172), including the potential right to bring a civil action against the Company. The Company will not retaliate against an employee who asserts his or her rights under this policy or in connection with wage disclosures permitted under law.

SMOKING

It is the policy of the Company to respect the interests of its employees and to provide a safe, productive and healthy work environment. The smoke-free policy is to protect employees from health hazards in the workplace due to second-hand smoke. Employees are also encouraged to stop smoking for their personal health and that of their families. In all situations, rights of non-smokers will be given preference to smokers' privileges. ALLETE has a "No Indoor Smoking" policy.

Prohibited Areas

Smoking, including e-cigarettes, is not permitted in Company-owned or occupied buildings where an occupational safety or health hazard might exist; records or supplies would be exposed to hazard from fires, ashes or smoke; and equipment might be damaged, such as computer rooms.

This includes the following areas:

- All office areas (private and open offices)
- Cafeteria and lunchrooms
- Control rooms
- Construction trailers
- Conference and meeting rooms
- Company vehicles and equipment
- Company vehicles individually assigned to one or more persons
- Lobbies or reception areas
- Locker rooms
- Restrooms
- Elevators
- Hallways and stairways
- General Office Building skywalk
- General Office Building parking ramp (near building entrances)
- Warehouses
- Power Plants

Other Areas

Smoking is discouraged but will be allowed in designated outside locations, away from all facility entrances, and in parking lots.

WORK HOUR REQUIREMENTS

A normal workday consists of eight hours. Workweek and compensation schedules normally consist of 5 workdays or 40 hours per week beginning on Saturday and ending on the following Friday.

Different hours of work during the day or on different days of the week may be established in certain areas to meet the business needs and the Company's customers. Exceptions to the above are covered in the Compensation Section and the Labor Agreements.

Shift Work

Shift employees may request permission to change working hours from the department's shift schedule. The supervisor and employees affected must mutually agree to such a change. Human Resources should be notified in advance of any changes to avoid violation of state and federal law.

Exchanging shifts or days off within the same workweek by mutual agreement between employees in the same job classification is allowed when:

- Payment of overtime is not required.
- There is no change in the rate of pay.
- Sufficient notice is received (at the supervisor's discretion).
- The exchange will not hinder the work or unduly inconvenience other employees.
- The supervisor must approve the exchange.

Such an exchange will not be approved if it results in a situation which violates the Labor Agreements, state and federal law or any other Company personnel practice.

Meals and Rest Periods

Union employees receive meal and rest periods under the conditions and provisions of their Labor Agreement.

Nonunion employees normally receive a meal period of 30 minutes (unpaid time). Depending on the nature of the work, paid rest periods should be provided whenever possible, as determined by the supervisor. Scheduling rest periods should be arranged to ensure that customer service is not compromised.

Supervisors directing employees who have worked substantial overtime should see that reasonable rest time has been given before regular duties are continued. Both physical hardship and safety should be taken into consideration.

Adjustable Work Schedules

Adjustable work schedules may be implemented to help employees balance work and other commitments such as families, educational opportunities, routine doctor appointments and civic involvement, provided customer service is not compromised.

The schedule developed must be in accordance with the Fair Labor Standards Act (FLSA) workweek provisions. (Refer to Compensation – Pay Practices for overtime provisions.)

Adjusted work schedules must be approved in advance by the supervisor. Any changes should be communicated to customers and employees who are affected.

WORKING CONDITIONS

Employee working conditions will be controlled and improved, to the extent possible, so that employees are not subject to undue or unreasonable conditions such as cold, heat, dust, vibration and noise.

Safe Working Conditions

The Company values the safety of its employees. A comprehensive safety program is administered to address safety in a wide variety of working conditions, both indoors and outdoors. Please refer to the Safety Rules Manual, provided to all employees, for specific information.

Working Outdoors In Inclement Weather

Supervisors are expected to apply the “rule of reason” during inclement weather. Work should continue only when no substantial hardship will result to the employee, when such work is necessary during an emergency, or when service to the public must be maintained.

Nursing Mother Accommodation

In order to accommodate nursing mothers, the Company has designated private rooms at each facility for mothers to use during their breaks.

Work Location	Designated Room
Armenia Mountain	Mezzanine Office
ACE: Condon OR	Site Manager's Office
ACE: Lake Benton MN	LB Training Room
ACE: Storm Lake Iowa	GM's Office
Bison/ARRI	Business Office - Room #2 O&M Building - Room 106A Office #2
BNI Coal	BNI Coal Center Mine - Women's Locker Room BNI Coal Bismarck Office - vacant office
Boswell	<i>Primary:</i> Adm Conf Room 3 <i>Secondary:</i> Women's Shower Room
CIS Tech Center	See General Office Building designated rooms
Cloquet	Room #7
Coleraine	Coleraine Conference Room
Crosby	Room #31
Environmental Lab (15 Av W)	Room #10 - lower level

Eveleth	Conference Room #64
General Office Building	<i>Primary: Room #163d</i> (To obtain access, return form #6096 to Security Admin to update your checkpoint card) <i>Secondary: Room # 366</i> Log in to the Wellness Facility Website (username: guest, password: nursingroom) to reserve the GOB Lactation Rooms.
Generation Operations	Room #108
Hanger-Duluth	2nd Floor "closed" office
Herbert Service Center	<i>Primary: Women's Lounge</i> <i>Secondary: Conf Room #44</i>
Hibbard	Room "K" (Administrative Office Area)
International Falls	Room #109 (door #10)
Island Lake	Site Office
Lake Sup Place (Call Ctr)	See General Office Building designated rooms
Laskin	Managing Superintendent's Office
Little Falls	Room #11
Little Falls Hydro	Room #1
Long Prairie	Room #16 (downstairs)
Minneapolis	Conference Room
Palm Coast	Employee Lounge Room #120
Park Rapids	Conference Room #3
Pine River	Storage Room #4 or #25 (same room with 2 doors)
Rapids Energy Center	REC Small Conference Room
Rowe Energy Control Center	<i>Primary: Room 211</i> <i>Secondary: Conf Rm 134</i>
Sandstone	Mechanical Room
SWLP: Office & Water Plant	Woman's Locker Room
Taconite Harbor	Third Floor Conference Room
Taconite Ridge	Locker Room
Thompson Hydro	Locker Room
Washington DC	Suite 840
Winton Hydro	Control Room

MODIFIED DUTY

Modified duty is any modification of an employee's job duties due to a medical inability to perform any current job responsibilities, i.e., a change of tasks, assignments, hours, schedule, work location, physical conditions, clothing requirements, etc.

When an Employee Requests Modified Duty

When an employee notifies a supervisor that he/she has a medical inability to perform any of the duties or tasks of his/her current job responsibilities, it should be considered a request for modified duty. The following guidelines should be applied:

- Less than two weeks in duration: The supervisor may request medical documentation or choose to waive medical documentation.
- Longer than two weeks: The supervisor will request the employee provide medical documentation to Employee Relations, detailing the medical need for modified duty.
- After 30 days: The supervisor will provide the employee a release to sign allowing Employee Relations to obtain periodic medical updates from the employee's physician or other qualified person. This release is a requirement for continued accommodation of the employee's request for modified duty. The physician or other qualified individual will be asked:
 - What is the diagnosed medical condition that requires modified duty?
 - What specific task(s) is the employee medically unable to perform?
 - What is the prescribed treatment plan?
 - What is the expected duration of this limitation?

The Company may require an examination by a physician or another qualified individual selected by the Company.

All medical documentation will be treated as confidential.

Chronic Condition

In the event a physician states that an employee requires a modification of job duties for 6 months or longer, the supervisor must advise Human Resources. When appropriate, an attempt will be made to find another position for the employee within the department or elsewhere in the Company, however, the Company cannot guarantee that another position will be found. Union employees will be governed by their respective labor agreements, Paragraph 65 (MP) and Paragraph 5.13 (SWL&P).

Supervisors should immediately forward all medical documentation they receive to Human Resources. All medical information regarding an employee's physical restrictions will be kept in a secure confidential medical file within Human Resources. Only individuals authorized by the Vice President – Human Resources will have access to such medical information.

As a general matter, a Human Resources Representative or the Workers' Compensation Administrator will request and review all medical documentation regarding requests for modified duty. That individual will then convey information regarding the employee's restrictions to the appropriate supervisor(s). *Example:* John Doe cannot lift over 20 pounds and cannot climb a ladder until 8/15/2002.

Eligibility for modified duty or pay continuation is dependent upon the employee providing adequate documentation of medical necessity. Failure to provide adequate medical documentation will result in the employee having to perform all duties of their

job assignment or face Corrective Action, up to and including termination. The employee may use available vacation or personal (floating) holiday time or experience a loss of pay until proper medical documentation is received or the employee resumes the duties of their job assignment.

COMPANY REQUIRED PHYSICAL EXAMINATION

The Company may require a physical examination and evaluation of an employee when it appears justifiable by behavior, performance, frequent absence, or suspected serious illness. The provision is designed to protect the employee by encouraging early diagnosis of disease or disability and by discontinuance of work under conditions that might prove dangerous or harmful.

A physical examination may also be required to determine if the employee is physically qualified for an impending job change. If required by the Company, the examination and/or evaluation will be arranged and paid for by the Company and done on Company time.

If any health care record or medical information adversely affects any employment decision, the Company will notify the employee within ten days of the final decision.

EMPLOYEE CONDUCT

The Company strives to have integrity characterize its business activities. Every employee of the Company shares the responsibility for building and maintaining good relations with the public and the Company's customers. The Company's reputation and character are affected by the reputation and character of its employees and the services they render. No one will be permitted to achieve results through violation of laws or regulations or unscrupulous dealings.

Conduct by employees in all parts of the Company must consistently conform to standards of ethics and honesty as described in the Ethics Handbook.

Conduct with Customers and Other Employees

Company customers and coworkers have the right to expect proper conduct and courtesy from each employee. It is the daily responsibility of each employee and supervisor to ensure that this happens.

Customers, external and internal, should receive thorough and prompt attention to inquiries, requests, and needs. They should be advised of approximately when they can expect action and be notified of any unexpected delay and the reason for it.

Employees are expected to conduct themselves in a respectful, appropriate manner with all other Company employees. Supervisors should refer to the Workplace Harassment Policy for guidance in identifying and addressing any sign of inappropriate, disrespectful behavior.

Gifts and Gratuities

Following ethical business practices, employees of the Company should:

- Not expect or encourage the receipt of gifts or gratuities from any organization or individual that has, or seeks to have, a business relationship with the Company.
- Not accept gifts or other gratuities, which go beyond a nominal value, and are given under circumstances that place the employee or the Company under an obligation that may tend to influence business relations.
- Not accept gifts in the form of cash.

Entertainment (such as recreational outings, theaters, dinners, sporting events, etc.) should be considered an acceptable business courtesy only on special occasions, providing the frequency and cost to the donor is within reason.

Certain business courtesies, such as a modest lunch or dinner offered by a vendor or salesperson in connection with a business meeting, should not be discouraged unless they are offered on a continuing and repetitive basis.

Employees may not accept unusual or extended hospitality from any organization or individual that has, or seeks to have, a business relationship with the Company, without prior approval from the Chief Financial Officer. In all cases, good ethical and moral judgment shall be exercised.

Employee Attire (revised 4/18/2018)

Employee attire must be suited for the job being performed. All clothing should be neat and clean, and not revealing or distracting. Office attire is typically business casual (such as khaki pants, dark wash/professional looking denim, sweaters, blazers); however, circumstances may warrant business professional attire (such as suits, ties). Discretion and sound judgment should always be exercised when dressing more casually.

When determining what attire is appropriate and acceptable, supervisors and employees should take the following into consideration: the nature of the employee's work, safety considerations, and the nature of any meetings that day with customers or other members of the public.

The final decision on what is appropriate attire is the responsibility of each supervisor or manager. Employees who are not dressed appropriately should be sent home to change to more appropriate attire and instructed not to dress in that manner again for work. Repeated violations of the standards for appropriate attire may result in the need for Corrective Action, up to and including termination.

All employees must follow Company guidelines for appropriate safety apparel, including personal protective equipment.

Off-the-job Conduct

As a condition of employment, employees are expected to conduct themselves so their actions do not adversely reflect on either the Company or their coworkers, and their actions do not affect their attendance at work or ability to assume full job responsibility. Off-the-job activities must not conflict with an employee's ability to perform their job.

Volunteer Community Activities

Company employees are encouraged to be active in community life. It is the policy of the Company to provide time, talent and financial support to activities that strengthen communities in the service area. Volunteer service to government, youth groups, charitable and health associations, education and community development benefits employees' families, neighbors and the Company.

When it is appropriate to contribute time during working hours, employees should first discuss the circumstances with their supervisor. Employees must complete the Volunteer Time Off Request Form located on the Community Connections Intranet page. Each supervisor has the responsibility to weigh the granting of time off for community service against priority needs of Company operations and service to customers. Supervisors should refer to the Community Connections Volunteer Time Off Guidelines also provided on the intranet for guidance in determining whether or not the involvement should be considered Time Off With Pay, or the employee's work schedule should be adjusted to facilitate the ability for the employee to work required hours at a later time.

Other Employment

Employees shall not accept employment with another employer while working for the Company if the additional employment interferes in any way with the employee's ability to perform their full job responsibilities.

The Company recognizes there are many situations that require interpretation under this policy. Because of variations in working conditions (hours worked, type of work, etc.) involved in supplemental employment, it is the responsibility of the supervisor to determine when another work situation interferes with an employee's ability to fully perform his or her job.

Remuneration for Other Work

Employees are expected to devote their maximum abilities and individual efforts to the Company. Employees may not perform work or services for remuneration for any organization or individual that may cause a conflict of interest without prior approval from the Chief Financial Officer.

Employees who consult with, advise, or render professional services to outside firms, educational institutions or individuals who have, or seek to have, a business relationship with the Company must first receive approval from the Chief Financial Officer.

In both cases above, employees who are corporate officers should seek approval from the Board of Directors.

Telephone Usage

The telephone system is installed and maintained for Company business. It is not unreasonable to expect that some local personal calls will be made by employees; however, personal calls should be minimized and kept as short as possible.

Long-distance calls made on the Company's telephones are billed for actual time in use. Long-distance calls are restricted to Company business, both during and after normal working hours. Personal long-distance calls must be charged to the employee's home telephone number or a long-distance calling card.

Cellular Devices

For employees whose job duties require a cellular phone on a regular basis, use of a company-provided device is encouraged. Some employees may request to use their personal cell phone in lieu of a company-provided cell phone and will receive a set reimbursement through Payroll. For seasonal or long-term projects, purchase of a Trac-phone type cellular device is highly encouraged. General guidelines for issuance of cellular/smartphone devices or cell phone reimbursement are as follows: (Department management may apply their own criteria in addition to, or instead of, those listed. Complete Company guidelines are available on the ITS Telecom web page.)

- The job duties require frequent mobility in the field or away from their assigned desk area OR the employee/department is frequently called upon outside of normal working hours
AND
- The nature of the work assigned is critical to ALLETE
AND
- An immediate response is necessary to support the critical operation
- Only personal cell phones or the phone option of a personal data device are eligible for reimbursement. If a data device (smartphone) is needed for performance of job duties, a company-owned data device (smartphone) must be used.
- Employees must agree to have their personal cellular phone number listed in the on-line company directory.

If an employee is to receive a smartphone device the added criteria should apply:

- Immediate email responses, operational changes or approvals are needed and/or operational information is available on the device to enable prompt resolution of critical operational issues.

- An employee will be required to pay an early termination fee if a company-owned cellular phone is still under contract and an employee wishes to switch to an employee-owned phone.

Vice Presidential approval is required for all cellular and smartphone devices or bi-weekly reimbursement for company use of a personal cell phone.

An ITS Request for Technology form 6087 must be approved by the department's vice president before equipment is purchased and activated. The form should include explanation of how the request meets the criteria stated above.

Non-business use of the company-owned cellular device is permitted as long as use is minimal in duration and doesn't result in any violation to any other ALLETE policy or additional cost to ALLETE. No personal payment by the employee for other options is allowed.

Employees who occasionally use their personal cell phone for business use (i.e. for occasional business trips) can request reimbursement via expense report for any overage charges due to the business use. Supervisor approval is required.

Personal Use of Equipment by Employees

To ensure appropriate use of company equipment, employees are not permitted to use company-owned trailers, motorized equipment or motorized power tools for personal use off company property. Employees are allowed personal use of company equipment on company property with pre-approval of his or her supervisor provided it is used outside of business hours or while not on company time. Employees are allowed use of company equipment for community and civic services with pre-approval of a Vice President.

Employees are not permitted to use any company equipment for personal use during business hours or while on company time (except for computers and telephones, the use of which is addressed in the ALLETE Employee's Handbook and The Power of Integrity – Code of Business Conduct for ALLETE Employees).

Unless they are contractors acting within the scope of a valid contract with the company, individuals who are not current employees are not permitted to: (1) use company equipment, or (2) be on company property after hours in areas where equipment is being used.

Non-motorized, non-powered equipment and tools may still be checked out by employees for personal use by following the "Checking Out of Equipment by Employees" procedure.

Supporting Documents and Standards

Procedure – Checking Out of Equipment by Employees

Procedure – Liquidation of Surplus Equipment and Materials

Policy – Sale of Materials – Internal

[Form #4128 – Property Removal Request](#)

COMPANY-SPONSORED ORGANIZATIONS AND EVENTS

The Company may sponsor organizations and events for active and retired employees. Examples include bowling, softball, hockey, golf, curling, etc.

Organizational Responsibility

Each employee organization must elect from among its members a secretary who is responsible for:

- Submitting [Form 6155](#) Employees' Activity Form (description of all planned activities and expenses, list of employee participants) to Human Resources.
- Keeping a list of Company equipment and those who have it
- Publicizing activities of the organization to all employees
- Publicizing steps necessary for employees to join

Human Resources Responsibility

Human Resources will verify each proposal, make appropriate revisions and include the activities as part of the Human Resources operating budget. No funds will be issued for any activity unless approved by Human Resources.

POLITICAL PARTICIPATION

The Company encourages its employees to be active corporate citizens, including employee involvement in local, state and national political affairs. Political activities such as voting, attending caucuses and conventions, contributing funds to political parties and fundraising, working on political campaigns, and seeking and holding public office are encouraged.

At the federal level, eligible employees are encouraged to join the Minnesota Power Active Citizens Team (MPACT). MPACT is a federal political action committee. Financial contributions from MPACT members are targeted to support the campaigns of federal political candidates who will best represent the mutual interests of employees and shareholders.

At the state level, eligible employees are encouraged to join MN Power PAC. This enables employees to contribute to a state PAC which makes contributions to those

holding or seeking office such as the Governor, the Minnesota Senate or Minnesota House of Representatives.

The Action Network (ACTNET) provides opportunities for employees, retirees, and shareholders to work together to influence government policies that affect Minnesota Power and Superior Water, Light & Power.

ACTNET members receive ongoing information about issues affecting their interests. As issues develop, members are alerted when the time is right to contact government officials to ask them to approve, change, or reject proposed policies.

The Committee on Political Education (COPE) is a voluntary contribution for IBEW Local 31 members. The money raised is used for political purposes, including but not limited to, contributions to candidates for federal, state and local offices and addressing political issues of public importance and their related expenses.

Employees Seeking Political Office

While most political activities do not require time off from work, the Company recognizes that seeking and holding public office could interfere with an employee's duties. The Company's policy is to neither accommodate an employee's political activities, including candidacy for public office, to the extent feasible and practicable nor to reward or punish employees for their political activities.

Employees desiring to seek an elective political office should keep in mind the following:

- Employees will be granted an unpaid leave of absence to campaign, attend legislative sessions, committee meetings or political conventions, and tend to duties required of public office or any other reasonable activity.
- During a leave of absence, the employee has the right to continue insurance coverage (medical, dental, and life) and any flexible benefits elected.
- An employee must not directly or indirectly suggest that the Company supports the employee's candidacy. As a corporate entity, law prohibits the Company from supporting candidates for elected office. (As mentioned above, Company support for candidates or elected officials is done through the two employee PACs.)

Employees Support of Elected and Appointed Officials

Employees may support candidates for elected or appointed office on their own time using their own personal resources. However, employees are specifically prohibited from using Company resources for political activities in support of, or in opposition to, a particular candidate. Employees may not use Company time or assets (i.e., stationery, phones, automobiles, facsimile machines, copy machines, etc.) for the conduct of a campaign for public office or other political activity.

Employees acting on behalf of the Company should consult with Public Affairs before engaging in any meetings or lobbying of elected or appointed officials unless it is a routine part of their job. Employees unsure of who may qualify, as an elected or appointed official, should contact Public Affairs.

SOLICITATION OF EMPLOYEES

With few exceptions, the Company does not permit the distribution of material, the solicitation of funds from its employees or the promotion of private businesses in its offices or on its properties. The use of Company resources to obtain employee or customer information for personal use is strictly prohibited.

All employee gifts, donations or purchases are entirely voluntary. Unauthorized individuals promoting merchandise or soliciting funds on Company premises should be reported to Security or Human Resources.

Employee-Initiated Solicitation

Employee-initiated collections of modest funds or pledges for such things as flowers, employees leaving the Company or charitable organizations are generally acceptable. These requests should be restricted to an individual work group or department, unless authorized by Community Relations for more broad distribution. No employee should ever be placed in a position of feeling pressured to contribute or participate in such collections.

The Company recognizes that employees may have a personal or family business in addition to their employment. It is the individual employee's responsibility to ensure that personal business is not conducted during work hours, and does not involve the use of company resources or equipment. Although the availability of an employee's personal business products or services may be known at work, active solicitation or undue influence of others at work is prohibited.

Any questions regarding the appropriateness of an employee-initiated collection or solicitation should be directed to the immediate supervisor or Human Resources.

CHARITABLE FUNDRAISING

ALLETE encourages employees to give back to the communities in which we live and work. The Company supports United Way through various means including, facilitating employee contributions through authorized payroll deductions, fundraising, loaned executives and the like.

At the time of hire, each employee will be given the opportunity to sign an authorization to make regular contributions to United Way through payroll deductions. Employee may commence or change those elections at any time by contacting Payroll.

The Company permits United Way fundraising events to be held on company property during business hours. Prior approval from the Vice President over the employee's department is required before conducting a fundraising event on Company property for other charities.

Charitable fundraising events may include a variety of activities, including games of skill, sales, auctions and parties. Examples of permissible charitable fundraisers include:

- Guessing games (e.g., items in a jar)
- Scavenger hunts
- Skill based activities (e.g., tossing games)
- Contests based on skill (e.g., creative, artistic, athletic ability, etc.)
- Silent/live auctions
- Hosted events/parties with ticket price to attend

Raffles or other gaming, in which participants to pay something of value to participate and winners are determined based on the element of chance, are not allowed.

Corporate Contributions

On occasion, the Company will make corporate donations to charitable causes. Requests of less than \$1,000 should be made to the appropriate regional representative or, in the case of the Boswell Energy Center, to the Boswell Contributions Group. Requests of \$1,000 or more should be made to the Corporate Contributions Committee.

The Environmental Contributions Committee accepts requests for environmental grants.

COMMUNICATION AND DISCLOSURE OF INFORMATION

Employees should use caution when publicly communicating on behalf of the Company. When disclosure is authorized, the information given must be accurate, current, and in the best interests of the Company.

Significant Events

When something significant develops (such as an accident, major power plant mishap, oil spill, regulatory decision, etc.), employees should avoid speculating on details or repeating rumors in conversation with other employees and persons outside the Company.

News Media Queries

All requests from the news media should be directed to Public Affairs. Public Affairs will coordinate an appropriate response. For after hours requests contact Service Dispatch for assistance in locating the Public Affairs' staff.

Outages: Office supervisors/coordinators may disseminate public information regarding electric service outages in the outlying areas or request Public Affairs' staff assistance.

Non-Media Queries

All non-media requests from outside entities for Company information must be carefully considered. Release of specific information (operational information, cost or use data, statistics, participation in surveys, etc.) could have negative unintended consequences for the Company. Any employee who is unclear about the appropriateness of releasing information to outside entities should refer the request to his or her department supervisor or manager.

Outside Group Requests

All requests for Company membership and/or participation in any outside public interest group should first be directed to the appropriate department supervisor or manager. As a general rule, Minnesota Power limits its response to outside information or participation requests regarding public policy initiatives to those in which Minnesota Power is actively participating and has sufficient ownership in the outcome to warrant our involvement. This policy is needed not only to manage the resources required to respond to these requests but to manage the use of Company-supplied information and ensure consistency with Company businesses.

Proprietary Information

Employees are not permitted to make disclosures of proprietary information (including procurement requirements, trade secrets, and share of the business) which could adversely affect the Company's interest without full knowledge and consent in the form of specific advance written approval from the Chief Financial Officer. This includes such disclosures during and after periods of employment.

Candor with Management

The Chief Executive Officer should be immediately advised when employees have information which might be considered sensitive in preserving the Company's reputation. Concealment may be considered a signal that Company policies and practices can be ignored. Such conduct will not be tolerated and may result in Corrective Action, up to and including termination.

Similarly, there should be full communication with the Chief Executive Officer even if it appears that less candor is desirable to protect the Company or certain individuals.

Independent Auditors

Full cooperation will be provided to auditors. There shall be no concealment of information from auditors which might be considered sensitive in preserving the Company's reputation, even if it appears that less candor is desirable to protect the Company or certain individuals.

Violations of Company Policies

Employees who discover actions which are questionable, fraudulent, illegal, or in violation of Company policy should immediately report them to the Vice President – Human Resources or the Chief Executive Officer or the General Counsel.

INVENTIONS, DISCOVERIES AND DEVELOPMENTS

The Company encourages employees to pursue inventions, discoveries or developments that may benefit operations. All employees should submit their inventions, discoveries or developments to the responsible supervisor and Legal Services for review and intellectual property protection, if appropriate.

Definitions

Inventions, discoveries or developments – means ideas, discoveries, inventions, trade secrets, know-how, manufacturing processes, articles, books and other written materials, computer programs, business methods, information of a technical and business nature, and other like things that have potential value and relate to the business of the Company or to its actual or anticipated areas of research and development.

Letters Patent – means a document issued by the government granting a patent to an inventor.

Copyright – means a property right in an original work of authorship that is fixed in tangible form giving the copyright holder the sole exclusive right to control the reproduction, adaptation, public distribution, public performance and public display of the work. Copyright protection begins the moment a work is created or fixed in a tangible form.

Exclusive Company Rights

All inventions, discoveries or developments that an employee makes during the course of his or her employment are the exclusive property of the Company. Employees should promptly disclose inventions, discoveries and developments to the Company and diligently assist the Company in protecting its right in them.

The Company will own and retain the rights in all inventions, discoveries and developments, including all associated documentation and other related information, considered to be or to contain the Company's proprietary information and trade secrets.

If requested to do so, an employee will sign an agreement with the Company, the terms of which will adequately safeguard the Company's rights. Such an agreement may be required as a term of continued employment. If an employee fails to sign an agreement, the Company still retains the rights to the invention, discovery or development, as described above.

Employee Efforts

Employee efforts relating to inventions, discoveries or developments shall not be permitted if those efforts adversely affect normal job performance. Special consideration may be given by the responsible Vice President to reconcile the performance of job requirements with the pursuit of inventions, discoveries or developments.

Applications for Patent, Copyright, Trademark or Other Registrations

If the Company determines that it is in its best interest to make an application for a patent, trademark or copyright registration, or other application to protect an invention, discovery or development, the Company will:

If applicable, enter into a letter of agreement with the employee covering the respective rights and obligations of the employee and the Company regarding the discovery or development. The Company will enter no further "letter of agreement" relating to the invention, discovery or development. The Company retains its exclusive rights in all such inventions and discoveries.

- Prepare and file the necessary application with the appropriate entity. Applications for Letters Patent in the United States Patent Office will be filed in the name of the employee and the employee will cooperate with process and sign the application as requested by the Company.
- Pay all reasonable costs and expenses including attorney's fees, as incurred.

At any time upon the request of the Company, the employee will sign a written assignment without payment of any rent, royalty, license fee or other charge transferring to the Company all rights of the employee in an invention, discovery or development.

Non-Company Research and Development

The above policy giving the Company exclusive ownership rights in inventions, discoveries or developments will not apply if: (1) no Company equipment, supplies, facilities or trade secrets were used; (2) the invention, discovery or development was created entirely on the employee's private, non-work time; (3) the invention, discovery or development does not relate directly to the business of the Company nor to the Company's actual or anticipated research; and (4) the invention or development did not result from any work performed for the Company.

EXECUTION OF CONTRACTS

No contract or other legal instrument should be executed on behalf of the Company unless the terms and conditions have been reviewed by Purchasing or Legal Services. Furthermore, only an officer of the Company or officially authorized purchasing agent of the Company (employee of the Purchasing Department) may execute a contract on behalf of the Company. Refer to the Company Purchasing Manual for more information on purchasing procedures. Contact Legal Services directly for review of any contract that does not involve the purchase of goods or services.

PUBLICATIONS AND RESOURCES

The Company promotes team effort, cooperation and understanding by encouraging employees to share information, recognize excellence and become better acquainted with each other. Company publications promote communication and help to recognize achievements of the Company and its employees. Several publications and a resource center are available for employees. Listed below are some of the resources available and where further information may be obtained.

Powergram (Public Affairs)

Powergram is a newsletter containing current news about the Company and its employees. It is available on the Company homepage, via FAX at work locations and is mailed to retirees. Contact Public Affairs if you have news items or announcements that may be of interest to other employees.

Comments & Questions (CQ) (Public Affairs)

The Comments & Questions program gives employees an opportunity to express opinions and concerns anonymously. Questions are addressed confidentially with replies mailed to the employee's home. Subjects of general interest may be published, without names, in Powergram. The forms are available on special CQ displays throughout the Company, or from Public Affairs.

Public Affairs

The Resource Center, located in the General Office Building, has a variety of audio-visual equipment that may be borrowed for meetings such as data projectors, video and Polaroid cameras, audiotape machines, TV/VCRs. The Resource Center also has a variety of periodicals and general reference documents such as encyclopedias, almanacs and atlases.

Newspaper clippings that highlight relevant industry and business news, issues affecting operations and information about the financial community's perspective on our business are available on the Company homepage.

The history of Minnesota Power is illustrated in two books one titled "Northern Lights" spanning 1906-1985 a second Electrifying a Century covering 1985-2006.

Speaker Service (Community Relations)

A group of employees, expert in specific areas, has been trained to represent the Company as speakers and is available for clubs, organizations and schools. Contact Community Relations for more detailed information.

Booklets and Brochures

Many Company locations as well as Public Affairs have brochures about the Company.

Company Policies, Procedures & Manuals

Many departments distribute manuals containing information that is unique to their functions, but pertains to all supervisors and/or employees. These manuals can be accessed through the intranet page under Policies, Procedures & Manuals. Manuals include:

- Accounting Manuals (Accounting)
- Purchasing Manual (Purchasing)
- Safety Manual (Safety)
- Supervisor's Guide (Human Resources)
- Employee's Handbook (Human Resources)
- Corporate Credit Card Policy & Procedure Manual (Purchasing)
- Records Management Manual (Records Services)
- Information Assets Security Policy (Information Technology Security)

Video Presentations

Public Affairs and Human Resources both have videotapes employees may borrow. Subject matter includes Company history, goals and philosophy, professional development, business practices and industry-related topics.

Safety videos are available from Safety for employees or departments to check out.

COMPANY RECORDS

Supervisors should ensure that those responsible for Company records apply the guidelines and procedures found in the Records Management Manual for records classification, file systems, maintenance, vital protection, retention, transfer/inactive storage and destruction. Record assistance and services are available from Records Services and the Record Services site on the Company homepage.

Record: any information, regardless of its physical form, characteristics, or medium it is recorded on, such as: paper, microforms, diskettes, optical/CD/DVD discs, tapes

(magnetic, video, audio), maps/drawings (cloth, vellum, Mylar), electronic and other mediums.

Record Media

The appropriate record medium will be selected to best match the information's use, access and retention requirements.

Records Classification and File Systems

Record media will be classified and maintained in logical sequence and arrangement in file systems that allow access to the records by sequence number, date, category and main subject headings or other classifications dependent on whether they are transaction or subject record types. Regardless of what method is used, an index listing must be maintained.

Maintenance

Records should be maintained in an environment and storage equipment that protects the physical medium/recorded documentation from deterioration and allows access but protects the confidentiality of records according to their sensitivity and importance.

Vital Records

Records essential to the resumption and/or continuation of operations and financial status of the Company, and protect the interests of its customers, stockholders or employees must be identified and protected.

Retention

Each individual has the responsibility to maintain Company records according to established record retention periods. Contact Records Services to request information or establish retention. Retention is reviewed and authorized based upon regulatory, legal, tax, audit and business requirements.

Records Center Transfer and Storage

Low activity or inactive hardcopy records in department areas with authorized/established retention should be transferred to the GOB Records Center. The Records Center provides secure low-cost storage of inactive Company records in accordance with Records Management policy and regulatory requirements. Contact Records Services through the Company homepage for transfer and storage information.

Destruction

When information has outlived its retention period and is no longer needed for business, regulatory, tax or legal requirements, records are destroyed. Record destruction is

recorded on Records Recommended for Destruction ([Form 774](#)) and goes through an authorization and destruction process with Records Services. Shredding is the mode of destruction for all nonpublic, confidential and sensitive material. Records Services offers this service for those records, which require confidential destruction.

Forms

All forms created to record Company transactions and collect Company information must be sent to Office Systems to be assigned a form number and formatted to standards before being used within the Company. This includes future revisions, additions, and deletions of the form.

III. EMPLOYMENT

It is Company practice to place employees in positions where they can make the most effective contribution, with consideration given to the opportunity to achieve personal growth, satisfaction, and development on an equal opportunity basis.

To provide an equal opportunity for interested and qualified employees to seek transfer or promotion, a program of job notice and selection is utilized. When filling positions, the Company's intent is to hire the most qualified individual, whether the applicant is internal or external.

JOB POSTING

Most nonunion jobs will be posted. Management positions may or may not be posted. Union positions (full-time, part-time and temporary positions of more than 60 days) will be posted, except for normal progressions.

All positions must have an approved job description that has been evaluated and assigned a market range.

If any of the following conditions apply, the position may be exempt from posting:

- An employee is returning from a leave of absence or layoff to the previous or a comparable position.
- A restructured position is being filled with the qualified incumbent.
- An employee is placed in a new position because the current job is being eliminated.
- An employee cannot perform his/her current job due to an illness or injury and is placed in a position, i.e. paragraph 65, modified duty, etc.
- Vacancies filled as a result of an organizational restructuring or reduction in the workforce.
- Normal progression in union jobs.

Outside candidates may be considered simultaneously with internal candidates. Special requirements for any position (such as license, certification, and residency) will be shown on the posting.

Posting Period

Positions are posted on Company website. Positions are generally posted for 10 consecutive calendar days.

Re-posting

If the posted position remains unfilled 90 or more days after the removal date shown on the job posting, the position will usually be re-posted before it is filled.

Recruitment

Human Resources is responsible for recruiting applicants. All job opportunities will be posted either to the Company Intranet or the ALLETE website. If the position is posted external, the job will go to the Minnesota Workforce Center. Interested candidates both internal and external must apply online by completing a profile and online job application. The online profile and job application can be found on the Company homepage under Careers or www.allete.com. Qualified candidates will be referred to the hiring supervisor.

Employees Applying for Posted Positions

Any employee may apply for a posted position. Employees who wish to be considered for the position should respond by completing an online profile and job application within the 10-day posting period. The employee is responsible for notifying their current supervisor of the position(s) for which they have applied.

In most cases, employees who do not respond to the posting within the prescribed time will not be considered unless the position is posted again. Exceptions may be made at the hiring supervisor's discretion.

Time and Travel for Interview

Selection interviews are generally held at the location of the posted position. The hiring supervisor should work with an internal applicant and the applicant's supervisor to establish an interview time that will meet the needs of all concerned. In cases where the distance might be too great for the applicant to travel, the hiring supervisor may use the telephone or video conference for the initial interview. In cases where there are several applicants at one location, the hiring supervisor should consider going to that location to conduct the interview.

An applicant's supervisor should make reasonable allowance in the work schedule for the applicant to attend the interview.

SELECTION PROCESS

The following guidelines are offered to assist the hiring supervisor in selecting candidates.

Relatives

Relatives of present employees will be considered along with other applicants. If an employee's relative is among the final candidates being considered, the hiring supervisor should consult with the Vice President – Human Resources. Human Resources is responsible for assuring that the hiring of relatives is handled in a manner consistent with the law and the Company's interest in maintaining good employee and community relations.

For policy purposes, a relative is defined as current spouse, parent, grandparent, child, grandchild, sister, brother, uncle, aunt, niece, nephew, first cousin, mother-in-law, father-in-law, daughter-in-law, son-in-law, brother-in-law, or sister-in-law.

Re-employment of Veterans

Employees who are absent from work because of their involvement with the Armed Forces may have re-employment rights, under certain conditions, after the term of military service is completed. Questions regarding re-employment rights should be referred to the Director – Employee/Labor Relations & Talent Acquisition.

Re-employment rights an employee might have would vest only after he or she has completed the term of service and meets certain conditions. Supervisors should not make any promises or interpretations of legal rights to present or returning employees. Once it has been determined that a former employee has a right to re-employment under the law, he or she may be restored to the former position or to a position of like status and pay, provided the employee is qualified to perform the duties of the like position.

If the former employee has re-employment rights, there is no loss of years of service, and he or she is entitled to participate in insurance and other Company benefits in effect at the time the person entered the Armed Forces.

Former Employees

It is important to conduct reference and background checks on every applicant, including former employees. Human Resources, the Vice President of the previous department and the previous supervisor should be consulted before deciding to hire a former employee.

Company service prior to a voluntary quit will not be credited to an employee who is rehired unless the period between employment is less than the first period of Company service. No service credit will be given for purposes of calculating vacation accrual.

Selection Assessments

A variety of positions within the Company are subject to hiring assessments before selection of the final applicant for a specific position. The assessment may be used to measure the applicant's skills as required for the position or help determine "job fit" by measuring the applicant's aptitude, interests and personal style as related to a specific position. Human Resources will administer all selection assessments and report the results to the hiring supervisor. Information obtained from selection assessments will be used in conjunction with the reference and background checks for final selection of the applicant. For additional information regarding selection assessments, contact Human Resources.

Pre-employment Work Screens

When a job offer is made and accepted by the chosen candidate, a work screen may be required. Human Resources will designate a medical professional to perform the work screen, make all the arrangements, and evaluate the recommendation from the work screen. The written job offer is subject to a finding that the candidate meets the physical and mental requirements of the job based on the work screen. If any work screen results adversely affect any hiring decision, the Company will notify the applicant of that information within ten days of the final decision. Results of the work screen will be filed in Human Resources.

Pre-employment Drug Testing

When a job offer is made and accepted by the chosen candidate, a test for the presence of drugs or their metabolites will be given by a physician and/or laboratory chosen by the Company. The written job offer is subject to satisfactory completion of the drug test.

Test results will be treated as confidential in accordance with the Drug and Alcohol Testing Policy.

RELOCATION

The Company may provide relocation assistance to current and newly hired non-union employees in the event that current IRS guidelines are met and relocation benefits are deemed necessary to recruit the best candidate for the position. Relocation benefits will be approved through the selection justification process and documented in the candidate's offer letter. ALLETE contracts with a third party to provide relocation assistance and tools to eligible non-union employees.

Relocation for union employees will follow the language set forth in the Collective Bargaining Agreement.

EMPLOYMENT STATUS

Jobs are authorized as full-time, part-time, temporary or intern. The following defines employee statuses for these job categories:

Full-Time

Full-time jobs are authorized for a normal work schedule of 40 hours per week in an ongoing job. Some full-time shift positions may work more than 40 hours one week and less hours the next, dependent upon the shift schedule.

Probationary Status

Each new employee spends a period of time (depending upon union or nonunion position) in this status. During the probationary status, employees are not yet eligible for certain benefits defined for employees who reach regular status (see Benefits Section).

The fact that an employee is employed beyond the probationary period does not create any right to continued employment.

Probationary status should be clearly made known to each new employee. The employee should also be told that the Company reserves the right during the employee's probationary status to terminate employment for any reason not contrary to public law.

For information on the probationary period and seniority for union members, refer to the Labor Agreement.

Regular Status

After six months of satisfactory performance, nonunion employees shall be considered regular employees. The Company reserves the right during the employee's regular status to terminate employment for any reason not contrary to public law.

Part-Time

Part-time jobs are established on an ongoing basis for a specific number of budgeted hours per year.

Part-time status affects eligibility and level of certain benefits and paid time off (see the Benefits and Time Off Sections of this handbook).

Temporary

Temporary jobs are established for brief but specific periods of time or for the duration of a special project with an anticipated ending date.

Intern

Intern jobs are established for college and high school students for a specific time period.

SEPARATION FROM EMPLOYMENT

This section highlights Personnel Records that must be updated as an employee leaves service for any reason. The employee's supervisor is responsible for coordinating these steps.

Employee Notice

An employee resigning from a position is expected to give as much advanced notice as possible. Two weeks is considered a customary and appropriate notice for many positions. Employees in professional positions should provide additional notice, where possible.

Employees planning to retire are asked to give a notice of 90 days or more to their supervisor and Human Resources, whenever possible.

Discharge or Layoff

The Company reserves the right to terminate employment for any reason not contrary to public law. Each situation should be evaluated following standards found in the Guide to Corrective Action and the Labor Agreements.

When layoff is necessary, the affected employee should be advised as far in advance as possible and the reason for the layoff should be explained. Refer to the Benefits Section of this handbook for information regarding the Company's Severance Plan.

Reference Letters or Calls

All letters of reference must be reviewed and approved by Human Resources Leadership for current, separating, or former employees.

Supervisors who are called directly to provide information about a current or former employee should refer the call to Human Resources.

Human Resources Responsibility

Vacation and Floating Holidays

Any vacation balance will be paid on the employee's last paycheck. Employees may not be on vacation after their last actual day of work. Employees who leave service with a negative vacation balance will have that amount deducted from their final paycheck.

Unused floating holidays will not be paid upon termination of employment.

Exit Interview

The purpose of this interview is to obtain confidential, honest feedback from a departing employee. Distribution of this information will be in accordance with established guidelines. In the General Office Building, the interviewer will usually be a Human Resources staff member. At other locations, a neutral person who will impartially record the employee's comments may perform the exit interview. Participation is voluntary.

Severance

For information regarding severance refer to the Employee Benefit Guide located on the Company Intranet homepage under Policies/Procedures & Manuals/Employee Resources.

DEATH OF EMPLOYEE OR RETIREE

Employee Death

In the event of an employee death, Human Resources will work with the supervisor to ensure timely and accurate coordination of all necessary procedures. The supervisor should follow these steps:

- Notify Employee Benefits immediately.
- Submit the employee's time report (if applicable) to Payroll.

Benefits

Applicable benefits are payable to the designated beneficiary(s) at the time of death. Human Resources will assist in processing the necessary paperwork and answer any questions regarding options.

Retiree Death

A supervisor who is advised of a retiree's death should immediately notify Employee Benefits to ensure the processing of paperwork and notification of Company employees.

IV. COMPENSATION AND BENEFITS

PAY PRACTICES

All employees are paid on a biweekly schedule – every other Friday. If a payday falls on a holiday, payment is made on the preceding normal working day. Payment is made by check and/or direct deposit.

Employees are encouraged to sign up for direct deposit. Paychecks for employees in work locations outside Duluth are sent via US Mail. The Company has no control over US Mail and cannot guarantee arrival time.

EXEMPT EMPLOYEES

Exempt employees are defined as those employees classified as exempt from the overtime provisions of the Federal Fair Labor Standards Act and any applicable State Laws. Such employees include employees who qualify as exempt executive, administrative, and professional employees, or those hired as outside salespersons.

Exempt employees are paid on a salary basis and, generally must be paid their full salary for any week in which they perform work. Pay may be reduced only in the following circumstances:

- Employees who are absent from work for at least a full day for personal reasons other than sickness or disability and who do not have vacation or floating holiday time will not be paid for that day. If an employee is absent for less than a full day for personal reasons, other than sickness or disability, his or her pay will not be reduced.
- Employees who are absent for at least a full day because of sickness or disability will not be paid for that day if they are required to provide and fail to submit qualifying medical documentation. Their pay will not be reduced if they are absent for less than a full day because of sickness or disability.
- Employees who take leave under the Family and Medical Leave Act will be paid for that time only if it qualifies for pay under sick time benefits. They have the option of using vacation or personal (floating) holiday, etc. Their pay may be reduced by the hours missed even if it is less than a full day.
- Employees who are absent from work for temporary military leave or attendance as a witness at a trial will not have their pay reduced by the number of hours or days they are absent from work unless they perform no work in a given week. Their pay from the company will be offset by the pay received for serving as a witness or for military service.
- If an employee violates a safety rule of major significance, his or her pay may be reduced in an amount to be determined by the company as a penalty for that violation.
- Employees may be suspended without pay for other types of workplace misconduct, but only in full-day increments. Their pay will be reduced in an amount that is proportionate to the number of days suspended.

- Employees who work less than 40 hours during their first or last week of employment will be paid for actual hours worked.

The company will reimburse any exempt employee whose pay is reduced in violation of this policy. If an exempt employee feels that his or her pay has been improperly reduced, they should notify their supervisor and Human Resources. An investigation will be conducted and if there were improper deductions, the employee will be reimbursed on the first payroll check that follows the completion of the investigation.

Special Time Off With Pay

The Company supports granting reasonable amounts of paid special time off in recognition of the extra effort of diligent and dedicated exempt employees who have worked unusual amounts.

The amount and scheduling of special time off with pay is determined by the supervisor, based on considerations of departmental workflow, merit, and continuation of customer service. Employees who are granted special time off should charge their time to Other Time Off With Pay.

This privilege is not entitlement nor is it the intention that unpaid overtime hours worked be accumulated or special time off be granted on an hour by hour basis.

NONEXEMPT EMPLOYEES

Non-exempt employees are defined as those employees who are covered by the overtime provisions of the Federal Fair Labor Standards Act or any applicable State Laws. Non-exempt employees are entitled to an overtime premium in accordance with State and Federal Law. Such employees include, but are not limited to, clerical, secretarial, accounting personnel, technicians, technician helpers and operators.

All overtime must be pre-approved by the supervisor. Time should be recorded in one-tenth (six-minute) increments.

Sunday Work

Non-Union, non-exempt, non-shift employees who are not regularly scheduled and are called in to work on Sundays will be paid double time for all hours worked.

Holiday Work

Refer to Time Off Section – Holidays, for policy on payments for holiday work.

Time Reporting

All nonexempt are required to accurately record and report actual hours worked, including all hours in excess of the standard workweek, vacation, holidays, time off, etc. For information and instructions about time reporting, contact Human Resource's Payroll department.

UNION EMPLOYEES

Overtime is paid to union employees under the conditions and provisions described in the Labor Agreement.

PAY RECORDS

The forms and records listed below are required for proper approval and processing of pay. Questions regarding their completion should be referred to Human Resources.

Employee Pay Data Sheet

The computer-generated Employee Pay Data sheet is the official pay record for all employees and should be used to process any pay record changes. Changes would include: salary, progressions, department, job title, employment category, separations from employment and workweek. The supervisor, in coordination with Human Resources, should process this form each time an employee's job and/or personal information is changed. After departmental approval, Human Resources enters changes into the Human Resources information system and a revised form is generally prepared and sent back to the supervisor. Human Resources retains the original copy in the employee's personnel file.

When employees separate from service, the Separation Checklist ([Form No. 4820](#)) should be filled out and sent to Human Resources.

Direct Deposit Agreement (Form No. 3745)

To ensure employees receive their paycheck without delay, direct deposit is available and recommended. Direct deposit allows the employees the flexibility to elect up to three different financial institutions and accounts. In order to enroll, the employee should fill out the Direct Deposit Agreement ([Form No. 3745](#)).

This form must be forwarded to Payroll along with a deposit slip (checking or savings) or a voided check from the account(s) where the wages are to be deposited. The employee will receive a payroll check the first pay period following enrollment for bank verification.

If the employee changes banking facilities, a deposit slip for the new bank must be furnished to Payroll along with a newly completed Direct Deposit Agreement.

On payday, the employee will receive an earnings statement, via mail or electronically, showing gross salary, deductions and net pay deposited to the account.

Income Tax Withholding

Form W-2 – A wage and tax statement mailed to each employee on or before January 31 of each year.

Form W-4 – “Employee’s Withholding Allowance Certificate.” This form must be completed by every employee to ensure that the Company withholds the correct amount of federal and state income taxes. If the form is not filled out, the Company will withhold at the single status with zero exemptions on both the federal and state level.

For those employees who wish to claim a different number of exemptions at the state and federal level, please see additional forms for your use below. (The state of North Dakota does not provide a specialized form for state income tax withholding purposes. Should residents of North Dakota wish to claim a different number of exemptions at the state and federal level, please complete two copies of Form W-4 and make note at the top of the form whether “State Withholding” or “Federal Withholding” applies.)

Form W-4MN – “Minnesota Employee Withholding Allowance/Exemption Certificate.” This form is to be used by employees who:

- Claim fewer Minnesota withholding allowances than federal allowances (your Minnesota allowances cannot exceed the number of your federal allowances)
- Claim more than 10 Minnesota withholding allowances
- Want additional Minnesota withholding deducted from their wages each pay period
- Claim to be exempt from federal withholding or claim to be exempt from Minnesota withholding.

If you are claiming the same number of Minnesota allowances as federal and the number claimed is 10 or less, do not complete this form.

Form WT-4 – “Employee’s Wisconsin Withholding Exemption Certificate/New Hire Reporting.” Completion of this form ensures that the correct amount of Wisconsin state income tax is withheld from the wages of the following employees:

- Wisconsin residents working in Wisconsin must complete Form WT-4 in the event that they wish to claim a different number of exemptions at the state and federal level. (In the event that the number of exemptions claimed at the state and federal level is the same, the employee need complete only Form W-4.)
- All Minnesota residents working in Wisconsin must complete a Form WT-4 to ensure that the correct amount of Wisconsin state income tax is withheld from their wages.
- Wisconsin residents working in Minnesota may voluntarily elect to have Wisconsin state income tax withheld from their wages in addition to the mandatory Minnesota state income tax. (Minnesota state income tax will automatically be withheld.)

Form MW-R – “Minnesota Department of Revenue, Reciprocity Exemption/Affidavit of Residency for Tax Year 2010.” Employees residing in North Dakota working in Minnesota

must file Form MW-R to relieve the Company from withholding Minnesota state income taxes. The form must be completed and sent to the Payroll Department. If the form is not completed, Minnesota state income taxes will be withheld.

Form NDW-R – “North Dakota Office of State Tax Commissioner, Reciprocity Exemption from Withholding for Qualifying Minnesota and Montana Residents Working in North Dakota.” Employees residing in Minnesota or Montana and working in North Dakota must file Form NDW-R to relieve the Company from withholding North Dakota state income taxes. The form must be completed and sent to the Payroll Department annually. If the form is not completed, North Dakota state income taxes will be withheld.

Copies of all withholding forms are available in the Human Resources Department and Online at: http://intranet.mnpower.com/fpnet/Human_Resources/Company_Forms.html.

Payroll Deductions

The payroll check or direct deposit earnings statement lists the amount of total compensation and the deductions made.

SALARY ADMINISTRATION

General Philosophy

Our compensation program is an essential component of ALLETE's advantage, the competitive package we offer to attract, retain, and recognize high quality talent. Our union compensation is negotiated with International Brotherhood of Electrical Workers, Local 31 and paid in accordance with the union contract. Our nonunion compensation philosophy is based on:

- Paying salaries that are competitive with what other companies are paying for similar positions (market-based), and
- Paying employees fairly compared to others in the Company for the work being performed (internal equity)

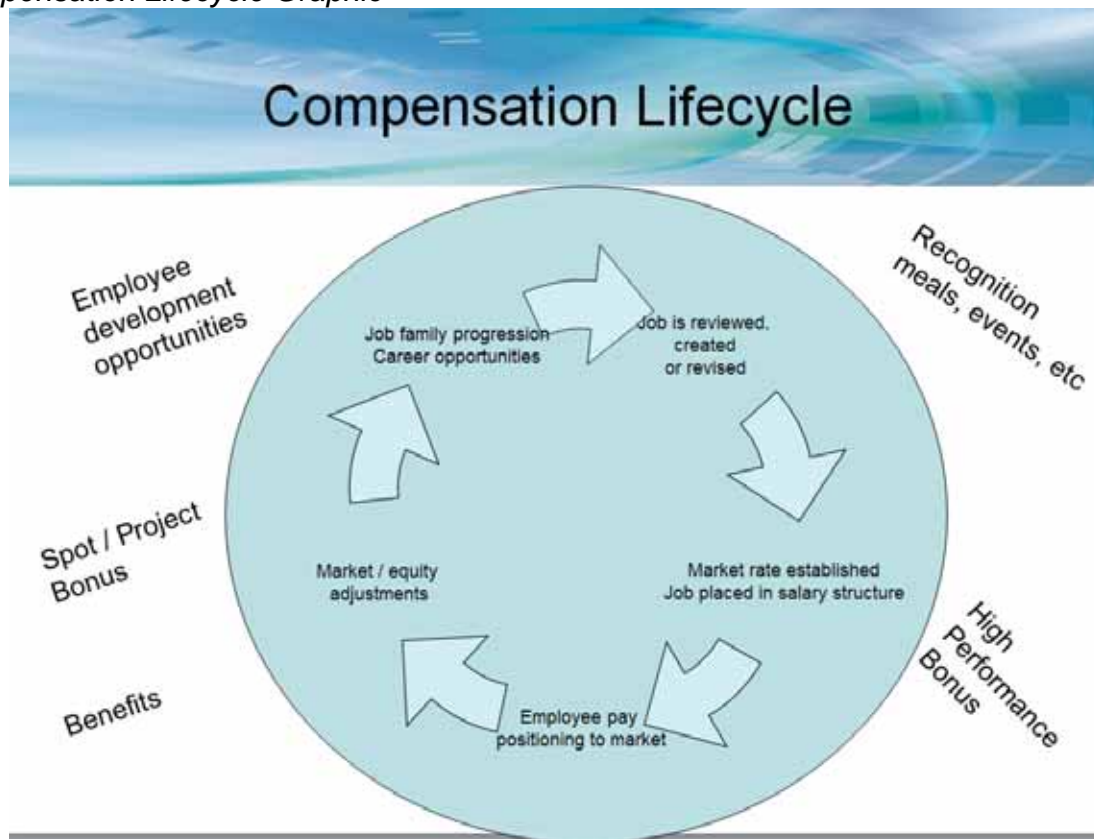
Compensation Lifecycle

The system in which nonunion employees are compensated in the Company can be referred to as the **Compensation Lifecycle**. First, a job is created based on a business need. A job description is written by the supervisor and the job content, and accountabilities, not titles, are used by Human Resources as the basis to establish a **market rate**, which is the rate of pay the Company targets for fully proficient employees in a given job. The market rate is based on comparable objective, third-party salary survey data. Once a job is established and a market rate is assigned, the job is assigned to a Pay Range. Human Resources works with supervisors to determine how each employee's skills and competencies compare with the expectations of a fully proficient employee in the job – also known as **employee pay positioning to market**.

Employees below market may receive salary increases known as **equity adjustments** to bring them up to market as they gain skills and demonstrate competencies in the position. Employees may also receive salary increases through a process called the **market adjustment**, which is an annual process in which Human Resources updates the market rates for all nonunion jobs. The market adjustment will not necessarily correlate and should not be confused with a cost-of-living adjustment published by federal and state agencies.

Every change in an employee's job status (promotions, laterals, demotions, etc.) will reset the compensation lifecycle and Human Resources and supervisors again will work together to determine how the employee's skills & competencies compare with the expectations of a fully proficient employee in the new role.

Compensation Lifecycle Graphic



The Company strives to match as many non-union jobs as possible with salary survey data, but some jobs are too unique to be able to accurately match. Jobs in which no market comparison is available are slotted into a Pay Range based on internal equity and compensated fairly compared to jobs of similar worth to the organization.

Supervisors and Human Resources share the responsibility to apply the policies consistently and impartially in accordance with the Company's policy to provide equal

employment opportunity to each employee or employment candidate regardless of race, sex, creed, color, national origin, sexual orientation, religion, disability, veteran status or age; and to provide affirmative action to assure fair treatment.

The Company complies with state and federal discrimination law, Fair Labor Standards Act (FLSA) requirements, worker protection laws and labor laws. Legal requirements are inherent in the design of the administrative system supporting the Salary Administration Program and encourage consistent application of policies and procedures within all departments.

Recognition Gifts, Bonuses and Awards

It is important for supervisors to recognize the efforts of their employees. Recognition should be appropriate and reasonable for the work performed and meaningful to the employee. Information on recognition gifts, bonuses, and awards is located in the Employee Expense/Recognition Policy section of this Employee Handbook.

BENEFITS

ALLETE gives employees flexibility, choices, and opportunities in the areas that matter most – your health, your money, your time, and your career; which we refer to ALLETE *>advantage*. With this flexibility, choices, and opportunities comes a shared responsibility between employees and the Company.

To maintain a competitive package, our compensation and benefits are benchmarked comparing relevant industries and both regional and national practices. We review developments and refine our plans and policies to meet evolving economic conditions and ensure alignment with corporate strategy and the needs of a multi generation workforce.

Our environment is ever changing and we strive to adapt our support systems from time to time to reflect the needs of all. General benefit information can be found in annual Benefit Summary booklets. More detailed information is contained in the Employee's Benefit Guide located on the Company Intranet homepage under Policies/Procedures & Manuals/Employee Resources. Complete details are in the legal plan documents that govern the operation of the applicable Plans.

If there should ever be any difference between the information in this summary and the provisions of the legal plan documents, the legal plan documents would be the final authority. If you would like to review the documents, you can make arrangements through Employee Benefits during regular work hours.

V. TIME OFF

HOLIDAYS

The Company provides paid holidays per calendar year to eligible employees; in the form of designated holidays and personal (floating) holidays.

Eligibility

Full-time Employees – Non-union and union employees are eligible for holidays on date of hire. Eligibility for personal (floating) holidays is based upon date of hire.

Part-time Employees – Employees who are regularly scheduled to work .5 FTE or greater and have completed one year of continuous service will receive 6 hours pay for holidays.

Designated Holidays

The Company provides the following paid holidays per calendar year

	ALLETE, Minnesota Power, and ALLETE Clean Energy	Superior Water, Light and Power
Full-Time Employees	New Year's Day Memorial Day Fourth of July Labor Day Thanksgiving Day Christmas Eve Day Christmas Day New Year's Eve Day	New Year's Day Memorial Day Fourth of July Labor Day Thanksgiving Day Christmas Eve Day Christmas Day
Part-Time Employees	Six hours of pay for the holiday	

A designated holiday that falls during an employee's vacation is considered a holiday and not a vacation day.

If a holiday falls on a Saturday, the preceding Friday will be granted as the holiday. If a holiday falls on a Sunday, the following Monday will be granted. *Employees who are normally scheduled to work holidays (12-hour rotating shift workers) will observe the holiday on the actual day.*

When the Christmas and New Year's holidays fall on Saturday and/or Sunday, one of the days for each holiday will be designated as "flexible". For example:

Example 1: Christmas Eve falls on a Friday and Christmas Day falls on a Saturday, Christmas Day will be designated as "flexible".

Example 2: Christmas Eve falls on a Saturday and Christmas Day falls on a Sunday, the Monday following Christmas Day will be designated as a holiday and Christmas Eve will be designated as “flexible”.

Example 3: Christmas Eve falls on a Sunday and Christmas Day falls on a Monday, Christmas Eve will be designated as “flexible”.

Flexible holidays are pre-identified holidays that can be scheduled at any time in the calendar year. Human Resources will provide a schedule in advance that identifies which holidays will be “flexible” in the calendar year.

All designated holidays must be recorded as holiday time on the day observed even if the employee is off work for other reasons such as vacation or illness. *No designated holiday time off will be granted at a later date, unless explicitly covered by the union contract.*

When an employee is on a Workers’ Compensation leave, the entire time off including the designated holiday will be recorded as occupational injury. *No designated holiday time off will be granted at a later date.*

Pay for Holidays Worked

Non-union, exempt employees

Exempt employees who are required to work will be paid their normal scheduled hours and will be granted another day off, when the schedule allows.

Non-union, nonexempt employees

- Full-time non-shift employees who are required to work their normal scheduled hours or are called in to work on a designated holiday, will be paid at their regular rate for the holiday and double time for any hours worked. They have the option of being paid their Regular rate plus overtime at straight rate and taking the holiday at a later date (banked holiday). When the banked holiday is taken, it should be charged to Holiday taking Banked.
- Full-time shift employees whose regularly scheduled workday falls on a holiday will receive straight time pay for the holiday and time and one-half for hours worked. They have the option of being paid their Regular rate and taking the holiday at a later date (banked holiday). When the banked holiday is taken, it should be charged to Holiday taking Banked.
- Eligible part-time employees required to work on a designated holiday will be paid their regular rate for allocated holiday hours and double time for hours worked.
- Non-eligible part-time, temporary and intern employees who are required to work on a designated holiday will receive time and one-half for the hours worked.

Union Employees

Overtime is paid under the conditions and provisions of the Labor Agreement.

Personal (Floating) Holidays

In addition to designated holidays, the Company also grants personal (floating) holidays which employees can use each calendar year for personal business, doctor's appointments, or to recognize a holiday not designated by the Company. Personal time is to be used at the employee's discretion, subject to supervisory approval. Because personal time does not accrue from year to year, it must be taken prior to the beginning of the next year. Personal time will not be paid out upon termination.

	ALLETE, Minnesota Power, and ALLETE Clean Energy	Superior Water, Light and Power
Full-time Employees	32 hours	40 hours
Part-time Employees	24 hours	30 hours

In the year of hire or transfer to full-time status, floating holidays will be allocated as follows:

ALLETE, Minnesota Power, and ALLETE Clean Energy			Superior Water, Light and Power		
	Full-time	Part-time		Full-time	Part-time
January–March	32 hours	24 hours	January–March	40 hours	30 hours
April–June	24 hours	18 hours	April–June	32 hours	242 hours
July–September	16 hours	12 hours	July–September	24 hours	184 hours
October–December	8 hours	6 hours	October–December	16 hours	126 hours

VACATIONS

Eligibility – Full-time Employees

Full-time and eligible part-time employees earn vacation based on hours worked (up to a maximum of 80 hours per pay period). Employees are eligible to take any earned vacation after completing 90 days of continuous service. Employees' vacation balance will print on their biweekly paycheck/direct deposit statement after they have completed the 90 days of service. The accrued vacation balance cannot exceed the sum of the annual accrual rate plus 120 hours. This amount will appear on the paycheck/direct deposit statement as the Maximum Vacation Hours Balance Allowed. If employees reach the maximum vacation accrual cap, they will not accrue any further vacation until they drop below the cap. To ensure a fair and consistent vacation usage, employees

must have a positive vacation balance before vacation can be used. Managers may approve a temporary negative vacation balance. Employees with a negative balance should be positive before taking further vacation time off. Employees who choose to borrow vacation and then terminate employment for any reason prior to accruing sufficient time to "pay back" the borrowed vacation, authorize the Company to deduct any remaining balance from wages or other payments due to the employee from the Company.

All union and the non-union employees who were hired prior to 1/1/2001 and chose Schedule One earn vacation based on the following schedule:

Years of Service	Vacation hours accrued per Year	Vacation hours accrued per Hour of work	Vacation hours accrued per Pay Period if 80 hours worked	Accrual Cap (Max hours in bank starting 1/1/2003)
1–5 years	80 hours	.038462	3.07696	200 hours
6–11 years	120 hours	.057693	4.61544	240 hours
12–13 years	128 hours	.061539	4.92312	248 hours
14–15 years	136 hours	.065385	5.23080	256 hours
16 years	144 hours	.069231	5.53848	264 hours
17 years	152 hours	.073077	5.84616	272 hours
18 years	160 hours	.076924	6.15392	280 hours
19 years	168 hours	.080770	6.46160	288 hours
20 years	176 hours	.084616	6.76928	296 hours
21 years	184 hours	.088462	7.07696	304 hours
22 years	192 hours	.092308	7.38464	312 hours
23 years	200 hours	.096154	7.69232	320 hours
24 years	208 hours	.100000	8.00000	328 hours
25 years	216 hours	.103847	8.30776	336 hours
26 years	224 hours	.107693	8.61544	344 hours
27 years	232 hours	.111539	8.92312	352 hours
28 years	240 hours	.115385	9.23080	360 hours
29 years	248 hours	.119231	9.53848	368 hours
30 & over	256 hours	.123077	9.84616	376 hours

All non-union employees hired on or after 1/1/2001 earn vacation based on the following schedule:

Years of Service	Vacation hours accrued per Year	Vacation hours accrued per Hour of work	Vacation hours accrued per Pay Period if 80 hours worked	Accrual Cap (Max hours in bank starting 1/1/2003)
0–1 year	80 hours	.038462	3.07696	200 hours
2–9 years	120 hours	.057693	4.61544	240 hours

10–19 years	160 hours	.076924	6.15392	280 hours
20+ years	200 hours	.096154	7.69232	320 hours

EFFECTS OF ABSENCE

Leave of Absence

Vacation is not accrued during unpaid leave of absence in excess of 30 calendar days (173.3 hours) per year.

Military Service

An employee who enters full-time military service will be placed on a Leave of Absence and will be paid for vacation benefits earned through the first 30 calendar days of the leave. If an employee returns to work within 90 days of discharge from military service, the basis for calculating future vacation days will include continuous service with the Company prior to entering military service and all military time served.

Layoff

A full-time employee who is laid off retains previous years of service credit if rehired within 4 years or less. If the layoff exceeds 4 years, all previous service credit is lost.

Illness or Disability

If illness or disability occurs prior to the beginning of scheduled vacation, the vacation may be rescheduled at a time satisfactory to the Company and the employee.

If illness or disability occurs after the vacation has begun, the vacation will continue as scheduled.

Scheduling Vacation

Vacation may be scheduled and taken at any time during the calendar year, with supervisory approval. Vacation must be scheduled to meet the needs of both the employee and the Company.

Supervisors should maintain records of employee's vacation days earned and taken. Department Lost Time Reports are available from the time entry system to assist supervisors.

Termination

Upon termination of employment (voluntary, involuntary, retirement or death) the Maximum Vacation Hours Balance Allowed will be paid on the employee's final pay statement.

Long Term Disability

Accrued vacation time will be forfeited upon commencement of Long Term Disability Benefits and will not accrue during this time.

SICK TIME BENEFITS

Regular, consistent attendance is an expectation for all of our positions in order that we can fully serve our customers. Unscheduled absences carry significant cost to our business, potential disruption for customers and additional burden for co-workers. Business costs involve paying the absent employee's wages and, for some positions, another employee to replace the absent employee, frequently at overtime rates. Absence due to illness or injury is to occur only when absolutely necessary and is expected to be within reasonable limits. Employees should stay home when the illness creates a risk to the health or safety of others. To help measure appropriateness, employees are encouraged to ask (and honestly answer), "Would I stay home from work if I were not being paid?" Pay continuation for employee, sick dependent child, care of relatives and spouse serious medical condition must comply with requirements that are further explained in "Having Pay Continued With Sick Time Benefit" section.

Employee

If an employee is absent from work due to their illness or injury, the employee may have his or her pay continued during the absence if the absence meets qualified medical criteria.

Sick Dependent Child

Employees may be granted time off for reasonable periods, as necessary to care for a sick or injured dependent child if the absence meets qualified medical criteria until other arrangements can be made. Time off to care for a sick dependent child is granted on the same terms as the employee is granted sick time benefits for an employee's own illness or injury. Employees are expected to notify their supervisor as soon as possible when requesting time off to care for a sick dependent child and to share those responsibilities with other caregivers.

For purposes of the foregoing, "child" means an employee's child after birth, adoption or foster care placement, or an individual for whom the employee is providing primary custodial care; "dependent child" means a child under age 18, or under age 20 if still attending secondary school.

Time Off for Care of Relatives (Minnesota Power, ALLETE, and ALLETE Clean Energy)

Beginning August 1, 2014, employees of ALLETE, Minnesota Power, and ALLETE Clean Energy may be granted time off for reasonable periods of time as the employee's

attendance may be necessary due to the illness or injury of an adult child, spouse, sibling, parent, stepparent, parent-in-law, grandparent or grandchild (including stepgrandchild, adopted grandchild or foster grandchild), on the same terms upon which employees are able to use sick leave benefits for their own illness or injury. Absences (for this Sick Relative Care and Safety Leave, which is described below) will be limited to 160 hours in any 12-month period. Employees are expected to notify their supervisor as soon as possible when requesting time off to care for eligible relatives and to share those responsibilities with other caregivers. Approved time should be recorded as "Sick Relative Care" in the time entry system. Contact Human Resources employee and labor relations at (218) 723-3921, Option 5 to obtain and complete the required documentation for such absence.

Time Off for Spouse's Serious Medical Condition

Employees of Superior Water Light and Power will be eligible to have their pay continued under sick time benefits in connection with their spouses' serious medical condition as follows:

- For a day or the portion of a day when the spouse requires immediate professional medical attention of a serious nature. A second day of pay under the sick time benefit may be granted if the spouse's serious condition requires the employee's presence and involvement when the employee is scheduled to work.
- On the day of a spouse's scheduled surgery when the employee's presence is required.
- In extenuating circumstances, when an employee's presence is required for the care of a seriously ill spouse over a longer term, the Vice President – Human Resources will work with the employee's vice president to determine a combination of flexible work hours (for non-union employees), schedule changes, shift swapping, sick time benefit, vacation, personal holidays, banked holidays and unpaid leave days on a consecutive or intermittent basis. This time may fall under the Family Medical Leave Act.

If pay continuation under the sick time benefit for care of a spouse is granted, medical documentation will be required indicating the need for the employee's presence to care for the spouse.

Pay continuation for an absence due to a spouse's serious medical condition is subject to Company approval at all times. Approved time should be recorded as "Spouse Serious Ill" in the time entry system. In addition to using Spouse Serious Ill on time sheets, employees should also record Time Off to care for a Spouse Serious Ill under "FMLA" on their time sheets, to ensure that the time is also properly recorded as time off under the Family Medical Leave Act.

Employees absent from work to care for family members, other than a sick dependent child or a spouse with serious medical condition, **do not qualify to have their pay continued with sick time benefits**. If making up the time during the same workweek is not possible, employees should record their time off as vacation, personal (floating) holiday, etc.

Supervisors should assist non-union employees in identifying options to flex their schedule if it is possible in their job. Lifeworks, the Company's Employee Resource Program (ERP) is also available to help employees find resources to deal with difficult family situations.

Time Off for "Safety Leave" (Minnesota Power, ALLETE, and ALLETE Clean Energy)

Beginning August 1, 2014, employees of ALLETE, Minnesota Power, and ALLETE Clean Energy may be granted time off, on the same terms upon which employees are able to use sick leave benefits for their own illness or injury, for reasonable periods of time as the employee's attendance may be necessary to provide or receive assistance because of sexual assault, domestic abuse or stalking. Employees may use this "safety leave" in connection with their own safety or the safety of the employee's child, adult child, spouse, sibling, parent, stepparent, parent-in-law, grandparent or grandchild (including stepgrandchild, adopted grandchild or foster grandchild). Absences (Sick Relative Care and Safety Leave) will be limited to 160 hours in any 12-month period. Employees are expected to notify their supervisor as soon as possible when requesting safety-leave time off. Approved time should be recorded as in the time entry system "Sick Time" or "Sick Relative Care", depending on circumstances. Contact Human Resources employee and labor relations at (218) 723-3921, Option 5 to obtain and complete the required documentation for such absence.

Eligibility

Eligibility for paid sick time is as follows:

- Non-union, full-time employees are eligible at date of hire.
- MP and SWL&P Union, full-time employees filling a regular authorized position are eligible upon completing six months of continuous service.

Part-time employees do not receive sick time benefits. Part-time employees who are regularly scheduled to work .5 FTE are eligible to purchase short-term disability coverage after one year of service. See the Benefit's Section or contact Human Resources for specific details regarding this optional coverage.

Having Pay Continued With Sick Time Benefit

Employees may be required to provide qualifying medical documentation in order to be paid while absent from work due to either their own illness or that of a dependent child if frequency, pattern or explanation for the employee's absence requires additional information.

Employees will be required to provide qualifying medical documentation in order to be paid while absent from work due to either the illness or injury of a qualifying relative, or a spouse's serious medical condition.

The documentation must be provided to Human Resources each time that they are requesting pay from sick time benefits. Medical documentation must be submitted prior to the end of the pay period in which the employee is requesting pay from sick time benefits for their own illness or injury.

Qualifying medical documentation must explain the employee's specific physical restrictions or those of their dependent child, qualifying relative or spouse as they relate to their inability to work in any capacity (part-time, light or sedentary duty). This documentation must be provided on [Form No. 6110](#) or in another appropriate written manner that answers the Company's specific questions to determine if it is appropriate to continue pay. The health care provider may fax Form No. 6110 directly to Human Resources.

Continued medical documentation will be required each pay period in which the employee is requesting sick time benefits. In unique employee situations, the supervisor must consult HR to determine if medical documentation will be temporarily waived or accepted at a later date. In certain long term absences, the Company may decide medical documentation is only required every 30 days to continue pay, depending on the specifics of the employee's medical condition and length of anticipated absence. Supervisors must contact HR to determine if documentation may be required less often for a particular employee's condition.

Employees are required to submit a Request for Time Off (Form 4987) prior to any absence which is known in advance, such as scheduled surgeries, urgent specialist appointments, etc., if they are requesting sick time benefits.

Pay continuation for an absence due to employee illness, sick dependent child, injury or illness of qualified relative, a spouse's serious medical condition, or time off for safety leave is subject to Company approval at all times. Approved time should be recorded to Sick Time, Sick Dependent Child, Sick Relative Care or Spouse Serious Ill, as appropriate.

Medical/Dental Appointments

Employees are expected to arrange for routine and non-routine medical and dental appointments *outside of working hours*. This applies to medical appointments for either the employee or a dependent child.

Routine appointments are defined as regular dental exams and cleanings, annual physicals and related tests, appointments and tests for non-serious medical issues, other preventative care or screenings, physical therapy, prenatal exams, eye exams, allergy shots, checkups for ongoing medical condition, follow-up appointments or any other appointments that occur on a regular, prescheduled basis.

The Company recognizes the difficulty employees may face in arranging certain appointments. Supervisors should assist employees by identifying the best days and times of the day for the employee to be excused and allow the employee to adjust the hours they work within the workweek to accommodate the appointment, whenever possible. Employees who choose to schedule routine medical and dental appointments during work hours for themselves, dependent children, spouses, or other family members and do not make up the time, will record their lost time as vacation, personal (floating) holiday, or banked holiday.

Non-routine and emergency medical or dental appointments, or surgical procedures for an employee, their dependent child, or a spouse's serious medical condition, which have been approved, should be recorded as Sick Time, Sick Dependent Child, Spouse Serious Ill. Non-routine appointments are defined as emergency appointments for the employee, their sick dependent child, or spouse for a health condition requiring immediate tests or treatment, a broken or abscessed tooth, chemotherapy, radiation treatment, surgery, etc. Employees must notify supervisor in advance of non-routine appointments during work hours in order to qualify for sick pay benefits.

Pay Continuation for Pregnancy

A pregnant employee is expected to continue working as long as she is medically able. Pregnant employees are encouraged to request different duty assignments if their regular duties are too physically difficult to perform during the pregnancy. Supervisors are expected to work with HR in an effort to assign different duties in instances where a physician says the pregnant employee cannot perform the full duties of her present job. Pay continuation from sick time benefits for childbirth will not exceed six weeks in total and should be recorded as Sick Time. An employee may choose to take up to one week prior to delivery as part of the total six weeks. If an employee is medically unable to continue work prior to one week before birth or return to work at the end of six weeks, qualifying medical documentation is required before approval of continued pay from sick time benefits. The Company reserves the right to require an employee, during pregnancy or after delivery, to submit to a Company-required physical (see below).

An employee who wishes to take additional time off may use vacation time, personal (floating) holidays or request an unpaid leave of absence.

Company Required Physical

The Company reserves the right to require an employee to be examined at reasonable intervals by a Company-designated physician. The Company will pay for all expenses of this required physical examination and may base sick time benefits on the recommendations of that examination.

Employee Relations or Health Plans will coordinate Company required physical examinations and receive medical information from health care providers regarding employee illness or injury.

Notification to Supervisor

Employees who are unable to work due to illness or injury must notify their supervisor before the scheduled workday to allow coverage for the absence. Except in extreme situations, employees are expected to speak directly with their supervisor to discuss the reason for the absence and the projected length of the absence. If the supervisor is not available when the employee calls in to report an absence, the supervisor should call the employee back as soon as possible to obtain the above information.

Occupational Injury or Illness

Occupational Injury or Illness is defined as any injury or illness incurred out of or in the course of employment when the activities of an employee's job are a significant contributing factor to the employee's illness or injury. An incident is an injury/illness experienced on employer's premises or during the course of a work-related activity. This includes repetitive, cumulative, or other non-acute symptoms. Supervisors must ensure the employee receives prompt medical attention, rest, or transportation home, based on the circumstances. Whether or not medical attention is required at the time, the supervisor must immediately fill out the Occupational Injury/Illness Report ([Form 4592](#)). If medical attention is later required, the form will be on file to verify the incident.

Professional Medical Attention Required

If medical attention of any type is required (emergency room, physician, dentist, chiropractor, etc.) the supervisor must:

- Complete the Occupational Injury/Illness Report (Form 4592).
- Complete the First Report of Injury ([Form MNFR01](#)).

Send the originals to Human Resource's Workers' Compensation area .

Lost Time Reporting

The supervisor must report any lost time resulting from an occupational illness or injury to the Workers' Compensation Department immediately. All lost time must be recorded as *Occupational Injury* on the employee's time report until he or she returns to work. The supervisor must notify the Workers' Compensation Department when the employee returns to work.

Occupational Health and Safety Act (OSHA)

All OSHA recordable injuries will be recorded on an OSHA Log and on a Summary of Occupational Injuries and Illnesses forms (OSHA Form 300 and 300A) by the Workers' Compensation Department. Copies of the forms will be sent to departments where an injury occurred during the previous month. The logs must be readily available to any OSHA investigator who requests to inspect them.

Recreational Activity Injury

State workers' compensation laws do not cover injuries incurred while an employee participates in a voluntary recreational activity, even one sponsored by the Company, such as a health promotion program, athletic event, picnic, party or outing.. Such injuries will not be covered under Workers' Compensation benefits. All bills for medical care should be processed through the individual's health insurance and related time off should be recorded as Sick Time.

FAMILY MEDICAL LEAVE (FMLA)

Understanding the Law

The Family Medical Leave Act of 1993 (FMLA) requires the Company to provide up to 12 weeks of job-protected leave to eligible employees for certain family and personal **"serious health conditions."** The act does not require this to be a paid leave.

Eligible employees are full-time and part-time employees who have worked for the Company for one year and worked at least 1,250 hours during the previous year. Eligible employees may request up to 12 weeks of family medical leave in a 12-month period.

In accordance with the law, FMLA is available to care for an employee's child after birth, adoption, foster care placement; to care for an employee's seriously ill spouse, child or parent; or for a "serious health condition" that makes an employee unable to perform the employee's job.

Under FMLA, a child is defined as "an individual under age 18 or an individual under age 20 who is still attending secondary school." A parent is defined as the "biological parent of an employee or individual who stands or stood in loco parentis" (provides custodial care) "to an employee when the employee was a child." A spouse is defined as a "husband or wife as defined or recognized under State law for purposes of marriage in the State where the employee resides, including common law marriage in States where it is recognized."

Under FMLA, a **"serious health condition"** is defined as an illness, injury, impairment, or physical or mental condition that involves any one of the following:

- any period of incapacity or treatment connected with inpatient care (i.e., an overnight stay) in a hospital, hospice, or residential medical care facility;
- a period of incapacity requiring absence of more than three calendar days from work, school or other regular daily activities that also involves continuing treatment by (or under the supervision of) a health care provider;
- any period of incapacity due to pregnancy, or for prenatal care;
- any period of incapacity (or treatment therefore) due to a chronic serious health condition (e.g., asthma, diabetes, epilepsy, etc.);

- a period of incapacity that is permanent or long-term due to a condition for which treatment may not be effective (e.g., Alzheimer's, stroke, terminal diseases, etc.);
- any absence to receive multiple treatments (including any period of recovery there from) by, or on referral by, a health care provider for a condition that likely would result in incapacity of more than three consecutive days if left untreated (e.g., chemotherapy, physical therapy, dialysis, etc.).

Employees will be required to furnish medical certification of a serious health condition, periodic reports (every 30 days) of their status and intent to return to work, and a fitness for duty certificate prior to being restored to employment. This certification should be forwarded to Human Resources to be filed in the employee's confidential medical file.

Leave may be taken intermittently or on a reduced work schedule when medically necessary or as approved by the supervisor. The Company may temporarily transfer the employee to an available alternative position with equivalent pay and benefits to accommodate the employee's need for intermittent or reduced work schedule. Upon return from FMLA leave, an employee will be restored to his or her original job, or to an equivalent job with equivalent pay, benefits, and other employment terms and conditions.

FMLA – Exigency Leave

Eligible employees may take FMLA leave for qualifying exigencies when the employee's spouse, son, daughter or parent is on covered active duty or has been notified of an impending call to covered active duty.

FMLA – Injured Service member Family Leave

Eligible employees who are the spouse, son, daughter, parent or next of kin of a covered service member may take FMLA leave to care for the service member.

Pay Options for Employees on FMLA

Employees on FMLA qualifying leave have the following options to continue to be paid:

- Full-time employee's personal serious health condition – refer to Sick Time Benefits in this section
- Part-time employee's personal serious health condition – refer to Benefits Guide if disability insurance was purchased
- Full-time employee's dependent child's serious health condition – refer to Sick Time Benefits in this section
- Employee's parent or spouse's serious health condition – employee may use floaters, vacation or unpaid time.

Definition of Leave Year

The Company's leave year is defined as the 12-month period measured forward from the date the employee's first FMLA leave begins. For example an employee would be entitled to 12 weeks of unpaid leave during the year beginning on the first date FMLA leave is taken; the next 12-month period would begin the first time FMLA leave is taken after completion of any previous 12-month period.

Example: FMLA granted on April 1st and employee uses all 12 weeks, employee becomes eligible for another 12 weeks on April 1st of the following year.

Request for FMLA

Employees should notify their supervisor as soon as possible of the need for family medical leave, if the need for the leave is foreseeable. To request FMLA, employees should complete Request for Time Off ([Form No. 4987](#)), as far in advance as possible, discuss the absence with their supervisor, and obtain the supervisor's signature. In the event of an unforeseeable need for an FMLA leave, the supervisor must immediately notify Human Resources.

Health Benefits Continuation during FMLA

During the leave, the Company will continue its contribution to the ALLETE and Affiliated Companies Employees' Medical and Dental Plans. Health Plans will bill the employee for the employee's portion of the Medical and Dental Plan premiums. The employee portion may be deducted from the employee's paycheck if appropriate. If an employee does not return to work following an FMLA leave, the Company may seek reimbursement for its contributions to the Medical and Dental Plans. If an employee chooses not to continue Medical or Dental Plan coverage during the leave, the employee may elect to be reinstated on the same terms as prior to taking the leave.

Vacation use Requirement during FMLA

The Company reserves the right to require the employee to use one-half of their accrued vacation, personal (floating) and banked holidays as part of any unpaid 12-week FMLA leave.

Reporting Time Off

In Labor Reporting, the Family Medical Leave pay code only tracks FMLA hours for administrative purposes. **The FMLA work order does not generate pay for employees.** Time must be coded to the appropriate time off Hour Type and to FMLA. FMLA time off pay codes are: Vacation, Floating Holidays, Banked Holidays, Sick Time, Occupational Illness, Sick Dependent Child and Other Time Off Without Pay.

*The FMLA work order must only be used after an employee has been notified of certification of a “**serious health condition**” for Family Medical Leave status by Human Resources.*

Example:

Project	Task (Work Order)	Hour Type	Hours
See table below Differs by company	See table below Differs by company	Sick Time	8
		FMLA	8
OR			
		Vacation or Floating Holiday or Other Time off w/pay	8
		FMLA	8

PROJECT	TASK (W/O)	Reason
MP	NPTMP	Lost Time
	OINJMP	Occupational Injury
SWLP	NPTSWLP	Lost Time
	OINJSWLP	Occupational Injury
ACE	NPTACE	Lost Time
	OINJACE	Occupational Injury

OTHER TIME OFF

The Company recognizes that an employee may occasionally need time off from work due to personal circumstances other than their own or their dependent child's illness. Each supervisor is expected to determine the acceptability of absences and whether the absence qualified for paid time off. Each case will be evaluated individually; however, the following general criteria will apply.

Funeral Leave

A regular (full-time) employee may be excused from work to attend the funeral of a family member and to address family matters. The employee must notify the immediate supervisor of the requested absence as soon as possible.

Time off with pay will be granted as follows:

- Five (5) working days in the event of the death of an employee's spouse or child.
- Three (3) working days in the event of the death of an employee's parent, sibling, grandchild, mother/father-in-law or son/daughter-in-law.
- One (1) working day in the event of the death of an employee's grandparent, brother/sister-in-law, uncle, aunt, niece, or nephew.
- Four (4) hours will be allowed to be a pallbearer at the funeral of a friend.

Under special circumstances, the supervisor may grant additional time off based on what is reasonable for the Company to allow. This additional time requested should be recorded in Labor Reporting as vacation, personal (floating) holiday, or unpaid leave of absence.

The supervisor may release an employee from work with pay to attend the funeral services of a coworker, dependent on maintaining the operating requirements of the department.

Approved funeral time off should be charged to *Funeral Leave*.

Inclement Weather

Since ALLETE provides an essential public service 365 days a year, around the clock, it is the Company's intention to be open and operating during all normal business hours regardless of weather conditions.

During inclement weather situations, employees are responsible for notifying supervisors if they will be absent or late for work. Any employee who needs to discuss their travel situation or report an inability to get to work should notify their supervisor as soon as possible.

As everyone's situation will be unique, please use personal judgment regarding safety, and do not take unnecessary risks. If you decide to stay home, please notify your supervisor to discuss whether flexible work arrangements are available. If flexible work arrangements are not be available or if you choose to not work that day, your time will be recorded as vacation/floater.

Voting Time

By law, election polls are open for state and national general elections from 7 a.m. to 8 p.m. This should normally give each employee sufficient time to vote outside of working hours. In a circumstance when an employee cannot make arrangements to vote outside of normal working hours, paid time off to vote will be granted with prior supervisory approval.

Jury Duty

Full-time and part-time employees absent from work because of jury or other court duty will receive their regular pay, recorded as *Jury Duty*. Employees engaged in jury duty are expected to give advance notice of an absence and report to work while temporarily excused from attendance at court. Employees are not required to reimburse the Company for the stipend they receive for short-term jury duty.

Political Activities

No paid time off will be granted to attend political conventions, campaign meetings, or any function that supports a political candidate or issue.

School Conferences and Activities (Preschool through 12th Grade)

Employees will be granted up to 16 hours per year of paid time off to attend their dependent children's school conferences, educational activities, graduation exercises, or programs *which cannot be scheduled outside of work hours*. Time off will also be granted to attend a conference or activity of childcare services, preschool, regular or special education program, or to observe and monitor the services of such a program. Any time off as described above, with supervisory approval, should be charged to *Other Time Off With Pay*.

Employees have the option of using vacation, personal holidays, time off without pay, or adjustable work scheduling for extracurricular school activities such as class trips or other events beyond the normal school day.

The employee must notify the supervisor as soon as possible so that provision can be made for the absence and an attempt should be made to schedule the absence so that there is no disruption to the department's operation.

Other Time Off Without Pay

Other Time Off Without Pay will not be granted until an employee has exhausted all time in their vacation bank (zero balance) and used all personal and banked holidays. In the event that an employee is on an unpaid FMLA leave, they will only be required to use half of their vacation bank.

Non-Medical Leave of Absence

A leave of absence is permission to remain away from the job without pay for a specified period of time. It may be requested and granted for reasons and lengths of time which are acceptable to the Company based on the department's work situation and need to maintain continuity of service and operations. The employee's supervisor must approve a leave of absence. A leave of absence that extends beyond 120 days requires vice presidential approval. A leave of absence for a union employee will be granted in accordance with the terms of the Labor Agreements.

To request a leave of absence, employees must complete Request for Time Off ([Form No. 4987](#)), as far in advance as possible. After obtaining supervisory approval, the form should be forwarded to Human Resources.

When an employee returns from a leave of absence, the supervisor must notify Human Resources immediately.

If an employee engages in employment with others while on a leave of absence from this Company, employment with this Company will terminate. All employment rights will be canceled except for any benefit payments due.

Extended Parental Leave of Absence (Maternal, Paternal, Adoptive Parent)

Unpaid leave, beyond FMLA, may be extended with vice presidential approval where department operation is not jeopardized and the leave would not adversely affect efficiency or unfairly impact other employees.

In addition, a full-time employee may request permission to return to his or her assigned position on a part-time basis for a period of time. The employee's benefit base will be affected by the change to part-time status.

Military Encampment Duty

Employees have a right to a leave of absence for the annual military encampment duty, usually 10 working days.

Full-time employees with one or more years of continuous service who are required to attend military encampment are entitled to a military encampment allowance if their compensation from the government is less than the amount they would normally have been paid by the Company.

The following procedures should be used:

- Employee completes the Request for Leave of Absence ([Form No. 4987](#)) and forwards to Human Resources.
- Supervisor ensures employee's time report reflects Other Time Off Without Pay for the encampment period.
- Upon return to work, the employee must promptly send the military pay voucher to Payroll.
- The allowance amount to be paid is the difference between the employee's straight time rate and the military pay on a daily basis. This military encampment allowance is limited to no more than 10 working days in a calendar year.

For any period of encampment exceeding 10 working days in any calendar year, the employee has the option of taking an unpaid leave of absence or using accrued vacation.

Military Activation Leave – if an employee is called to active duty, supervisor must contact Human Resources as soon as possible.

Leave of Absence's Effect on Company Service

The following applies in determining an employee's period of service or seniority for purposes of vacation, group insurance, pertinent salary progression schedules, etc.:

- Prior to completion of 12 months of continuous service, all time off on leave of absence will be deducted.
- Upon completion of 12 months of continuous service, all time off on leave of absence in excess of 30 days (173.33 hours) will be deducted. For an extended leave which begins in one calendar year and ends in the next, all time off in excess of 30 days for that leave will be deducted.

VI. EMPLOYEE DEVELOPMENT

PERFORMANCE APPRAISAL/MANAGEMENT

Performance management is the process that links employee performance to the Company's business strategy. It provides specific opportunities for two-way communication between the supervisor who assigns the work and the employee who performs it, by identifying work priorities and setting measurable goals.

The performance management process can:

- Improve productivity by providing constructive feedback and coaching.
- Clearly communicate what is expected of an employee.
- Promote mutual understanding and commitment regarding expectations.
- Ensure the organization's strategic goals are carried through.
- Link strategic plans and customer expectations to employee goals.
- Identify employees with advancement potential.
- Identify training, growth and development needs for employees.
- Provide an ongoing record of an employee's performance within the Company.

The Company has a formal written process for reviewing performance and establishing future development goals for all non-union employees. Although there is no formal written process for union employees, supervisors of union employees are encouraged to utilize performance management techniques.

A supervisor should never allow unsatisfactory performance to continue without addressing it at the time it is first noticed. If a supervisor is conscientious in giving timely feedback and coaching, performance problems can be resolved before they become more complex employment issues. In addition, the employee will not be surprised by a negative appraisal at the time of formal performance review or by the initiation of Corrective Action, if the performance has not improved.

It is every supervisor's responsibility to ensure those employees under their leadership:

- Understand the Company's strategic plan and current business goals.
- Are aware of their department's strategic plan and annual goals.
- Have current job descriptions and individual performance standards.
- Understand the measures that will be used to assess their performance.
- Have individual personal/professional development plans.
- Are given training opportunities to further their skills and development.
- Are provided frequent opportunities to share their ideas or concerns and receive performance feedback.

TRAINING, SEMINARS, CONFERENCES

Training courses required for a job assignment are fully paid by the Company. Individual departments may choose to send individuals to conferences or seminars at Company expense. The Company will pay employees for training related travel in

accordance with the Fair Labor Standards Act. Supervisors are responsible to ensure that training is appropriate for the individual and related to business needs.

Professional Certification Programs

Costs associated with obtaining a recognized professional certificate may be paid at the Company's discretion. The certificate must be pertinent to the career development of an employee and in the best interest of the Company. Supervisors must pre-approve any certification-related expenses. If expenses are paid by the Company and the certification is not obtained, further attempts at obtaining certification will be at the employee's expense.

Company-Sponsored Training and Development

The Company sponsors workshops and courses for the development of employees. Supervisors are expected to remain current on opportunities available and utilize this resource in career planning with their employees.

Supervisors of shift workers are responsible to make information on workshops and training courses readily accessible and provide alternatives that allow employees to attend training opportunities scheduled during their work shift.

Apprenticeship Program

Certain jobs covered by the Labor Agreement with IBEW Local 31 have approved apprenticeships. Apprenticeship standards have been formulated by the Minnesota Power Joint Apprenticeship Committee representing the Company and IBEW Local 31. The apprenticeship program was established to give employees an opportunity to learn a bona fide trade while developing a high degree of responsibility, skill and observance of safe work practices.

Supervisors may obtain a copy of the Apprenticeship Standards online or by contacting Human Resources. This pamphlet includes an appendix describing the qualifying work experience and requirements for each job classification covered.

EMPLOYEE TUITION PROGRAM

ALLETE values self-development and life-long learning. Our Tuition Program is a benefit designed to support employees in furthering their careers at the Company. Employees may use this benefit to achieve a certificate, diploma or degree at any appropriately accredited technical school, college or university.

Tuition Program Benefit

- Eligible employees may receive up to \$5,250 per calendar year for tuition and course-related fees (lab, materials, technology, etc.) to pursue a certificate, diploma or degree.
- This benefit does not pay for non-course related fees or course-related books, special clothing, tools, equipment or other supplies that may be required by the educational program.

Eligibility

- Full-time, regular employees are eligible after 6 months of continuous employment. Part-time employees who work at least .5FTE hours per year are eligible after 1 year of continuous employment.
- The employee must be meeting or exceeding performance standards and behavioral expectations in their current position.
- Leadership of the employee's department or business unit must be confident that the employee will be able to maintain performance expectations while taking on the additional responsibilities of a post-secondary credential or degree program.

Application and Approval Processes

- The employee must have a current Professional Development Plan (PDP), completed in partnership with and signed by their department leadership.
- The PDP needs to detail how achievement of a particular certificate, diploma or degree will either enhance the employee's performance in their current position or is a requirement for another position the employee wishes to achieve within the Company.
- The employee must be seeking a certificate, diploma or degree that is an educational requirement under a current company job description.
- Only courses taken in progress toward completion of a certificate, diploma or degree are eligible under this Tuition Program.
- The employee must provide a Degree Completion Plan (DCP), developed with guidance professionals at the educational institution he/she plans to attend. The DCP should outline all courses required for the desired certificate, diploma or degree, as well as the sequence and timing of planned courses with an anticipated program completion date.
- The Degree Completion Plan should be updated at least annually and more often if the original plan changes significantly.
- If the employee is seeking financial support for a technical certificate, A.A., A.A.S., B.A. or B.S. degree, he/she should provide a PDP and DCP, plus a completed Tuition Request form (Form 3269), to his/her business unit manager for approval.
- Employees wishing to pursue an additional bachelor's degree or a master's degree must have a specific recommendation from their manager detailing why the additional degree sought is of value to both the employee and the Company. All

second bachelor's degrees and/or master's degrees must be approved by the area vice president.

- The completed and signed PDP (Form 6271), DCP and Tuition Request forms should all be submitted to Human Resources at least 2 weeks prior to the employee's enrollment in courses.
- After all plans and approvals have been received by Human Resources, the employee should register for current classes and immediately submit the registration receipt to Human Resources. Human Resources will make arrangements to pay tuition and course-related fees directly to the educational institution prior to the final due date. The employee is responsible to pay non-course related fees and any amount over the maximum benefit of \$5,250 per calendar year.
- If the employee wishes to pay their own tuition at the time of registration, he/she may receive reimbursement, up to the annual amount allowed, by providing a copy of the registration receipt, fee statement, grades (as described below) and completed PDP, DCP and Tuition Request forms to Human Resources.
- Reimbursement for tuition and course-related fees shall not exceed the total benefit amount of \$5,250 per year per employee.

Program Guidelines

- Class attendance and coursework should be completed outside of the employee's working hours. Leadership may approve attendance of classes offered during work hours, if feasible. In such a situation, the employee will be required to either use earned vacation or flexible holiday time, or to work alternative hours during the same workweek with supervisory approval.
- The number of courses in progress at one time is at leadership's discretion, ensuring that the employee is able to balance the requirements of their job.
- The employee must first use available funding from other sources (scholarships or veteran benefits, etc.) before utilizing this tuition benefit.
- An employee who leaves service for any reason, other than medical disability, will be required to pay back all tuition paid by the company during the previous 2 calendar years. Human Resources will make arrangements with the individual for full reimbursement to the Company within 12 months of leaving service.
- Approved institutions include any appropriately accredited college, university or vocational school. Private consultants and motivation organizations are not covered.
- Fees for CLEP tests or any other conversion of previous knowledge to academic credit are not covered by this program.
- Successful completion (a letter grade of "C" or better, a "pass" in a pass/fail grading system, or a certificate of completion based on a competency exam) is required.
- The employee must submit to Human Resources a grade or satisfactory completion report within 45 days following completion of a course or no later than 6 months from the date of tuition payment.
- If documentation of successful completion is not provided within the above time frame, the employee will be expected to repay the tuition to the Company within 18 months of the related tuition payment. Human Resources will immediately make arrangements with the employee for full reimbursement to the Company.

Taxability of Reimbursed Amount

Current federal law provides that job-related, company-paid undergraduate and graduate education expenses up to \$5,250 per calendar year are nontaxable to the employee. The course taken is considered job-related if it maintains or enhances the skills needed for an employee's current position, without furnishing the requisite qualifications for entering a new trade or business. Human Resources in consultation with the Tax Department will determine the taxability of all tuition payments.

This federal legislation is currently under review and could change at any time. Human Resources will notify employees of any legislation changes.

MEMBERSHIPS AND SUBSCRIPTIONS

Memberships

An employee may seek Company support for membership in an organization whose function is basically job-related. Supervisors are responsible for determining those employees eligible for joining qualifying organizations. Support will be considered for professional societies, trade organizations and local civic groups.

Employees who are members of qualifying organizations are expected to actively participate in the activities of the organization. Supervisors are responsible to periodically review the appropriateness and significance of involvement in the organization.

The Company will pay dues and meal expenses associated with meetings of qualifying organizations. Travel expenses for out-of-town meetings and other expenses may be allowed at the discretion of the supervisor.

Subscriptions

The Company may pay for subscriptions to periodicals, journals, magazines and similar publications which are job-related, and where their availability will result in a direct benefit to the Company. Supervisors are responsible for periodically reviewing the appropriateness and significance of subscriptions in their area.

EMPLOYEE COMPUTER PURCHASE PLAN

The Company recognizes the need to assist in the education and training of its employees in today's changing and increasingly automated work environment. The Employee Computer Purchase Plan is designed to assist employees with the purchase of a personal computer. By owning a personal computer, employees will have the opportunity to:

- Acquire and improve computer literacy skills by means of "hands on" training.

- Be exposed to a full range of software capabilities (i.e., spreadsheets, data base managers, word processing and graphics).
- Become familiar and comfortable with computers and current computer technology.

Eligibility

- Full-time employees are eligible upon completion of their probationary period.
- Part-time employees are eligible after twelve months of continuous service and at least .5FTE worked hours per year.
- Each employee is eligible to finance one personal computer system per three-year loan term.

Description and Administration of the Plan

The Company will loan the employee an amount equal to the purchase price of the equipment and software up to a maximum of \$3,000.00. Loans to employees will be for a term not to exceed 36 months and no interest will be charged. The Plan is administered and coordinated by Information Technology Solutions. Employees will repay the loans through the Customer Information System, unless payment arrangements are amended by the Company. Monthly bills will be distributed via intra-company mail or participant may elect to use the "Electriccheck" system, which is an automatic bill paying system.

Upon termination of employment from the Company for any reason, the remaining amount to be paid to the Company under this Agreement shall immediately become due and payable. At the time the loan is obtained, the employee must authorize the Company to deduct any remaining loan balance from wages or other payments due to the employee if the employment terminates.

The Company intends to offer this Plan to its employees on an ongoing basis; however it may be discontinued at any time. The Plan's continued availability will be dependent upon its effectiveness and benefits derived. Contact Information Technology Solutions with any questions concerning the Plan, equipment or software. A complete copy of the Plan may be found on the ITS homepage, accessed through the MP Intranet, or by calling the ITS department.

Actions Required to Participate in the Plan

Any employee wishing to participate in this Plan should:

- Carefully review the Plan.
- Obtain an invoice or price quote from a vendor showing the hardware/software intended to purchase.
- Fill out the Employee Computer Purchase Plan application.
- Fill out the top of the "Employee Computer Purchase Plan Participation and Loan Agreement" form and sign at the bottom.

- Return a copy of the invoice, application form, loan agreement and supplement (if applicable) to ITS.
- Once approved, a check will be issued payable jointly to the employee and the vendor.

Equipment and Software Included in Plan

Any bona fide computer system and associated software may be purchased under the Plan. All systems must be determined to be true computers and not game or entertainment machines. Purchasing a printer along with the system is strongly encouraged.

Upgrades, Enhancements and Additional Software

Qualifying upgrades and software will be financed in accordance with the Plan (game or entertainment software will not be covered). Total upgrade and software costs will be divided by the number of payments remaining from the time of an employee's initial entry into the Plan. The resulting amount will be added to the existing loan payment. All equipment and software must be paid in full in 36 months after initial entry into the Plan.

Participation and Loan Agreement

A written agreement between the Company and the employee is required. The agreement will outline the responsibilities of the employee, terms of the agreement, payment arrangements and other conditions of the Plan.

Restrictions on Transfer or Assignment of Equipment

Each employee in the Plan agrees that usage of the equipment and software being made available and financed under this plan will be restricted to the employee's own use and that of his/her immediate family. Any reassignment or transfer of the equipment will be a violation of these provisions and will require the employee to immediately pay the Company the remaining amount due on the loan.

VII. EMPLOYEE SAFETY

The Company is committed to a strong safety program, administered with fairness and consistency, to promote the well-being of employees. All employees are responsible for complying with safety rules, practices and procedures, including maintaining property and equipment and promoting good housekeeping habits.

Investigation will be made of all injuries, incidents and close calls to determine cause and recommend corrective action. Statistical data on injuries and incidents will be compiled.

The comprehensive safety program depends on cooperation to prevent injuries and incidents and to work with other agencies to make local communities safety conscious. All employees are encouraged to suggest incident prevention ideas. New protective devices and practices will be investigated, and those applicable to Company conditions will be adopted.

SAFETY PROGRAM

Supervisor Responsibility

All supervisors are responsible for specific safety policies and practices in their work area. These include the following:

- Training employees in safety and health aspects of their jobs.
- Informing employees of the nature and hazards of the materials and equipment they work with.
- Assuring that periodic safety inspections are conducted in their respective areas.
- Assuring that safety violations in their areas are corrected.
- Assuring that safety and health instructions and training are documented.
- Enforcing safety rules and regulations.
- Investigating injuries, incidents and close calls and properly reporting them.
- Personal Injury – see Time Off, Occupational Illness or Injury
- Motor Vehicle Accidents – see Travel/Vehicle Use, Motor Vehicle Accidents

Employee Responsibility

Each employee receives a Safety Rules Manual when they start work. The manual contains simple and basic rules for accident prevention and specific operating procedures for various departments or operating units.

Employees are responsible for following safety rules and reporting potential safety hazards to their supervisors so that corrective action can be taken.

Safety Representatives

Each department selects employees to serve as safety representatives to help administer the safety program. The safety representative's basic responsibilities are to assist the supervisor in promoting safety, caution employees about any unsafe practices, inspect safety equipment, and submit reports to Safety and Industrial Hygiene. Safety and Industrial Hygiene gives each representative a list of specific duties.

SAFETY COMMITTEES

General Safety Committee

This committee is composed of the ALLETE President and Vice Presidents. The committee is responsible for:

- Approving safety policies and participating in the planning of strategic safety objectives for the organization.
- Changing any portion of the safety rules of the Company investigation of all reported injuries and incidents.

The chairperson may call special meetings, or members may be polled at any time for consideration of special matters.

Incident Investigation Team

Safety and Industrial Hygiene will establish an ad hoc team for each major incident which requires investigation. A preliminary report will be prepared within 24 hours of the incident, providing as many facts as can be accurately determined within this time. A final report will be completed within 96 hours, providing detailed information and procedures to prevent future similar accidents.

Joint Safety Committee

This Committee is composed of union and non-union members with equal voting representation. The Committee evaluates and makes recommendations to the General Safety Committee for changes, modification, or adoption of safety rules and to participate in the planning of strategic objectives for the organization. While the total number of members may fluctuate, equal union and non-union representation will be maintained.

Incident Review Committee

This committee is composed of union and non-union members with equal voting representation. The Committee reviews all OSHA reportable medical attentions and National Safety Council reportable motor vehicle collisions to evaluate incident investigation overall quality and the actions to prevent recurrence.

Regional Safety Committees

Membership consists of safety representatives and designated supervisory employees in three regions: Customer Service and Delivery, Generation and Support/GOB and Marketing. Safety and Industrial Hygiene staff are ex-officio members. Meetings are held annually unless otherwise directed by Safety and Industrial Hygiene.

Regional Safety Committees are responsible for:

- Reviewing safety representative reports.
- Discussing injuries and accidents.
- Making recommendations for incident prevention.
- Submitting reports to the General Safety Committee.

Departmental Safety Meetings

Operating departments are responsible for conducting monthly safety meetings for all employees to:

- Discuss incidents, injuries and work practices
- Review safety rules
- Discuss pertinent safety topics
- Recommend safety procedures

All other departments should conduct safety meetings, as necessary, but at least four meetings should be held each year. Safety and Industrial Hygiene is available to provide assistance and resources for departmental safety meetings.

SAFETY EQUIPMENT AND TRAINING

The Company will supply personal safety equipment, safety glasses and clothing when necessary to perform the job. The equipment must be properly used when and where appropriate so that all work is done in accordance with the safety rules.

The Company will also provide safety training that conforms to the standards established by Safety and Industrial Hygiene.

First Aid Kits

The Company provides first aid kits and equipment for temporary assistance in cases of personal injury. All employees should be familiar with the location and contents of the first aid kits so they can offer prompt assistance when necessary.

The kits should be located in every regularly occupied Company building and on every vehicle used by operating employees. Safety representatives are responsible for inspecting and maintaining first aid kits in their departments, unless other arrangements are made.

Safety Footwear

Employees are encouraged to use safety footwear where risk and conditions warrant. The Company will provide partial purchase price reimbursement to support safety footwear usage. Safety footwear reimbursement is available only to employees with occupational foot injury risk. Employees whose primary responsibilities and tasks are accomplished in an office setting are not eligible for the reimbursement program. Supervisors are responsible for reviewing each position to determine eligibility.

Safety footwear reimbursement will be 50% of the purchase price up to a maximum reimbursement of \$100. The supervisor authorizes safety footwear reimbursement using [Form No. 4655](#).

Safety Training

The Company provides safety training for certain operating department employees who are required to be certified in areas listed below. Other employees may also be trained in some of these areas upon recommendation by their supervisor.

- First Aid training
- CPR training
- Blood borne pathogen training
- Four-hour CPR refresher course
- Pole top/bucket rescue
- Respiratory protection and screening
- Employee Right to Know
- Forklift training
- Back injury prevention
- Confined space entry
- AWAIR Training
- Noise Training
- Fire Extinguisher Training
- Hazardous Waste Operations
- Asbestos Awareness Training
- Personal Protective Equipment
- Equal Potential Protection
- Lockout/Tagout
- Process Safety Chlorine
- Electrical Safety Training

Safety Eyewear

The Company provides safety eyewear for employees who work in or pass through active operating, construction, or maintenance areas.

Safety eyewear is available only to employees with occupational eye injury risk. Supervisors are responsible for reviewing each position to determine eligibility. Safety eyewear is authorized using [Form No. 4751](#).

FLAME-RESISTANT APPAREL REIMBURSEMENT PROGRAM

Employees must wear flame-resistant apparel where risk and conditions warrant. The Company will provide designated initial apparel with partial purchase reimbursement to support flame-resistant apparel replacement.

Eligibility

Flame-resistant apparel reimbursement is available only to employees who are exposed to hazards of electric arcs. Employees whose primary responsibilities and tasks are accomplished in an office setting are not eligible for the reimbursement program. Supervisors are responsible for reviewing each position to determine eligibility.

Reimbursement Allowance

Flame-resistant apparel replacement or repair reimbursement will be 75% of the purchase price up to a maximum reimbursement of \$525 annually. The supervisor authorizes flame-resistant apparel reimbursement. A catalog of apparel, order forms and the Supervisor Approval Form can be found on the Safety homepage (under Written Programs), accessed through the MP Intranet, or from the Safety Department.

Restrictions

Flame-resistant apparel must meet ASTM F1506-97 Test Method 5903. Designated Initial Apparel:

- Indoor Workers
3 shirts and 3 pants, or 3 uninsulated coveralls
- Outdoor workers
3 shirts and 3 pants, or 3 uninsulated coveralls
1 lightweight jacket
1 insulated parka or jacket
1 insulated bib or 1 insulated coverall

Employees accepting a position requiring flame-resistant apparel shall receive designated initial apparel.

VIII. EMPLOYEE EXPENSES/RECOGNITION/VEHICLE USE

SUMMARY

This Employee Expense Policy is to ensure that expenses are prudent, reasonable and for the safe and efficient conduct of business. Reasonable expenses are business-related and based on sound business judgment. Employees must provide a detailed business purpose, submit original itemized receipts for all expenses and receive supervisory approval.

EMPLOYEE EXPENSE OVERVIEW

Employees may incur reasonable business-related expenses that are chargeable to the Company or reimbursed upon appropriate supervisory approval. Employees are expected to use sound business judgment and plan travel and other business-related expenses to minimize costs. Most of these costs should be charged on the employee's corporate credit card. Other small out-of-pocket expenditures may be reimbursed through the use of expense reports. Infrequently, expenditures may be paid for via vendor invoices. Invoices must contain the appropriate work order, cost type, and business purpose prior to appropriate supervisory approval.

The policies included below and the procedures included in the Corporate Credit Card and Employee Expense Policies & Procedures Manual must be followed carefully to ensure compliance with Generally Accepted Accounting Principles (GAAP), Internal Revenue Service (IRS), other government regulations and regulatory requirements, as well as, to maintain good controls to safeguard Company assets (cash and credit cards) against loss from unauthorized use. This manual can be found on the intranet site under Policies, Procedures & Manuals.

RATEPAYER IMPACT

A significant portion of ALLETE consists of regulated utility operations. As such, both Minnesota Power and Superior Water Light & Power are subject to regulatory review to ensure that the utility rates they charge their customers are reasonable and deemed necessary for the provision of utility service. Thus the impacts on Minnesota and Wisconsin ratepayers should always be considered when incurring and charging an expense.

Expenses incurred while working on regulated operations (such as Minnesota Power, Superior Water Light & Power) should be charged to a regulated work order. Expenses incurred while working on non-regulated operations (such as BNI Coal, ALLETE Properties, non-regulated business development) should be charged to a non-regulated work order. The Company has also determined that entertainment expenses will not be charged to ratepayers (as specified in Entertainment Events and Meals below); therefore, the correct cost type and a non-regulated work order must be used for all costs associated with entertainment expenses. *Contact Accounting with questions on the proper use of accounts.*

CORPORATE CREDIT CARD

All ALLETE employees who travel on Company business and/or are authorized to make minor purchases for Company business may be issued a corporate credit card. They must, however, have supervisory approval, complete the Request for New Account Form (Form 4969) or ALLETE Clean Energy (Form 4969a), sign the Minnesota Power Corporate Credit Card Agreement (Form 6218) or ALLETE Clean Energy Corporate Credit Card Agreement (Form 6518a), and complete the required training. Accepting the card and signing the agreement requires compliance with the guidelines and procedures set up for the Corporate Card Program contained in the Corporate Credit Card and Employee Expense Manual and included herein. Failure to comply with the published guidelines and procedures may result in disciplinary action, up to and including termination of employment.

Employees are strongly encouraged to use the corporate credit card whenever possible and appropriate. Key benefits to ALLETE of employees using the corporate cards include improved cost control and monitoring, elimination of costly processing for small dollar invoices and the receipt of company rebates/credits from the credit card vendor. If used properly, the key benefits to employees of using the corporate card include convenience, security and flexibility. Once provided with a corporate credit card, employees are requested to submit manual employee expense report only when necessary. Contract workers and interns are not allowed to have corporate credit cards; they may seek reimbursement for expenses through an expense report.

All credit cards are issued at the request of the potential cardholder's supervisor/department head. The next level of management (above the cardholder) establishes a single transaction dollar limit and a monthly limit for the card; however, limits must be within corporate guidelines. The single transaction dollar limits are generally set up to match the employee's needs with a maximum \$3,000 with supervisory approval – which includes sales tax and shipping/handling charges (exception: the limit does not apply to travel expenses). Splitting transactions that are greater than the assigned limit is not allowed. If an employee is required to make a purchase that is greater than the assigned limit, he or she must notify the Purchasing Department for a one-time authorization. All purchases exceeding \$3,000 require competitive bidding through Purchasing. Employees are prohibited from using the card to avoid the established competitive bidding process. Employees should review the quoting policy in the Purchasing Manual found on the intranet site under Policies, Procedures & Manuals prior to incurring an expense greater than \$3,000.

A Corporate Card must be used for Company business expenses only. The credit card is issued in the name of the cardholder and no one except that cardholder may use the card. The cardholder is held accountable for all charges on his/her credit card and must promptly report all fraudulent charges. It is imperative that cardholders follow written procedures for lost, stolen or damaged credit cards. Credit card use may be audited and/or rescinded at any time.

If it is unavoidable or prudent to incur minimal personal charges on a Corporate Card, employees must reimburse the Company immediately upon receipt and reconciliation of their monthly corporate credit card statement for any personal charges they incur.

For further information on the corporate credit card policy, see the Corporate Card and Employee Expense Policy & Procedure Manual located on the intranet page under Policies, Procedures & Manuals.

EXPENSE REPORTS

Employees are encouraged to utilize the Corporate Credit Card Program as much as possible; however, for those times when an employee has to use personal funds for authorized and appropriate business-related out-of-pocket expenditures, reimbursement should be requested using an expense report. Each employee is to include only his or her expenses on an expense reimbursement statement. Supervisors may include on their expense statements, minor expenses for their employees who do not ordinarily submit an expense report.

EXPENSE ADVANCES

Cash advances for travel expenses or reimbursement of travel expense prior to the filing of an expense reimbursement statement are not allowed unless approved by the appropriate vice president.

CREDIT CARD RECONCILIATIONS/EXPENSE REPORT SUBMITTAL AND APPROVAL

Credit Card Reconciliation and Expense Report Submittal

All credit card reconciliations and expense reports must have all original valid receipts attached for all expenses when submitted to the supervisor for approval. Original valid receipts must contain an itemized list of all items purchased and the total cost for all of the items.

Credit card reconciliations are due within 30 days of statement download into Oracle iExpense. Accounts with delinquent reconciliations of >60 days will be suspended until all reconciliations, including current month, have been approved by Accounts Payable. After two suspensions, vice president approval is required for card reinstatement.

Expense reports should be processed and submitted as soon as possible after the expenses are incurred, but no later than 60 days from the date of the expense. Prompt processing ensures accurate cost reporting and efficient payment of expenses to employees.

Sufficient documentation of allowable expenditures incurred while conducting Company business must include the business purpose, dates, places/locations and persons

involved. The documentation of the business purpose allows the Company to meet IRS regulations, internal control needs, and regulatory requirements for proper recording of expenditures. Mileage reimbursement must also disclose the point of departure, the destination and the total miles for each trip.

Employees must ensure that expenses are charged to the correct cost type and work order. Employees should contact their accounting representative for further information.

Lost Receipts

If a receipt is lost or not available, the employee must complete and submit Form 6320 to supervisor for approval, verifying the legitimate travel and/or business expense. This documentation then serves in place of an original receipt.

Credit Card Reconciliation and Expense Report Approval

The employee's supervisor must approve reconciliations and reimbursement for employee expenses to ensure:

- Transactions are appropriate and all company policies and procedures have been complied with.
- Employee has a detailed valid business purpose for all transactions on the form.
- The correct work orders have been assigned.
- Employee has attached all original itemized receipts for all items purchased.

After the review and approval is complete, supervisors then submit reconciliations, expense reports and all original receipts to Accounts Payable.

TRAVEL ARRANGEMENTS

Employees may need to travel for business, either occasionally or frequently. The following guidelines for Company travel advise employees of their responsibilities and the Company's expectations of them. The Company will reimburse the employee for reasonable and appropriate business expenses. Personal expenses are not recoverable.

Before booking any travel arrangements, employees must determine the business need for the trip, considering less costly alternatives such as teleconferencing or other conferencing options. Supervisory approval is required for travel and related business expenses prior to the event.

Employees should use contracted travel providers when available. Contracted travel providers are available for airlines, hotels and rental car companies and can be accessed through the travel management company Corporate Travel Solutions. All travel arrangements and reservations should be made through the travel management company to ensure use of negotiated financial benefits.

COMMERCIAL AIR TRAVEL

Corporate Travel Solutions (CTS) is contracted by ALLETE to handle all airline travel for all employees. Employees must use the company's online booking tool or travel agency services when making air travel arrangements to take advantage of negotiated financial savings and the tracking of unused or cancelled airline tickets. Declined fares and exceptions to the lowest fare are captured automatically and will be reported to the Purchasing Manager. Travel arrangement decisions should not be based on availability of upgrades, frequent flyer awards, bonus points, etc.; they should be based on lowest available fare within a reasonable timeframe and route. The travel management company is not authorized to book first-class or business-class air travel, and related expenses are not reimbursable.

Employees are responsible for making their own travel arrangements through CTS either by contacting a service agent or using their online booking tool called Cliqbook. Employees can link to CTS through the Intranet page, under Employee Center, Online Travel Services. All employees traveling will be required to complete a Traveler Profile which will include personal travel preferences and other critical information required for making reservations.

Last-minute arrangements, changes and/or cancellations should be avoided whenever possible as they substantially increase travel costs and frequently result in penalties.

Cancellation of reservations is the responsibility of the employee either directly with the airlines or by notifying CTS. Full fare airline tickets are refundable. Cancelling non-refundable airline tickets results in a credit with the airline for the traveler. CTS tracks all credits and will apply the individual credits to the employee's next trip upon request. These credits are not transferable to other employees and must generally be used within one year for business travel only.

Employees should call the following numbers to arrange travel and for questions:

Corporate Travel Solutions/American Express

Phone: 218-722-9072 or 800-444-9072

After hours emergency service – 800-358-1639 (24 hours a day/7 days a week)

Office hours of operation 8 am–5 pm CST Monday–Friday

Frequent Flyer Miles

Frequent flyer miles accrued when traveling on company business may be used for upgrades, business or personal travel. However, choosing a particular supplier to maximize personal frequent flyer miles is not permitted. Expenses related to frequent flyer programs are not reimbursable by the Company.

Combined Business & Pleasure Travel

When combining personal and company travel, the business trip portion must be booked through the travel management company (i.e., CTS). The personal travel

portion also may be booked with the travel management company; however, all personal travel costs must be paid for separately by the employee.

Automobile Rental with Commercial Air Travel

Enterprise Rental is the Company's selected automobile rental agency for local travel. National Car Rental or Enterprise should be used in all cases involving air travel, unless they are not available in a certain area. See "Rental Vehicles" for information on rental options for local travel. A driver's license and a credit card are required. Corporate credit cards should be used whenever possible for business travel. Links to National and Enterprise websites are located on the Company Intranet homepage.

NOTE: Employees are responsible for rental fees and their own insurance coverage on any personal days of the trip.

Employees should rent cars only when other means of transportation are more costly or impractical. Mass transit is available in many cities and may be a less expensive and more efficient mode of transportation than a rental car. Likewise, taxis or hotel shuttles may eliminate the need for rental cars if additional ground travel is not expected during the trip. In some cases, a limousine service may be more economical or feasible, depending on the employee's final destination. The employee should make all efforts to be flexible, to select the lowest cost-option that is reasonably convenient and which does not compromise personal safety.

Business Travel Accompanied by a Spouse

When a companion accompanies the employee on a business trip, the companion's expenses are generally paid by the employee. All expense reports requesting the company pay for spousal travel must include appropriate documentation. This should be approved in advance by the Chief Financial Officer and include a brief explanation as to why the spouse's attendance is required. All approved charges should be recorded to Spouse/Dependent and Personal Charges cost type #3400 (for non-executives) or #3409 (for executives) and will be reflected in the employee's taxable income.

Limiting Air Travel Risk

A major catastrophe involving a number of Company employees could be detrimental to the continued successful operation of the Company. The following guidelines for joint travel (either on commercial airlines or Company aircraft) should be followed:

- No more than three of the following positions will travel jointly:
 - CEO
 - Senior Vice President of ALLETE or Minnesota Power
 - Chief Operating Officer of Minnesota Power
 - Controller
- No more than three officers and/or directors from within the same area will travel jointly.

NON-REIMBURSABLE TRAVEL EXPENSES

Non-reimbursable expenses include:

- Incremental expenses incurred as a result of personal stopovers, weekend side trips or other personal travel scheduled within or around the business itinerary.
- Excess baggage charges for personal items (excluding bag fees required by the airline such as for the first checked bag), personal grooming, health-related expense (except for emergencies not covered by the employee's medical insurance program), late payment fees associated with reimbursement for use of personal credit cards, personal travel insurance, loss of cash advance money or personal funds, dependent care expenses, and household expenses incurred during an employee's travel.
- Purchase of luggage, clothing or other personal items is not reimbursable. If items are lost in transit, employees should replace items, attempt reimbursement through airlines (or other vendors), then via homeowners insurance.
- Traffic/parking fines, towing, court costs, airline club memberships, class upgrade charges for airline (excluding premium seat upgrades), personal entertainment expenses, personal gifts, personal reading materials, airline headset rental, etc.

COMPANY AIRCRAFT USE

The Company uses its own aircraft for some transportation. Use of the Company's aircraft must be approved by a vice president prior to travel. Employee should contact the Aircraft Coordinator and complete [Form No. 3597](#) for travel arrangements.

MEALS AND ENTERTAINMENT

The Company reimburses employees for reasonable meal expenses, which include food, non-alcoholic beverages, alcoholic beverages and associated taxes and tips. Employees should consider the following:

- Tips and gratuities should be reasonable in relation to the locale visited and commensurate with the service performed.
- Employees are to fully consider the appropriateness of alcohol and the company's liability when serving and/or consuming alcohol. Employees must comply with the company's fitness of duty provisions, which are outlined in Section II. Company Practices. Employees who drive commercial motor vehicles are subject to the requirements of the Department of Transportation concerning drugs and alcohol.
- Employees must ensure that expenses are charged to the correct cost type and work order. Employees should contact their accounting representative for further information.

Travel Meals

While traveling, up to three meals a day may be reimbursed. Travel Meal documentation must include the purpose for the travel. Travel Meals related to approved professional organizations, industry or trade associations are reimbursable.

Business Meals

Business Meals with employees and non-employees that are not associated with travel and principally benefit the company may be reimbursed if the business cannot be reasonably conducted during regular business hours and has a valid business purpose. Meals to discuss casual business matters will not be reimbursed.

If meals are for a large group, documentation should specifically describe the group in attendance (such that the names/relationships could be determined). Meals will not be reimbursed without proper documentation. An employee may include on his or her expense report expenses for larger team meetings where supervisors are in attendance with other staff members and charged to a subordinate's corporate credit card. Otherwise, when two or more employees are in attendance for a meal meeting for company business, the highest-ranking employee must submit the costs for reimbursement.

Business Meals related to approved professional organizations, industry or trade associations are reimbursable.

Business Meal documentation must include the business purpose, name of those in attendance, and affiliation/company of non-employees.

Every effort should be made to use contracted corporate agreements for food and beverages purchased for business meetings.

Entertainment Events and Meals

Entertainment Events and Meals include tickets for sporting events, other ticketed entertainment, recreational events (e.g., golfing, fishing, resort activities, etc.) and associated expenses. Any expenses associated with entertaining employees or non-employees are reimbursable only when the principal purpose of the activity benefits the company.

Entertainment Events and Meals documentation must include the business purpose, name of those in attendance, including affiliation/company of non-employees.

The Company has determined that entertainment expenses will not be charged to ratepayers; therefore, a non-regulated work order and the correct cost type must be used for all costs associated with entertainment including tickets, food, and beverages, etc.

BUSINESS MEETINGS/EVENTS

Whenever possible, business meetings should be held on Company property and limited to business requirements.

Every effort should be made to use existing contracted corporate agreements or contracted hotels for off-site business meetings and events.

LODGING

Employees are encouraged to book hotels with their airlines tickets when using Corporate Travel Services. This is part of the fees paid for airline tickets. These hotels should be used whenever possible for overnight accommodations on business trips when the contracted property is close to the employee's final destination. Where negotiated discount rates are not available, the travel management company (i.e., CTS) will recommend good quality, moderately-priced hotels.

When making room reservations, corporate rates or the lowest available rate at check in should always be requested. Often hotels will reduce rates unexpectedly based on low occupancy.

Employees may be able to secure lower rates by supplying individual travel club information. Employees should include this information on their travel profile to ensure that the travel management company (i.e., CTS) can access those rates at the time of booking.

Cancellations must be made to avoid billing for unused rooms. Employees should contact the travel management company (i.e., CTS) to make cancellations. Employees who must cancel a reservation on their own should note the cancellation number and hotel contact person. The Company will not reimburse "no-show" charges. Employees should keep cancellation and reservation numbers for billing purposes. All charges for rooms should be paid using the corporate credit card whenever possible.

Employees who are attending an off-site meeting and reside in the same local area should commute to and from the meeting rather than stay in a local hotel, unless the length of the meeting or commute time represents an undue burden. Generally, if the meeting location is less than 50 miles from an employee's home, a hotel expense will not be approved. If an employee feels this is an undue burden, he or she should discuss this with his or her supervisor who may approve other arrangements.

For conference and hotel arrangements, employees should consider whether the hotel is reasonably priced and location allows for the safe and efficient conduct of business.

NOTE: Employees are responsible for hotel accommodations for personal days of the trip.

GROUND TRANSPORTATION AND PARKING

Employees may select ground transportation, using their personal vehicle, over commercial air travel, provided the expenses are less than the lowest available round trip airfare that would have been scheduled for the employee by the company travel

agency. Employees should consider whether the transportation costs are reasonable and allows for the safe and efficient conduct of business.

- When evaluating costs, you must include expenses associated with the trip to and from the airport and any costs associated with car rental or ground transportation at the business destination.
- When using a personal vehicle, the standard approved mileage rate for the most direct route to and from the business destination, plus meals and lodging expenses for the travel time, should be included for comparison purposes.

Approval for selecting ground transportation over air travel must be obtained in advance from your supervisor. All expenses must be supported with appropriate original receipts and documentation, and reimbursement will be for the employee share only.

Documentation of the lowest available round-trip airfare provided by the company travel agency must be included with the request for reimbursement.

MOTOR VEHICLE USE

For motor vehicle use, the company provides two options for employees: rental vehicles or use of personal vehicle.

When using rental vehicles, refer to the Intranet page, under Employee Center, Online Travel Services and reference the Rental Vehicle section found below.

When employees use personal vehicles for Company business, they must have a valid driver's license and vehicle insurance according to the rules and laws of the state. They will be reimbursed as explained under the section Personal Vehicle Use found in this document.

- Employees must abide by all traffic regulations, federal, state, and local laws, ordinances and Company safety regulations while operating any vehicle on Company business.
- All occupants of any vehicle being operated on Company business are to wear their safety belts.
- Headsets (connected to radios, tape players, etc.) are not to be used by a driver when operating any vehicle on Company business. Headsets for cellular phone use are permitted.
- The Company is not liable for injury to a passenger who is in a vehicle and who is not a party to the Company business being conducted or for damage to such passenger's personal property or possessions. The Company is not liable for injury to persons or for damage to property that occurs outside the "course and scope" of Company business.

Violations of this motor vehicle use policy include, but are not limited to, unauthorized use, abuse or neglect of Company policies, discourteous driving, violations of traffic

laws, and/or falsification of reimbursement information. Infractions could result in discipline up to and including termination of employment.

Rental Vehicles

Employees involved in temporary project assignments, out of service area business or overnight travel may, with supervisor approval, obtain a rental vehicle. Refer also to instructions in the Supervisor's Guide. Interns, temporary employees through an external agency, and contractors are not authorized to rent vehicles under the Company contract.

The Company has pre-arranged agreements with Enterprise Car Rental for Duluth based travel. Employees are encouraged to utilize Enterprise or National Car Rental for travel outside of the Duluth area. Rental vehicle size should be requested based on business needs. Mid-size cars are standard. A link to the Enterprise website is located on the Company Intranet homepage. Follow the instructions listed on the website to rent a vehicle.

- When a rental vehicle is picked up, always check the condition of the vehicle. If it shows evidence of previous damage, do not accept the vehicle without notifying the rental agency.
- ALLETE is self-insured for rental vehicles. To assure coverage, it is essential that ALLETE's name be listed on the rental agreement. If the employee uses his/her Company corporate credit card to rent the vehicle, the Company name will be on the rental agreement.
- In the event that an employee has an accident in a rental vehicle, the employee should notify the rental company and ALLETE's Claims Department as soon as possible.
- Personal use of vehicles rented for business use should be minimal.
- Employees are responsible for rental fees and their own insurance coverage on any personal days of the trip.
- Only Company employees are authorized to drive a rental vehicle.

Employees should not accept additional car insurance for rentals in the United States. The Company's self-insurance policy and the bank issuing the corporate credit card provide this coverage. A Self-Insurer Identification Card showing the self-insured status can be obtained from the Purchasing Department. When renting a car outside the United States for business purposes, employees should purchase the liability and physical damage insurance coverage.

If the employee rents a car for both business and non-business travel during the same rental period, he or she may wish to purchase the additional insurance coverage for the non-business portion of the trip. Employees will not be reimbursed for this expense.

Rental cars should be refueled before return to avoid high fuel costs. If it is known ahead of time that refueling will not be possible and considerable driving is expected, an

alternative may be to purchase gas from the car rental company at time of rental pick-up. Advance purchase of the full tank is generally at local gas station rates.

Personal Vehicle Use

All employees who use a personal vehicle for business must comply with the following :

- Have a valid driver's license.
- Carry at least the minimum insurance coverage as required by law.
- Have an insurance policy covering the vehicle being used for business travel.
- Employees consistently using their personal vehicle for business travel should discuss this vehicle usage with their personal automobile insurance agent.
- Employees driving in excess of 9,000 miles per calendar year are required to carry additional insurance and be able to provide proof of insurance upon request.
- Should an employee be involved in a motor vehicle accident with a personal vehicle, the employee's insurance company is the responsible party. Any litigation arising from the accident is the responsibility of the employee's insurance company/agent.

If there is reason to believe an employee has inadequate or inappropriate coverage, the supervisor may require the employee to provide proof of insurance.

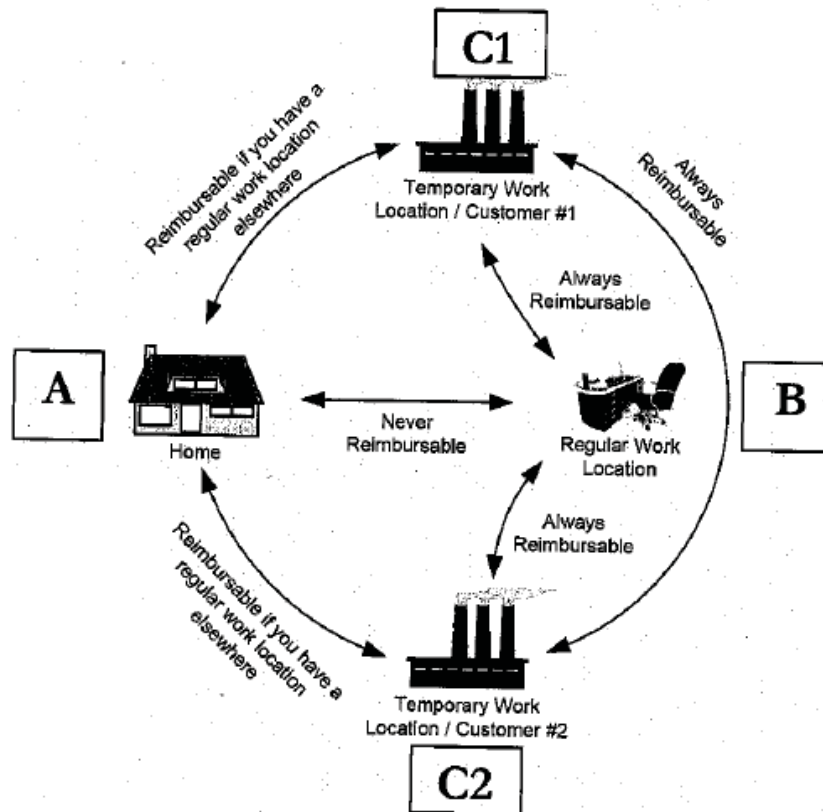
The Company reserves the right to request a Motor Vehicle Report (MVR) for any employee. The MVR shows the employee's driving record including all driving incidents for the last four (4) or more years.

The Company will reimburse employees for the use of personal vehicles at the current allowable IRS rate per mile. Supervisors are *not authorized* to reimburse employees over and above either Company plan or to create any special arrangements or conditions without the approval of both Tax and Human Resources.

Mileage

Per IRS guidelines, private automobile travel will be reimbursed based on the approved mileage rate for employees using their own vehicle for company business. For documentation purposes, employees must disclose the point of departure, the destination and the total miles for the trip. Employees should be aware that if mileage is paid but is not reimbursable under IRS guidelines, that reimbursement to the employee is taxable income per IRS regulations.

The following illustration depicts the rules used to determine if ground transportation expenses are reimbursable.



Expense reimbursement scenarios:

- Between home (A) and regular work location (B), whether by car or bus, is never reimbursable.
- Between home (A) and temporary work location/customer (C1 or C2), if you have a regular work location elsewhere, is reimbursable. The amount of reimbursement is the lesser of: 1) the distance from your home to the temporary work/customer location or 2) the distance from your regular work location to the temporary work/customer location.
- Between regular work location (B) and temporary work location/customer (C1 or C2) is always reimbursable.
- Between two or more temporary work locations/customers (C1 or C2) is always reimbursable.

Definitions:

- Home – this is the place where you reside. Transportation expenses between your home and your main or regular work location are personal commuting expenses.
- Regular work location – your principal place of business.
- Temporary work location – this not your regular work location, but another company or off-site location to which you travel to perform work-related activities or to attend meetings or events. Travel to this location is for a year or less.

All of the above rules also apply on weekends; therefore, mileage incurred from home (A) to regular work location (B) is NOT reimbursable on the weekend.

PARKING

For the selection of airport parking or parking associated with business-related events, employees should consider whether the parking fees are reasonably priced, and location allows for the safe and efficient conduct of business.

Parking for a business-related activity is reimbursable only if the amount incurred is outside the employee's normal work location or if parking at the employee's work location is pre-approved. If an employee's parking at his or her normal work location is pre-approved, any amount reimbursed over the IRS limit is taxable.

The following parking expenses are not reimbursable:

- Expenses paid to park employee's car at his or her normal work location, when this expense is not pre-approved.
- In and out expenses associated with parking garages if incurred at a normal work location, and there is no related-business purpose.
- Parking tickets or expenses associated with towing a vehicle.

PERSONAL COMMUNICATION DEVICES

While traveling, personal telephone calls of a reasonable duration and frequency are reimbursable as long as the employee uses the most economical means available. Employees traveling should make business-related phone calls from company locations whenever possible, and/or use a calling card or personal cell phone whenever possible to avoid direct call fees from hotels or other public locations that charge high rates.

Employees who are eligible to be reimbursed for cell phone and data usage will be reimbursed through expense reports and must provide adequate original documentation supporting the expense. The employee also may have business personal communication expenses charged directly to their corporate credit card. Original receipts supporting the cell phone and data charges are required for reimbursement.

Additional information on Personal Communication devices can be found in Section II. Company Practices, Cellular Devices.

EMPLOYEE RECOGNITION GIFTS, BONUSES, AND AWARDS

It is important for supervisors to recognize the efforts of their employees. Recognition should be appropriate and reasonable for the work performed and meaningful to the employee. Employee recognition expenses need to be reasonable in amount, have a business purpose, and be compliant with the Code of Conduct. Employee recognition, gifts, and bonuses include High Performance Awards, Extraordinary Compensation, Spot / Project Bonuses, Gift Cards, Non-Monetary Gifts and Safety Awards, Special

Time Off with Pay, Recognition Meals and Events, and other employee recognition. The correct cost type and work order must be used for all Employee Recognition Expenses. Certain types and amounts of expenses must be approved by the department's vice president and/or the Chief Executive Officer.

High Performance Awards

High Performance awards may be considered to reward outstanding performance and results. As part of the annual review process 0.75% of the total annual nonunion, non-management payroll is allocated for lump sum high performance awards, typically payable in 1st quarter of the year following. The performance appraisal should detail the performance that substantiates the award. As a general guideline, High Performance Awards are designed to reward the top 5-10% of nonunion/non-management employees. Nominations for High Performance Awards should be submitted to the department's vice president.

Extraordinary Compensation

Special compensation plans may be developed for key individuals prior to a project that is long in duration and is strategic in nature (ie. Bison, Boswell Environmental Retrofit). These plans are structured prior to the start of a project and typically incorporate payout based on attainment of milestones. The monetary award should be comparable with the level of accomplishment.

Spot and Project Bonuses

Spontaneous and timely spot bonuses in the form of a lump sum check may be made to employees to recognize extraordinary efforts and accomplishments, going above and beyond normal job duties for the good of the Company and special recognition for a job well done. The monetary award should be comparable with the level of accomplishment.

Gift Cards

Gift Cards are used for recognizing employees who have added exceptional value to the organization through day to day excellence and effort. The amount of a gift card should not exceed \$250.00. Gift Cards must be purchased through the Minnesota Power Employee Credit Union by using Form 6151 – Minnesota Power Gift Card Control Record (available online on the intranet page). VISA Gift Card requests require approval by supervisor or above. All gift cards are considered taxable income to employees for Federal, State, FICA and Medicare tax purposes. However, when payroll records the gift card as income to an employee, the amount of the taxable income will be increased to offset the additional tax deductions. Under IRS code, all cash awards are taxable and gift cards are equivalent to cash. Gift Cards are to be treated as cash and must be safely secured. Gift Cards for recognizing service and retirement are awarded through the Service Award program administered by Human Resources. Gift cards for these reasons should not be purchased by individual departments through this program.

Non-Monetary Gifts and Safety Awards

On occasion, departments may want to recognize their employees with a specific gift. Gifts for life events, such as flowers for a birth, funeral, etc., should be limited to immediate family members. Gifts given from one employee to another employee will NOT be reimbursed. If the total cost of all non-monetary awards received by an individual exceeds \$1600 per year, the amount that exceeds the limit is taxable to the employee.

Non-Monetary Gifts – Under IRS code, non-monetary gifts that are a de minimus amount are non-taxable. As a general guideline, \$75 or less per quarter would be considered de minimus. If the value of the gifts in the quarter exceeds \$75, the entire value of all gifts is taxable earnings to the employee and is taxed at the employee's current W-4 election. Whenever the value of gifts given to an employee exceeds \$75 in one quarter, the supervisor must notify the Payroll Department. Visa Gift Cards do not qualify as non-monetary gifts as they are considered by the IRS to be the same as cash and thus taxable.

Safety Awards – An individual's safety award cannot exceed \$400. If awards exceed these limits, they must be considered taxable. The safety award items must be of tangible personal property and awarded in a meaningful presentation.

Special Time Off With Pay

The Company supports granting reasonable amounts of paid special time off in recognition of the extra effort of diligent and dedicated exempt employees who have worked unusual amounts of unpaid overtime. The amount and scheduling of special time off with pay is determined by the supervisor, based on considerations of departmental workflow, merit, and continuation of customer service. Employees who are granted special time off should charge their time to Other Time Off With Pay.

This privilege is not entitlement nor is it the intention that unpaid overtime hours worked be accumulated or special time off be granted on an hour by hour basis.

Recognition Meals and Events

Recognition Meals are meals incurred to recognize one or more employees for work-related accomplishments. This guidance should also be followed when seeking reimbursement for Recognition Events such as retirement or service anniversaries, etc. Recognition meals and events should be appropriate, reasonable, modest but meaningful. Employees should talk with their supervisor to determine what is reasonable.

Recognition Meal documentation must include the business purpose and name(s) of attendee(s).

Employees must ensure that all expenses associated with recognition are charged to the correct cost type and work order.

Other Employee Recognition

The Company recognizes employees for their on-going contributions to the Company in the form of service awards and retirement awards. These award programs are administered by ALLETE's Human Resources department.

Other Employee Recognition includes tickets for sporting events, other ticketed entertainment, and recreational events (e.g., golfing, fishing, resort activities, etc.) and requires approval by the department's vice president or director. Other employee recognition costs such as meals, gifts, awards and other associated expenses may be approved by the department's manager. Employee Recognition Expenses need to be reasonable in amount, have a business purpose, and be compliant with the Code of Conduct. The correct cost type and work order must be used for all Employee Recognition Expenses.

COMPANY-OWNED MOTOR VEHICLES

A Company-owned motor vehicle should be stored at a Company location unless other arrangements have been made with his/her supervisor or with Transportation Department. Based on job requirements, an employee may be authorized to take a Company vehicle home overnight.

- A Company-owned vehicle assigned to one employee may be used by another employee for Company business.
- It is prohibited to allow passengers other than employees to ride in Company vehicles without permission from the employee's supervisor.
- Driving of Company-owned vehicles by non-employees is not permitted except under special advance authorization by the supervisor.
- Company-provided vehicles are not to be used for personal business of any type without specific permission from the employee's supervisor and Transportation.
- Radar detectors are prohibited from use in Company vehicles.
- Employees shall not disable, modify, or otherwise tamper with any vehicle safety device in or on Company vehicles, including but not limited to, supplemental restraint systems (airbags). Vehicle safety devices include those devices installed by the vehicle manufacturer or the Company.
- Equipment may be added to Company vehicles only after written approval by the appropriate supervisor and must be coordinated through the Transportation Department.
- Company-provided vehicles are smoke-free and smoking is not allowed in any Company vehicle.
- Costs incurred from the use of Company-provided vehicles as well as other forms of transportation (rental car, taxi or bus) are to be charged to the appropriate work orders.

Policy on Taking Company-Owned Motor Vehicles Home Overnight

Approval for employees to take Company vehicles home overnight is at the discretion of the employee's supervisor and is decided on a case-by-case basis.

Only those vehicles that are controlled by the Company and have a Gross Vehicle Weight Rating (GVWR) of less than 10,000 pounds are eligible for home travel under this policy.

The first 10 miles to and from work are not charged to employees or up to 20 free miles each day. Employees will pay \$.15 per mile for every mile over 20 that the employee would normally drive between his/her regular work location and home. The per mile rate will be adjusted annually based on the Company's Fixed and Variable Rate Reimbursement Plan. This daily number of miles is fixed and driving to or from any area other than his/her regular work location and the place where the employee resides does not alter this rule.

It is each employee's responsibility to comply with the following procedures when taking a Company vehicle home overnight:

- Only employees of ALLETE are allowed to ride in Company vehicles.
- Outside errands are not allowed when using a Company vehicle unless approved by supervisor.
- Vehicles must be legally parked at all times. Tickets received for illegal parking are the responsibility of the employee. See also areas of the Transportation Motor Vehicle Policy Manual referring to use of Company vehicles.
- Vehicle head bolt heaters must be utilized if existing weather conditions may have a negative effect on the starting of the vehicle. Head bolt heaters are installed in all Company vehicles. Should a vehicle not start, the employee should call the closest service station for assistance. Do not call Minnesota Power's fleet maintenance area.
- All Company vehicles are under the Company's policy, and the employee is not responsible for damage to the vehicle by vandals or nature.

By the 10th of the month following the month for which mileage is being paid, employees are to complete the Overnight Vehicle Payment [Form No. 6078](#). The form can be found on ALLETE's Intranet page under the Transportation Department.

Assigned On-Call Vehicles

The Company provides a limited number of "specialized" vehicles to employees for business purposes. See the Transportation Manual for further information. These on-call vehicles are specialized vehicles for employees whose job function includes "on-call" status. These employees regularly respond to emergencies and/or incident

investigations with materials, tools, or equipment (that would be carried in tool bins or in a service body), not including forms, reports, or communications/computer equipment.

MOTOR VEHICLE ACCIDENTS

This section covers steps to be taken if a Company vehicle, a rental vehicle, or an employee's personal vehicle is involved in an accident.

Driver Responsibility

At the scene of an accident, the driver should:

- Arrange for the immediate needs of injured persons.
- Contact appropriate law enforcement to file a police report.
- Obtain names and addresses of the other driver and all available witnesses.
- Make notes of any unusual conditions or circumstances, take appropriate measurements, and gather useful evidence.
- Avoid disputes or unnecessary discussions.

As soon as possible following the accident:

- Notify the Safety Department immediately following the accident whenever personal injury occurs during any business travel.
- Complete a Driver's Accident Report ([Form No. 1329](#)). Obtain the necessary approvals and send the original to Claims and a copy to Transportation. Specific requirements apply to drivers of Commercial Motor Vehicles (CMV) who are involved in accidents.
- If necessary, complete a Minnesota Motor Vehicle Accident Report (State Form). This form must be completed for all motor accidents involving \$1,000 or more in property damage (combined between two vehicles) or personal injury. (Send the original and one copy to Claims and retain one copy.)

Motor Vehicle Accident procedures can be found in the transportation manual, located on ALLETE's Intranet page under the Transportation Department.

MOBILE DEVICE (WHILE DRIVING) POLICY

A driver who uses a handheld or multiple-touch cellular telephone or other mobile device ("mobile device") while driving can be significantly distracted. Distracted driving causes accidents. At ALLETE, we deeply value employee safety and seek to limit at-risk behavior. The company encourages all employees to minimize or eliminate the use of mobile devices while driving. This policy addresses the standards and practices for employees who use a mobile device while operating any vehicle or mobile equipment ("vehicle") in the course of his or her work for ALLETE.

This policy applies without regard to who owns the mobile device (e.g., the employee's personal property, company-owned, etc.). Likewise, this policy applies regardless of who owns the vehicle being operated.

- Any employee who operates a vehicle in the course of his or her employment must follow all applicable federal, state and local laws and regulations in addition to company policies. Employees who are subject to special licensure (e.g., commercial driver's license, etc.) must follow the rules and regulations associated with such licensure.
- Employees may not use a hand-held mobile device while operating a vehicle in the course of work. This rule prohibits all usage and handling of a hand-held mobile device, including, but not limited to, holding the mobile device and any form of keying or typing. An employee who needs to use a handheld mobile device while operating vehicle must pull over to a safe location and place the vehicle in park before doing so.
- Employees may use mobile devices controlled by hands-free technology while driving to initiate, answer, talk, listen or terminate a call by touching a single button on the hands-free device. The hands-free operation must not require the employee to take her or his eyes off the road. The mobile or hands-free device must be within close proximity. An employee may not reach for a mobile phone or hands-free device in an unsafe manner, such as reaching on the passenger seat or under the driver's seat.
- This policy does not limit employees from using the push-to-talk radios available in some company vehicles in the course of their work.
- Individual departments and workgroups may elect to establish and enforce more restrictive rules regarding the use of mobile devices in vehicles while driving, including an absolute prohibition on the use of any mobile device while driving. Any more restrictive rules will be communicated to employees by their respective management teams. Any employee who is unsure of the rules that apply in his or her work area should seek guidance from his or her immediate supervisor before using any mobile device in a vehicle in the course of her or his employment.

Employees violating this policy will be subject to disciplinary action, up to and including termination of employment.

IX. SECURITY

The Company is committed to providing a safe and secure work environment. Sound security practices are in place to prevent personal injury, property loss or damage and the interruption of service. The success of this program is dependent upon the cooperation of all Company employees and the awareness of security hazards.

EMPLOYEE IDENTIFICATION

Picture IDs are required for all employees. New employees need to contact the Security Office at extension 3852 at the General Office Building (GOB) to schedule an appointment. Picture IDs are to be worn at all times when on Company property.

The identification card must be returned to the supervisor or sent directly to Human Resources when the employee leaves service.

GENERAL OFFICE BUILDING ACCESS

There are two main entrances to the Lake Superior Plaza Complex (GOB). They are located on the Superior Street level (first floor) on the east and west sides. These doors are locked in conjunction with the Skywalk hours and unlocked one half hour earlier in the a.m.

Locking and Unlocking Procedures

The following is a schedule of the main doors and elevators:

<u>Unlocked</u>	<u>Locked</u>	
7:00 a.m.	5:00 p.m.	Stair tower doors on A, B, C & D
7:00 a.m.	7:00 p.m.	Elevator Glass Lobby Doors (A, B, C & D levels)

Access Control System

Most of our facilities are equipped with access control readers, and when an employee needs access to these facilities, they are issued a proximity card and customized access levels are programmed specifically for each employee.

Employees whose work requires them to go to facilities not assigned to their specific responsibility center, can have access added to it by having their supervisor submit a request to 'Security Admin' via email.

Supervisors are asked to notify 'Security Admin' by email when an employee changes departments or terminates employment.

VISITORS/CONTRACTORS

Visitors are required to sign in and out at the Security Office on the GOB first floor. A "Visitor Pass" will be issued and must be visibly worn at all times. The Security Control Operator will notify the appropriate employee of the visitor's arrival. The visitor must be met and escorted by the employee to and from the meeting location.

Employees scheduling meetings at the GOB are required to notify Security via email in advance so the visitors(s) can be pre-registered. Advance registration will prevent delays in the start of your meeting. Please provide the following information in your email:

- Name of the Visitor
- Company Name
- Employee Contact
- Phone Extension

Contracted Personnel

When contracted personnel are hired, the supervisor should notify Security via email and provide the following:

- Name of the Company/Agency
- Employee's name
- Department they will be working in
- Telephone extension
- Length of employment (if applicable)

Contracted temporary employment agencies must be required to do background checks on all personnel working within the Company.

Advanced notification of Contractors is required so the necessary precautions can be taken to prevent false fire alarms, injury or power interruptions.

AFTER HOURS ACCESS

All employees and authorized visitors are required to follow the after hours security procedures to protect and safeguard Company property and employees. Employees remaining in the building after hours are required to notify Security by either signing in personally or calling Security at extension 3852 after 5:30 p.m. Employees working weekends, holidays or on special projects are also required to sign in/out when they enter/leave the building.

Stair Towers

LSP Stair Tower: The Lake Superior Plaza (LSP) stair tower, located next to the Lake Superior Plaza Deck, is locked at 5:00 p.m. Monday through Friday and locked all day Saturday, Sunday and holidays. Note: Due to the open accessibility from the skywalk after normal business hours, this stair tower should not be used to leave the building with the exception of emergency situations.

GOB Rear Stair Tower: Is located behind the west end of the GOB and is designated for emergency evacuation only. *Once inside the stair tower, proceed down to exit onto Michigan Street.* In the event you are unable to exit onto the Michigan Street sidewalk, there are two emergency telephones located on the second and fourth floors for emergency assistance. Dial x3852 to tell Security which telephone you are calling from so you can be located immediately and directed to an alternate evacuation route.

GOB Front Stair Tower: Follow emergency evacuation routes according to departmental procedures.

After Hour Access to Other Facilities

Most facilities are equipped with both fire and burglar alarm protection systems. Employees who are assigned to these facilities will be assigned individual access codes to arm/disarm the facility. These access codes must be kept confidential. Employees who disarm/arm the systems, while working after hours, on weekends, or holidays are required to call Security x 3852 when entering or leaving the facility. A request for an access code must come from your supervisor via e-mail.

SECURITY OF COMPANY PROPERTY

Every effort will be made to define and protect the rights and property of the Company and employees, to minimize losses or damage whether tangible or intangible. An infraction of these rules or other action(s) contrary to the Company's best interest will be sufficient grounds for Corrective Action up to and including termination. The following list of violations is provided as a guide only and is not all-inclusive:

- Unauthorized opening of or tampering with locks.
- Unauthorized use or duplication of keys issued by the Company.
- Unauthorized entry to restricted or locked areas.
- Defacing or changing Company identification cards or badges.
- Failing to cooperate in keeping the premises, working areas and equipment clean, or creating unsanitary conditions.
- Unauthorized personal use of Company provided telephones, vehicles, copy machines, personal computers, or other materials or equipment.

- Failure to observe Company safety rules and regulations.
- Using or duplicating badges, passes, proximity cards, or parking decals for unauthorized purposes.
- Posting, defacing or removing notices or signs, or writing on bulletin boards or Company property.
- Stealing or deliberately damaging any Company property or equipment.
- Horseplay, dangerous practical joking, and other unsafe conduct.
- Unauthorized entry or exit from Company premises at points other than those established as normal areas of entry and exit for employees.
- Infractions of security regulations.

The Company reserves the right to modify the above list of violations at any time.

SABOTAGE RECOGNITION AND REPORTING

The Department of Energy (DOE) in conjunction with the North American Electric Reliability Corporation (NERC) has identified the electric industry as one of the critical infrastructures that are vital to our national security. With that designation, it became even more important to protect the Bulk Electric System from various types of threats. One threat to the Bulk Electric System includes sabotage, both physical and cyber. NERC and the DOE have required that utilities develop sabotage recognition and reporting procedures so that individuals and companies can quickly recognize sabotage and determine the extent of any damage resulting from the sabotage. All Minnesota Power employees should be mindful of their surroundings and identify and immediately report actual or suspected physical or cyber sabotage events. If an employee suspect sabotage is occurring, the employee must immediately report the event to the MP System Operator. The MP System Operator maintains a listing of governmental, law enforcement, MP management and Security contacts, and is responsible for relaying this information to these entities and individuals. ***The MP System Operator can be contacted 24 hours a day, 7 days a week at (218) 720-2750.***

Sabotage is generally considered motivated behavior intended to create disruptions in a work or social environment. The initiation of a sabotage event can come from either inside or outside the Company and is often the work of enemy agents and/or disgruntled employees. Sabotage generally includes the destruction of property or obstruction of normal operations. Sabotage attempts are often tied to disruptive events in the work place such as possible threats to an industry or region and labor unrest. Civil unrest can also result in attempted sabotage, especially when a specific group's cause may conflict with organizational, governmental or industry goals.

There are two major types of sabotage: physical and cyber. Each of these types of sabotage is discussed in more detail below.

Physical Sabotage

Examples of physical sabotage include:

- Tampering with transmission towers/poles
- Disrupting the supply of fuel to a generation plant
- Disrupting operations by false or real threats (bomb, fire, etc.)
- Causing intentional failure of critical machinery or systems
- Damaging essential communications equipment
- Intentionally failing to lock doors and arm security alarm systems with the intent of allowing unauthorized access to equipment and facilities
- Intentionally propping open doors to allow entry without authorization

Everyday abnormal operational events may be a result of physical sabotage. Some of these events may include:

- Loss of a line or major piece of equipment
- Trip of a major unit
- Relay mis-operations
- Loss of communication circuitry

Additionally, employees should be aware of events that may be signs of a potential sabotage threat. Some of these events include:

- Unauthorized access attempts to a critical facility
- Intelligence gathering – unauthorized people requesting information about operations, software, telecommunications, etc.
- Physical surveillance
- Verbal or written threats by internal or external parties
- Minor acts or a series of minor acts, of vandalism at transmission substations distribution substations supporting critical government agencies, distribution substations supporting power system operation facilities, service centers or other Minnesota Power facilities.

Cyber Sabotage

Cyber sabotage can be difficult to identify without the necessary tools. However, there are some physical characteristics that all employees need to be aware of that may indicate a possible cyber attack. These include:

- New or unauthorized equipment in the vicinity of critical cyber assets
- Devices that appear to reroute network connections to other devices
- Recording devices in the proximity of cyber assets with no known purpose
- Unknown individuals plugging unauthorized devices into the data network
- Workstations or laptops that start working in an uncharacteristic manner
- Emails or phone calls requesting sensitive operating information

REMOVAL OF COMPANY PROPERTY

All property removed from the Company premises must be properly authorized and documented. Property Removal Request ([Form No. 4128](#)) must be filled out by the employee removing the property and authorized by the supervisor.

UNAUTHORIZED VISITORS

The Security Office should be notified immediately of the following situations:

- Individuals whose appearance or action indicates a potential threat to employees or Company property.
- Individuals loitering, smoking, harassing, skateboarding, panhandling, etc.
- Non-employees without a business purpose for being on Company property.

ELECTRONIC SURVEILLANCE

Surveillance cameras have been installed and will be used where appropriate throughout Company facilities for the purpose of providing a more secure environment for our employees and Company property.

THEFT AND VANDALISM

In the event of a theft or suspected theft by an employee, the appropriate supervisor and Security Manager or Supervisor must be notified immediately. The Company reserves the right to conduct searches of persons and their personal belongings whenever deemed necessary. If a search of a person or personal property is deemed necessary, the purpose of the search and the potential implications of refusing to be searched must be explained to the employee(s). Refusal to submit to a reasonable search may result in Corrective Action, up to and including termination.

A theft or suspected theft or vandalism by someone other than an employee should be reported to the appropriate supervisor and the Security Supervisor. A detailed Theft/Vandalism Report ([Form No. 4066](#)) should be completed and sent to the Security Supervisor.

The Company is not responsible or liable for personal property that is lost, stolen, or damaged on or in Company facilities or parking ramps. Consequently, employees are encouraged not to keep personal property of any substantial value at their workplace.

ESCORT SERVICES

Escort services to the Lake Superior Plaza Parking Ramp (GOB) are available for employees anytime, day or night. Employees are encouraged to utilize this service

whenever necessary. Call the Duluth Clean and Safe Team at 723-8317 to request an escort.

REPORTING OF ORDERS FOR PROTECTION (RESTRAINING ORDERS)

When an Order for Protection (Restraining Order) for an employee is in effect, the employee is required to report it to Security immediately, especially if the protective order includes a provision that the restrained person stay away from the workplace. A copy of the Order for Protection (Restraining Order) and a photograph of the person against whom the order is directed should be provided to Security whenever possible.

Limit Information Disclosed

Employees should never disclose home telephone numbers, addresses or family information, work schedules, and travel itineraries about other employees. It is always safest to simply take a message and have the employee return the call at another time. If that is not acceptable to the caller, ask the nature of the business and transfer the caller as appropriate for assistance.

Questions regarding employment status should always be referred to Human Resources.

SECURITY-CONSCIOUS TRAVEL

Some tips for security conscious travel are:

- Vary routes and times of departure and arrival.
- Always lock car doors both when the vehicle is occupied and parked.
- Be alert to surroundings and being followed.
- If followed or stopped by anyone who does not give every indication of being a law enforcement officer, the traveler should head for the nearest police station or, if that is too remote, the nearest well-lighted and populated area.
- Keep hotel/motel room numbers confidential and separate from room keys.

For immediate assistance, when at the General Office Building (GOB), intercoms are located in the following locations:

Parking Ramp: Each entry/exit point, outside the glass door to "C" Level Elevator lobby and outside the Security vestibule on the east entrance on Superior Street by the LS Plaza Deck.

EMERGENCY PROCEDURES

When emergencies occur, they require an immediate response with a clear, commonsense approach. In order to avoid confusion and panic, emergency preparedness plans have been developed for each facility. Supervisors are responsible for communication of such plans to employees.

Disasters

All Company facilities are required to have a current Emergency Preparedness Plan designed to safeguard and minimize hazards to employees, property and equipment. Supervisors are expected to cooperate and participate in the development and implementation of an emergency plan, as well as communicate and train all employees in evacuation procedures.

Evacuation of the General Office Building (GOB)

Emergency evacuation map plans have been prepared and are posted in every department. Supervisors are responsible for making sure that all new employees are instructed on the main and secondary emergency evacuation routes for their particular department on their first day of employment. Emergency evacuation plans should be reviewed monthly in safety meetings to keep employees current on any changes that may have occurred in their area. When the siren, alarm, or strobe engages, employees must leave the building immediately and go to their pre-determined gathering area.

Safety representatives from each department are trained to make sure all employees, visitors, interns and temporary agency workers leave the building. Security will notify the safety representatives when the emergency team has given the "All Clear."

Evacuation of Other Facilities

The Company has Emergency Preparedness Plans that include basic procedures for emergency evacuation from Company facilities and tenant facilities. Supervisors should make sure employees in all facilities are familiar with the audible alarm, strobes, and evacuation procedures in their facility.

SECURITY OF INFORMATION ASSETS AND SERVICES

The Company relies heavily on information to meet its business requirements. Much of this information resides on electronic/computer systems that are accessed physically or via telecommunications networks. Company information and information systems must

be protected from misuse and unauthorized access and/or distribution. Every employee has a responsibility to see this is accomplished.

The Company's information assets are comprised of a wide variety of components including desktop computers, notebook and handheld computers, software applications, data, etc. All persons using the Company's information assets must take appropriate measures to protect it from accidental or unauthorized modification, destruction, disclosure, or loss. Violations of this policy that compromise the reliability or integrity of the Company's information assets will result in corrective action up to and including discharge.

Formal information and network security policies have been established to help guide employees in the proper procedures and conduct related to the use of information assets. The Security Committee, under the direction of Corporate Information Technology Security, maintains these policies. This section is meant to be a brief overview of those policies. Refer to the Information Assets Security Policy for further details and updates.

Information Assets

The term information assets is used in its broadest sense and includes all computer systems, storage devices, display devices, and access devices whether directly attached or remotely connected from the internal network or dial-up communications. Information assets also include data, text, voice, and image information with internal systems.

All such information, as well as computer hardware, software, and communication resources purchased by the Company are the property of the Company and are provided to employees for convenience in conducting business-related activities.

Employee Responsibilities

Computer and telecommunications systems and data are the property of the Company and are intended for business use. The Company reserves the right to monitor or access its information systems. Employees should promptly report any suspected security violations or problems to their supervisor or ITS Department Head.

All Company computer users must accept certain responsibilities to ensure the Company's information assets are safeguarded. All employees are responsible for using information assets only for authorized Company business purposes and complying with the security policy. Employees are also responsible for the physical security of computers and telecommunications systems and data to prevent theft or malicious destruction of equipment, system integrity, and data.

Supervisor Responsibilities

Supervisors are responsible for assuring that appropriate security safeguards/controls essential for protecting Company information assets are followed in their areas, i.e., assuring notebooks are locked up after working hours, data is stored safely, etc.

Supervisors are responsible for educating employees, authorizing usage, supporting and enforcing the policy and taking any corrective actions required for violations of the policy.

Personal Use

Computers are installed and maintained at an expense to the Company. All use of computer systems is intended for authorized business purposes only. It is not unreasonable to expect that some personal use will occur. However, personal usage of computer systems, email, etc. by employees must be kept as short as possible. Inappropriate use of computers for personal activity should not occur. Examples of inappropriate use include but are not limited to:

- Installation and use of computer games not authorized by the Company, "chatting" programs for non-business use, etc.
- Installing and using software not licensed by the Company.
- Excessive use of the Internet and email for personal use.
- Access to Internet sites which are offensive, sexually graphic, obscene or in any way represent information or activities otherwise prohibited by Company policy.

Company Image

Since the Company's image is a direct reflection of its workers, employees should conduct themselves with integrity and discretion so that their actions do not reflect negatively on the Company. Therefore, any electronic communications sent internally or externally that identifies the source of information as the Company (i.e., email, computer system identification, etc.) must represent the Company in a legal, ethical and professional manner.

INFORMATION CLASSIFICATION

Information Assets should be protected according to its sensitivity and importance to the Company. All persons using Company data must take appropriate actions necessary to protect it from accidental or unauthorized modifications, destruction, disclosure or loss, and to assure the security, reliability, and integrity of the Company's information assets and activities.

User ID and Passwords

Individual User IDs and passwords should be used and kept confidential. An effective password should contain both alphabetic and numeric characters and comply with established ITS Department guidelines. REMEMBER to shut down or log off your computer when leaving.

Remote Access/Dial-Up Networking Access

Employees should exercise special care and discretion during transmittal of confidential, proprietary, or otherwise 'sensitive' Company information. Company remote access information (dial-up instructions or computer phone numbers) must be held confidential. Third-party vendors should only be granted minimal access needed to perform approved tasks and access should be disabled when not in use.

Backup Recovery Policy

The ITS Department will backup/restore critical files on a scheduled basis and in accordance with established guidelines. End users are responsible for backing up and physically protecting data that resides on their personal computers.

Malware Protection

Use extreme caution when using any external programs, data, files or web plug-ins. Do not download, execute/run or install software without ITS Department knowledge and approval.

ELECTRONIC MESSAGING AND INTERNET POLICY

Access to the Internet and electronic mail is intended for business and professional use only. All messages are Company records. The Company reserves the rights to access, audit, and disclose all active and/or archived messages sent over its email for any purposes. Users need to be aware that the Internet and email are part of a *public* communications system and use appropriate etiquette and safeguards. Discretion should be used when handling "sensitive" or confidential information. Do not forward email that contains other individual email addresses outside the Company.

SOCIAL MEDIA POLICY

ALLETE understands that social media can be an easy, fun and rewarding way for you to share your life and opinions with family, friends and co-workers around the world. Using social media, however, presents certain risks and carries with it certain

responsibilities. The purpose of this policy is to assist you in making responsible decisions about your use of social media as related to your employment.

This policy builds on longstanding ethical principles and company policies, essentially extends to social media participation expectations of what is required for appropriate, professional behavior in other situations.

This policy applies to all employees of ALLETE, Inc. and its subsidiaries, including, ALLETE Clean Energy, ALLETE Renewable Resources, Superior Water, Light and Power Company and BNI Coal.

GUIDELINES

In the rapidly expanding world of electronic communication, “social media” can mean many things. For purposes of this policy, social media includes all means of communicating or posting information or content of any sort electronically or on the Internet, including, for example, to your own or someone else’s web log or blog, journal or diary, personal web site, social networking or affinity website, web bulletin board or chat room, whether or not associated with ALLETE.

Ultimately, you are solely responsible for what you communicate electronically or post online. Any social media activity that adversely affects your job performance or adversely affects another employee, customer, supplier, shareholder, or person who works on behalf of ALLETE or ALLETE’s legitimate business interests may result in disciplinary action up to and including termination of employment.

Know and follow the rules.

Any social media posting you make must be consistent with company policies, including, ALLETE’s Code of Business Conduct, policies prohibiting unlawful harassment, information asset security policies, disclosure policies and other Employee Handbook policies. Inappropriate postings that may include discriminatory remarks, harassment, threats of violence, or similar inappropriate or unlawful conduct will not be tolerated.

Be respectful.

Always be fair and courteous to fellow employees, customers, suppliers, shareholders and people who work on behalf of ALLETE or ALLETE’s legitimate business interests. Also, keep in mind that you are more likely to resolve work-related complaints by speaking directly with your co-worker, supervisor or other company representative than by posting complaints to a social media outlet. Nevertheless, if you decide to post such complaints or criticisms, avoid using statements, photographs, video or audio that reasonably could be viewed as malicious, obscene, threatening or intimidating, that disparage customers, suppliers or shareholders, or that might constitute harassment or bullying. Examples of such content might include offensive posts meant to intentionally

harm someone's reputation or posts that could contribute to a hostile work environment on the basis of race, sex, disability, religion or any other status protected by law or company policy.

Be honest and accurate.

Make sure you are honest and accurate when posting information or news, and if you make a mistake, correct it quickly. Be open about any previous posts you have altered. Remember that the Internet archives almost everything; therefore, even deleted posting can be searched. Never post any information or rumors that you know to be false about the company, fellow employees, customers, suppliers, shareholders or people working on behalf of ALLETE or its subsidiaries.

Post only appropriate content.

- Maintain the confidentiality of ALLETE's trade secret and private or confidential information. Do not post internal reports, policies, procedures or other internal business-related confidential information or communications. Your social media postings should never disclose confidential customer or employee information.
- Respect financial disclosure laws. Never communicate or give a "tip" about inside company information so that they may buy or sell stocks or other securities. Such conduct could violate ALLETE's insider trading policy and the law.
- Do not create a link from your blog, website or other social networking site to an ALLETE website without first obtaining any necessary consent and without identifying yourself as an ALLETE employee.
- Express only your personal opinions. Never represent yourself as a spokesperson for ALLETE. If ALLETE or any of its subsidiaries is the subject of the content you are creating, be clear and open about the fact that you are an ALLETE employee and make it clear that your views do not represent those of ALLETE, other employees, shareholders, customers, suppliers or people acting on behalf of ALLETE. If you create a social media posting related to the work you do or other topics associated with ALLETE, make it clear that you are not speaking on behalf of ALLETE by conspicuously including a disclaimer such as: "I am employed by ALLETE, Inc. The views I express on this site are my own and do not necessarily reflect the views of ALLETE."

Using Social Media at Work

Generally, you should refrain from using social media while on work time or on equipment provided by the company, unless it is work-related as authorized by your manager or supervisor. Social media activities during work hours are subject to the company's communications, technology and confidentiality policies. If you are uncertain about whether or you use of social media complies with this policy, consult with your supervisor prior to posting.

Media Contacts

Refer all media inquiries related to company business, whether from the public, news media or bloggers, to the Corporate Communications Department for an official response. If you come across negative or inaccurate social media postings about the company or its interests, refrain from responding directly. Instead, pass the posts or information along to the Corporate Communications Department whose employees are trained to address such comments.

Retaliation Prohibited

ALLETE prohibits taking negative action against any employee for reporting in good faith a possible violation of this social media policy or cooperating with an investigation related to this policy.

SOCIAL MEDIA POLICY FOR AUTHORIZED USERS

Increasingly, ALLETE uses social media as a way to share news, events and information with its customers and other stakeholders, relying on certain authorized employees to participate in social media on behalf of the company as part of performing their job duties.

This policy applies to all employees of ALLETE, Inc., and its subsidiaries, including, ALLETE Clean Energy, ALLETE Renewable Resources, Superior Water, Light and Power Company and BNI Coal who have been authorized by their supervisor and approved by ALLETE's Vice President—Corporate Communications to engage in social media on behalf of ALLETE ("Authorized Company Business Users"). The purpose of this policy is to guide Authorized Company Business Users in their use of social media on behalf of the Company.

Authorized Company Business Users' social media activities are also subject to ALLETE's Social Media policy. To the extent that there is any conflict between this policy and ALLETE's Social Media Policy, the terms of this policy are controlling with respect to Authorized Company Business Users.

GUIDELINES

In the rapidly expanding world of electronic communication, "social media" can mean many things. For purposes of this policy, social media includes all means of communicating or posting information or content of any sort electronically or on the Internet, including, for example, to the company's or someone else's web log or blog, journal or diary, personal web site, social networking or affinity website, web bulletin board or chat room, whether or not associated with ALLETE.

Ultimately, each Authorized Company Business User is responsible for what he or she posts online. Authorized Company Business Users must always protect trade secret and private or confidential information and not post content to social media unless they have been authorized to do so. Authorized Company Business Users should not comment on subjects outside their area of expertise without first obtaining accurate information from qualified sources. Authorized Company Business Users must not use aliases or otherwise deceive people about their identity.

Always Use Properly Configured Security Settings.

Administrators of Company-initiated social media sites must be employees of the Company or a contracted partner. Authorized Company Business Users must establish and maintain robust passwords on all social media accounts, including administrator accounts to help minimize the risk of unauthorized use of these accounts or unauthorized administrative access to the Company's social media tools. The Company's Information Technology department can assist with the requirements for robust passwords.

Respect Intellectual Property Rights.

All posting must respect the copyright, trademark and other intellectual property rights of third parties. Authorized Company Business Users acting in the course and scope of their work assignments may use ALLETE company logos or trademarks.

Any marketing campaign with endorsements or testimonials (e.g., from an employee, customer, marketing partner, etc.) must comply with the Federal Trade Commission guidelines. If unsure about these requirements, employees should consult with the Corporate Communications Department or the Legal Services Department prior to launching the campaign.

Follow the rules and policies of any specific website and forums.

Authorized Company Business Users should be aware of and comply with applicable terms of use.

Limit content to company concerns.

Authorized Company Business Users should restrict their social media content to Company matters and should not publish, forward or share unrelated messages.

Receive authorization for company-initiated social media sites.

Individuals or departments seeking to create social media sites for business purposes must first obtain approval from the Vice President—Corporate Communications.

Violation of Policy

Any employee who violates this policy is subject to disciplinary actions, up to and including termination of employment. The Company also reserves the right to disable Company computers and/or accounts for violation or suspected violation of this policy.

INFORMATION TECHNOLOGY PURCHASE POLICY

All purchases of computer hardware/software will be made through a centralized purchasing process including the following:

- Personal computer hardware/software
- Networking hardware/software
- Telephones
- Cellular phones
- Telephone and data circuits
- Personal digital assistants (PDAs)
- Printers
- Copiers
- FAX machines
- Scanners
- Videoconferencing equipment

New purchases can be made by filling out [Form No. 6087](#), Request for Technology. The form can be accessed from the Company Intranet page. Once the form is completed, it should be forwarded via email to the "IT Services" distribution list. ITS will review the request, assign cost estimates, and (if necessary) forward to the appropriate department head/vice president for their approval. Once all approvals are received, ITS will then order the hardware/software requested.

If unauthorized purchases are made, these expenses could be denied with personal reimbursement due from the employee.

SOFTWARE LICENSING/COPYRIGHT

Software is subject to copyright and usage terms, which are fully supported by the Company. Violations of copyright terms may result in substantial fees, fines, or other actions against the Company. Do not install software on Company systems unless approved by the ITS Department.

PHONE MAIL POLICY

Phone Mail is provided to each employee for convenience in conducting business related activities. Employees are responsible for maintaining the confidentiality of their passwords and the proper use of the phone mail system.

PHOTOGRAPHIC AND VIDEOGRAPHIC DEVICES

The use of conventional or digital cameras, videocameras, camera equipped cellular phones or any other photographic or videographic device at work is intended for business purposes only, whether the device is Company provided or personally owned.

Photographic or other reproduction of confidential, proprietary or nonpublic information, including the physical layout of critical facilities, requires supervisory knowledge and authorization.

Using photographic or videographic equipment in facilities or situations where there is an expectation of privacy (locker rooms, wellness facilities and the like) is prohibited. Taking photographic or videographic images without the subject's knowledge and permission, where such images are potentially embarrassing or humiliating, is prohibited.

Violation of this policy will result in corrective action, up to and including termination of employment.

SECURITY VIOLATIONS

All suspected Information Assets security violations and/or problems should be promptly reported to Corporate Information Technology Security. They will perform and document an investigation whenever a breach of security has been identified.

Unauthorized use, access, disclosure or destruction of Information Assets or introduction of a computer virus will result in corrective action up to and including termination, civil and/or criminal penalties under the applicable laws.

Security Policies Information

For further information, call the Director – ITS, IT Security and Compliance, or visit the website via the Intranet homepage or directly at: <http://intranet/security>

August 22, 2019



ORACLE 101 – IEXPENSES (CREDIT CARD/EXPENSE REPORTS)

ALLETE INC.

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I. ENTERING MASTER CARD/EXPENSE REPORTS

NOTES:

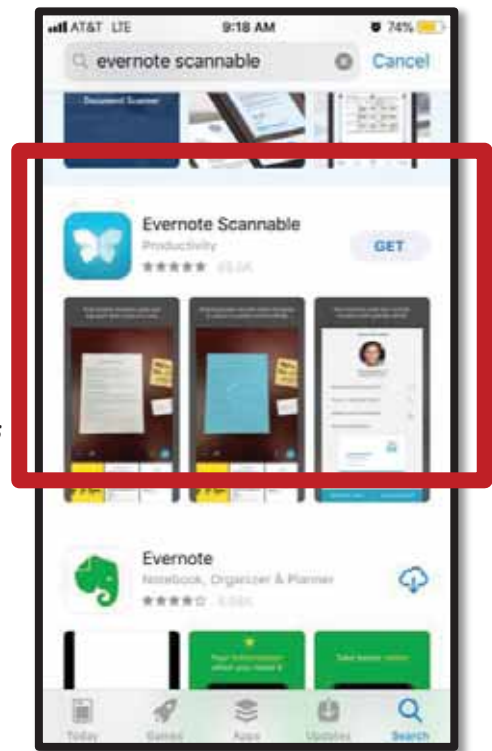
- You can enter both, Master Card charges AND Expense Report charges, simultaneously.
- You do NOT have to reconcile all MasterCard charges for each month at the same time; however, if done separately, approval is needed for each reconciliation.
- If you do not reconcile MasterCard charges in a timely manner, Oracle will NOT let you enter Expense Report charges until the MasterCard charges with warnings are reconciled.

A. BEFORE STARTING AN EXPENSE REPORT

Beginning September, 2018, all employees can utilize the scanned receipt process when submitting an expense report. Instead of providing hard copy receipts with expense reports, users can follow the steps below to provide receipts electronically. *Later, within 2018, this process will be the only option and hard copy receipts will no longer be accepted.*

Scanning options:

1. **Evernote Scannable** – Evernote Scannable is an iOS app which can scan receipts on-the-go.
 - a. Search for **Evernote Scannable** in your app store on your phone.
 - b. Once a user has scanned a receipt (or all receipts), send the scan (as PDF) to your work email and save it.
 - c. ***It is encouraged to attach the scanned receipts as one final document when submitting an expense report. The app allows you to scan your receipts as you get them and then send them to yourself in an email as one document***
 - d. For more info on Evernote Scannable, [see this video](#).
2. **Evernote** – Evernote is an app available for Android users
3. **Scanning machine**
 - a. If you do not have access to Evernote Scannable, scan the hard copy receipts through a company scanning machine.
 - b. Combine all receipts into one final document and save. The final document will be attached at the end of your expense report.

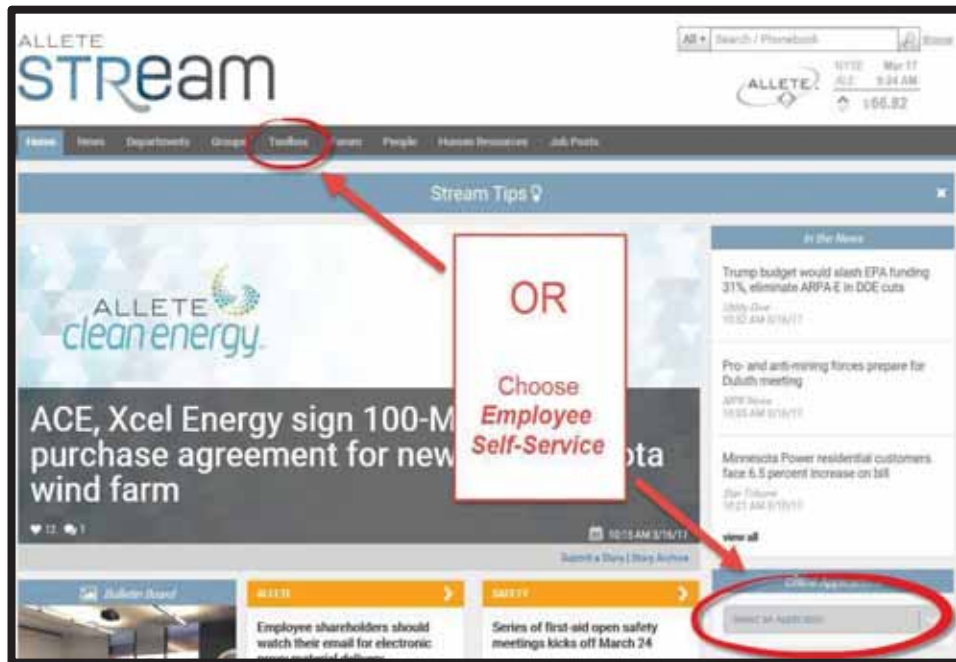


4. Phone photo function

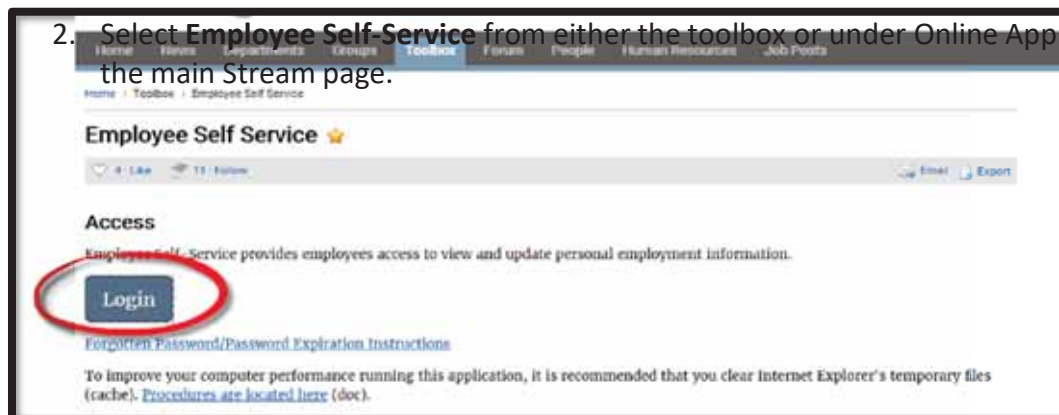
- a. Take photos of receipts.
- b. Send to company email address.

B. NAVIGATION TO EXPENSE REPORTS (ORACLE IEXPENSE)

1. Log in to Employee Self Service from the ALLETE Stream Intranet Page.



2. Select **Employee Self-Service** from either the toolbox or under Online Applications on the main Stream page.



1. Click the **Login** button.

2. Enter your User Name and Password and click Login

The screenshot shows a login form on a dark blue background. The form is centered and contains the following elements:

- User Name:** A text input field with the value "mpaulson".
- Password:** A password input field with masked characters "*****" and a toggle icon on the right.
- Login:** A button to submit the login information.
- Cancel:** A button to cancel the login attempt.
- Login Assistance:** A link below the login buttons.
- Register here:** A link below the login assistance link.
- Accessibility:** A dropdown menu currently set to "None".
- Language:** A dropdown menu currently set to "English".

The screenshot shows the home page of the ALLETE E-Business Suite. The page has a dark blue header with the ALLETE logo and "E-Business Suite" text. Below the header, there is a navigation bar with links for "Enterprise Search", "Contract Documents", and a "Go" button. To the right of the navigation bar, there is a "Search Results Display Preference" dropdown set to "Standard".

The main content area is divided into two columns:

- Navigator:** A list of links on the left side, including "ALT MP Supplier Internal View", "ALT MPI Expenses User", "Expenses Home", "ALT MP Payables Invoice Inquiry", "ALT MP Procurement Requester (Proc)", "ALT Self Service Time", "Employee Self-Service, ALLETE", "Employee View V2 Information, ALLETE", "Learner Self-Service, Altele", and "Time Entry - MP".
- Worklist:** A section on the right side showing a list of items. The first item is "From ""- Type ""- Subject ""- Hold XXFIN_ALT_Serice_PO placed on Invoice 032717DONOVAN from response_". Below this, there is a note: "@TIP Vacation Rules - Red rect or auto-respond to notifications_".

3. From the Navigator Menu, choose ALT MP iExpenses User (or SWLP or ACE or ARR iExpenses User), Expenses Home.

The screenshot displays the ALLETE Expense Reports application. The top navigation bar includes the ALLETE logo, 'Expense Reports', and various icons for Global Policy, Home, Navigator, Favorites, Settings, Worklist, and Logout. The user is logged in as J. SIMPSON. Below the navigation bar, the 'Expenses Home' section is visible, featuring a 'Create Expense Report' button (highlighted with a red box), 'Import Spreadsheet', and 'Export Spreadsheet' buttons. The 'Track Submitted Expense Reports' section shows a table of reports with columns: Report Number, Report Submit Date, Report Status, Last Report Status Activity (Days), Current Approver, Original Receipts Status, Report Total (USD), Purpose, Duplicate, and Withdraw. A sample report is shown with Report Number EXP347578, Report Submit Date 16-May-2017, Report Status Pending Manager Approval, Last Report Status Activity (Days) 2, Current Approver DeCaigny, Amy Julesanna, Original Receipts Status Required, Report Total (USD) 421.07, Purpose, Duplicate, and Withdraw. Below the table, a message states: 'If the status is Pending Your Resolution, you were sent a notification explaining the required action.' The 'Update Expense Reports' section shows a table with columns: Report Number, Report Date, Status, Report Total (USD), Purpose, Update, Duplicate, and Delete. A message 'No results found.' is displayed below the table. At the bottom, the 'Notifications' section shows a 'Worklist for Simpson, Jordan' and a 'Go' button.

4. Click **Create Expense Report**.
 - a. On this screen you can also:
 - i. **Track Submitted Expense Reports**- submitted reports that are either awaiting approval or have been approved.
 - ii. **Update Expense Reports**- reports that are saved, rejected, or have been returned to you. Click the Update pencil to edit the expense report and resubmit, or alternatively, click the garbage can to delete the expense report.

C. EXPENSE REPORT – GENERAL INFORMATION & CREDIT CARD TRANSACTIONS

Expenses

Expenses Home | **Expense Reports** | Credit Card Transactions | Access Authorizations | Projects and Tasks | Payments Search

General Information | Credit Card Transactions | Credit Card Expenses | Cash and Other Expenses | Expense Allocations | Review

Information
You have 2 corporate credit card transactions in the selected reimbursement currency.

Create Expense Report: General Information Save Cancel Step 1 of 6 **Next**

* Indicates required field

Name: Simpson, Jordan Chanel (7401) Expense Template: EMP EXP TEMPLATE

Responsibility Center: 0000

General

Reimbursement Currency: US Dollar

Expense Report Instructions: [Expense Manual](#)

1. Credit Expense Report: General Information
 - b. Notice the Information box stating the number of credit card transactions waiting to reconcile.
 - c. If you don't have credit card transactions to reconcile, but you do have receipt based or mileage based transactions, click **next** to proceed to the Receipt Based Expenses tab or the Mileage Expenses tab.

Expenses

Expenses Home | **Expense Reports** | Credit Card Transactions | Access Authorizations | Projects and Tasks | Payments Search

General Information | **Credit Card Transactions** | Credit Card Expenses | Cash and Other Expenses | Expense Allocations | Review

Warning
Number of transactions on this credit card older than 60 days: 2. Please include these transactions on your expense report.

Create Expense Report: Credit Card Transactions Save Cancel Back Step 2 of 6 Next

Current Transactions for Account: XXFIN_AIP_WELLS_MP_REG_CREDIT_CARD_FGM XXXXXXXXXX0000037189

Select each transaction to add to the expense report.

Select	Warning	Transaction Date	Age (Days)	Transaction Amount	Merchant Name	Location	Billed Amount (USD)
<input type="checkbox"/>		28-Oct-2016	199	255.00 USD	INSTITUTE FOR SUPPLY M	08000690276, AZ	255.00
<input type="checkbox"/>		21-Nov-2016	176	29.95 USD	TOASTMASTERS LIVE PROD	0949658255, CA	29.95

TIP To dispute a transaction, use the Credit Card Transactions tab.

2. Credit Expense Report: Credit Card Transactions

- a. Notice the warning box stating the number of transactions older than 60 days. Credit card users will also receive alerts in their company email warning of credit card transactions older than 30 days and 60 days.
- b. **Please reconcile your credit card within 30 days of the transaction dates.**

D. EXPENSE REPORT – CREDIT CARD EXPENSES

Create Expense Report: Credit Card Expenses

Business Expenses:

For instructions on how to reimburse the company for personal expenses, click here: [Reimbursement Instructions](#)

Select Business Expenses: [Remove](#) [Select All](#) [Select None](#)

Select	Line	Date	Receipt Amount	Expense Type	Merchant Name	Justification	Reimbursable Amount (USD)	Details
<input checked="" type="checkbox"/>	1	28-Oct-2016	255.00 USD	1810 Regis&Fees-TrainConf	INSTITUTE FOR SUPPLY M		255.00	Details
<input checked="" type="checkbox"/>	2	21-Nov-2016	29.95 USD	3110 DuesSub-JobIndustry	TOASTMASTERS-LIVE PROD		29.95	Details
Total							284.95	

1. Credit Expense Report: Credit Card Expenses

- a. Select the credit card transactions to reconcile.
- b. Choose an Expense Type from the drop down menu.
- c. Enter a justification explanation, business purpose.
- d. Click the Details box.

Credit Card Expenses: Details for Line 1

* Indicates required field

* Expense Type: 1810 Regis&Fees-TrainConf

* Start Date: 28-Oct-2016 (example: 15-May-2017)

Daily Rate: 255.00

Number Of Days: 1

Receipt Amount: 255.00

Receipt Currency: USD - US Dollar

Exchange Rate: 1

Reimbursable Amount: 255.00 USD

* Justification: Registration fee for Institute for Supply Management Conference held in Superior, WI.

Transaction Location: 08008886276, AZ

Merchant Name: INSTITUTE FOR SUPPLY M

☐ Original Receipt Missing

How to Reimburse: [Reimbursement Instructions](#)

Company Reimbursement Form: [MP CRM](#)

FR Clothing: [FR Clothing Instructions](#)

Missing Receipt Form: [Missing Receipt Form](#)

2. Credit Card Expenses: Details for Line X

- a. Fill in the details for the credit card line: Expense type, justification, etc.
- b. **Additional information:**
 - i. This information changes per the expense type that is chosen. In the above example, additional information questions do not populate.
 - ii. Other expense types (such as 1560– Meals Refreshments) will populate questions that need to be answered before moving on.
- c. **Itemize** if you need to split a charge to multiple work orders, or to itemize personal expenses for Safety Boots or FR Clothing. (See example of itemization on page 17.)
- d. Click **Continue** to see the details of the next line.
- e. Click **Return** to go back to the Credit Card Expenses page.

ALLETE Expense Reports

Global Policy | Home | Navigator | Favorites | Settings | Worklist | Logged In As VPAUL.BOW | Logout

Expenses

Expenses Home | Expense Reports | Credit Card Transactions | Access Authorizations | Projects and Tasks | Payments Search

General Information | Credit Card Transactions | **Credit Card Expenses** | Cash and Other Expenses | Expense Allocations | Review

Create Expense Report: Credit Card Expenses

Save | Cancel | Back | Step 2 of 6 | **Next**

Business Expenses

For instructions on how to reimburse the company for personal expenses, click here: [Reimbursement instructions](#)

Select Business Expenses: Remove | [Icons]

Select All | Select None

Select	Line	Date	Receipt Amount	Expense Type	Merchant Name	Justification	Reimbursable Amount (USD)	Details
<input type="checkbox"/>	1	15-Nov-2018	36.20 USD	1560 Meals-Refreshments	SUPER ONE FOODS INC	Refreshments for meeting	36.20	[Icon]
Total							36.20	

3. Credit Expense Report: Credit Card Expenses

- a. After clicking return, you are brought back to Credit Card Expenses page.
- b. Click **Next**.
- c. If you have receipt based transactions or mileage expenses to reconcile, proceed to the next section, **Cash and Other Expenses**.

E. EXPENSE REPORT - CASH AND OTHER EXPENSES

Expenses

Expenses Home | **Expense Reports** | Credit Card Transactions | Access Authorizations | Projects and Tasks | Payments Search

General Information | Credit Card Transactions | Credit Card Expenses | **Cash and Other Expenses** | Expense Allocations | Review

Create Expense Report: Cash and Other Expenses Save Cancel Back Step 4 of 6 Next

Receipt-Based Expenses [0.00] Mileage Expenses [0.00]

Receipt-Based Expenses [0.00]

Receipt-Based Expenses

TIP Enter the expenses that you did not charge to your corporate credit card. Enter one expense per line. Click Details to enter information specific to an expense, such as the Daily Rate. If your receipt includes more than one expense type, click Itemize.
TIP Date Example: 18-MAY-2017

Select Expense Lines: Duplicate Remove | Show Receipt Currency | + - ↺ ↻ ⚙ ⌵

Select All | Select None

Select	Line	Date	Receipt Amount	Expense Type	Justification	Reimbursable Amount (USD)	Details
<input checked="" type="checkbox"/>	1	01-May-2017	20	2320 Veh-RentalTaxi-Train	Report to La Quinta Inn in Duluth		F
<input type="checkbox"/>	2						
<input type="checkbox"/>	3						
<input type="checkbox"/>	4						

Receipt Based Expenses (personal reimbursement process)

1. Under **Receipt Based Expenses**, you can enter information to be reimbursed (this is used for scenarios where you want to be reimbursed for something you personally paid for – where you did not use your *company credit card*). **Do not enter credit card expenses here.**
 - a. Select the transaction line.
 - b. Enter date expenses incurred.
 - c. Enter Receipt Amount.
 - d. Select Expense Type from the drop down menu.
 - e. Enter Justification reason.
 - f. Click Details box.

Expenses

Expenses Home | **Expense Reports** | Credit Card Transactions | Access Authorizations | Projects and Tasks | Payments Search

General Information | Credit Card Transactions | Credit Card Expenses | **Cash and Other Expenses** | Expense Allocations | Review

Enter Details for Expense Line 1

* Indicates required field

* Expense Type: 2320 Veh-RentalTaxi-Train

* Start Date: 01-May-2017 (example: 15-May-2017)

Daily Rate: 20.00

Number Of Days: 1

* Receipt Amount: 20.00

* Receipt Currency: USD - US Dollar

Exchange Rate: 1

Reimbursable Amount: 20.00 USD

* Justification: Taxi from Duluth Airport to La Quinta Inn in Duluth

Merchant Name

☐ Original Receipt Missing

How to Reimburse: Reimbursement Instructions

Company Reimbursement Form: MP CRM

FR Clothing: FR Clothing Instructions

Missing Receipt Form: Missing Receipt Form

Additional Information

* Was this charge taxed on receipt?

Note additional instructions for itemizing (splitting accounting), reimbursement, FR clothing and missing receipts.

Itemize Duplicate New Remove Return

2. Enter Details for Expense Line (Receipt Based Expense)
 - a. Enter Yes or No if tax was charged on receipt.
 - b. Enter the Merchant Name.
 - c. Click **Itemize** to split costs to different projects and work orders. (See example of itemization on page 16.)
 - d. Click **Return**.

Mileage Based Expenses

Expenses

Expenses Home | Expense Reports | Credit Card Transactions | Access Authorizations | Projects and Tasks | Payments Search

General Information | Credit Card Transactions | Credit Card Expenses | **Cash and Other Expenses** | Expense Allocations | Review

Create Expense Report: Cash and Other Expenses

Save Cancel Back Step 4 of 6 Next

Receipt-Based Expenses [20.00] **Mileage Expenses [0.00]**

Mileage Expenses [0.00]

Mileage Expenses

☒ TIP Enter one expense line for each separate mileage claim. To enter additional information including vehicle information, click Details.
☒ TIP Date Example: 18-MAY-2017.

Select Expense Lines: Duplicate Remove

Select All | Select None

Select Line	Start Date	Expense Type	Justification	Unit of Measure	Trip Distance	Distance Rate	Reimbursable Amount (USD)	Details
1	09-May-2017	2210 Veh-Miles-Business	vehicle miles from GOB to Bossard	Miles	178 x			F
2				Miles				
3				Miles				
4				Miles				

3. Mileage Expenses

- Select the transaction line.
- Enter date mileage expense incurred.
- Choose Expense Type from drop down menu.
- Enter Justification reason.
- Enter trip distance.
- Click **Details** box.

4. Details for Mileage Expense: (Mileage to and from should be an address not a city. (i.e. GOB not Duluth, or your home address not the city you live in.)
 - a. Enter Mileage From.
 - b. Enter Mileage To.
 1. If it's a round trip, enter Round trip in the justification or in the Mileage to area.
 - c. Click **Calculate Amount**.
 - d. Click **Return**.

5. Click **Next**.

F. EXPENSE REPORT - EXPENSE ALLOCATIONS

Create Expense Report: Expense Allocations

Use the fields below to update expense allocations for selected expense lines. Apply an amount split to a single expense line.

* Indicates required field
• Indicates changed item

TIP You can only update expense lines with project-enabled expense types.

Select Expense Lines: **Update Allocations** Revert My Allocations

Select All | Select None | Expand All | Collapse All

Select	Focus Line	Payment Method	Date	Expense Type	Receipt Amount	Reimbursable Amount (USD)	Merchant	Location	Justification	Project	Task	Project Expenditure Organization
<input type="checkbox"/>	All					400.98						
<input type="checkbox"/>	1/1	Credit Card	28-Oct-2016	1810 Regis&Fees-TrainConf	255.00 USD	255.00	INSTITUTE FOR SUPPLY M		Registration fee for Institute for Supply Management Conference held in Superior, WI			0939 Purchasing & J
<input type="checkbox"/>	2	Credit Card	21-Nov-2016	4200 Materials Purchased	29.95 USD	29.95	TOASTMASTERS-LIVE PROD		Education booklets for Toastmaster members NChristenson and MFrach			0939 Purchasing & J
<input type="checkbox"/>	3/1	Cash Receipt	01-May-2017	2320 Veh-RentalTaxi-Train	20.00 USD	20.00	Custom Taxi		Taxi from Duluth Airport to La Quinta Inn in Duluth			0939 Purchasing & J
<input type="checkbox"/>	4	Mileage	09-May-2017	2210 Veh-Miles-Business	96.03 USD	96.03			Personal vehicle miles from GOB to Boswell			0939 Purchasing & J

1. Enter project and task information for each transaction line. Click **Next**.
2. Project Expenditure Organization:
 - a. If you do not have anything populated in this field, start entering your department's project number (aka responsibility center) and hit Tab.
 - b. It should pull in your department's project number.
 - c. *This number stays the same, even if you use different project and task numbers for your credit card charges, receipts and mileage.*
5. **TIP:** Have numerous lines that have the same project and task? Use the **Update Allocations** button.
 - a. Select the lines that will have the same project and task numbers.
 - b. Hit **update allocations** button.
 - c. Enter the Project and Task.
 - d. Hit **Apply**.

Create Expense Report: Expense Allocations

Use the fields below to update expense allocations for selected expense lines.

* Indicates required field

TIP You can only update expense lines with project-enabled expense types.

Select Expense Lines: **Update Allocations** Revert

Select All | Select None | Expand All | Collapse All

Select	Focus Line	Payment Method	Date	Expense Type
<input type="checkbox"/>	All			
<input checked="" type="checkbox"/>	1/1	Credit Card	28-Oct-2016	1810 Regis&Fees-TrainConf
<input type="checkbox"/>	2	Credit Card	21-Nov-2016	4200 Materials Purchased
<input checked="" type="checkbox"/>	3/1	Cash Receipt	01-May-2017	2320 Veh-RentalTaxi-Train
<input checked="" type="checkbox"/>	4	Mileage	09-May-2017	2210 Veh-Miles-Business

Update Project Allocations: Multiple Lines

Allocation Reason

☐ Add Allocation Set to My Allocations

Project	Task	Project Expenditure Organization	Remove

Selected Lines

Focus Line	Payment Method	Date	Expense Type	Receipt Amount	Reimbursable Amount (USD)	Merchant	Location	Justification	Project Task	Project Expenditure Organization	Remove
All	Cash Receipt	25-Oct-2016	1810 Regis&Fees-TrainConf	255.00 USD	255.00	INSTITUTE FOR SUPPLY M		Registration fee for Institute for Supply Management Conference held in Superior, WI		0939 Purchasing & Contracts	

- e. Enter the Project, task and project expenditure organization.
 - i. Project expenditure org is your department's project number (aka responsibility center). Start typing in your department's project number and hit tab. It will auto-populate the rest.
- f. Hit **Apply**.

Create Expense Report: Expense Allocations

Use the fields below to update expense allocations for selected expense lines. Apply an amount split to a single expense line.
* Indicates required field

TIP You can only update expense lines with project-enabled expense types.

Select Expense Lines: **Update Allocations** Revert My Allocations Apply

Select All | Select None | Expand All | Collapse All

Select Focus Line	Payment Method	Date	Expense Type	Receipt Amount	Reimbursable Amount (USD)	Merchant	Location Justification	Project	Task	Project Expenditure Organization
<input type="checkbox"/>	All				400.98					
<input type="checkbox"/>	Cash 1/1 Receipt	28-Oct-2016	1810 Regis&Fees-TrainConf	255.00 USD	255.00	INSTITUTE FOR SUPPLY M	Registration fee for Institute for Supply Management Conference held in Superior, WI	0039 0039 Project MP	1660248 General Purchasing	0039 Purchasing & J
<input type="checkbox"/>	Cash Receipt	21-Nov-2016	4200 Materials Purchased	29.95 USD	29.95	TOASTMASTERS-LIVE PROD	Education booklets for Toastmaster members NChrslemson and MFrulich			0039 Purchasing & J
<input type="checkbox"/>	Cash 3/1 Receipt	01-May-2017	2320 Veh-RentalTaxi-Train	20.00 USD	20.00	Custom Taxi	Taxi from Duluth Airport to La Quilty Inn in Duluth	0039 0039 Project MP	1660248 General Purchasing	0039 Purchasing & J
<input type="checkbox"/>	Mileage	09-May-2017	2210 Veh-Miles-Business	96.03 USD	96.03		Personal vehicle miles from GOB to Boswell	0039 0039 Project MP	1660248 General Purchasing	0039 Purchasing & J

6. The selected lines are now filled in with the one project and task you chose. Fill in remaining lines as needed.

7. Review the Expense Allocations section. Click **Next**.

G. EXPENSE REPORT - REVIEW – ATTACH RECEIPTS

Update Expense Report: Review

Review the expense report below before submission.

SCANNED RECEIPT INSTRUCTIONS

1. Make sure all of your receipts are scanned and attached using the attachment button below.
2. Keep your original receipts in a safe location until supervisor approves expense report.
3. Once your supervisor has reviewed the scanned receipts and approved your expense report in Oracle, you can toss the receipts.
4. Mileage and per diem receipts are not required.
5. If you are scanning your receipts, no paper copies are needed. All review and approvals will be done electronically through Oracle.

General Information

Name: Simpson, Jordan Chasen (7401)
Expense Dates: 22-JUN-2018 - 22-JUL-2018
Report Total: 3,500.00 USD

Attach Receipts and Supporting Documentation: **Add**

Reimbursement Amount: 0.00 USD

Expense Allocations Expense Lines Weekly Summary Approval History (2) Approvals

Project Allocations

Expand All | Collapse All

Focus Line	Payment Method	Date	Expense Type	Receipt Amount	Reimbursable Amount (USD)	Merchant	Location Justification	Project	Task	Project Expenditure Organization
------------	----------------	------	--------------	----------------	---------------------------	----------	------------------------	---------	------	----------------------------------

1. Attach receipts and supporting documentation. Click the Add button.

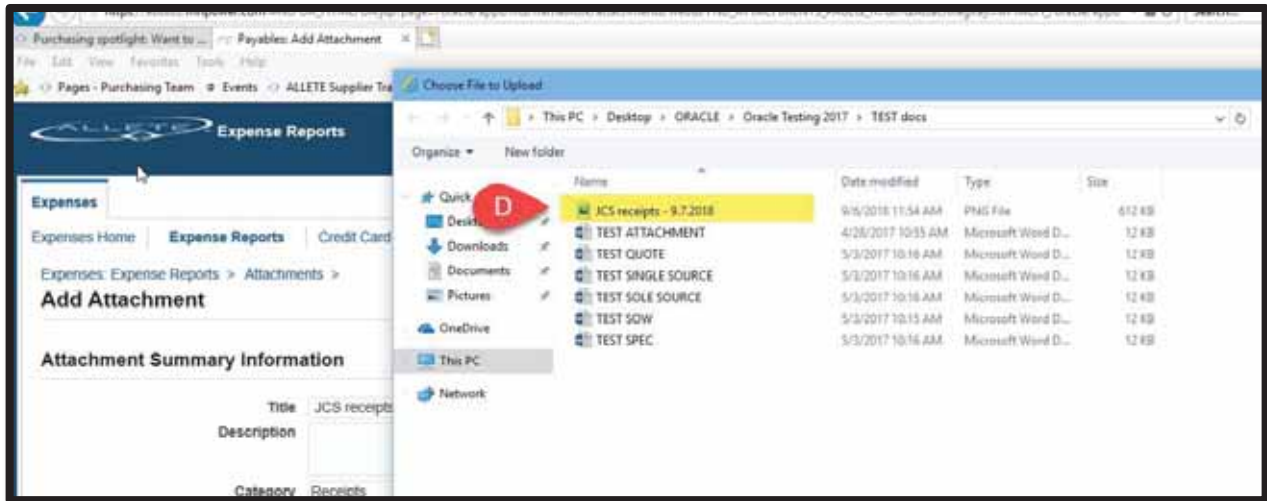
- a. If possible, attach the scanned receipts as one final document when submitting an expense report. The 'Evernote Scannable' app will allow you to scan your receipts as you get them and then send them to yourself in an email as one document.

The screenshot shows the 'Expenses' system interface. At the top, there are navigation links: 'Contact Us', 'Global Policy', 'Home', 'Navigator', and 'Fa'. Below this is a tabbed interface with 'Expenses Home', 'Expense Reports', 'Credit Card Transactions', 'Access Authorizations', 'Projects and Tasks', and 'Payments Search'. The 'Expense Reports' tab is selected. Under 'Expenses: Expense Reports >', there is a section titled 'Attachments'. Below this is a 'Search' section with a note 'Note that the search is case insensitive', a 'Title' input field, a 'Go' button, and a link 'Show More Search Options'. A red box highlights the 'Add Attachment' button, and a red arrow points to it. Below the button is a table with columns: 'Title', 'Type', 'Description', 'Category', 'Last Updated By', and 'Last'. The table currently shows 'No results found.' At the bottom, there is a link 'Return to Update Expense Report: Review'.

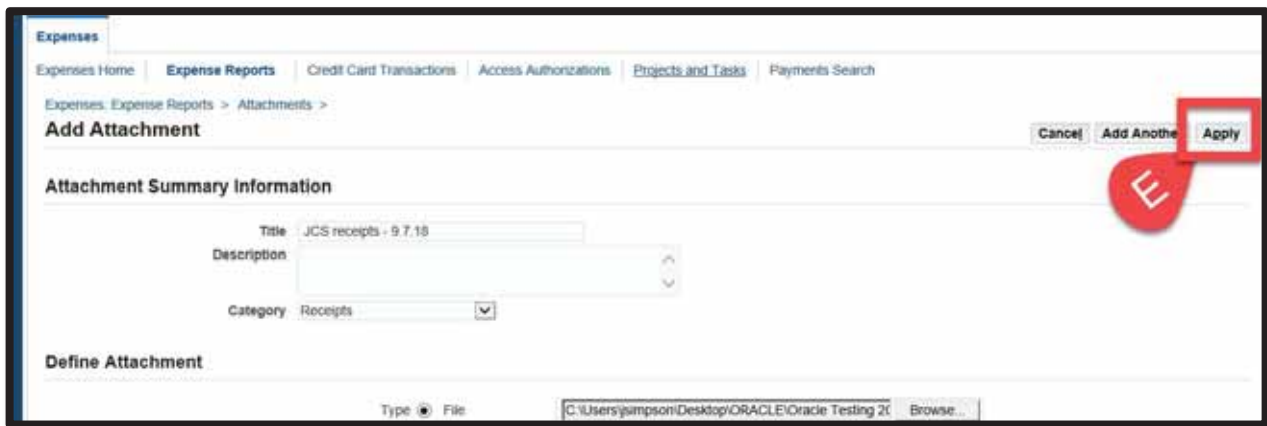
2. Click Add Attachment.

The screenshot shows the 'Add Attachment' form. At the top, there are navigation links: 'Expenses Home', 'Expense Reports', 'Credit Card Transactions', 'Access Authorizations', 'Projects and Tasks', and 'Payments Search'. The 'Expense Reports' tab is selected. Below this is a section titled 'Add Attachment'. Under 'Attachment Summary Information', there is a 'Title' field (labeled A), a 'Description' field, and a 'Category' dropdown (labeled B). Below this is a 'Define Attachment' section with radio buttons for 'File', 'URL', 'Short Text', and 'Long Text'. A 'Browse' button (labeled C) is next to the 'File' radio button. At the top right of the form, there are buttons: 'Cancel', 'Add Another', and 'Apply'.

- a. Add a title for your receipts.
b. Choose the Category; Receipts, Missing Receipts Declaration, or Travel Itinerary.
c. Click browse to upload the receipt attachment file from your computer.



d. Select the receipt attachment file from your computer.



e. Click Apply

3. Add additional attachments if required.
 - a. Click the Add Attachment button.
 - b. Or Click “Return to Update Expense Report: Review”.

4. Expense Report: Review
 - a. Review everything that’s been entered. Once complete, hit **submit**.

Additional notes :

- If you need to add additional receipts after the expense report is submitted to your Supervisor, the expense report can be withdrawn, attachment added and re-submitted. The expense report will then re-route to the approver.
- Original receipts must be kept by cardholder until expense report and attachments are approved by the cardholder’s supervisor. The printable page and hard-copy receipts do not need to be submitted to the Supervisor.
- Once submitted, the approver will receive a notification from Oracle.
- The approver must verify the receipts and review all charges before approving.
- Please contact the Accounts Payable Department 218-355-3573 or accountspayable@allte.com for questions regarding attaching of receipts to an expense report.

H. TIP - ITEMIZE OR DISTRIBUTE CHARGES TO MULTIPLE WORK ORDERS

Expense lines can be itemized or split to multiple work orders.

Update Expense Report: Cash and Other Expenses

Receipt-Based Expenses [20.00] | Mileage Expenses [95.12]

Receipt-Based Expenses [20.00]

Receipt-Based Expenses

TIP Enter the expenses that you did not charge to your corporate credit card. Enter one expense per line. Click Details to enter information specific to an expense, such as the Daily Rate. If your receipt includes more than one expense type, click Itemize.
TIP Date Example: 18-MAY-2017.

Select Expense Lines: Duplicate Remove Show Receipt Currency

Select	Line	Date	Receipt Amount	Expense Type	Justification	Reimbursable Amount (USD)	Details
<input type="checkbox"/>	1	01-May-2017	20.00	2320 Veh-RentalTaxi-Train	Taxi from Duluth Airport to La Quinta Inn in Duluth	20.00	Details
<input type="checkbox"/>	2						Details

1. From the credit card expense line or the receipt based expense line, click the **details** box.

Enter Details for Expense Line 1

* Indicates required field:

* Expense Type: 2320 Veh-RentalTaxi-Train * Justification: Taxi from Duluth Airport to La Quinta Inn in Duluth

* Start Date: 01-May-2017 (Example: 18-May-2017)

Daily Rate: 20.00

Number Of Days: 1

* Receipt Amount: 20.00

* Receipt Currency: USD - US Dollar

Exchange Rate: 1

Reimbursable Amount: 20.00 USD

How to Reimburse: Reimbursement Instructions

Company Reimbursement Form: MP CRM

FR Clothing: FR Clothing Instructions

Missing Receipt Form: Missing Receipt Form

Additional Information

* Was this charge taxed on receipt? No

2. Details for Expense line.
 - a. Enter Merchant Name if applicable.
 - b. Answer Yes or No if tax was charged on the receipt.
 - c. Click the **Itemize** button.

Itemized Business Expenses

☒ TIP Itemize the receipt by creating a separate row for each individual business expense. Any remaining amount is treated as a personal expense.

Select Expense : Duplicate Remove [Icons]

Select Line	Date	Expense Type	Justification	Itemized Receipt Amount (USD)
1-1	01-May-2017	2320 Veh-RentalTaxi-Train	Taxi from Duluth Airport to La Quinta Inn	10.00

Add Another Row B

Total Business Expenses	10.00
Distribution Amount Off	10.00
Original Receipt Amount	20.00

Itemization 1-1

* Expense Type: 2320 Veh-RentalTaxi-Train

* Start Date: 01-May-2017 (example: 10-May-2017)

Daily Rate: 10.00

Number Of Days: 1

* Itemized Receipt Amount: 10.00 A

Additional Information

* Was this charge taxed on receipt? No

3. Itemized business expenses:
 - a. Change the Itemized Receipt Amount,
 - b. Then click **Add Another Row**.

Itemized Business Expenses

TIP: Itemize the receipt by creating a separate row for each individual business expense. Any remaining amount is treated as a personal expense.

Select Expense: Duplicate Remove

Select Line	Date	Expense Type	Justification	Itemized Receipt Amount (USD)
1-1	01-May-2017	2320 Veh-RentalTaxi-Train	Taxi from Duluth Airport to La Quinta Inn in Duluth	10.00
1-2	01-May-2017	2320 Veh-RentalTaxi-Train	Taxi from Duluth Airport to La Quinta Inn in Duluth	10.00

Add Another Row

Total Business Expenses	20.00
Distribution Amount Off	0.00
Original Receipt Amount	20.00

Itemization 1-2

Expense Type: 2320 Veh-RentalTaxi-Train Justification: Taxi from Duluth Airport to La Quinta Inn in Duluth

Receipt Date: 01-May-2017 (example: 10-May-2017)

Daily Rate: 10.00

Number of Days: 1

Itemized Receipt Amount: 10.00

Additional Information

Was this charge taxed on receipt? No

Remove Itemization Duplicate New Remove Return

4. The remaining Receipt Amount will auto-populate,
 - a. Choose an expense type,
 - b. Answer the tax question,
 - c. Add additional rows if required to split to additional work orders.
 - d. Your total should be the total of the original receipt amount.
 - e. Click **Return**.

Update Expense Report: Cash and Other Expenses

General Information Credit Card Transactions Credit Card Expenses Cash and Other Expenses Expense Allocations Review

Save Cancel Back Step 4 of 5 Next

Receipt-Based Expenses [20.00] Mileage Expenses [0.12]

Receipt-Based Expenses [20.00]

Receipt-Based Expenses

TIP: Enter the expenses that you did not charge to your corporate credit card. Enter one expense per line. Click Details to enter information specific to an expense, such as the Daily Rate. If your receipt includes more than one expense type, click Itemize.

TIP Date Example: 10-MAY-2017.

Select Expense Lines: Duplicate Remove Show Receipt Currency

Select All Select None

Select Line	Date	Receipt Amount	Expense Type	Justification	Reimbursable Amount (USD)	Details
1	01-May-2017	20.00	2320 Veh-RentalTaxi-Train	Taxi from Duluth Airport to La Quinta Inn in Duluth	20.00	
2	01-May-2017	0.12	Mileage		0.12	

5. Click **Next**.

Select Focus Line	Payment Method	Date	Expense Type	Receipt Amount	Reimbursable Amount (USD)	Merchant	Location	Justification	Project	Task
<input type="checkbox"/>	All				20.00					
<input type="checkbox"/>	1/1 Cash Receipt	29-Apr-2017	2310 Veh-Rental,Taxi-Busi	10.00 USD	10.00	Custom Taxi		taxi from airport to hotel	0939	1556245
<input type="checkbox"/>	1/2 Cash Receipt	29-Apr-2017	2310 Veh-Rental,Taxi-Busi	10.00 USD	10.00	Custom Taxi		taxi from airport to hotel	0939	1556242

6. Expense Allocation section:

- Enter project and task for each split,
- Click **Next** to complete expense report and submit.

I. TIP – FILL PROJECT AND TASK NUMBERS IN EXPENSE ALLOCATION SECTION:

Do several of your expense report lines have the same project and task numbers? Follow these tricks to fill multiple lines in at once.

Create Expense Report: Expense Allocations

Use the fields below to update expense allocations for selected expense lines. Apply an amount split to a single expense line.

* Indicates required field
+ Indicates changed item

TIP You can only update expense lines with project-enabled expense types.

Select Expense Lines: **Update Allocations** Revert My Allocations ☐ Apply ☐ ☐

Select All | Select | Expand All | Collapse All

Select Focus Line	Payment Method	Date	Expense Type	Receipt Amount	Reimbursable Amount (USD)	Merchant	Location	Justification	Project	Task	Project Expenditure Organization
<input type="checkbox"/>	All				400.98						
<input type="checkbox"/>	1/1 Credit Card	28-Oct-2016	1810 Regio&Fees-TransCard	255.00 USD	255.00	INSTITUTE FOR SUPPLY M		Registration fee for Institute for Supply Management Conference held in Superior, WI			0030 Purchasing & J
<input type="checkbox"/>	2 Credit Card	21-Nov-2016	4200 Materials Purchased	29.95 USD	29.95	TOASTMASTERS LIVE PROD		Education booklets for Toastmaster members McCheserson and MFrlich			0030 Purchasing & J
<input type="checkbox"/>	3/1 Cash Receipt	01-May-2017	2320 Veh Rental/Taxi-Trans	20.00 USD	20.00	Custom Taxi		Taxi from Duluth Airport to La County Inn in Duluth			0030 Purchasing & J
<input type="checkbox"/>	4 Mileage	09-May-2017	2210 Veh-Miles-Business	96.03 USD	96.03			Personal vehicle miles from OCE to Boswell			0030 Purchasing & J

1. **Update allocations** button:
 - a. Select the lines you want to update (will have the same project and task).
 - b. Click **Update Allocations**.

2. Update project allocations:

- a. Enter the project, task and project expenditure organization

i. Project expenditure org. – enter your department’s project number (aka responsibility center) and hit tab. This will pull in the correct information you need.

- b. **TIP:** want to quick-select these project and task numbers during your next expense report? Click the box next to **Add Allocation Set to My Allocations**.

i. Give the allocation a name.

- c. Hit **Apply**.

Create Expense Report: Expense Allocations Save Cancel Back Step 5 of 6 Next

Use the fields below to update expense allocations for selected expense lines. Apply an amount split to a single expense line.
* Indicates required field

TIP You can only update expense lines with project-enabled expense types.

Select Expense Lines: **Update Allocations** Revert My Allocations Apply Settings

Select All | Select None | Expand All | Collapse All

Select	Focus Line	Error	Payment Method	Date	Expense Type	Receipt Amount	Reimbursable Amount (USD)	Merchant	Location	Justification	Project	Task	Project Expenditure Organization
<input type="checkbox"/>	All						400.98						
<input type="checkbox"/>	1/1		Cash Receipt	28-Oct-2016	1810 Regis&Fees-TrainConf	255.00 USD	255.00	INSTITUTE FOR SUPPLY M		Registration fee for Institute for Supply Management Conference held in Superior, WI			0939 Purchasing & J
<input type="checkbox"/>	2		Cash Receipt	21-Nov-2016	4200 Materials Purchased	29.95 USD	29.95	TOASTMASTERS-LIVE PROD		Education booklets for Toastmaster members NChristenson and MFrailich	0939 0939 Project MP	1666248 General Purchasing	0939 Purchasing & J
<input type="checkbox"/>	3/1		Cash Receipt	01-May-2017	2320 Veh-RentalTaxi-Train	20.00 USD	20.00	Custom Taxi		Taxi from Duluth Airport to La Quinly Inn in Duluth	0939 0939 Project MP	1666248 General Purchasing	0939 Purchasing & J
<input type="checkbox"/>	4		Mileage	09-May-2017	2210 Veh-Miles-Business	96.03 USD	96.03			Personal vehicle miles from GOB to Boswell	0939 0939 Project MP	1666248 General Purchasing	0939 Purchasing & J

Save Cancel Back Step 5 of 6 Next

3. The information you filled in is now applied to the lines you selected.

Create Expense Report: Expense Allocations Save Cancel Back Step 5 of 6 Next

Use the fields below to update expense allocations for selected expense lines. Apply an amount split to a single expense line.
* Indicates required field

TIP You can only update expense lines with project-enabled expense types.

Select Expense Lines: **Update Allocations** Revert **My Allocations** Apply Settings

Select All | Select None | Expand All | Collapse All

Select	Focus Line	Error	Payment Method	Date	Expense Type	Receipt Amount	Reimbursable Amount (USD)	Merchant	Location	Justification	Project	Task	Project Expenditure Organization
<input type="checkbox"/>	All						400.98						
<input checked="" type="checkbox"/>	1/1		Cash Receipt	28-Oct-2016	1810 Regis&Fees-TrainConf	255.00 USD	255.00	INSTITUTE FOR SUPPLY M		Registration fee for Institute for Supply Management Conference held in Superior, WI			0939 Purchasing & J
<input checked="" type="checkbox"/>	2		Cash Receipt	21-Nov-2016	4200 Materials Purchased	29.95 USD	29.95	TOASTMASTERS-LIVE PROD		Education booklets for Toastmaster members NChristenson and MFrailich	0939 0939 Project MP	1666248 General Purchasing	0939 Purchasing & J

4. Using **My Allocations**: Have allocations saved and ready to use?
- Select the lines you want to update.
 - Select the option under My Allocations.
 - Click **Apply**.

Create Expense Report: Expense Allocations Save Cancel Back Step 5 of 6 Next

Use the fields below to update expense allocations for selected expense lines. Apply an amount split to a single expense line.
* Indicates required field

TIP You can only update expense lines with project-enabled expense types.

Select Expense Lines: Update Allocations Revert My Allocations Apply Settings

Select All | Select None | Expand All | Collapse All

Select	Focus Line	Error	Payment Method	Date	Expense Type	Receipt Amount	Reimbursable Amount (USD)	Merchant	Location	Justification	Project	Task	Project Expenditure Organization
<input type="checkbox"/>	All						400.98						
<input checked="" type="checkbox"/>	1/1		Cash Receipt	28-Oct-2016	1810 Regs&Fees-TransConf	255.00 USD	255.00	INSTITUTE FOR SUPPLY M		Registration fee for Institute for Supply Management Conference held in Superior, WI	0969 0969 Project MP	1666255 1666255 TOASTMASTERS-GOB	0939 Purchasing & J
<input checked="" type="checkbox"/>	2		Cash Receipt	21-Nov-2016	4200 Materials Purchased	29.95 USD	29.95	TOASTMASTERS-LIVE PROD		Education booklets for Toastmaster members NChristenson and MFrlich	0969 0969 Project MP	1666255 1666255 TOASTMASTERS-GOB	0939 Purchasing & J

5. The set allocation is now applied to the lines you chose.

TIP - VIEW YOUR SAVED ALLOCATIONS:

ALLETE Expense Reports Global Policy Home Navigator Favorites Settings Worklist Logged In As JSIMPSON Logout

Expenses Expenses Home Expense Reports Credit Card Transactions Access Authorizations Reports and Tasks Payments Search

General Information Credit Card Transactions Credit Card Expenses Cash and Other Expenses **Expense Allocations** Review

Update Expense Report: Expense Allocations Save Cancel Back Step 5 of 6 Next

Use the fields below to update expense allocations for selected expense lines. Apply an amount split to a single expense line.
* Indicates required field

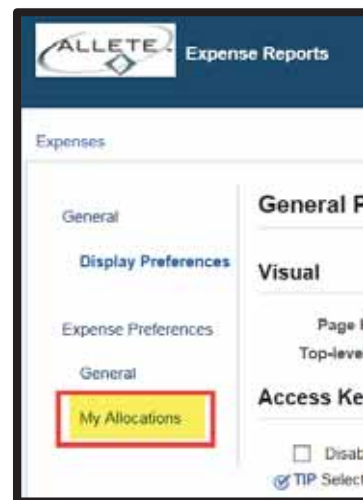
TIP You can only update expense lines with project-enabled expense types.

Select Expense Lines: Update Allocations Revert My Allocations Apply Settings

Select All | Select None | Expand All | Collapse All

Select	Focus Line	Payment Method	Date	Expense Type	Receipt Amount	Reimbursable Amount (USD)	Merchant	Project	Task	Justification
<input type="checkbox"/>	All					428.07				

1. Want to see your saved allocations?
 - i. While in Expense Reports, Click **Settings** then **Preferences**.
2. When in the settings, choose *My Allocations* on the far left side of the screen.
3. View, edit, add and remove your set allocations on this screen.



General

Display Preferences

Expense Preferences

General

My Allocations

Expenses Preferences: My Allocations

Cancel

Revert

Save

Apply

Create an allocation set to represent your pre-defined allocations. You apply your allocation set to expense lines during expenses entry.

My Project Allocation Sets

Line	Allocation Name	Project	Task	Project Expenditure Organization	Duplicate	Remove
1	<div>General purchasing</div>	<div>0939</div> <div>0939 Project MP</div>	<div>1666248</div> <div>General Purchasing</div>	<div>0939 Purchasing &</div>	<div></div>	<div></div>
2	<div>Toastmasters</div>	<div>0069</div> <div>0939 Project MP</div>	<div>1666255</div> <div>Toastmasters-GOB</div>	<div>0939 Purchasing &</div>	<div></div>	<div></div>

J. FR CLOTHING AND SAFETY BOOT INSTRUCTIONS

FR Clothing: FR Clothing can be purchased on corporate credit card up to the dollar amount allowed per employee. FR Clothing can also be purchased by employee's personal credit card, check, cash, where the company reimburses the employee up to the dollar amount allowed per employee.

If you have any questions regarding RF clothing, please email FRClothing@mnpower.com.

Safety Boots: Safety boots are 50% (up to \$100.00) reimbursed by the company. Purchase can be on corporate credit card, where the employee reimburses the company for 50% of cost, or purchase can be done on employee personal credit card, check, cash, where the company reimburses the employee for 50% of the cost.

I) FR CLOTHING ON CORPORATE CREDIT CARD

1. If FR Clothing is purchased on Corporate Credit card, select the credit card transaction line, click **Next**.

Expenses

Expenses Home | Expense Reports | Credit Card Transactions | Access Authorizations | Projects and Tasks | Payments Search

General Information | Credit Card Transactions | **Credit Card Expenses** | Cash and Other Expenses | Expense Allocations | Review

Create Expense Report: Credit Card Expenses

Save | Cancel | Back | Step 3 of 6 | Next

Business Expenses

For instructions on how to reimburse the company for personal expenses, click here: [Reimbursement Instructions](#)

Select Business Expenses: Remove | [Icons]

Select All | Select None

Select	Line	Date	Receipt Amount	Expense Type	Merchant Name	Justification	Reimbursable Amount (USD)	Details
<input type="checkbox"/>	1	30-Oct-2016	199.99 USD	4250 FR Clothing - Employee	RED WING SHOE # 738	FR clothing demo	199.99	Details
							Total	199.99

2. Click **Details**.

Expenses

Expenses Home | Expense Reports | Credit Card Transactions | Access Authorizations | Projects and Tasks | Payments Search

General Information | Credit Card Transactions | **Credit Card Expenses** | Cash and Other Expenses | Expense Allocations | Review

Credit Card Expenses: Details for Line 1 Itemize Remove Return

* Indicates required field

A * Expense Type: 4250 FR Clothing - Employee

* Start Date: 30-Oct-2016 (Example: 18-May-2017)

Daily Rate: 199.99

Number Of Days: 1

Receipt Amount: 199.99

Receipt Currency: USD - US Dollar

Exchange Rate: 1

Reimbursable Amount: 199.99 USD

B * Justification: FR clothing demo

Transaction Location: DULUTH, MN

Merchant Name: RED WING SHOE # 738

☐ Original Receipt Missing

How to Itemize: Itemization Instructions

Company Reimbursement Form: MP CRM

FR Clothing: FR Clothing Instructions

Missing Receipt Form: Missing Receipt Form

Additional Information

D * Purchased For: **C**

* Clothing Description: **E**

* Was this charge taxed on receipt?

3. Enter additional information.
 - a. Enter Expense type 4250 FR Clothing – Employee.
 - b. Enter justification reason.
 - c. Enter Employee name for whom the FR clothing was purchased.
 - d. Enter a description of the clothing.
 - e. Answer Yes or No if tax was charged on the receipt.
 - f. Click **return**.

II) FR CLOTHING, RECEIPT BASED FROM EMPLOYEE PERSONAL EXPENSE

Create Expense Report: Cash and Other Expenses

General Information | Credit Card Transactions | Credit Card Expenses | **Cash and Other Expenses** | Expense Allocations | Review

Save Cancel Back Step 4 of 6 Next

Receipt-Based Expenses [0.00] | Mileage Expenses [0.00]

Receipt-Based Expenses [0.00]

Receipt-Based Expenses

TIP Enter the expenses that you did not charge to your corporate credit card. Enter one expense per line. Click Details to enter information specific to an expense, such as the Daily Rate. If your receipt includes more than one expense type, click Itemize.
TIP Date Example: 15-MAY-2017

Select Lines: Duplicate Remove | Show Receipt Currency | [Icons]

Select	Line	Date	Receipt Amount	Expense Type	Justification	Reimbursable Amount (USD)	Details
<input checked="" type="checkbox"/>	1	01-May-2017	250	4250 FR Clothing - Employee	FR clothing Demo		Details
<input type="checkbox"/>	2	04-May-2017	200	4200 Materials Purchased	Safety boot demo		Details
<input type="checkbox"/>	3						Details

1. At the Receipt-Based Expenses tab:
 - a. Select the line, enter the date, receipt amount, Expense Type 4250 FR Clothing – Employee, Justification reason.
 - b. Click the **Details** box.

Enter Details for Expense Line 1

* Indicates required field

* Expense Type: 4250 FR Clothing - Employee
 * Start Date: 01-May-2017
 Daily Rate: 250.00
 Number Of Days: 1
 * Receipt Amount: 250.00
 * Receipt Currency: USD - US Dollar
 Exchange Rate: 1
 Reimbursable Amount: 250.00 USD

* Justification: FR clothing Demo

Merchant Name

☐ Original Receipt Missing

Additional Information

* Purchased For
 * Clothing Description
 * Was this charge based on receipt?

2. Fill in the Additional Information questions.

- Enter Merchant Name.
- Enter Purchased For (use the looking glass to search for Employee Name).
- Enter Clothing Description.
- Answer question Yes or No if tax was charged on receipt.
- Click **Continue** (next line) or **Return**.

Update Expense Report: Cash and Other Expenses

Receipt-Based Expenses [270.00] Mileage Expenses [0.00]

Receipt-Based Expenses [270.00]

Receipt-Based Expenses

q TIP Enter the expenses that you did not charge to your corporate credit card. Enter one expense per line. Click Details to enter information specific to an expense, such as the Daily Rate. If your receipt includes more than one expense type, click Itemize.
 q TIP Date Example: 30-APR-2017.

Select Expense Lines: Duplicate Remove Show Receipt Currency

Select	Line	Date	Receipt Amount	Expense Type	Justification	Reimbursable Amount (USD)	Details
<input type="checkbox"/>	1	29-Apr-2017	20.00	2310 Van-Rental-Taxi-Busi	taxi from airport to hotel	20.00	
<input type="checkbox"/>	2	29-Apr-2017	250.00	4250 FR Clothing - Employee	FR Clothing demo	250.00	
<input type="checkbox"/>	3						

3. Once back to the previous screen, click Next.

Expenses

Expenses Home | **Expense Reports** | Credit Card Transactions | Access Authorizations | Projects and Tasks | Payments Search

General Information | Credit Card Transactions | Credit Card Expenses | Cash and Other Expenses | **Expense Allocations** | Review

Create Expense Report: Expense Allocations Save Cancel Back Step 5 of 6 **Next**

Use the fields below to update expense allocations for selected expense lines. Apply an amount split to a single expense line.
* Indicates required field

TIP You can only update expense lines with project-enabled expense types.

Select Expense Lines: **Update Allocations** | Revert | My Allocations Apply

Select All | Select None | Expand All | Collapse All

Select Focus Line	Error	Payment Method	Date	Expense Type	Receipt Amount	Reimbursable Amount (USD)	Merchant	Location	Justification	Project	Task	Project Expenditure Organization
<input type="checkbox"/>	All					270.00						
<input type="checkbox"/>	1/1	Cash Receipt	01-May-2017	2320 Veh-RentalTaxi-Train	10.00 USD	10.00	Custom Taxi		Taxi from Duluth Airport to La Quinta Inn in Duluth	0939 Project MP	1666248 General Purchasing	0939 Purchasing & Contracts
<input checked="" type="checkbox"/>	1/2	Cash Receipt	01-May-2017	2320 Veh-RentalTaxi-Train	10.00 USD	10.00	Custom Taxi		Taxi from Duluth Airport to La Quinta Inn in Duluth	0939 Project MP	1666248 General Purchasing	Minnesota Power (OU)
<input type="checkbox"/>	2	Cash Receipt	29-Apr-2017	4250 FR Clothing - Employee	250.00 USD	250.00	L and M Supply		FR clothing demo			0939 Purchasing & Contracts

4. Enter project and task. Click Next.

Expense Allocations | Expense Lines | Weekly Summary | Approval Notes (0) | Approvers

Project Allocations

Expand All | Collapse All

Focus Line	Error	Payment Method	Date	Expense Type	Receipt Amount	Reimbursable Amount (USD)	Merchant	Location	Justification	Project	Task	Project Expenditure Organization
	All					270.00						
1/1		Cash Receipt	01-May-2017	2320 Veh-RentalTaxi-Train	10.00 USD	10.00	Custom Taxi		Taxi from Duluth Airport to La Quinta Inn in Duluth	0939 Project MP	1666248 General Purchasing	0939 Purchasing & Contracts
1/2		Cash Receipt	01-May-2017	2320 Veh-RentalTaxi-Train	10.00 USD	10.00	Custom Taxi		Taxi from Duluth Airport to La Quinta Inn in Duluth	0939 Project MP	1666248 General Purchasing	Minnesota Power (OU)
2		Cash Receipt	29-Apr-2017	4250 FR Clothing - Employee	250.00 USD	250.00	L and M Supply		FR clothing demo	0939 Project MP	1666248 General Purchasing	0939 Purchasing & Contracts

Save Cancel Back Step 6 of 6 **Submit**

5. Verify Expense Allocations, click **Submit** to complete Expense Report.

III) SAFETY BOOT EXAMPLE

A . SAFETY BOOTS PURCHASED ON CORPORATE CREDIT CARD

- ✓ Employee is responsible for 50% of charge. Company will pay half of safety boots (up to \$100 total).
 - I.e. – purchase \$250 boots – company will pay for \$100, employee pays for \$150
 - I.e. – purchase \$180 boots – company will pay for \$90, employee pays for \$90

1. Reconcile the Safety boot transaction on corporate credit card
 - a. Select credit card transaction line.
 - b. Enter expense type of materials purchased.
 - c. Enter justification reason.
 - d. Click the Details box to itemize and split the charge.

2. Answer the question Yes or No if tax was charged on the receipt, click **Itemize**.

Original Receipt Amount: 199.99
Receipt Currency: USD - US Dollar
Exchange Rate: 1
Reimbursable Amount: 99.99 USD

Transaction Location: DULUTH, MN
Merchant Name: RED WING SHOE # 738
☐ Original Receipt Missing

How to Remove: Itemization Instructions
Company Reimbursement Form: MP CRM

Itemized Business Expenses

Tip: Itemize the receipt by creating a separate row for each individual business expense. Any remaining amount is treated as a personal expense.

Select Line	Date	Description	Expense Type	Justification	Itemized Receipt Amount (USD)
1-1	30-Oct-2016		4200 Materials Purchased	Safety Boot demo	99.99

[Add Another Row](#)

Total Business Expenses	99.99
Distribution Amount Off	100.00
Original Receipt Amount	199.99

Itemization 1-1

Expense Type: 4200 Materials Purchased
Start Date: 30-Oct-2016
Daily Rate: 99.99
Number Of Days: 1
Itemized Receipt Amount: 99.99

Justification: Safety Boot demo

Additional Information
Was this charge taken on receipt? No

[Remove Itemization](#) [Remove](#) [Return](#)

3. Itemize to split the charge.
 - a. Enter half the amount of the transaction (Company pays 50% of the boots up to \$100.00).
 - b. Click Add another Row.

Original Receipt Amount: 199.99
Receipt Currency: USD - US Dollar
Exchange Rate: 1
Reimbursable Amount: 199.99 USD

Transaction Location: DULUTH, MN
Merchant Name: RED WING SHOE # 738
☐ Original Receipt Missing

How to Remove: Itemization Instructions
Company Reimbursement Form: MP CRM

Itemized Business Expenses

Tip: Itemize the receipt by creating a separate row for each individual business expense. Any remaining amount is treated as a personal expense.

Select Line	Date	Description	Expense Type	Justification	Itemized Receipt Amount (USD)
1-1	30-Oct-2016		4200 Materials Purchased	Safety Boot demo	99.99
1-2	30-Oct-2016		0000 MC Pers.	Safety Boot demo	100.00

[Add Another Row](#)

Total Business Expenses	199.99
Distribution Amount Off	0.00
Original Receipt Amount	199.99

Itemization 1-2

Expense Type: 0000 MC Pers.
Start Date: 30-Oct-2016
Daily Rate: 100.00
Number Of Days: 1
Itemized Receipt Amount: 100.00

Justification: Personal amount due for safety boots from employee

[Remove Itemization](#) [Remove](#) [Return](#)

4. Enter the information for the employee personal amount due.

- a. Enter the Expense Type 0000 MC Pers. With Cost Type 0000 MC Pers you want to use the appropriate below project and work order:

Project	Work Order	Expense Type
MP	MCPERMP	0000
ACE	MCPERACE	0000
SWLP	MCPERSWLP	0000
ARR	MCPERARR	0000
MP AFFIL	MCPERAFF	0000

- b. Enter Justification reason.
c. Notice the total amount of the transaction does not have amount in the Distribution amount off.
d. Click Return.

Create Expense Report: Credit Card Expenses

Business Expenses

For instructions on how to reimburse the company for personal expenses, click here: [Reimbursement Instructions](#)

Select Business Expenses: [Remove](#) | [Add](#) | [Refresh](#) | [Help](#) | [Print](#)

Select	Line	Date	Receipt Amount	Expense Type	Merchant Name	Justification	Reimbursable Amount (USD)	Details
<input type="checkbox"/>	1	30-Oct-2016	199.99 USD	4250 Materials Purchased	RED WING SHOE # 738	Safety Boot Items	199.99	Details
Total							199.99	

5. Click Next to continue to complete expense report.

You will now need to write a check to the company – see [Section G](#) for more information.

B . SAFETY BOOTS PURCHASED BY EMPLOYEE AS PERSONAL EXPENSE

- Employee is responsible for 50% of charge. Company will pay half of safety boots (up to \$100 total).
 - I.e. – purchase \$250 boots – company will pay for \$100, employee pays for \$150
 - I.e. – purchase \$180 boots – company will pay for \$90, employee pays for \$90

Create Expense Report: Cash and Other Expenses

Save Cancel Back Step 4 of 6 Next

Receipt-Based Expenses [0.00] Mileage Expenses [0.00]

Receipt-Based Expenses [0.00]

Receipt-Based Expenses

TIP Enter the expenses that you did not charge to your corporate credit card. Enter one expense per line. Click Details to enter information specific to an expense, such as the Daily Rate. If your receipt includes more than one expense type, click Remit.

TIP Date Example: 10-MAY-2017.

Select Lines: Duplicate Remove Show Receipt Currency

Select	Line	Date	Receipt Amount	Expense Type	Justification	Reimbursable Amount (USD)	Details
<input checked="" type="checkbox"/>	1	01-May-2017	100	4200 Materials Purchased	the boots purchased to employee	100.00	Details

Example for a \$200.00 pair of boots purchased by employee with personal credit card, check or cash.

1. At the Receipt-Based Expenses tab:
 - a. Enter the date boots purchased.
 - b. Enter 50% of the Receipt Amount up to \$100.00.
 - c. Expense Type of 4200 Materials Purchased.
 - d. Enter justification reason.
 - e. Select the expense line and click the Details box.

Enter Details for Expense Line 1

* indicates required field

* Expense Type: 4200 Materials Purchased

* Start Date: 01-May-2017 (example: 01-Apr-2017)

Daily Rate: 100.00

Number of Days: 1

* Receipt Amount: 100.00

* Receipt Currency: USD - US Dollar

Exchange Rate: 1

Reimbursable Amount: 100.00 USD

* Justification: safety toe boots purchased by employee

a Merchant Name: L & M Supply

☐ Original Receipt Missing

b Additional Information

* Was this charge based on receipt? No

c

2. Enter additional information:
 - a. Enter Merchant Name.
 - b. Answer Yes or No if tax was charged on receipt.
 - c. Click **Return**.

Create Expense Report: Cash and Other Expenses

Receipt-Based Expenses [100.00] Mileage Expenses [0.00]

Receipt-Based Expenses [100.00]

Receipt-Based Expenses

@TIP Enter the expenses that you did not charge to your corporate credit card. Enter one expense per line. Click Details to enter information specific to an expense, such as the Daily Rate. If your receipt includes more than one expense type, click itemize.
@TIP Date Example: 10-MAY-2017.

Select Expense Lines: Duplicate Remove Show Receipt Currency

Select	Line	Date	Receipt Amount	Expense Type	Justification	Reimbursable Amount (USD)	Details
<input type="checkbox"/>	1	01-May-2017	100.00	4200 Materials Purchased	safety toe boots purchased by emp	100.00	Details
<input type="checkbox"/>	2						Details

Next

3. Click **Next**.

Create Expense Report: Expense Allocations

Use the fields below to update expense allocations for selected expense lines. Apply an amount split to a single expense line.

Indicates required field
Indicates changed item

TIP You can only update expense lines with project-enabled expense types.

Select Expense Lines: [Update Allocations](#) [Revert](#) [My Allocations](#) [Apply](#)

Select All | Select None | Expand All | Collapse All

Select Focus Line	Error	Payment Method	Date	Expense Type	Receipt Amount	Reimbursable Amount (USD)	Merchant	Location	Justification	Project	Task	Project Expenditure Organization
<input type="checkbox"/>	All					100.00						
<input type="checkbox"/>	1	Cash Receipt	01-May-2017	4200 Materials Purchased	100.00 USD	100.00	L & M Supply		safety ice boots purchased by employee			0000 Purchasing & J

4. Enter Project, task and Project Expenditure Organization
 - a. Project Expenditure Organization is your department's project number (aka responsibility center). Start typing in your department project number then hit **tab** on your keyboard. The rest will populate.
5. Click **Next**.

Create Expense Report: Review

Review the expense report below before submission.

[Previous](#) [Expense Allocations](#) [Review](#)

[Save](#) [Cancel](#) [Back](#) Step 6 of 6 [Submit](#)

General Information

Name: Paulson, Vanessa A (5212) [Book Add...](#)

Expense Dates: 01-MAY-2017 - 01-MAY-2017

Report Total: 100.00 USD

Reimbursement Amount: 100.00 USD

[Expense Allocations](#) [Expense Lines](#) [Weekly Summary](#) [Approval Notes \(0\)](#) [Approver](#)

Project Allocations

[Expand All](#) [Collapse All](#)

Focus Line	Payment Method	Date	Expense Type	Receipt Amount	Reimbursable Amount (USD)	Merchant	Location	Justification	Project	Task
All					100.00					
1	Cash Receipt	01-May-2017	4200 Materials Purchased	100.00 USD	100.00	L & M Supply		safety ice boots purchased by employee	0039	1000245

5. Verify expense allocations and click **Submit** to complete Expense Report.

K. WRITING A CHECK TO THE COMPANY – ACCIDENTAL CHARGES OR REIMBURSEMENT

There are instances where an employee may owe the company money. For instance, if an employee purchases safety boots on their company card, they need to write a personal check to pay for half of the cost of the boots. Or, if an employee accidentally puts a personal charge on their company credit card.

Follow the steps below to properly reimburse the company.

1. Submit a personal check to the appropriate company – Minnesota Power, Superior Water, Light & Power, ALLETE Clean Energy, etc., – **not cash**, for the personal amount due along with your expense report.
2. Use this accounting for your expense report

Expense Type	Project	Work Order	Project Expenditure Organization
0000 – MC Pers	ACE	MCPERACE	ALLETE Clean Energy (OU)
0000 – MC Pers	ARR	MCPERARR	ALLETE Renewable Resources (OU)
0000 – MC Pers	MP	MCPERMP	Minnesota Power (OU)
0000 – MC Pers	SWLP	MCPERSWLP	Superior WLP (OU)
<i>Step 3 of 6</i>	<i>Step 5 of 6</i>	<i>Step 5 of 6</i>	<i>Step 5 of 6</i>

PROCESSING AN ACCIDENTAL, PERSONAL CHARGE ON YOUR CORPORATE CREDIT CARD.

- (1) In your expense report, process the charge with the project, work order and expense type referenced in the chart above.
- (2) Fill out the cash received memo:
 - (a) ACE -[145a](#)
 - (b) ARRI – [145b](#)
 - (c) MP/MP AFF – [144a](#)
 - (d) SWLP -[145d](#)
- (3) Write a check to the company (Minnesota Power/SWLP/ACE/ etc.).
- (4) Print off a copy of your expense report.
- (5) In a red envelope, send:
 - (a) a copy of your expense report
 - (b) a copy of the cash received memo
 - (c) check written out to the company
- (6) Send the red envelope to Accounts Payable.



VERSION 1.0
APRIL 27, 2017



ORACLE 101 – SUPERVISORS NOTIFICATIONS AND APPROVALS

LAST REVISED APRIL 2017

ALLETE INC.

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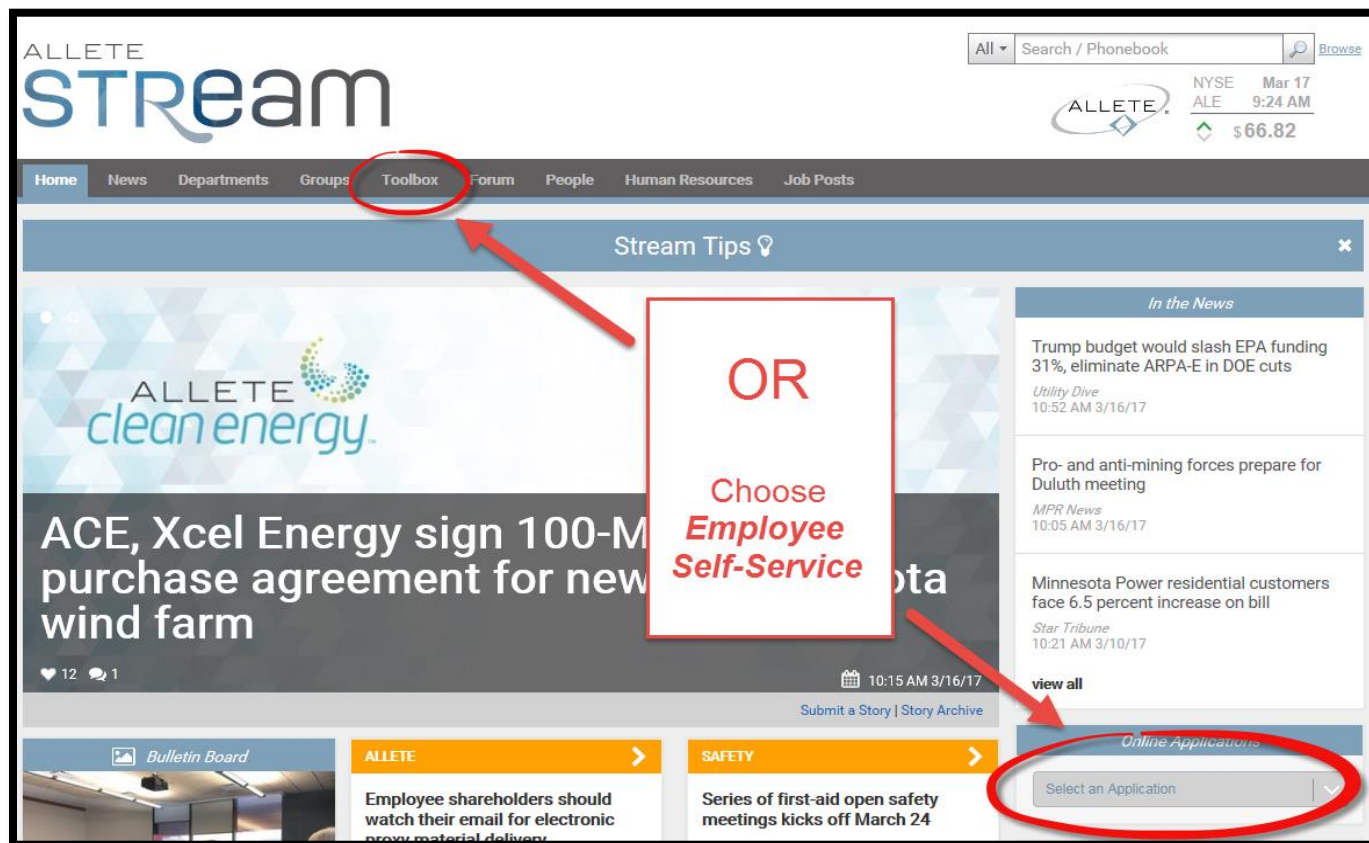
ORACLE 101 – SUPERVISORS NOTIFICATIONS AND APPROVALS

I. APPROVAL NOTIFICATIONS FOR SUPERVISORS, MANAGERS

Supervisors, Managers, and Executives can view and respond to Oracle approval notifications while logged in to Oracle eBusiness Suite (Employee Self Service), or through email or smart phone.

A. LOG IN TO ORACLE EBUSINESS SUITE, EMPLOYEE SELF SERVICE

Log into Oracle eBusiness Suite through the ALLETE Stream intranet page. Employee Self Service can be reached by clicking on the Toolbox, Employee Self Service, or clicking Online Applications, Employee Self Service.



The screenshot shows the ALLETE Stream Employee Self Service interface. At the top, there's a navigation bar with links like Home, News, Departments, Groups, Toolbox, Forum, People, Human Resources, and Job Posts. Below this, the 'Employee Self Service' section is visible, featuring a 'Login' button highlighted with a red box. Other elements include a 'Forgot Password/Password Expiration Instructions' link, a note about clearing Internet Explorer's cache, and a list of services available to employees such as Personal Information, Emergency Contacts, Benefits Information, Elections Employment, Salary History, Paycheck Payment Methods, Online Tax Form (W4), W-2, and Paycheck Payslips.

1. Click the Login button.

The screenshot displays the Oracle login page. It features a dark blue background with the Oracle logo at the top left. The login form includes fields for 'User Name' (containing 'vpaulson') and 'Password' (masked with dots), both highlighted with red boxes. Below these fields are 'Login' and 'Cancel' buttons, with the 'Login' button also highlighted. At the bottom, there are links for 'Login Assistance' and 'Register here', and dropdown menus for 'Accessibility' (set to 'None') and 'Language' (set to 'English').

2. Enter your user name, (first initial last name, for example: jsmith), and password (case sensitive), click the Login button.

B. NOTIFICATION WORKLIST

Worklist

Full List (3)

From	Type	Subject	Sent	Due
Paulson, Vanessa	Requisition	Purchase Requisition 5411108366 for Paulson, Vanessa (10,000.00 USD)	26-Apr-2017	
Paulson, Vanessa	Requisition	Purchase Requisition 5411108365 for Paulson, Vanessa (21.08 USD)	26-Apr-2017	
Hansen, Tony	OTL Workflows for Employees	Timecard (21-JAN-2017 to 03-FEB-2017) for Hansen, Tony (78 hours) requires approval	04-Feb-2017	

[TIP Vacation Rules](#) - Redirect or auto-respond to notifications.

1. The Home page will contain the notification worklist. Select the individual notification for review and approval, or click Full List for more options for reviewing notifications.

Worklist

Full List (3)

Subject	Sent	Due - Fn Level	From	Type
Purchase Requisition 5411108366 for Paulson, Vanessa (10,000.00 USD)	26-Apr-2017		Paulson, Vanessa	Requisition
Purchase Requisition 5411108365 for Paulson, Vanessa (21.08 USD)	26-Apr-2017		Paulson, Vanessa	Requisition
Timecard (21-JAN-2017 to 03-FEB-2017) for Hansen, Tony (78 hours) requires approval	04-Feb-2017		Hansen, Tony	OTL Workflows for Employees

[TIP Vacation Rules](#) - Redirect or auto-respond to notifications.

2. From Full List, select one notification and click Open.

II. PURCHASE REQUISITION APPROVAL NOTIFICATION

Home > Worklist >

Purchase Requisition 5411108365 for Paulson, Vanessa (21.08 USD)

From: Paulson, Vanessa
To: McFadden, Diana
Sent: 26-Apr-2017 10:59:36
ID: 3230215

Description: Microsoft Wireless Mobile Mouse 4000 for Business
Total: 19.47 USD
Tax (Non Recoverable): 1.61 USD
Justification: I need a new mouse!

Requisition Lines

Line	Description	Supplier	Cost Center	Unit	Quantity	Price (USD)	Amount (USD)
3	Microsoft Wireless Mobile Mouse 4000 for Business	CDW DIRECT LLC	0939	EACH	1	19.47	19.47

Approval Sequence

McFadden, Diana Christine → In Process

Approval History

Num	Name	Action	Action Date	Note
5	McFadden, Diana Christine	Pending		
4	Paulson, Vanessa A	Submitted	26-Apr-2017 10:59:36	I need a new mouse!
3	Paulson, Vanessa A	Withdrawn	26-Apr-2017 10:59:18	
2	McFadden, Diana Christine	No action taken	26-Apr-2017 10:59:18	
1	Paulson, Vanessa A	Submitted	26-Apr-2017 10:44:55	

Related Applications

Edit Requisition
View Requisition Details
Open Document

Response

Forward To: Employee
Note:

Return to Worklist
Display next notification after my response

Approve Approve And Forward Forward Reject Reassign Request Information

1. Available Actions

- **Approve** – This action will approve the requisition. If the Approval limit of the Approver is sufficient to approve then the PR is approved otherwise it moves to next level of Approver in the hierarchy.
- **Approve and Forward** – This action will approve the requisition and the notification is forwarded to the recipient entered in the 'Forward To' field For example, if another business unit needs to also review and approve the requisition.
- **Forward** – This action will approve the requisition and the notification is forwarded to the recipient entered in the 'Forward To' field For example, if a requisition needs to be approved by another business unit.
- **Reject** – This action will reject the requisition and requestor will be notified through the notification

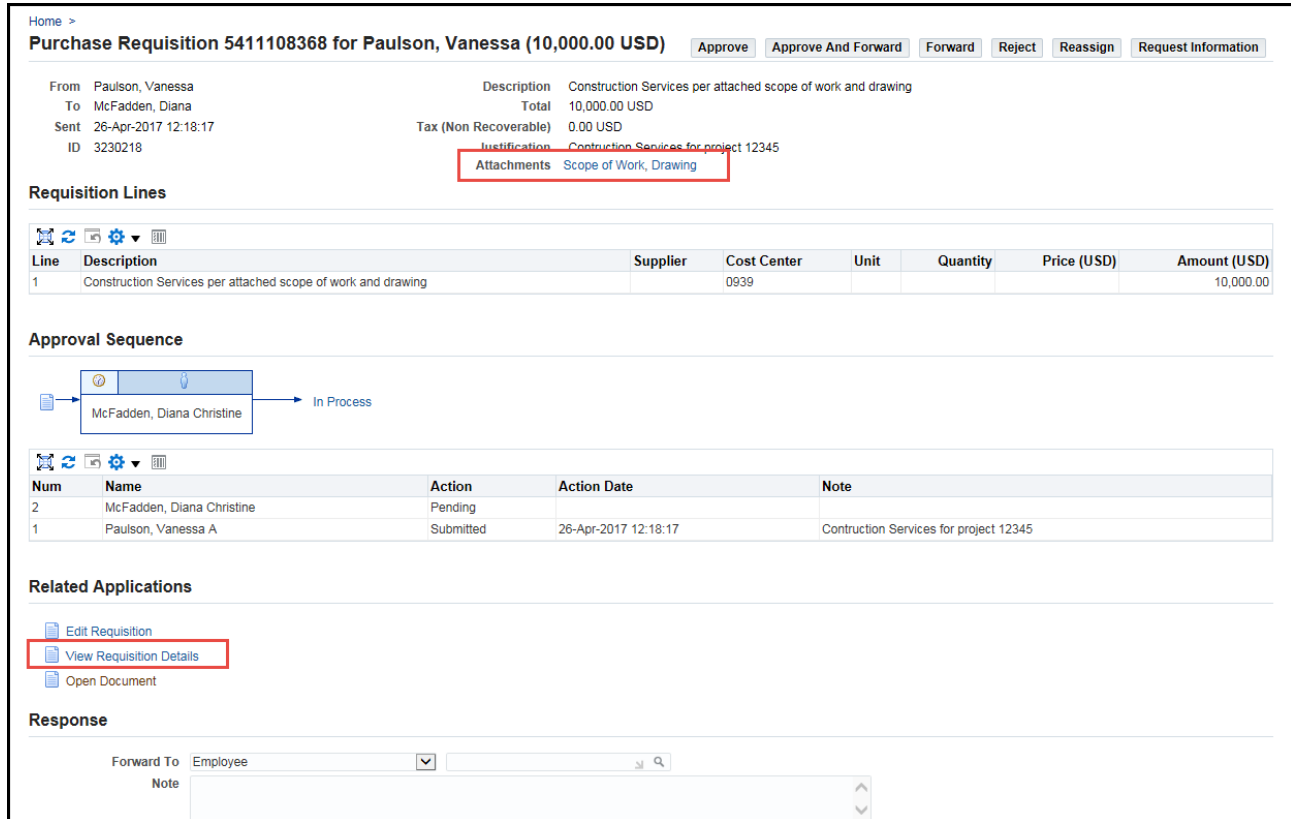
- **Reassign** – By clicking this button and entering an employee name, the notification is reassigned to that employee.
 - **Request Information** – By clicking this button the requestor of the requisition will be notified to provide more information to the Approver on the requisition.
2. Justification – this is the notes to the approver (you).
 3. Requisition line description, suggested supplier, cost center (project number), quantity, price.
 4. Requisition approval sequence.
 5. Requisition approval action history and notes to approver.
 6. Related applications; approver can open requisition to view (while logged in to Oracle), or edit the requisition.
 7. Response options; approver can forward the requisition approval notification to another approver. Enter last name first.

The screenshot shows a 'Response' dialog box. It has a 'Forward To' section with a dropdown menu for 'Employee' and a text area for 'Note'. The 'Employee' dropdown is currently set to 'DeCaigny, Amy', which is highlighted by a red rectangular box. Below the dropdown is a text area for 'Note'.

8. Return to Worklist or check the “Display next notification after my response” box to open next requisition approval notification automatically.

A. VIEW REQUISITION DETAILS FROM APPROVAL NOTIFICATION

While logged in to Oracle the Approver can view requisition details from the approval notification.



The screenshot displays the Oracle Requisition Details page for a purchase requisition. The header shows the requisition number 5411108368 for Paulson, Vanessa, with a total value of 10,000.00 USD. Action buttons include Approve, Approve And Forward, Forward, Reject, Reassign, and Request Information. The 'From' field is Paulson, Vanessa, and the 'To' field is McFadden, Diana. The 'Sent' date is 26-Apr-2017 12:18:17, and the 'ID' is 3230218. The 'Description' is Construction Services per attached scope of work and drawing, and the 'Total' is 10,000.00 USD. The 'Tax (Non Recoverable)' is 0.00 USD. The 'Justification' is Construction Services for project 12345. The 'Attachments' section shows Scope of Work, Drawing. The 'Requisition Lines' table has one line item: Construction Services per attached scope of work and drawing, with a quantity of 1, price of 10,000.00 USD, and amount of 10,000.00 USD. The 'Approval Sequence' shows a flow from McFadden, Diana Christine to In Process. The 'Related Applications' section includes links for Edit Requisition, View Requisition Details (highlighted with a red box), and Open Document. The 'Response' section shows a 'Forward To' dropdown set to Employee and a 'Note' field.

Home >

Purchase Requisition 5411108368 for Paulson, Vanessa (10,000.00 USD) [Approve](#) [Approve And Forward](#) [Forward](#) [Reject](#) [Reassign](#) [Request Information](#)

From: Paulson, Vanessa
To: McFadden, Diana
Sent: 26-Apr-2017 12:18:17
ID: 3230218

Description: Construction Services per attached scope of work and drawing
Total: 10,000.00 USD
Tax (Non Recoverable): 0.00 USD
Justification: Construction Services for project 12345
Attachments: Scope of Work, Drawing

Requisition Lines

Line	Description	Supplier	Cost Center	Unit	Quantity	Price (USD)	Amount (USD)
1	Construction Services per attached scope of work and drawing		0939				10,000.00

Approval Sequence

McFadden, Diana Christine → In Process

Num	Name	Action	Action Date	Note
2	McFadden, Diana Christine	Pending		
1	Paulson, Vanessa A	Submitted	26-Apr-2017 12:18:17	Construction Services for project 12345

Related Applications

[Edit Requisition](#)
[View Requisition Details](#)
[Open Document](#)

Response

Forward To: Employee
Note:

PR Header attachments and notes are visible from the notification.

1. Click on the attachment to open and view.
2. Click View Requisition Details to view additional requisition details.

Shop **Requisitions** Receiving Contractors Assessments Feedback

Requisitions Notifications Approvals


Requisition 5411108368

Description	Construction Services per attached scope of work and drawing	Status	In Process
Created By	Paulson, Vanessa A	Change History	No
Creation Date	26-Apr-2017 12:15:34	Urgent Requisition	No
Deliver-To	30 W Superior St Duluth, Minnesota, MN, 55802	Attachment	View
Justification	Construction Services for project 12345	Note to Buyer	

Additional Information

CPA Invoice Number (if applicable)
CPA Number

Details

Line	Description	Need-By	Deliver-To	Unit	Quantity	Qty Delivered	Qty Cancelled	Open Quantity	Price	Amount (USD)	Details	Order
1	Construction Services per attached scope of work and drawing	26-May-2017 00:00:00	01 GENL OFFICE BUILD							10,000.00		
Total										10,000.00		

[Return](#)

3. Requisition header attachments are visible. To view further information, click **Details**.

Shop **Requisitions** Receiving Contractors Assessments Feedback


Requisitions Notifications Approvals

Requisitions: Requisitions >

Requisition 5411108368 Line 1: Details

Requisition

Description	Construction Services per attached scope of work and drawing	Current Approver	McFadden, Diana Christine
Status	In Process	Approver Phone	3065
Change History	No	Date Sent to Approver	26-Apr-2017
Header Attachments	View		

 [Show Additional Information](#)

Order

No data exists.

Shipment

Shipment	Shipment Date	Expected Receipt Date	Freight Carrier	Tracking Number
No results found.				

4. Requisition header attachments are visible. To view further information, click **Show Additional Information**.

Requisitions: Requisitions > **Requisition 5411108368 Line 1: Details**

Requisition

Description Construction Services per attached scope of work and drawing
Status [In Process](#)
Change History No
Header Attachments [View](#)

Current Approver [McFadden, Diana Christine](#)
Approver Phone 3065
Date Sent to Approver 26-Apr-2017

[Hide Additional Information](#)

Item Information

Requester [Paulson, Vanessa A](#)
Need-By Date 26-May-2017 00:00:00
Suggested Buyer Mattfield, Tracey A
Item Number
Category Description Construction Services
P-Card Used No
Tax Information [Click Here](#)

Deliver-To Location 01 GENL OFFICE BUILD
Destination Type Expense
Inventory Replenishment Request No
Supplier
Supplier Site
Supplier Contact
Contact Phone
Supplier Item
Source Document Number
Source Document Type Code

Charge Account

Charge Account	Project Number	Task Number	Expenditure Type	Expenditure Organization	Expenditure Item Date	Percent
100.0939.92000.0000.4100.0000.4075.00000.0000	0939	1666248	4100	Minnesota Power (OU)	26-Apr-2017	100

Attachment

Title ^	Type ^	Description ^	Category ^	Last Updated By ^	Last Updated ^	Usage ^	Update	Delete	Publish to Catalog
Sole Source attachment to Buyer at line level	File		To Buyer	VPAULSON	26-Apr-2017	One-Time			
Scope of Work to Supplier at line level	File		To Supplier	VPAULSON	26-Apr-2017	One-Time			
Sole Source Attachment to Approver at line level	File		To Approver	VPAULSON	26-Apr-2017	One-Time			

5. Requisition header attachments and requisition line attachments are visible, and project, task, expense type.
 - a. Click on **Requisitions** and then **Return** to return to the requisition approval notification in your worklist.

B. REQUISITION CHANGE REQUEST NOTIFICATION

In iProcurement, a PR change request can be initiated by the end user to change a requisition that has already been created into a purchase order.

Home > **Requisition 5411108341 Change Request (16,028.66 USD) for Simpson, Jordan** Approve Approve And Forward Forward Reject Reassign Request Information

From: Simpson, Jordan
To: DeCaigny, Amy
Sent: 25-Apr-2017 18:35:16
Due: 26-Apr-2017 18:35:16
ID: 3228405

Summary:
New Requisition Total: 14,790.00 USD
Old Requisition Total: 15,048.00 USD
New Non-Recoverable Tax: 1,238.66 USD
Old Non-Recoverable Tax: 1,260.27 USD

Requisition Lines

Indicates new value

Line	Description	Supplier	Cost Center	Order Type	Order	Need-By	Unit	Quantity	Price (USD)	Amount (USD)	Cancel Line	Attachments	Reason
1	blue phone		0939	Purchase	5311108462	28-Apr-2017 16:54:54	EACH	33 35	234	7,722.00 8,190.00			Increase quantity
2	red phone		0939	Purchase	5311108462	28-Apr-2017 16:55:07	EACH	22 300	333	7,326.00 6,600.00			Decrease price

Approval Sequence

DeCaigny, Amy Julieanna → In Process

Num	Name	Action	Action Date	Note
4	DeCaigny, Amy Julieanna	Pending		
3	Simpson, Jordan Chanel	Change Requested	25-Apr-2017 18:35:16	Updated quantity and price per item.
2	DeCaigny, Amy Julieanna	Approved	24-Apr-2017 11:36:56	
1	Simpson, Jordan Chanel	Submitted	23-Apr-2017 16:56:56	

1. Note the fields showing the difference in requisition total, quantity, price, amount, reason for the change, between the original PR and the new PR.
2. *Approval options are the same here as PR approvals.*

III. NON-PO INVOICE APPROVAL

Supervisors will receive Non-PO invoice approval notifications when a requester in their Human Resources (HR) approval hierarchy enters accounting to a Non-PO invoice notification and clicks approve.

Home > Invoice 1763286DNT from DULUTH NEWS TRIBUNE (1090.94 USD) requires your approval

To: DeCaigry, Amy
Sent: 26-Apr-2017 18:12:53
Due: 06-May-2017 18:12:53
ID: 3230221

Supplier Name: DULUTH NEWS TRIBUNE
Invoice Number: 1763286DNT
Invoice Date: 31-Aug-2016 00:00:00
Invoice Description: SUBSCRIPTION
Invoice Total: 1090.94
Invoice Currency: USD
Total: 1,090.94 USD

TIP
1. Please login to Oracle Applications using a non mobile device for more details on the invoice.
2. If detail has not been entered, log into Oracle to input the proper Project and Task information.
3. If you are updating the Project and Task information on the invoice, please indicate you have done so in approval details.
4. You can login to Oracle Applications from "View Additional Invoice Details" link in the notification from the non mobile device.

Amount Summary

Line Type	Amount
Item	1,090.94

Invoice Lines

Description	PO Number	Quantity Invoiced	UOM	Unit Price	Amount
SUBSCRIPTION					1,090.94

Action History

Num	Action Date	Action	From	To	Details
1	26-APR-2017 18:35:28	Submit	Accounts Payable	Simpson, Jordan	
2	26-APR-2017 18:12:52	Approve	Simpson, Jordan	Workflow System	
3	26-APR-2017 18:12:53	Submit	Accounts Payable	DeCaigry, Amy	Accounting has been entered by J.Simpson. Ready for approval.

Related Applications

[View Additional Invoice Details](#)

Response






Note

1. The Non-PO invoice notification **will not** contain a PO Number.
2. Please ensure the invoice approver entered accounting.
3. Available actions.
 - a. **Approve**, will approve the invoice and the invoice will schedule to pay.
 - b. **Reject**, will reject the invoice. Please let accounts payable know if you have rejected the invoice.
 - c. **Reassign**, will reassign the Non-PO invoice approval notification to another employee, but the employee will need to be another supervisor in order for the invoice notification to approve.
 - d. **Request information**, will request information about the invoice. Please let accounts payable know if you have requested information.
4. **View Additional Invoice Details**. Supervisors can view additional information about the Non-PO invoice while logged in to Oracle. Click View Additional Invoice Details.

Information
The current responsibility context has been switched to: ALT MP Payables Invoice Inquiry

Interactive Invoice Details

Requester Email jsimpson@allstate.com
Bill To Name Minnesota Power (LE)
Tax Payer ID 10001
Note



	Invoice						Purchase				
Select	Line	Line Type	Supplier Item Number	Quantity	UOM	Unit Price	Amount	PO Number	Line Number	Shipment Number	Quantity Overb
<input checked="" type="radio"/>	1	Item					1090.94				

Line:
[Show](#)

Approval Sequence

Sequence	User	Date	Action	Notes
1	Simpson, Jordan	26-Apr-2017 16:35:28	SENT	
1	Simpson, Jordan	26-Apr-2017 18:12:52	APPROVED	Accounting has been entered by JSimpson. Ready for approval.
1	DeCaigny, Amy	26-Apr-2017 18:12:53	SENT	

[Return to Notification Detail](#)

5. Click Show.

[Approve](#) | [Reject](#)

Invoice Number 1763288DNT
 Invoice Date 31-Aug-2016
 Currency USD
 Invoice Description SUBSCRIPTION

Exception Name
 Special Instructions
[Attachments](#) [Attachment List...](#) [Add...](#)

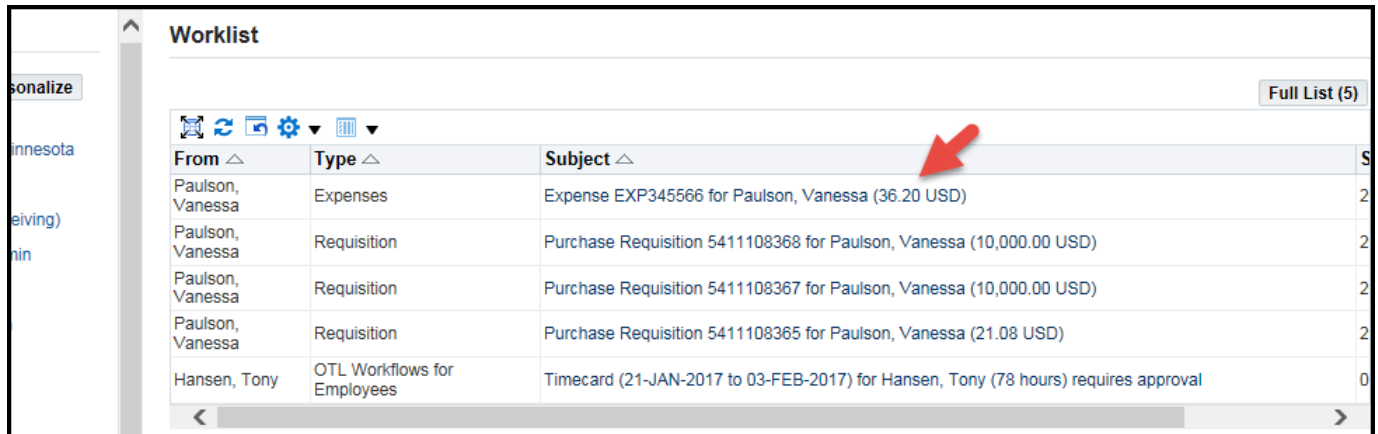
Supplier DULUTH NEWS TRIBUNE
 Tax Payer ID
 Remit To M_DULUTH
 Address 424 W 1ST ST DULUTH MN 55816-9000
 Supplier Contact

Purchase Order				
ent Number	Quantity Overbilled	Not Received	Unit Price Variance	Amount Overbilled

Project	Task	Expenditure Item Date	Expenditure Type	Expenditure Organization
Purchasing and Contracts A & G-Compensation & Other Expenses.General.Materials M.Purchasing.General.General	0939	1686248	31-Aug-2016 f6 4200	Minnesota Power (OU)
Investments & Analysis A & G-Compensation & Other Expenses.General.Materials M.General.General.General	0969	1686255	31-Aug-2016 f6 4200	Minnesota Power (OU)

6. View the attached .pdf of the invoice under the Attachments. View the project and task and expense type.

IV. EXPENSE REPORT APPROVAL NOTIFICATIONS



The screenshot shows a 'Worklist' interface with a table of notifications. A red arrow points to the first row of the table. The table has columns for 'From', 'Type', 'Subject', and a status indicator. The first row is highlighted.

From	Type	Subject	Status
Paulson, Vanessa	Expenses	Expense EXP345566 for Paulson, Vanessa (36.20 USD)	2
Paulson, Vanessa	Requisition	Purchase Requisition 5411108368 for Paulson, Vanessa (10,000.00 USD)	2
Paulson, Vanessa	Requisition	Purchase Requisition 5411108367 for Paulson, Vanessa (10,000.00 USD)	2
Paulson, Vanessa	Requisition	Purchase Requisition 5411108365 for Paulson, Vanessa (21.08 USD)	2
Hansen, Tony	OTL Workflows for Employees	Timecard (21-JAN-2017 to 03-FEB-2017) for Hansen, Tony (78 hours) requires approval	0

- Select the expense report notification by clicking on the notification,
- OR from **full list**, check the box to the left of the notification and click "Open".

Expense EXP345566 for Paulson, Vanessa (36.20 USD)

1

Approve

Reject

Reassign

Request Information

From Paulson, Vanessa

To McFadden, Diana

Sent 26-Apr-2017 13:44:56

Due 01-May-2017 13:44:56

ID 3228493

Person Paulson, Vanessa

Cost Center 0000

Report Total 36.20 USD

Attachments

Instructions

Please approve or reject this expense report. Please provide a Note if you reject.

Corporate Credit Card Expenses: Business Expenses

2

Show All Details | Hide All Details

Details	Line	Date	Expense Type	Merchant Name	Reimbursable Amount (USD)	Justification	Attachments
	1	15-Nov-2016	1530 Meals-Training	SUPER ONE FOODS #457	36.20	treats for iProcurement training	

Expense Allocations

Project Number	Task Number	Award Number	Project Expenditure Organization	Cost Center	Amount
0939	1666248		0939 Purchasing & Contracts	0939	36.2
Total				36.20	

3

Previously Submitted Expenses

4

Approval Notes

5

Approvals History

Seq.	Date	Status	Performer	Approval Group	Comments
1	26-Apr-2017 13:44:56	Notified	McFadden, Diana		

6

Related Applications

Expense Report Details

Response

7

Note

Return to Worklist

Approve

Reject

Reassign

Request Information

1. Available Actions:

- **Approve** – This action will approve the requisition. If the Approval limit of the Approver is sufficient to approve then the PR is approved otherwise it moves to next level of Approver in the hierarchy.
- **Reject** – This action will reject the requisition and requestor will be notified through the notification
- **Reassign** – By clicking this button and entering an employee name, the notification is reassigned to that employee.
- **Request Information** – By clicking this button the requestor of the requisition will be notified to provide more information to the Approver on the requisition.

2. Corporate Credit Card Expenses, Merchant name, expense type, cost center, justification.

3. Previously Submitted Expenses. Expand this to see list of previously submitted expenses.

4. Approval Notes. Expand this to see approval notes history.
5. Approvals History. List of approvers in the approval string.
6. Related Applications. Click on the Expense Report Details to view additional expense report details.
7. Response notes. Enter approval notes if required.

V. APPROVAL NOTIFICATIONS THROUGH EMAIL OR SMARTPHONE/TABLET

A. APPROVE NOTIFICATION BY EMAIL OR SMARTPHONE

All Oracle notifications will also be sent to your email. All the information necessary to make an approval decision will be with the email notification. If you are viewing the notification while logged into your Oracle worklist, you will be able to click on the “Additional Details” button and view the additional details of a requisition or expense report.

Wed 4/26/2017 1:07 PM

XEBSD98 Oracle Applications <oraappsxebsd98@mnpower.com>
Action Required: Purchase Requisition 5411108368 for Paulson, Vanessa (10,000.00 USD)

To: Diana McFadden (ALLETE)

If there are problems with how this message is displayed, click here to view it in a web browser.
Click here to download pictures. To help protect your privacy, Outlook prevented automatic download of some pictures in this message.

Message Test Drawing.docx (12 KB) Test Scope of Work.docx (12 KB)

From: Paulson, Vanessa
To: McFadden, Diana
Sent: 26-Apr-2017 18:06:35
ID: 3228492

Requisition Lines

Line	Description	Supplier	Cost Center	Unit	Quantity	Price (USD)	Amount (USD)
1	Construction Services per attached scope of work and drawing		0639				10,000.00

Approval Sequence

McFadden, Diana Christine In Process

Num	Name	Action	Action Date	Note
5	McFadden, Diana Christine	Pending		
4	Paulson, Vanessa A	Submitted	26-Apr-2017 18:06:35	Construction Services for project 12345
3	Paulson, Vanessa A	Withdrawn	26-Apr-2017 18:06:24	
2	McFadden, Diana Christine	No action taken	26-Apr-2017 18:06:24	
1	Paulson, Vanessa A	Submitted	26-Apr-2017 17:18:17	Construction Services for project 12345

Related Applications

[Edit Requisition](#)
[View Requisition Details](#)
[Open Document](#)

Please click on one of the following choices to automatically generate an E-mail response. Before sending the E-mail response to close this notification, ensure all response prompts include a desired response value within quotes.

Please approve or reject this requisition.

Action: [Approve](#) [Approve And Forward](#) [Forward](#) [Reject](#) [Request Information](#)

1. From the email notification, click on the Approval buttons at the bottom of the email.
Click Approve.

To... oraappsxebsd98@mpower.com

Cc...

Bcc...

Subject Action Required: Purchase Requisition 5411108368 for Paulson, Vanessa (10,000.00 USD)

Action: 'Approve'

If forwarding this document to another person, please enter their user-id below
Forward To: "

Note
Note: "

NID[3228492/225439832164691979691675887374037204449@WFMAIL]

2. Click Send.

B. FORWARD AN APPROVAL NOTIFICATION THROUGH EMAIL OR SMARTPHONE

1 Paulson, Vanessa A Submitted 28-Apr-2017

Related Applications



- ☐ [Edit Requisition](#)
- ☐ [View Requisition Details](#)
- ☐ [Open Document](#)


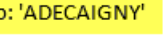
Please click on one of the following choices to automatically generate an E-mail response. Before sending the E-mail response to close this notification

Please approve or reject this requisition.

Action: **Approve** **Approve And Forward** **Forward** [Reject](#) [Request Information](#)

1. The email notification can be forwarded to another approver through email.
2. Click on **Approve and Forward** or **Forward**.

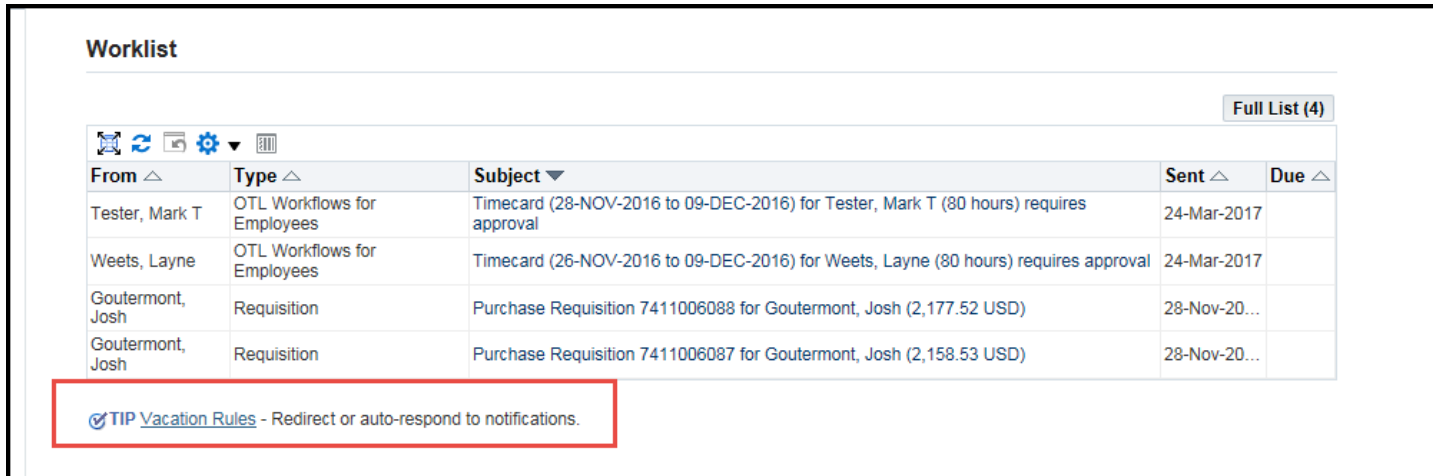
 Send	To...	oraappsxebd98@mnpower.com
	Cc...	
	Bcc...	
Subject		Action Required: Purchase Requisition 5411108368 for Paulson, Vanessa (10,000.00 USD)
<p>Action: 'Forward'</p> <p>If forwarding this document to another person, please enter their user-id below</p> <p>Forward To: " </p> <p>Note</p> <p>Note: "</p> <p>NID[3228492/225439832164691979691675887374037204449@WFMAIL]</p>		

 Send	To...	<input type="checkbox"/> Oracle Oraappsxebd98 (MP)
	Cc...	
	Bcc...	
Subject		Action Required: Purchase Requisition 5411108368 for Paulson, Vanessa (10,000.00 USD)
<p>Action: 'Forward'</p> <p>If forwarding this document to another person, please enter their user-id below</p> <p>Forward To: 'ADECAIGNY' </p> <p>Note</p> <p>Note: "</p> <p>NID[3228492/225439832164691979691675887374037204449@WFMAIL]</p>		

3. Enter the user name (first initial and last name of the Oracle user) between the single quotation marks, click Send.

VI. VACATION RULES

Vacation rules for approval notifications can be set to automatically route to another person while you are on vacation.



Worklist

Full List (4)

From	Type	Subject	Sent	Due
Tester, Mark T	OTL Workflows for Employees	Timecard (28-NOV-2016 to 09-DEC-2016) for Tester, Mark T (80 hours) requires approval	24-Mar-2017	
Weets, Layne	OTL Workflows for Employees	Timecard (26-NOV-2016 to 09-DEC-2016) for Weets, Layne (80 hours) requires approval	24-Mar-2017	
Goutermont, Josh	Requisition	Purchase Requisition 7411006088 for Goutermont, Josh (2,177.52 USD)	28-Nov-20...	
Goutermont, Josh	Requisition	Purchase Requisition 7411006087 for Goutermont, Josh (2,158.53 USD)	28-Nov-20...	

☒ **TIP** [Vacation Rules](#) - Redirect or auto-respond to notifications.

1. From the Home screen Worklist, click Vacation rules.



Home >

Vacation Rules

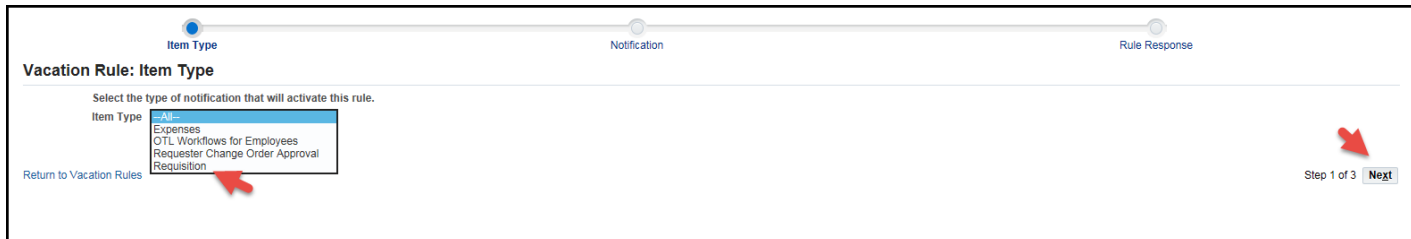
Create Rule

Rule Name

You have not setup any notification routing rules. Please use the Create Rule button to create a new notification routing rule.

[Return to Worklist](#)

2. Click Create Rule.



Vacation Rule: Item Type

Select the type of notification that will activate this rule.

Item Type: OTL Workflows for Employees

[Return to Vacation Rules](#)

Step 1 of 3 **Next**

3. Select the type of notification to create the vacation rule. Do not choose "All" as there could be personal notifications that you would not want to route to another individual.
4. Click Next.

5. Select All.
6. Click Next.

7. Enter start and end dates, a message to the person you are transferring notifications to,
8. Select **Employee** and enter employee name,
9. Select **Delegate** your response,
10. Click **Apply**.

Home > Vacation Rules

Create Rule

Rule Name	Item Type	Notification	Update	Delete	Status
Delegate: DeCaigny, Amy	Requisition	<All>			Active

[Return to Worklist](#)

11. The vacation rule can be updated to change dates or delegated individual, deleted.
Create new rules for each type of notification required to delegate.
12. *The vacation rule will change to inactive when the active dates have passed.*

Summary of Employee Expenses	2022 Unadjusted Test Year	Adjustments	2022 Test Year
		[1]	
Travel and Lodging - Employee	\$1,171,342	\$(121,256)	\$1,050,086
Travel and Lodging - Vice President / Ten Highest Paid	100,584	(10,412)	90,172
Food and Beverage - Employee	372,509	(38,562)	333,947
Food and Beverage - Vice President / Ten Highest Paid	19,722	(2,042)	17,680
Board Expenses and Compensation	1,745,183	(180,660)	1,564,523
Recreation and Entertainment	-	-	-
Expenses of Ten Highest Paid Employees	60,704	(6,284)	54,420
Dues and Subscriptions	1,132,872	(117,274)	1,015,598
Gifts	145,138	(15,025)	130,113
Registration / Fees / Parking / Other	538,923	(55,789)	483,134
Aircraft	-	- [2]	-
Lobbying	-	- [2]	-
Total Employee Expenses	\$5,286,977	(547,303)	4,739,674
Incidental lobbying - related costs included in Regulated O&M [3]		-	-
Total Employee Expense Adjustment including Incidental lobbying - related costs included in Regulated O&M		<u>\$(547,303)</u>	
Total Employee Expenses			<u>\$4,739,674</u>

[1] Adjustments were determined using a percentage calculated from adjustments made to the 2018 actuals based on the review of the 2018 actual expenditures, as specific expense justifications do not exist in budget data. As part of its withdrawn rate case in Docket No. E015/GR-19-442, the Company performed a detailed analysis of 2018 actual employee expenses which was the basis for its proposed adjustment to 2020 test year employee expenses in that docket. Taking this into consideration, the Company proposes calculating the adjustment for the 2022 test year by taking the 2022 test year employee expenses and multiplying that amount by the percentage of 2018 employee expense adjustment divided by 2018 actual employee expenses.

[2] Aircraft and lobbying costs are non-regulated expenses and therefore no adjustment is necessary.

[3] Incidental lobbying-related costs identified in the 2018 analysis of expenses were incorporated into the calculation of the adjustment for the 2022 Test Year and not separately stated. See [1].

Minnesota Power

Key Word Search List		
Accomplishment	Festival	Pipeline
ACE	First Day	Plant
Admin	Fish	Political
AEIC	Fleece	Pop
AGA	Florist	Popcorn
Alcohol	Flower(s)	Powerade
American Gas	Fruit	Prize
Anniversary	Fundraiser	Propel
Appreciation	Funeral	Puerto Rico
Award	Game	PUC
Baby	Gatorade	Recognition
Bagel	Germany	Recreation
Bakery	Get Together	Refreshment(s)
Bar(s)	Gift	Refund
Beer	Going Away	Representative
Bereavement	Golf	Resort
Beverage	Goodbye	Retirement
Birthday	Granola	Retreat
BNI	Grid	Roll
Bouquet	Halloween	Scholarship
Bowl	Ham	Sen
Brand	Hockey	Senate
Brawts	Hodnik	Shareholder
Brewery	Holiday	Shirt
Bridal	Hospitality	Shower
Bulldog(s)	Hunt	Ski
Cake	International	Snack(s)
Canada	Investor	Social
Candy	Jacket	Soda
Cancelled	Jerky	Spa
Casino	Juice	Sponsorship
Celebration	Kitchi Gammi	Spouse
Chamber	Last Day	SWLP
Christmas	LEC (Lignite Energy council)	Sympathy
Classic	Legis	Team Building
Club	Levy	Tenaska
Coach	Liquor	Terminated
Cocktail(s)	Lobby	Texas
Coffee	LRC (Lignite Research council)	Thank You
Commission	Memorial	Ticket

Concert	Mississippi	Tournament
Contribution	Muffin(s)	Treat(s)
Cookie(s)	New Employee	Turkey
Cupcake/Cup Cake	New Hire	TX
Donation	NIRI	UMD
Donut	Northland	United Way
Doughnut	NTEC	USWAG
Drink(s)	NYSE	Veterans
Entertainment	Open	Video
EOP	Outing	Wedding
ERCOT	PAC	Welcome
Event	Party	Wild
Fair	Picnic	Wine
Farewell	Pie	XMAS