

Securities and Exchange Commission
Washington, D.C. 20549

FORM 11-K

(Mark One)

Annual Report Pursuant to Section 15(d) of the Securities Exchange Act of 1934

For the fiscal year ended December 31, 1994

or

Transition Report Pursuant to Section 15(d) of the Securities Exchange Act of 1934

For the transition period from _____ to _____

Commission File No. 1-3548

Minnesota Power and Affiliated Companies
Supplemental Retirement Plan
(Full Title of the Plan)

Minnesota Power & Light Company
30 West Superior Street
Duluth, Minnesota 55802

(Name of issuer of securities
held pursuant to the Plan and
the address of its principal
executive office)

Report of Independent Accountants

To the Participants and Administrator
of the Minnesota Power and Affiliated
Companies Supplemental Retirement Plan

In our opinion, the accompanying statements of net assets available for plan benefits and the related statements of changes in net assets available for plan benefits present fairly, in all material respects, the net assets available for plan benefits of the Minnesota Power and Affiliated Companies Supplemental Retirement Plan at December 31, 1994, and 1993, and the changes in net assets available for plan benefits for the years then ended, in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Plan's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The additional information included in Schedules I and II is presented for purposes of additional analysis and is not a required part of the basic financial statements but is additional information required by the Employees Retirement Income Security Act of 1974. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Price Waterhouse LLP
Minneapolis, Minnesota
June 16, 1995

Minnesota Power and Affiliated Companies
 Supplemental Retirement Plan
 Statement of Net Assets Available for Plan Benefits

	December 31,	
	1994	1993
	----	----
Assets, at fair/contract value		
Guaranteed investment contracts (cost of \$16,264,983 and \$19,414,300, respectively)	\$16,264,983	\$19,414,300
Minnesota Power & Light Company common stock (346,749 and 309,050 shares at cost of \$9,951,459 and \$9,188,932, respectively)	8,755,412	10,121,481
Mutual fund securities (cost of \$15,786,820 and \$10,101,162, respectively)	15,732,870	11,234,289
Money market securities	2,565,949	856,731
Loans receivable from participants	1,410,017	1,395,792
	-----	-----
Net assets available for plan benefits	\$44,729,231	\$43,022,593
	=====	=====

The accompanying notes are an integral part of these statements.

Minnesota Power and Affiliated Companies
 Supplemental Retirement Plan
 Statement of Changes in Net Assets Available for Plan Benefits

	December 31,	
	1994	1993
	----	----
Sources of net assets		
Contributions	\$ 4,142,821	\$ 4,586,208
Interest income	1,458,391	1,520,295
Dividend income	1,202,029	1,325,533
Net unrealized appreciation (depreciation) in aggregate fair value of securities	(2,991,910)	180,068
Participants' loan interest income	105,272	89,115
Net realized gain (loss) on sale of securities	(223,184)	67,064
	-----	-----
	3,693,419	7,768,283
Application of net assets		
Transfers to retirement plan	(717,205)	(384,468)
Benefit distributions	(1,269,576)	(808,163)
	-----	-----
Increase in net assets	1,706,638	6,575,652
Net assets available for plan benefits		
Beginning of year	43,022,593	36,446,941
	-----	-----
End of year	\$44,729,231	\$43,022,593
	=====	=====

The accompanying notes are an integral part of these statements.

Minnesota Power and Affiliated Companies
Supplemental Retirement Plan
Notes to Financial Statements

Note 1 - Description of the Plan

The Minnesota Power and Affiliated Companies Supplemental Retirement Plan (the SRP) provides benefits for eligible employees of Minnesota Power & Light Company (Minnesota Power); Superior Water, Light and Power Company; and Topeka Group Incorporated (collectively, the Companies). The SRP is a defined contribution plan that is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Contributions

Contributions to the SRP consist of the following:

1. A flexible dollar contribution for the non-union participants up to 3% of each participant's compensation, up to a maximum compensation of \$150,000 in 1994, which has been elected by each participant to be contributed to the SRP.
2. A before-tax contribution for the union and non-union participants up to 12%, not to exceed \$9,240 in 1994, of each participant's compensation as permitted under Section 401(k) of the Internal Revenue Code of 1986 (Code). The contribution is equal to an amount by which the participant has elected to reduce his or her compensation pursuant to a salary reduction agreement.
3. Each participant is also allowed to make voluntary after-tax contributions to the SRP through payroll deductions or lump-sum contributions. Total voluntary contributions made by a participant for all fiscal years since July 1, 1980, shall not exceed 8.5% of the aggregate compensation received for all years since becoming a participant less the amount of voluntary contributions made to either the Minnesota Power and Affiliated Companies Retirement Plan A or Plan B.
4. Contributions by participants may also be made through rollovers from other qualified plans.
5. Core contributions were made to the SRP prior to January 1, 1989, and were based on each participant's compensation. Core contributions have not been made to the SRP since December 31, 1988.

Vesting

Flexible dollar, before-tax, voluntary after-tax, core and rollover contributions are fully vested and nonforfeitable.

Loan Program

The SRP was amended during 1992 to allow participants to borrow money from their SRP accounts. A participant may borrow up to \$50,000 or 50% of their total vested account

balances, whichever is less, for up to 5 years for a general purpose loan and 10 years for the acquisition of a primary residence. A fixed interest rate of the prime rate plus 1%, but not less than the Minnesota Power Employees Credit Union share secured rate, is charged until the loan is repaid. As loans are repaid, principal and interest amounts are redeposited into the participant's SRP accounts.

Participant Accounts

Each participant's account is credited with the participant's contribution and their share of the Companies' contributions. Income from the SRP's investment funds is allocated to each participant's account based upon their ownership interest in each fund.

Every December each non-union SRP participant is required to make an election as to the flexible dollar, before-tax and after-tax contributions to the SRP. Each December union participants are required to make an election for before-tax and after-tax contributions. Flexible dollar, before-tax and after-tax contributions may be invested in the Minnesota Power Common Stock Fund, Fidelity Magellan Fund, Vanguard Index 500 Fund, Vanguard Short Term Federal Portfolio, IAI Emerging Growth Fund, IAI International Developed Market Fund, Templeton International Emerging Market Fund, Fidelity Balanced Fund and the Fixed Income Fund. Contributions to the Fixed Income Fund are invested in guaranteed investment contracts (GICs) with insurance companies. Flexible dollar, before-tax and after-tax contributions may be transferred between funds once a month with at least 10 days written notice to the Employee Benefit Plans Committee (the Committee).

While participants are active employees, they may withdraw money as a loan from their core, flexible dollar or before-tax accounts. After age 59 1/2, participants may withdraw the full amount of their flexible dollar, before-tax account, and the vested amount from their core account. After-tax accounts may be withdrawn at specified times during the year by participants of any age. When participants terminate employment, become disabled or die, they or their beneficiaries may elect to receive the vested amount of all their SRP accounts. Upon retirement participants may elect to transfer the vested amount of their SRP account balances to the Minnesota Power and Affiliated Companies Retirement Plan A or Plan B.

Minnesota Power maintains the participants' records and issues a quarterly report to each participant showing the status of individual accounts. At December 31, 1994, there were 1,672 participants in the SRP.

Administration

The SRP is administered by the Committee. The address of the Committee is 30 West Superior Street, Duluth, Minnesota 55802. The responsibility of the Committee includes the determination of compliance with the SRP's eligibility requirements as well as the administration and payment of benefits all in a manner consistent with the terms of the SRP and applicable law. The Committee has the authority to designate persons to carry out fiduciary responsibilities (other than trustee responsibilities) under the SRP. The Committee has the power to appoint an investment manager or managers. Administration fees and expenses of agents, outside experts, consultants, and managers shall be paid by the Companies. The Committee may from time to time establish, modify and repeal rules for the administration of the SRP as may be necessary to carry out the purpose of the SRP. Members of the Committee receive no compensation for their services with respect to the SRP.

As of June 1, 1995, the members of the Committee, all employees of Minnesota Power, and their respective titles are as follows:

Name	Title
Robert D. Edwards	Executive Vice President and President - Minnesota Power - Electric (1)
David G. Gartzke	Senior Vice President - Finance and Chief Financial Officer
Roger P. Engle	Vice President - Customer Operations
Eugene G. McGillis	Vice President; President of Superior Water, Light and Power Company
Stephen D. Sherner	Vice President - Power Marketing and Delivery
Geraldine R. VanTassel	Vice President - Corporate Resource Planning
Mark A. Schober	Corporate Controller
Philip R. Halverson	General Counsel and Corporate Secretary
Dennis L. Hollingsworth	Assistant Vice President - Corporate Development
Lori A. Collard	Director - Marketing
Donald J. Shippar	Director - Human Resources
Jeweleon W. Tuominen	Supervisor - Benefits Accounting and Administration

(1) Committee Chairman

North Shore Bank of Commerce is retained as Trustee (Trustee) for the SRP. The Trustee's main office is located at 131 West Superior Street, Duluth, Minnesota 55802. The Trustee carries blanket bond insurance in the amount of \$2,000,000.

Plan Termination

The Companies reserve the right to reduce, suspend, or discontinue their contributions at any time or to terminate the SRP subject to the provisions of ERISA and the Code. In the event of SRP termination, all of the account balances of the participants will be fully vested and nonforfeitable, and distribution will be made in accordance with the terms of the SRP.

Note 2 - Summary of Accounting Policies

The SRP uses the accrual basis of accounting and accordingly reflects income in the year earned and expenses when incurred.

Mutual funds, money market securities and Minnesota Power common stock are reported at fair value based on quoted market prices. GIC amounts are reported at contract value which represent the purchase price of the contract plus accrued interest. Participants' loans are reported at fair value which is the principal balance outstanding.

Note 3 - Federal Income Tax Status

A favorable determination letter was obtained from the Internal Revenue Service stating that the SRP, as amended and restated effective January 1, 1985, qualifies as a profit sharing plan under Section 401(a) of the Code. As required by the Internal Revenue Service, the Committee filed an application for a determination letter from the Internal Revenue Service for changes made to the SRP in subsequent years on March 31, 1995.

Note 4 - Changes in SRP Assets for Participant Directed Accounts

The table below is a breakdown of the changes in SRP assets for each investment fund for the year ended December 31, 1994.

	19,960,350	2,576,867	6,822,351	1,393,838	441,376	
		-----	-----	-----	-----	-----
End of year	\$17,013,628	\$	0	\$7,980,661	\$2,127,279	\$603,381
	=====	=====	=====	=====	=====	=====

Mutual Fund Securities (Continued)

	IAI Emerging Growth Fund	IAI Int'l. Developed Market Fund	Fidelity Balanced Fund	Templeton International Emerging Market Fund
Sources of net assets				
Contributions	\$511,052	\$292,180	\$634,199	\$376,726
Interest income				
Dividend income	43,448	47,244	37,551	39,030
Net unrealized appreciation (depreciation) in aggregate fair value of securities	8,944	(63,861)	(103,712)	(130,329)
Participants' loan interest income	23,333	14,331	18,193	21,212
Net gain (loss) on sale of securities	(2,753)	(2,819)	(4,482)	(1,683)
	584,024	287,075	581,749	304,956
Application of net assets				
Transfers to retirement plans				
Benefit distributions	(845)	(33,395)	(10,618)	(7,201)
Loans to participants				
Increase (decrease) in net assets				
	583,179	253,680	571,131	297,755
Net transfers	763,968	650,936	1,107,050	793,935
Net assets available for plan benefits				
Beginning of year	0	0	0	0
End of year	\$1,347,147	\$904,616	\$1,678,181	\$1,091,690

	Minnesota Power Common Stock	Loans Receivable from Participants	Total Changes
Sources of net assets			
Contributions	\$326,006		\$4,142,821
Interest income	1,568		1,458,391
Dividend income	650,534		1,202,029
Net unrealized appreciation (depreciation) in aggregate fair value of securities	(2,230,905)		(2,991,910)
Participants' loan interest income	220,808	\$(580,412)	105,272
Net gain (loss) on sale of securities	(184,953)		(223,184)
	(1,216,942)	(580,412)	3,693,419
Application of net assets			
Transfers to retirement plans			
Benefit distributions	(203,435)	(37,650)	(1,269,576)
Loans to participants		632,287	0
Increase (decrease) in net assets	(1,420,377)	14,225	1,706,638
Net transfers	1,560,989		0
Net assets available for plan benefits			
Beginning of year	10,432,019	1,395,792	43,022,593
End of year	\$10,572,631	\$1,410,017	\$44,729,231

These beginning of year balances include \$856,731 of short term money market securities of which \$776,891 was being held to be reinvested into other SRP funds and the balance for participant distributions.

These end of year balances include \$2,565,949 of short term money market securities of which \$1,811,767 was being held to be reinvested into other SRP funds and the balance for participant distributions.

Note 4 - Changes in SRP Assets for Participant Directed Accounts (Continued)

The table below is a breakdown of the changes in SRP assets for each investment fund for the year ended December 31, 1993.

	Fixed Income Fund	Mutual Fund Securities			
	GICs	Evergreen	Fidelity Magellan	Vanguard Index 500	Vanguard Short Term Federal Portfolio
Sources of net assets					
Contributions	\$ 1,377,951	\$ 282,971	\$ 978,088	\$ 658,578	\$217,868
Interest income	1,518,919				
Dividend income		117,287	603,356	28,116	19,323
Net unrealized appreciation (depreciation) in aggregate fair value of securities		26,743	555,434	52,309	(1,330)
Participants' loan interest income	217,005	11,150	33,210	33,140	6,522
Net gain (loss) on sale of securities		9,049	57,586	3,724	373
	3,113,875	447,200	2,227,674	775,867	242,756
Application of net assets					
Transfers to retirement plans	(384,468)				
Benefit distributions	(566,101)	(50,753)	(34,068)	(3,301)	(2,391)
Loans to participants	(895,384)				
Increase (decrease) in net assets	1,267,922	396,447	2,193,606	772,566	240,365
Net transfers	291,089	(454,914)	(34,627)	67,803	29,092
Net assets available for plan benefits					
Beginning of year	18,401,339	2,635,334	4,663,372	553,469	171,919
End of year	\$19,960,350	\$2,576,867	\$6,822,351	\$1,393,838	\$441,376

	Minnesota	Loans	Total Changes
	Power Common Stock	Receivable from Participants	
Sources of net assets			
Contributions	\$ 1,070,752		\$ 4,586,208
Interest income	1,376		1,520,295
Dividend income	557,451		1,325,533
Net unrealized appreciation (depreciation) in aggregate fair value of securities	(453,088)		180,068
Participants' loan interest income	188,465	\$ (400,377)	89,115
Net gain (loss) on sale of securities	(3,668)		67,064
	1,361,288	(400,377)	7,768,283
Application of net assets			
Transfers to retirement plans			(384,468)
Benefit distributions	(151,549)		(808,163)
Loans to participants		895,384	0
Increase (decrease) in			

net assets	1,209,739	495,007	6,575,652
Net transfers	101,557		0
Net assets available for plan benefits			
Beginning of year	9,120,723	900,785	36,446,941
	-----	-----	-----
End of year	\$10,432,019	\$1,395,792	\$43,022,593
	=====	=====	=====

These beginning of year balances include \$2,821,576 of short term money market securities of which \$2,784,606 was being held to be reinvested into other SRP funds and the balance for participant distributions.

These end of year balances include \$856,731 of short term money market securities of which \$776,891 was being held to be reinvested into other SRP funds and the balance for participant distributions.

Minnesota Power and Affiliated Companies
Supplemental Retirement Plan
Schedule of Investments Held
December 31, 1994

Description	Cost	Fair/Contract Value
Guaranteed Investment Contracts		
Metropolitan Life Insurance Company 8.65% due 1995 and 1997	\$4,096,990	\$4,096,990
Provident Life and Accident Insurance Company 7.6% due 1998	2,526,323	2,526,323
Sun Life Insurance Company of America 8.73% due 1995	2,194,179	2,194,179
Aetna Life Insurance Company 6.06% due 1999	2,117,699	2,117,699
Allstate Life Insurance Company 7.14% due 1998	2,010,199	2,010,199
John Hancock Mutual Life Insurance Company 7.22% due 1996	1,943,170	1,943,170
Protective Life Insurance Company 6.99% due 1997	1,376,423	1,376,423
	-----	-----
Total guaranteed investment contracts	16,264,983	16,264,983
	-----	-----
Minnesota Power & Light Company Common Stock (346,749 shares)	9,951,459	8,755,412
	-----	-----
Mutual Fund Securities		
Fidelity Magellan Fund (119,470 shares)	7,735,437	7,980,576
Vanguard Index 500 (49,506 shares)	2,106,013	2,127,279
Vanguard Short Term Federal Portfolio (62,268 shares)	634,778	603,381
IAI Emerging Growth Fund (90,413 shares)	1,338,203	1,347,147
IAI International Developed Market Fund (70,728 shares)	968,477	904,616
Templeton International Emerging Market Fund (97,385 shares)	1,222,019	1,091,690
Fidelity Balanced Fund (136,549 shares)	1,781,893	1,678,181
	-----	-----
Total mutual funds	15,786,820	15,732,870
	-----	-----
Money Market Securities		
Dreyfus Institutional Government Securities Fund, floating interest rate with no maturity date	2,565,949	2,565,949
	-----	-----
Loans Receivable from Participants - 7% to 10%	1,410,017	1,410,017
	-----	-----
Total Investments	\$45,979,228	\$44,729,231
	=====	=====

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Party-in-interest

Schedule II

Minnesota Power and Affiliated Companies
 Supplemental Retirement Plan
 Schedule of Transactions in Excess of
 5% of Fair Value of Plan Assets
 For the Year Ended December 31, 1994

Purchases

Description	Aggregate Purchase Price and Fair Value on Transaction Dates	Number of Transactions
Dreyfus Institutional Government Series	\$7,222,120	145
Aetna Life Insurance Company	\$2,843,678	13
Fidelity Magellan Fund	\$2,132,799	47
Minnesota Power & Light Company Common Stock	\$1,606,255	39
Evergreen Fund	\$3,937	3

Sales

Description	Aggregate			Number of Transactions
	Cost of Asset	Sale Price	Net Gain/ (Loss)	
Dreyfus Institutional Government Series	\$5,132,967	\$5,132,967	0	93
Evergreen Fund	\$2,580,742	\$2,603,895	\$23,153	17
Aetna Life Insurance Company	\$2,888,000	\$2,888,000	0	11
New York Life Insurance Company	\$2,676,224	\$2,676,224	0	1
Minnesota Power & Light Company Common Stock	\$1,126,373	\$ 941,420	\$(184,953)	31
Fidelity Magellan Fund	\$ 843,151	\$ 820,263	\$ (22,888)	30

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934, the Employee Benefit Plans Committee has duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

Minnesota Power and Affiliated Companies
Supplemental Retirement Plan

(Name of Plan)

June 23, 1995

By R.D. Edwards

R.D. Edwards
Chairman,
Employee Benefit Plans Committee

Index to Exhibits

Exhibit Page

a - Consent of Independent Accountants

Consent of Independent Accountants

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (No. 33-32033) of the Minnesota Power and Affiliated Companies Supplemental Retirement Plan of our report dated June 16, 1995, appearing on page 1 of this Annual Report of the Minnesota Power and Affiliated Companies Supplemental Retirement Plan on Form 11-K for the year ended December 31, 1994.

PRICE WATERHOUSE LLP
Minneapolis, Minnesota
June 22, 1995