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**Judge sides with consumers and the environment,
slams proposed BlackRock buyout of Minnesota Power**

Private equity acquisition of public utility would result in “net harm”

Duluth, Minnesota – Today, an Administrative Law Judge (ALJ) released her report recommending that the Minnesota Public Utilities Commission (PUC) reject the proposed private equity buyout of ALLETE, Inc., parent company of Minnesota Power, a Duluth-based regulated electric utility serving northern Minnesota residential and industrial customers. Under the proposed acquisition, ALLETE would no longer be a publicly-traded company, and would be sold to two private equity investors, the Canadian Pension Plan Investment Board and Global Infrastructure Partners, a subsidiary of BlackRock, the world’s largest asset manager. Because Minnesota Power is a regulated utility, the PUC has the authority to approve or deny the deal and must determine whether the acquisition is consistent with the public interest.

Parties to the case, including CURE, Sierra Club, the Minnesota Attorney General’s Office, large industrial customers, and ratepayer protection advocates, oppose the acquisition because the evidence shows that it is not consistent with the public interest. The parties submitted evidence showing that private equity ownership would have negative impacts for customers and utility operations.

The ALJ’s analysis agreed with these parties and found that this deal cannot be seen as consistent with the public interest and therefore recommended that the Commission deny it. According to the ALJ, “The nonpublic evidence reveals [GIP and CPP’s] intent to do what private equity is expected to do – pursue profit in excess of public markets through company control.” She concluded that even though different parties argued over the legal standard, “[t]he proposed transaction does not pass muster under either standard because the Acquisition would result in net harm to the public interest.”

“This is a strong precedent for protecting the people of Minnesota from utility owners that would otherwise put profit over people. The Judge’s recommendation reflects the fact that these companies have nothing good to offer Minnesota and can’t meet the standard under our law for buying one of our utilities. While CURE is very happy with this outcome, it must be upheld by the Commission. We expect the *Public* Utilities Commission to stand by the *public* and reject

any utility acquisition that will harm Minnesotans and the economy only to enrich private equity speculators.” said **Hudson Kingston, Legal Director of CURE**.

“ALLETE failed to demonstrate how the acquisition will improve Minnesota Power’s access to capital or help it comply with Minnesota’s 100% Carbon Free Standard. Private equity investors buying up our local utility is clearly not in the best interest of the people it serves. The Commission must heed the ALJ’s recommendation and protect Minnesota Power customers by rejecting this bad deal,” said **Jenna Yeakle, Central Region Campaign Manager, Beyond Coal at Sierra Club**.

The ALJ report provides analysis of the full record, including non-binding recommendations that the PUC can accept or reject. The PUC is expected to make a final decision on the acquisition this fall.

The ALJ’s report will be provided to the PUC along with a proposed settlement agreement unexpectedly announced on July 11 between the Minnesota Department of Commerce—which had previously opposed the deal—Minnesota Power, and the private equity investors. No other party to the case has joined the proposed settlement, and the public will have an opportunity to comment on the proposed settlement in an upcoming comment period before the PUC.

“The conditions in the proposed settlement don’t resolve the fundamental problems with the acquisition: The proposed settlement would not adequately protect ratepayers or guarantee that GIP and CPP will provide Minnesota Power with sufficient capital for its transition to clean energy,” said **Patrick Woolsey, Staff Attorney, Sierra Club Environmental Law Program**.

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About CURE

CURE is rurally based, with staff across Minnesota. CURE knows rural people, lands, and ecosystems are vital to helping solve some of the biggest problems Minnesota and the country face. We help to tell the story of a vibrant rural future, lift-up people to lead, and work for policies and laws to make a better future possible for everyone.

About the Sierra Club

The Sierra Club is America’s largest and most influential grassroots environmental organization, with more than 3.5 million members and supporters. In addition to protecting every person’s right to get outdoors and access the healing power of nature, the Sierra Club works to promote clean energy, safeguard the health of our communities, protect wildlife, and preserve our remaining wild places through grassroots activism, public education, lobbying, and legal action. For more information, visit www.sierraclub.org.