

ALLETE INC  
Form 10-Q  
November 03, 2009

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934  
For the quarterly period ended September 30, 2009

or

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number 1-3548

ALLETE, Inc.  
(Exact name of registrant as specified in its charter)

Minnesota  
(State or other jurisdiction of incorporation or organization)

41-0418150  
(IRS Employer Identification No.)

30 West Superior Street  
Duluth, Minnesota 55802-2093  
(Address of principal executive offices)  
(Zip Code)

(218) 279-5000  
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.  Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).  Yes  No

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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer   
Non-Accelerated Filer

Accelerated Filer   
Smaller Reporting Company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).   
Yes  No

Common Stock, no par value,  
34,891,615 shares outstanding  
as of September 30, 2009

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## INDEX

	Page
<u>Definitions</u>	3
<u>Safe Harbor Statement Under the Private Securities Litigation Reform Act of 1995</u>	5
<u>Part I. Financial Information</u>	
<u>Item 1. Financial Statements (Unaudited)</u>	
<u>Consolidated Balance Sheet -</u>	
<u>September 30, 2009 and December 31, 2008</u>	6
<u>Consolidated Statement of Income -</u>	
<u>Quarter and Nine Months Ended September 30, 2009</u>	
<u>and 2008</u>	7
<u>Consolidated Statement of Cash Flows -</u>	
<u>Nine Months Ended September 30, 2009 and 2008</u>	8
<u>Notes to Consolidated Financial Statements</u>	9
<u>Item 2. Management's Discussion and Analysis of Financial</u>	
<u>Condition</u>	
<u>and Results of Operations</u>	25
<u>Item 3. Quantitative and Qualitative Disclosures about Market</u>	
<u>Risk</u>	40
<u>Item 4. Controls and Procedures</u>	41
<u>Part II. Other Information</u>	
<u>Item 1. Legal Proceedings</u>	41
<u>Item 1A. Risk Factors</u>	41
<u>Item 2. Unregistered Sales of Equity Securities and Use of</u>	
<u>Proceeds</u>	42
<u>Item 3. Defaults Upon Senior Securities</u>	42
<u>Item 4. Submission of Matters to a Vote of Security Holders</u>	42
<u>Item 5. Other Information</u>	42
<u>Item 6. Exhibits</u>	43

Signatures

44

ALLETE Third Quarter 2009 Form 10-Q

2

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## Definitions

The following abbreviations or acronyms are used in the text. References in this report to “we,” “us” and “our” are to ALLETE, Inc. and its subsidiaries, collectively.

Abbreviation or Acronym	Term
AFUDC	Allowance for Funds Used During Construction – consisting of the cost of both the debt and equity funds used to finance utility plant additions during construction periods
ALLETE	ALLETE, Inc.
ALLETE Properties	ALLETE Properties, LLC and its subsidiaries
ARS	Auction Rate Securities
ATC	American Transmission Company LLC
Bison I	Bison I Wind Project
BNI Coal	BNI Coal, Ltd.
BNSF	BNSF Railway Company
Boswell	Boswell Energy Center
Company	ALLETE, Inc. and its subsidiaries
DC	Direct Current
EPA	Environmental Protection Agency
ESOP	Employee Stock Ownership Plan
FASB	Financial Accounting Standards Board
FERC	Federal Energy Regulatory Commission
Form 10-K	ALLETE Annual Report on Form 10-K
Form 10-Q	ALLETE Quarterly Report on Form 10-Q
FTR	Financial Transmission Rights
GAAP	United States Generally Accepted Accounting Principles
GHG	Greenhouse Gases
IBEW Local 31	International Brotherhood of Electrical Workers Local 31
Invest Direct	ALLETE’s Direct Stock Purchase and Dividend Reinvestment Plan
kV	Kilovolt(s)
Laskin	Laskin Energy Center
Minnesota Power	An operating division of ALLETE, Inc.
Minnkota Power	Minnkota Power Cooperative, Inc.
MISO	Midwest Independent Transmission System Operator, Inc.
MPCA	Minnesota Pollution Control Agency
MPUC	Minnesota Public Utilities Commission
MW / MWh	Megawatt(s) / Megawatt-hour(s)
NDPSC	North Dakota Public Service Commission
Non-residential	Retail commercial, non-retail commercial, office, industrial, warehouse, storage and institutional
NOX	Nitrogen Oxide
Note ____	Note ____ to the consolidated financial statements in this Form 10-Q
Oliver Wind I	Oliver Wind I Energy Center
Oliver Wind II	Oliver Wind II Energy Center



## Definitions (Continued)

Abbreviation or Acronym	Term
Palm Coast Park	Palm Coast Park development project in Florida
Palm Coast Park District	Palm Coast Park Community Development District
PSCW	Public Service Commission of Wisconsin
Rainy River Energy	Rainy River Energy Corporation - Wisconsin
SEC	Securities and Exchange Commission
SO <sub>2</sub>	Sulfur Dioxide
Square Butte	Square Butte Electric Cooperative
SWL&P	Superior Water, Light and Power Company
Taconite Harbor	Taconite Harbor Energy Center
Town Center	Town Center at Palm Coast development project in Florida
Town Center District	Town Center at Palm Coast Community Development District
WDNR	Wisconsin Department of Natural Resources

ALLETE Third Quarter 2009 Form 10-Q

Safe Harbor Statement  
Under the Private Securities Litigation Reform Act of 1995

Statements in this report that are not statements of historical facts may be considered “forward-looking” and, accordingly, involve risks and uncertainties that could cause actual results to differ materially from those discussed. Although such forward-looking statements have been made in good faith and are based on reasonable assumptions, there is no assurance that the expected results will be achieved. Any statements that express, or involve discussions as to, future expectations, risks, beliefs, plans, objectives, assumptions, events, uncertainties, financial performance, or growth strategies (often, but not always, through the use of words or phrases such as “anticipates,” “believes,” “estimates,” “expects,” “intends,” “plans,” “projects,” “will likely result,” “will continue,” “could,” “may,” “potential,” “target,” “outlook” or similar meaning) are not statements of historical facts and may be forward-looking.

In connection with the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, we are hereby filing cautionary statements identifying important factors that could cause our actual results to differ materially from those projected, or expectations suggested, in forward-looking statements made by or on behalf of ALLETE in this Quarterly Report on Form 10-Q, in presentations, on our website, in response to questions or otherwise. These statements are qualified in their entirety by reference to, and are accompanied by, the following important factors, in addition to any assumptions and other factors referred to specifically in connection with such forward-looking statements:

- our ability to successfully implement our strategic objectives;
- our ability to manage expansion and integrate acquisitions;
- prevailing governmental policies, regulatory actions, and legislation including those of the United States Congress, state legislatures, the FERC, the MPUC, the PSCW, the NDPSC, and various local and county regulators, and city administrators, about allowed rates of return, financings, industry and rate structure, acquisition and disposal of assets and facilities, real estate development, operation and construction of plant facilities, recovery of purchased power, capital investments and other expenses, present or prospective wholesale and retail competition (including but not limited to transmission costs), zoning and permitting of land held for resale and environmental matters;
- the potential impacts of climate change and future regulation to restrict the emissions of GHG on our Regulated Operations;
- effects of restructuring initiatives in the electric industry;
- economic and geographic factors, including political and economic risks;
- changes in and compliance with laws and regulations;
- weather conditions;
- natural disasters and pandemic diseases;
- war and acts of terrorism;
- wholesale power market conditions;
- population growth rates and demographic patterns;
- effects of competition, including competition for retail and wholesale customers;
- changes in the real estate market;
- pricing and transportation of commodities;
- changes in tax rates or policies or in rates of inflation;
- project delays or changes in project costs;
- availability and management of construction materials and skilled construction labor for capital projects;
- changes in operating expenses, capital and land development expenditures;
- global and domestic economic conditions affecting us or our customers;



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- our ability to access capital markets and bank financing;
- changes in interest rates and the performance of the financial markets;
- our ability to replace a mature workforce and retain qualified, skilled and experienced personnel; and
- the outcome of legal and administrative proceedings (whether civil or criminal) and settlements that affect the business and profitability of ALLETE.

Additional disclosures regarding factors that could cause our results and performance to differ from results or performance anticipated by this report are discussed in Item 1A under the heading “Risk Factors” beginning on page 20 of our 2008 Form 10-K. Any forward-looking statement speaks only as of the date on which such statement is made, and we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which that statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for management to predict all of these factors, nor can it assess the impact of each of these factors on the businesses of ALLETE or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement. Readers are urged to carefully review and consider the various disclosures made by us in this Form 10-Q and in our other reports filed with the SEC that attempt to advise interested parties of the factors that may affect our business.

ALLETE Third Quarter 2009 Form 10-Q

PART I. FINANCIAL INFORMATION  
ITEM 1. FINANCIAL STATEMENTS

ALLETE  
CONSOLIDATED BALANCE SHEET  
Millions – Unaudited

	September 30, 2009	December 31, 2008
<b>Assets</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	\$54.3	\$102.0
Accounts Receivable (Less Allowance of \$0.9 at September 30, 2009 and \$0.7 at December 31, 2008)	79.3	76.3
Inventories	54.4	49.7
Prepayments and Other	24.5	24.3
<b>Total Current Assets</b>	<b>212.5</b>	<b>252.3</b>
Property, Plant and Equipment - Net	1,530.5	1,387.3
Investment in ATC	85.1	76.9
Other Investments	138.8	136.9
Other Assets	288.2	281.4
<b>Total Assets</b>	<b>\$2,255.1</b>	<b>\$2,134.8</b>

**Liabilities and Equity**

**Liabilities**

e">

10,450,000

CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES  
CERTAIN SHARES (SEE INSTRUCTIONS)

12

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

13

11.47%<sup>(6)</sup>

TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)

14

PN

(6) Percentage ownership is based on an aggregate number of Class A Shares of the Issuer of 91,101,476 outstanding as of January 31, 2017, based on information disclosed by the Issuer in the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2016, filed February 7, 2017.

CUSIP No. 88104R100

NAMES OF REPORTING PERSONS

1

BROOKFIELD ASSET  
MANAGEMENT PRIVATE  
INSTITUTIONAL CAPITAL  
ADVISER (CREDIT) LLC

2

CHECK THE APPROPRIATE BOX IF  
A MEMBER OF A GROUP

(a) (b)

3

SEC USE ONLY

4

SOURCE OF FUNDS (SEE  
INSTRUCTIONS)

AF

5

CHECK BOX IF DISCLOSURE OF  
LEGAL PROCEEDINGS IS  
REQUIRED PURSUANT TO ITEM  
2(D) OR 2(E)

6

CITIZENSHIP OR PLACE OF  
ORGANIZATION

DELAWARE

7

SOLE VOTING POWER

NUMBER OF  
SHARES  
BENEFICIALLY  
OWNED BY  
EACH  
REPORTING  
PERSON WITH

8

SHARED VOTING POWER

625,000

9

SOLE DISPOSITIVE POWER

10

SHARED DISPOSITIVE POWER

625,000

11 AGGREGATE AMOUNT  
BENEFICIALLY OWNED BY EACH  
REPORTING PERSON

625,000

12 CHECK BOX IF THE AGGREGATE  
AMOUNT IN ROW (11) EXCLUDES  
CERTAIN SHARES (SEE  
INSTRUCTIONS)

13 PERCENT OF CLASS  
REPRESENTED BY AMOUNT IN  
ROW (11)

0.69%<sup>(7)</sup>

14 TYPE OF REPORTING PERSON  
(SEE INSTRUCTIONS)

OO

(7) Percentage ownership is based on an aggregate number of Class A Shares of the Issuer of 91,101,476 outstanding as of January 31, 2017, based on information disclosed by the Issuer in the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2016, filed February 7, 2017.

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CUSIP No. 88104R100

1 NAMES OF REPORTING PERSONS  
BROOKFIELD CREDIT  
OPPORTUNITIES FUND GP, LLC

2 CHECK THE APPROPRIATE BOX IF  
A MEMBER OF A GROUP

(a) (b)

3 SEC USE ONLY

4 SOURCE OF FUNDS (SEE  
INSTRUCTIONS)

AF

5 CHECK BOX IF DISCLOSURE OF  
LEGAL PROCEEDINGS IS  
REQUIRED PURSUANT TO ITEM  
2(D) OR 2(E)

6 CITIZENSHIP OR PLACE OF  
ORGANIZATION

DELAWARE

SOLE VOTING POWER

7

NUMBER OF  
SHARES  
BENEFICIALLY  
OWNED BY  
EACH  
REPORTING  
PERSON WITH

SHARED VOTING POWER

8

625,000

SOLE DISPOSITIVE POWER

9

SHARED DISPOSITIVE POWER

10

625,000

11 AGGREGATE AMOUNT  
BENEFICIALLY OWNED BY EACH  
REPORTING PERSON

625,000

12 CHECK BOX IF THE AGGREGATE  
AMOUNT IN ROW (11) EXCLUDES  
CERTAIN SHARES (SEE  
INSTRUCTIONS)

13 PERCENT OF CLASS  
REPRESENTED BY AMOUNT IN  
ROW (11)

0.69%<sup>(8)</sup>

14 TYPE OF REPORTING PERSON  
(SEE INSTRUCTIONS)

OO

(8) Percentage ownership is based on an aggregate number of Class A Shares of the Issuer of 91,101,476 outstanding as of January 31, 2017, based on information disclosed by the Issuer in the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2016, filed February 7, 2017.

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CUSIP No. 88104R100

NAMES OF REPORTING PERSONS

1  
BROOKFIELD CREDIT  
OPPORTUNITIES MASTER FUND,  
L.P.

2  
CHECK THE APPROPRIATE BOX IF  
A MEMBER OF A GROUP

(a) (b)

3  
SEC USE ONLY

4  
SOURCE OF FUNDS (SEE  
INSTRUCTIONS)

AF

5  
CHECK BOX IF DISCLOSURE OF  
LEGAL PROCEEDINGS IS  
REQUIRED PURSUANT TO ITEM  
2(D) OR 2(E)

6  
CITIZENSHIP OR PLACE OF  
ORGANIZATION

CAYMAN ISLANDS

SOLE VOTING POWER

7

NUMBER OF  
SHARES  
BENEFICIALLY  
OWNED BY  
EACH  
REPORTING  
PERSON WITH

SHARED VOTING POWER

8

625,000

SOLE DISPOSITIVE POWER

9

SHARED DISPOSITIVE POWER

10

625,000

11 AGGREGATE AMOUNT  
BENEFICIALLY OWNED BY EACH  
REPORTING PERSON

625,000

12 CHECK BOX IF THE AGGREGATE  
AMOUNT IN ROW (11) EXCLUDES  
CERTAIN SHARES (SEE  
INSTRUCTIONS)

13 PERCENT OF CLASS  
REPRESENTED BY AMOUNT IN  
ROW (11)

0.69%<sup>(9)</sup>

14 TYPE OF REPORTING PERSON  
(SEE INSTRUCTIONS)

OO

(9) Percentage ownership is based on an aggregate number of Class A Shares of the Issuer of 91,101,476 outstanding as of January 31, 2017, based on information disclosed by the Issuer in the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2016, filed February 7, 2017.

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This Amendment No. 8 (this "Amendment No. 8") to Schedule 13D is being filed by Orion US Holdings 1 L.P., Orion US GP LLC, Brookfield Infrastructure Fund III GP LLC, Brookfield Asset Management Private Institutional Capital Adviser (Canada), L.P., Brookfield Credit Opportunities Master Fund, L.P., Brookfield Credit Opportunities Fund GP, LLC, Brookfield Asset Management Private Institutional Capital Adviser (Credit) LLC, Brookfield Asset Management Inc. and Partners Limited to amend the Schedule 13D filed on June 29, 2016 (the "Original Schedule 13D"), as amended by Amendment No. 1 to the Original Schedule 13D, filed on July 22, 2016, Amendment No. 2 to the Original Schedule 13D, filed on October 19, 2016, Amendment No. 3 to the Original Schedule 13D, filed on November 10, 2016, Amendment No. 4 to the Original Schedule 13D, filed on November 18, 2016, Amendment No. 5 to the Original Schedule 13D, filed on December 5, 2016, Amendment No. 6 to the Original Schedule 13D, filed on January 10, 2017, and Amendment No. 7 to the Original Schedule 13D, filed on January 23, 2017 (as so amended, the "Amended Schedule 13D"), with respect to beneficial ownership of the shares of Class A common stock, \$0.01 par value per share, of TerraForm Power, Inc., a corporation organized under the laws of the state of Delaware.

The Reporting Persons and Appaloosa are individually filing pursuant to Rule 13d-1(k) under the Act.

This Amendment No. 8 hereby amends Item 6 of the Amended Schedule 13D as follows:

Item 6. Contracts, Arrangements, Understandings or Relationships with Respect to Securities of the Issuer.

Item 6 of the Amended Schedule 13D is hereby amended by adding the following:

On February 17, 2017, Brookfield and the Issuer entered into an amendment to the exclusivity agreement, dated January 20, 2017, extending the expiration date of the exclusivity period to 11:59 p.m. New York City time on March 6, 2017.

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SIGNATURES

After reasonable inquiry and to the best of my knowledge and belief, the undersigned certifies that the information set forth in this statement is true, complete and correct.

February 21, 2017

ORION US HOLDINGS  
1 L.P. by its general  
partner ORION US GP  
LLC

By: /s/ Fred Day  
Name: Fred Day  
Title: Vice President

ORION US GP LLC

By: /s/ Fred Day  
Name: Fred Day  
Title: Vice President

BROOKFIELD  
INFRASTRUCTURE  
FUND III GP LLC

By: /s/ Fred Day  
Name: Fred Day  
Title: Vice President

BROOKFIELD ASSET  
MANAGEMENT  
PRIVATE  
INSTITUTIONAL  
CAPITAL ADVISER  
(CANADA), L.P.,  
by its general partner,  
BROOKFIELD  
PRIVATE FUNDS  
HOLDINGS INC.

By: /s/ James Rickert

Name: James Rickert  
Title: Vice President

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BROOKFIELD CREDIT  
OPPORTUNITIES  
MASTER FUND, L.P. by  
its general partner,  
BROOKFIELD CREDIT  
OPPORTUNITIES FUND  
GP, LLC

By: /s/ Barry Blattman  
Name: Barry Blattman  
Title: Chairman

BROOKFIELD CREDIT  
OPPORTUNITIES FUND  
GP, LLC

By: /s/ Barry Blattman  
Name: Barry Blattman  
Title: Chairman

BROOKFIELD ASSET  
MANAGEMENT PRIVATE  
INSTITUTIONAL CAPITAL  
ADVISER (CREDIT) LLC

By: /s/ Barry Blattman  
Name: Barry Blattman  
Title: President and Treasurer

BROOKFIELD ASSET  
MANAGEMENT INC.

By: /s/ A.J. Silber  
Name: A.J. Silber  
Title: Vice-President, Legal Affairs

PARTNERS LIMITED

By: /s/ Brian D. Lawson  
Name: Brian D. Lawson  
Title: President

