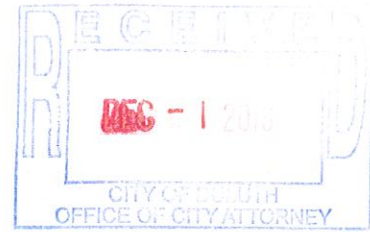




AN ALLETE COMPANY

November 22, 2016



Mr. Jeffery J. Cox  
City Clerk  
City of Duluth  
411 West First Street Room 410  
Duluth, MN 55802-1198

Dear Mr. Cox,

As requested, Minnesota Power herewith files its written acceptance of the terms and conditions of the City of Duluth Ordinance No 16-065-O, the amendment to the City of Duluth Electric Franchise Fee to implement an individual customer cap of \$420,000, as approved 11/7/2016 by Duluth City Council. This acceptance of the Ordinance is by authorized representatives of Minnesota Power. Minnesota Power will implement the required changes in its billing process to ensure that no customer exceeds the annual cap as well as notify affected customers of this change.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Patrick K. Mullen'.

Patrick Mullen  
Vice President - Marketing & Corporate Communications, Minnesota Power

A handwritten signature in blue ink, appearing to read 'Deborah A. Amberg'.

Deborah Amberg  
Senior Vice President, General Counsel & Secretary, ALLETE

Enclosure: City of Duluth Ordinance 16-065-O

cc:	Mr. Steven B. Hanke Assistant City Attorney City of Duluth 411 West First Street Room 410 Duluth, MN 55802-1198	Ms. Nancy Norr Director - Regional Development Minnesota Power 30 West Superior Street Duluth, MN 55803	Mr. Kris Spenningsby Supervisor-Retail Accounts Minnesota Power 30 West Superior Street Duluth, MN 55803
-----	---	---	--



City of Duluth

411 West First Street  
Duluth, Minnesota  
55802

Certified Copy

Ordinance: 10477

File Number: 16-065-O

Enactment Number: 10477

AN ORDINANCE AMENDING ORDINANCE 10473 TO LIMIT THE AMOUNT OF THE FRANCHISE FEE ASSESSED TO ANY MINNESOTA POWER CUSTOMER PURSUANT TO THE FRANCHISE TO AN AMOUNT NOT TO EXCEED \$420,000 PER YEAR.

CITY PROPOSAL:

The city of Duluth does ordain:

Section 1. That Section 9 of Ordinance 10473 is hereby amended to read as follows:

Section 9. Pursuant to Minnesota Statutes Section 216 B.36, the city hereby requires a franchise fee be paid and collected by Minnesota Power on its operations within the city.

(a) Said franchise fee shall apply to all electric service within the city, except electric service to property owned by the city. This franchise fee shall be added to each Minnesota Power customer's monthly electric service bill, except bills for service to the city;

(b) The amount of the franchise fee to be assessed shall be the applicable assessment rate multiplied by the customer's bills for electric service. The applicable assessment rate shall be three percent (3%) of Minnesota Power's gross electric sales for service within the city and as applied to customers' bills for electric service through Minnesota Power's Rider for city of Duluth Franchise Fee as approved by the Minnesota Public Utilities Commission;

(c) The total amount assessed to any Minnesota Power customer pursuant to subsection (b) shall not exceed \$420,000 per year;

(ed)The annual assessment rate determined above shall be applicable to all bills in Minnesota Power's billing cycles of the year;

(de)One hundred percent (100%) of the city's franchise fee assessment collected by Minnesota Power shall be paid to the city; and

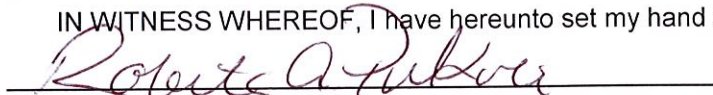
(ef)The franchise fee collected by Minnesota Power shall be payable to the city monthly with each payment due on the first day of the month.

Section 2. That this ordinance shall take effect 30 days after its passage and publication.

This Ordinance was adopted.

I, Jeffery J. Cox, City Clerk of the City of Duluth, Minnesota, do hereby certify that I have compared the foregoing passed by the city council on 11/7/2016, with the original approved and that the same is a true and correct transcript therefrom.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the corporate seal of said city of Duluth.



Assistant City Clerk



Date