SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

/X/ Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended March 31, 1995

or

/ / Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Commission File No. 1-3548

MINNESOTA POWER & LIGHT COMPANY
A Minnesota Corporation
IRS Employer Identification No. 41-0418150
30 West Superior Street
Duluth, Minnesota 55802
Telephone - (218) 722-2641

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   X   No
     -----   -----

Common Stock, no par value,
31,282,063 shares outstanding
as of April 30, 1995

Minnesota Power & Light Company

Index

Definitions

The following abbreviations or acronyms are used in the text.

Abbreviation or Acronym	Term
1994 Form 10-K	Minnesota Power's Annual Report on Form 10-K for the Year Ended December 31, 1994
ADESA	ADESA Corporation
Capital Re	Capital Re Corporation
Company	Minnesota Power & Light Company and its Subsidiaries
CPI	Consolidated Papers, Inc.
DRIP	Automatic Dividend Reinvestment and Stock Purchase Plan
ESOP	Employee Stock Ownership Plan
FERC	Federal Energy Regulatory Commission
FPSC	Florida Public Service Commission
Lehigh	Lehigh Acquisition Corporation
LSPI	Lake Superior Paper Industries
Minnesota Power	Minnesota Power & Light Company and its Subsidiaries
MPUC	Minnesota Public Utilities Commission
MW	Megawatt(s)
MWh	Megawatt-hour(s)
National	National Steel Pellet Co.
Reach All	Reach All Partnership
Square Butte	Square Butte Electric Cooperative
SRFI	Superior Recycled Fiber Industries Joint Venture
SSU	Southern States Utilities, Inc.

PART I. FINANCIAL INFORMATION
Item 1. Financial Statements

Minnesota Power
Consolidated Balance Sheet
In Thousands

	March 31, 1995 Unaudited	December 31, 1994 Audited
Assets		
Plant and Other Assets		
Electric utility operations	$ 785,758	$ 784,931
Water utility operations	297,936	295,451
Investments and corporate services	357,922	362,006
Total plant and other assets	1,441,616	1,442,388
Current Assets		
Cash and cash equivalents	21,351	27,001
Trading securities	71,709	74,046
Trade accounts receivable (less reserve of $954 and $1,041)	47,118	51,105
Notes and other accounts receivable	56,878	61,654
Fuel, material and supplies	28,018	26,405
Prepayments and other	19,254	25,927
Total current assets	244,328	266,138
Deferred Charges		
Regulatory	74,576	74,919
Other	26,106	24,353
Total deferred charges	100,682	99,272
Total Assets	$1,786,626	$1,807,798
Capitalization and Liabilities		
Capitalization		
Common stock without par value, 65,000,000 shares authorized 31,282,063 and 31,246,557 shares outstanding	$ 371,974	$ 371,178
Unearned ESOP shares	(75,713)	(76,727)
Net unrealized gain (loss) on securities investments	(2,035)	(5,410)
Retained earnings	282,384	272,646
Total common stock equity	576,610	561,687
Cumulative preferred stock	28,547	28,547
Redeemable serial preferred stock	20,000	20,000
Long-term debt	600,629	601,317
Total capitalization	1,225,786	1,211,551
Current Liabilities		
Accounts payable	29,740	36,792
Accrued taxes	48,764	41,133
Accrued interest and dividends	9,535	14,157
Notes payable	30,167	54,098
Long-term debt due within one year	12,818	12,814
Other	30,220	23,799
Total current liabilities	161,244	182,793
Deferred Credits		
Accumulated deferred income taxes	176,164	192,441
Contributions in aid of construction	86,686	87,036
Regulatory	55,120	55,996
Other	81,626	77,981
Total deferred credits	399,596	413,454
Total Capitalization and Liabilities	$1,786,626	$1,807,798

The accompanying notes are an integral part of this statement.

Minnesota Power
Consolidated Statement of Income
In Thousands Except Per Share Amounts - Unaudited

	Quarter Ended March 31, 1995	1994
Operating Revenue and Income		
Electric utility operations	$119,450	$117,681
Water utility operations	16,279	17,848
Investments and corporate services	32,997	15,039
Total operating revenue and income	168,726	150,568
Operating Expenses		
Fuel and purchased power	40,310	43,011
Operations	81,511	66,821
Administrative and general	18,585	19,668
Interest expense	12,618	12,192
Total operating expenses	153,024	141,692
Income (Loss) from Equity Investments	(4,450)	1,969
Operating Income	11,252	10,845
Income Tax Expense (Benefit)	(14,205)	1,477
Net Income	25,457	9,368
Dividends on Preferred Stock	800	800
Earnings Available for Common Stock	$ 24,657	$ 8,568
Average Shares of Common Stock	28,368	28,172
Earnings Per Share of Common Stock	$ .87	$ .30
Dividends Per Share of Common Stock	$ .51	$ .505

The accompanying notes are an integral part of this statement.

Minnesota Power
Consolidated Statement of Cash Flows
In Thousands - Unaudited

	Quarter Ended March 31, 1995	1994
Operating Activities		
Net income	$ 25,457	$ 9,368
Depreciation	13,766	11,311
Amortization of coal contract termination costs	-	3,920
Deferred income taxes	(17,415)	1,435
Deferred investment tax credits	(620)	(441)
Changes in operating assets and liabilities		
Notes and accounts receivable	8,763	(732)
Fuel, material and supplies	(1,613)	487
Accounts payable	(7,052)	(11,264)
Other current assets and liabilities	18,440	19,479
Other - net	3,698	3,209
Cash from operating activities	43,424	36,772
Investing Activities		
Proceeds from sale of investments in securities	43,577	10,227
Additions to investments	(37,153)	(12,989)
Additions to plant	(17,027)	(9,512)
Changes to other assets - net	1,035	(7,457)
Cash for investing activities	(9,568)	(19,731)
Financing Activities		
Issuance of common stock	829	337
Issuance of long-term debt	305	300
Changes in notes payable	(23,931)	(10,780)
Reductions of long-term debt	(989)	(716)
Dividends on preferred and common stock	(15,720)	(15,458)
Cash for financing activities	(39,506)	(26,317)
Change in Cash and Cash Equivalents	(5,650)	(9,276)
Cash and Cash Equivalents at Beginning of Period	27,001	31,674
Cash and Cash Equivalents at End of Period	$ 21,351	$ 22,398
Supplemental Cash Flow Information		
Cash paid during the period for		
Interest (net of capitalized)	$ 16,616	$ 16,109
Income taxes	$ 982	$ 1,843

The accompanying notes are an integral part of this statement.

Notes to Consolidating Financial Statements

The accompanying unaudited consolidated financial statements and notes should be read in conjunction with the Company's 1994 Form 10-K. In the opinion of the Company, all adjustments necessary for a fair statement of the results for the interim periods have been included. The results of operations for an interim period may not give a true indication of results for the year.

Note 1. Business Segments
Thousands

	Consolidated	Electric Utility Operations		Water Utility Operations
		Electric	Coal	
Quarter Ended Mar. 31, 1995				
Revenue and income	$ 168,726	$112,597	$ 6,853	$ 16,279
Operation and other expense	126,640	81,525	5,381	11,670
Depreciation expense	13,766	9,552	341	2,611
Interest expense	12,618	5,135	254	2,517
Income (loss) from equity investments	(4,450)	-	-	-
Operating income (loss)	11,252	16,385	877	(519)
Income tax expense (benefit)	(14,205)	7,177	216	(388)
Net income (loss)	$ 25,457	$ 9,208	$ 661	$ (131)
Total assets	$1,786,626	$934,727	$27,970	$328,568
Accumulated depreciation	$ 598,644	$479,408	$18,021	$ 95,348
Construction work in progress	$ 37,155	$ 30,432	$ -	$ 6,723
Quarter Ended Mar. 31, 1994				
Revenue and income	$ 150,568	$111,101	$ 6,580	$ 17,848
Operation and other expense	117,063	83,765	5,171	11,177
Depreciation expense	12,437	8,657	329	2,359
Interest expense	12,192	5,050	243	2,807
Income from equity investments	1,969	-	-	-
Operating income (loss)	10,845	13,629	837	1,505
Income tax expense (benefit)	1,477	5,817	258	553
Net income (loss)	$ 9,368	$ 7,812	$ 579	$ 952
Total assets	$1,750,189	$903,313	$27,777	$331,180
Accumulated depreciation	$ 559,919	$451,487	$16,541	$ 90,135
Construction work in progress	$ 37,846	$ 21,843	$ -	$ 16,003

	Investments and Corporate Services		
	Portfolio, Reinsurance & Other	Real Estate	Paper & Pulp
Quarter Ended Mar. 31, 1995			
Revenue and income	$ 7,657	$ 4,265	$ 21,075
Operation and other expense	2,436	7,134	18,494
Depreciation expense	34	60	1,168
Interest expense	3,903	2	807
Income (loss) from equity investments	(6,271)	-	1,821

Operating income (loss)	(4,987)	(2,931)	2,427
Income tax expense (benefit)	(4,253)	(18,015)	1,058
Net income (loss)	$ (734)	$ 15,084	$ 1,369
Total assets	$288,766	$ 32,631	$173,964
Accumulated depreciation	$ 102	$ -	$ 5,765
Construction work in progress	$ -	$ -	$ -
Quarter Ended Mar. 31, 1994			
Revenue and income	$ (4,623)	$ 9,431	$ 10,231
Operation and other expense	2,905	4,801	9,244
Depreciation expense	1	49	1,042
Interest expense	3,242	3	847
Income from equity investments	1,465	-	504
Operating income (loss)	(9,306)	4,578	(398)
Income tax expense (benefit)	(5,095)	85	(141)
Net income (loss)	$ (4,211)	$ 4,493	$ (257)
Total assets	$289,688	$ 34,576	$163,655
Accumulated depreciation	$ 3	$ -	$ 1,753
Construction work in progress	$ -	$ -	$ -

Includes an $8.5 million pre-tax provision for exiting the equipment manufacturing business.
Includes $3.7 million of minority interest relating to the recognition of tax benefits. (See note 5.)
Includes $18.4 million of tax benefits. (See note 5.)
Includes a $10.1 million pre-tax loss from the write-off of an investment.
Includes $3.6 million of net income related to escrow funds.

Note 2. Securities Investments

Summary of Securities	March 31, 1995 Cost	Gross Unrealized Gain	Gross Unrealized (Loss)	Fair Value	December 31, 1994 Cost	Gross Unrealized Gain	Gross Unrealized (Loss)	Fair Value
In Thousands								
Trading				$ 71,709				$ 74,046
Available-for-sale								
Common stock	$ 10,601	$ 128	$(1,522)	9,207	$ 10,636	$ 86	$(1,748)	8,974
Preferred stock	103,633	1,995	(1,740)	103,888	117,860	2,747	(3,893)	116,714
	$114,234	$2,123	$(3,262)	113,095	$128,496	$2,833	$(5,641)	125,688
Held-to-maturity								
Leveraged preferred stock	$ 2,219			2,219	$ 2,013			2,013
Total securities investments				$187,023				$201,747

The net unrealized gain (loss) on securities investments on the balance sheet includes $1.4 and $3.8 million from the Company's share of Capital Re's unrealized holding losses at March 31, 1995, and December 31, 1994, respectively.

	Quarter Ended March 31, 1995	Quarter Ended March 31, 1994
Trading securities		
Change in net unrealized holding gain (loss) included in earnings	$ (101)	$ 837
Available-for-sale securities		
Proceeds from sales	$26,466	$10,227
Gross realized gains	$ 274	$ 127
Gross realized (losses)	$ (419)	$ (290)

Note 3. Square Butte Purchased Power Contract

The Company has a contract to purchase power and energy from Square Butte. Under the terms of the contract which extends through 2007, the Company is purchasing 71 percent of the output from a generating plant which is capable of generating up to 455 MW. Reductions to about 49 percent of the output are provided for in the contract and, at the option of Square Butte, could begin after a five-year advance notice to the Company.

The cost of the power and energy is a proportionate share of Square Butte's fixed obligations and variable operating costs, based on the percentage of the total output purchased by the Company. The annual fixed obligations of the Company to Square Butte are $19.4 million from 1995 through 1999. The variable operating costs are not incurred unless production takes place. The Company is responsible for paying all costs and expenses of Square Butte if not paid by Square Butte when due. These obligations and responsibilities of the Company are absolute and unconditional whether or not any power is actually delivered to the Company.

Note 4. Lake Superior Paper Industries

The Company is an equal participant with Pentair Duluth Corp., a wholly owned subsidiary of Pentair, Inc., in LSPI, a joint venture which produces supercalendered paper in Duluth, Minnesota. The Company is committed to a maximum guaranty of $95 million to ensure a portion of LSPI's $33.4 million annual lease obligation for equipment under an operating lease extending to 2012. As of March 31, 1995, the Company also had a $30.2 million short-term note receivable from LSPI. The obligations of the Company are several and not joint with Pentair Duluth Corp. and Pentair, Inc. (See note 6.)

Note 5. Income Tax Expense

Schedule of Income Tax Expense (Benefit)	Quarter Ended March 31, 1995	1994
In Thousands		
Current tax		
Federal	$ 5,296	$ 261
State	(1,466)	222
	3,830	483
Deferred tax		
Federal	(14,879)	1,347
State	(2,536)	88
	(17,415)	1,435
Deferred tax credits	(620)	(441)
Total income tax expense (benefit)	$(14,205)	$1,477

In March 1995 based on the results of a project which analyzed the economic feasibility of realizing future tax benefits available to the Company, the board of directors of Lehigh directed the management of Lehigh to dispose of Lehigh's assets in a manner that would maximize utilization of tax benefits. With this new directive in place, Lehigh recognized $18.4 million of income in the first quarter of 1995 by reducing a portion of the valuation reserve that offsets the deferred tax assets. The Company's portion of that income is $14.7 million, or 52 cents per share.

Note 6. Subsequent Event

On May 8, 1995, the Company and Pentair, Inc. signed definitive agreements with Consolidated Papers, Inc. to sell their interests in LSPI and SRFI for approximately $183 million in cash, plus CPI's assumption of debt and lease obligations. CPI will also indemnify the Company and Pentair, Inc. for any future liability under LSPI's lease payment guarantees discussed in note 4. The Company's portion of the proceeds is approximately $112 million. The sale price is subject to adjustment for changes in net book value from December 31, 1994, to closing. The transaction is expected to close in late June 1995, and is conditioned on regulatory clearance, satisfactory completion of further environmental due diligence, closing of the sale by Pentair, Inc. of its Niagara of Wisconsin Paper Corporation to CPI, and other customary conditions. The exit from the paper and pulp business is expected to have an immaterial impact on 1995 financial results for the Company.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Minnesota Power has operations in three business areas: (1) electric utility operations, which include electric, gas and coal mining operations; (2) water utility operations, which include water, wastewater and sanitation operations; and (3) investments and corporate services, which include investments in securities, a financial guaranty reinsurance company, a real estate company in Florida, paper and pulp production, and manufacturing of truck-mounted lifting equipment. The pending $167 million acquisition of ADESA is expected to be completed in mid 1995 and, when completed, the auto redistribution business will be part of investments and corporate services.

On April 17, 1995, a Minnesota businessman agreed to purchase Reach All, the truck-mounted lifting equipment manufacturing partnership owned 82.5 percent by UtilEquip Incorporated, a subsidiary of the Company. The transaction is expected to be completed in the second quarter of 1995, and is conditioned on the purchaser's completion of due diligence and finalization of financing arrangements.

On May 8, 1995, the Company and Pentair, Inc. signed definitive agreements with Consolidated Papers, Inc. to sell their interests in LSPI and SRFI for approximately $183 million in cash, plus CPI's assumption of debt and lease obligations. CPI will also indemnify the Company and Pentair, Inc. for any future liability under LSPI's lease payment guarantees discussed in note 4. The Company's portion of the proceeds is approximately $112 million. The sale price is subject to adjustment for changes in net book value from December 31, 1994, to closing. The transaction is expected to close in late June 1995, and is conditioned on regulatory clearance, satisfactory completion of further environmental due diligence, closing of the sale by Pentair, Inc. of its Niagara of Wisconsin Paper Corporation to CPI, and other customary conditions. The exit from the paper and pulp business is expected to have an immaterial impact on 1995 financial results for the Company.

Earnings per share of common stock for the quarter ended March 31, 1995, were 87 cents compared to 30 cents for the quarter ended March 31, 1994. The most significant factor contributing to the higher earnings in 1995 was the recognition of tax benefits associated with Lehigh which contributed 52 cents to earnings per share. Earnings in 1995 also reflect the improved performance of the Company's securities portfolio, higher paper and pulp prices, and increased electric sales to industrial customers offset in part by lower water consumption levels at SSU and an 18 cent per share provision associated with exiting the truck-mounted lifting equipment business. Earnings in 1994 include 13 cents per share from the recognition of escrow funds associated with Lehigh and a 21 cent per share write off of an investment.

Earnings Per Share	Quarter Ended March 31, 1995	1994
Electric Utility Operations		
Electric	$ .31	$ .26
Coal	.02	.02
	.33	.28
Water Utility Operations	.00	.03
Investments and Corporate Services		
Portfolio and reinsurance	.16	(.13)
Real estate	.53	.16
Paper and pulp	.05	(.01)
Other operations	(.20)	(.03)
	.54	(.01)
Total Earnings Per Share	$ .87	$ .30

Results of Operations

Comparison of the Quarter Ended March 31, 1995 and 1994.

Electric utility operations. Income from the electric utility operations was higher in 1995 compared to 1994 due to interim rates in effect since March 1, 1994, and an overall increase in electric sales of 2 percent. Kilowatt-hour sales to industrial customers increased 10 percent due to National resuming operations in August 1994. Coal operations contributed income of $661,000 in 1995 and $579,000 in 1994 to electric utility operations.

Revenue from electric sales to taconite customers accounted for 37 percent of revenue and income from electric operations in 1995 compared to 32 percent in 1994. Revenue from electric sales to paper and other wood-products companies accounted for 13 percent of revenue and income from electric operations in 1995 and in 1994.

Water utility operations. Income from water utility operations was down in 1995 due in part to reduced irrigation demand and the December 1994 sale of SSU's Venice Gardens assets. It is expected that the loss of customers as a result of the Venice Gardens transaction will be offset when the purchase of Orange Osceola Utilities, Inc. is completed in the third quarter of 1995.

Investments and corporate services. Earnings from investments and corporate services were higher in 1995 primarily due to the recognition of $18.4 million of tax benefits by Lehigh, the Company's real estate business. In March 1995 based on the results of a project which analyzed the economic feasibility of realizing future tax benefits available to the Company, the board of directors of Lehigh directed the management of Lehigh to dispose of Lehigh's assets in a manner that would maximize utilization of tax benefits. The Company's portion of the tax benefits reflected as income is $14.7 million, or 52 cents per share. Earnings in 1994 include 13 cents per share from the recognition of escrow funds associated with Lehigh.

Higher paper and pulp prices also increased earnings in 1995. Pretax income from LSPI was $1,594,000 in 1995 compared to $452,000 in 1994. Pulp production contributed $779,000 to net income in 1995 compared to a $322,000 loss in 1994.

The performance of the Company's securities portfolio improved significantly over 1994 due to improved market conditions. In the first quarter of 1994 the Company wrote off a $10.1 million investment. In March 1995, the Company recorded a $5 million provision, lowering earnings per share by 18 cents in anticipation of exiting Reach All. On April 17, 1995, the Company entered into an agreement for the sale of this business to a Minnesota businessman. The transaction is expected to be completed in the second quarter of 1995.

Liquidity and Financial Position

Reference is made to the Consolidated Statement of Cash Flows for the three months ended March 31, 1995 and 1994, for purposes of the following discussion.

Cash flow activities. Cash from operating activities was affected by a number of factors representative of normal operations. Cash used for investing activities decreased $10.2 million because a portion of the securities portfolio was liquidated in anticipation of the ADESA acquisition. Cash used for financing activities increased $13.2 million due to the payment of notes payable outstanding at December 31, 1994.

Working capital, if and when needed, generally is provided by the sale of commercial paper. In addition, securities investments can be liquidated to provide funds for reinvestment in existing businesses or acquisition of new businesses, and approximately 900,000 original issue shares of common stock are available for issuance through the DRIP.

Proceeds from the pending sale of the paper and pulp businesses, combined with funds from the sale of a portion of the securities investment portfolio, are expected to fund the ADESA purchase in mid 1995.

Capital requirements. Consolidated capital expenditures for the three months ended March 31, 1995, totaled $13.7 million. These expenditures include $9.7 million for electric utility operations, of which $500,000 was for coal operations, $3.8 million for water utility operations and $200,000 for the pulp production plant. Internally generated funds were the primary source for funding these expenditures.

PART II. OTHER INFORMATION

Item 4. Submission of Matters to a Vote of Security Holders

(a) The Company held its Annual Meeting of Shareholders on May 9, 1995.

(b) The election of directors, appointment of independent accountants and approval of the Minnesota Power Director Stock Plan were voted on at the Annual Meeting of Shareholders. The results were as follows:

Directors	Votes For	Votes Withheld or Against	Abstentions	Broker Nonvotes
Merrill K. Cragun	27,132,221	499,284	-	-
Dennis E. Evans	27,016,172	615,333	-	-
Sr. Kathleen Hofer	27,094,394	537,111	-	-
Peter J. Johnson	27,171,459	460,046	-	-
Paula F. McQueen	27,132,900	498,605	-	-
Robert S. Nickoloff	27,110,974	520,531	-	-
Jack I. Rajala	27,156,666	474,839	-	-
Charles A. Russell	27,143,921	487,584	-	-
Arend J. Sandbulte	27,115,690	515,815	-	-
Nick Smith	27,050,055	581,450	-	-
Bruce W. Stender	27,066,918	564,587	-	-
Donald C. Wegmiller	27,123,323	508,182	-	-
Independent Accountants				
Price Waterhouse LLP	26,981,957	222,367	427,181	-
Minnesota Power Director Stock Plan				
	23,280,465	2,870,316	1,480,724	-

Item 5. Other Information

Reference is made to the Company's 1994 Form 10-K for background information on the following updates. Unless otherwise indicated, cited references are to the Company's 1994 Form 10-K.

Ref. Pages 3 and 4. - Table - Contract Status of Minnesota Power Firm Large Power Customers

Eveleth Mines is owned 41.7 percent by Rouge Steel Co., 14.4 percent by Oglebay Norton Co., 33.3 percent by AK Steel and 10.6 percent by Steel Co. of Canada.

(5) Minntac has incremental demand of 52.6 MW through October 1995.

(6) On April 13, 1995, the MPUC approved the Company's contract amendment with National which incorporated incremental production service over 85 MW and updated the interruptible service provision.

On April 28, 1995, the Company and Lakehead Pipe Line signed a six-year electric service agreement for 16.5 MW. This agreement, which is subject to MPUC approval, will be effective retroactive to May 1, 1995, and continue through April 30, 2001. Upon MPUC approval of this agreement, Lakehead Pipe Line, who is currently a customer of the Company, will become a Firm Large Power Customer.

Ref. Page 4. - Table - Contract Status of Minnesota Power Purchased Power Contracts

Add the following information to the table entitled "Contract Status of Minnesota Power Purchased Power Contracts":

Firm Power Purchases (3)		
Hibbing Public Utilities Commission	5	May 1, 1995 through October 31, 1995
Virginia Public Utilities Commission	5	May 1, 1995 through October 31, 1995
Manitoba Hydro	120	May 1, 1995 through October 31, 1995

(3) Firm power purchase contracts require the Company to pay demand charges for MW under contract and an energy charge for each MWh purchased. The entity is obligated to provide energy as scheduled by the Company.

Ref. Page 4. - Insert New Paragraph after Table "Contract Status of Minnesota Power Purchased Power Contracts"

On April 17, 1995, the Company and LTV Steel Mining Company (LTV) signed a capacity purchase agreement and an amendment to their Electric Service and Interconnection Agreement providing for a new five year shared reserves arrangement. The capacity purchase agreement and the amendment will enable the Company to add to its capacity 210 MW generated from three of LTV's generating units with the understanding that the Company will provide LTV's entire 130 MW load on a stand-by basis. Of the remaining 80 MW, 60 MW will be used to meet the Company's needs and 20 MW will be kept in reserve as required by the Mid-Continent Area Power Pool. The Company will also receive about $500,000 per year for providing related control area services. The amendment, which is expected to be effective retroactive to May 1, 1995, and continue through April 30, 2000, is subject to MPUC approval. LTV will file the capacity agreement addressing the Company's purchase of LTV's 210 MW of generating capacity with the FERC for its approval.

Ref. Page 8. - First Paragraph and Ref. Page 12. - Fifth Paragraph

The original St. Louis River Project license expired December 31, 1993, and the Company is currently operating the project under an annual license until the FERC issues a new license. As a precursor to the issuance of the new license, the final environmental impact statement (FEIS) for this project was released by the FERC in February 1995. In a filing with the FERC on April 17, 1995, the Company identified deficiencies in the FEIS pertaining to the incremental economic impact that the FEIS recommendations would have upon the project economics. A final license is expected to be issued during 1995. Depending on the terms of the final license, the Company, and any other interested party, may pursue reconsideration of the license under procedures established pursuant to federal regulations.

Ref. Page 8. - Insert after First Paragraph

On March 29, 1995, the FERC issued a Notice of Proposed Rulemaking (NOPR) on Open Access Non-Discriminatory Transmission Services by Public Utilities and Transmitting Utilities (FERC Docket No. RM95-8-000) and a supplemental NOPR on Recovery of Stranded Costs (FERC Docket No. RM94-7-001).

The rules proposed in the NOPR are intended to facilitate competition among generators for sales to the bulk power supply market. If adopted, the NOPR on open access transmission would require public utilities under the Federal Power Act to provide open access to their transmission systems and would establish guidelines for their doing so. Previously, the FERC had not imposed on utilities a general obligation to provide access to their transmission systems. This open access regime would require utilities to file tariffs that provide for point-to-point and network transmission services, including ancillary services. All public utilities would provide such services pursuant to a generic set of transmission tariff terms and conditions established in the rulemaking proceeding. Thus, a final rule would define the terms under which independent power producers, neighboring utilities, and others could gain access to a utility's transmission grid to deliver power to wholesale customers, such as municipal distribution systems, rural electric cooperatives, or other utilities. Under the NOPR, each public utility would also be required to establish separate rates for its transmission and generation services for new wholesale services, and to take transmission services (including ancillary services) under the same tariffs that would be applicable to third-party users for all of its new wholesale sales and purchases of energy.

The supplemental NOPR on stranded costs provided a basis for recovery by regulated public utilities of legitimate and verifiable stranded costs associated with existing wholesale requirements customers and retail customers who become unbundled wholesale transmission customers of the utility. The FERC would provide public utilities a mechanism for recovery of stranded costs that result from municipalization, former retail customers becoming wholesale customers, or the loss of a wholesale customer. The FERC will consider allowing recovery of stranded investment costs associated with retail wheeling only if a state regulatory commission lacks the authority to consider that issue.

The Company is currently evaluating the NOPR to determine its impact on the Company and its customers. However, the impact is not expected to be material since the Company has generally adopted the open access policies proposed in the NOPR. Comments on the open-access NOPR are due August 7, 1995. It is anticipated that a final rule could take effect in early 1996. The Company cannot predict the outcome of this matter.

Ref. Page 9. - Fourth Paragraph

On April 13, 1995, the MPUC issued an order denying approval of the economic development rate. The MPUC is allowing the Company to refile this request after making several modifications to address the MPUC's concerns relating primarily to potential discriminatory impact, cost recovery and future ratemaking treatment. The Company is currently considering the MPUC's concerns and has not decided whether it will refile this request with the MPUC.

Ref. Page 11. - Insert after First Paragraph

Early Retirement Plan

In April 1995 the Company offered an early retirement plan to 124 electric utility employees age 55 or older with 10 or more years of service. The offer is open until June 15, 1995, and those employees who accept it must retire by June 30. The Company estimates that the plan will cost from $6 to $8 million, which will be deferred and expensed over the next 2 to 3 years.

Ref. Page 12. - Insert after Sixth Paragraph

In response to EPA Region V's request for utilities to participate in their Great Lakes Initiative by voluntarily removing remaining polychlorinated biphenyl (PCB) inventories, the Company is scheduling replacement of PCB-contaminated oil from substation equipment by 1998 and removal of PCB capacitors by 2004. The total cost is expected to be between $1.5 and $2 million.

Ref. Page 14. - Insert after First Paragraph

In January 1995 the FPSC approved the transfer to SSU of water and wastewater facilities serving the communities of Lakeside and Spring Gardens in Citrus County, Florida, and Valencia Terrace in Lake County, Florida. The transfers were finalized in March 1995 adding 1,270 customers to SSU's existing customer base for a combined purchase price of approximately $500,000.

Ref. Page 15. - Insert after Second Full Paragraph

On April 6, 1995, Florida's First District Court of Appeals issued a decision reversing a 1993 FPSC order which approved uniform rates for 127 of the approximate 150 water and wastewater treatment facilities owned by SSU. The decision resulted from appeals filed with Florida's First District Court of Appeals by Citrus County and a homeowners' group in SSU's Sugarmill Woods service area. In addition, Florida's Office of Public Counsel had appealed the FPSC's decision to permit SSU's shareholders to retain the gain realized from the condemnation of SSU's St. Augustine Shores facilities in St. Johns County, Florida. The Court of Appeals affirmed the FPSC's decision to permit SSU's shareholders to retain the gain realized from the condemnation.

On April 21, 1995, SSU filed a motion for rehearing of the reversal of the uniform rate structure as well as a motion for certification of the uniform rate issue to the Supreme Court of Florida. The FPSC also filed a motion for rehearing of the rate structure issue. The FPSC has not provided any guidance regarding the impact of the reversal of the uniform rate structure. SSU believes that it will not be subject to refund liability if the FPSC's rate structure is not ultimately affirmed on appeal because, among other reasons, the rate structure issue is a revenue neutral issue.

Ref. Page 19. - First Full Paragraph and Last Partial Paragraph

On April 17, 1995, a Minnesota businessman agreed to purchase Reach All, the truck-mounted lifting equipment manufacturing partnership owned 82.5 percent by UtilEquip Incorporated, a subsidiary of the Company. The transaction is expected to be completed in the second quarter of 1995, and is conditioned on the purchaser's completion of due diligence and finalization of financing arrangements. In anticipation of exiting this business, the Company recorded a $5 million provision, lowering earnings per share of common stock by 18 cents in March 1995.

Ref. Page 19. - Fifth Paragraph

On May 8, 1995, the Company and Pentair, Inc. signed definitive agreements with Consolidated Papers, Inc. to sell their interests in LSPI and SRFI for approximately $183 million in cash, plus CPI's assumption of debt and lease obligations. CPI will also indemnify the Company and Pentair, Inc. for any future liability under LSPI's lease payment guarantees discussed in note 4. The Company's portion of the proceeds is approximately $112 million. The sale price is subject to adjustment for changes in net book value from December 31, 1994, to closing. The transaction is expected to close in late June 1995, and is conditioned on regulatory clearance, satisfactory completion of further environmental due diligence, closing of the sale by Pentair, Inc. of its Niagara of Wisconsin Paper Corporation to CPI, and other customary conditions. The exit from the paper and pulp business is expected to have an immaterial impact on 1995 financial results for the Company.

Ref. Page 21. - Executive Officers of the Registrant

At its May 9, 1995 meeting, the Board of Directors elected Mr. Edwin L. Russell as President of the Company. The election was effected in anticipation of the upcoming retirement of Mr. Sandbulte and pursuant to a May 8, 1995 agreement with Mr. Russell. Mr. Sandbulte, who was the Chairman, President and Chief Executive Officer of the Company prior to Mr. Russell's election, is expected to remain as Chief Executive Officer until early 1996 and as Chairman until May 1996. In addition, the Board of Directors, in accordance with the authority vested in it by the Articles of Incorporation and the Bylaws of the Company and pursuant to, and in light of the timing of, the May 8 agreement, appointed Mr. Russell as a director after authorizing an increase in the size of the Board of Directors from twelve to thirteen members. Mr. Russell is a former group vice president of J.M. Huber Corp., a $1.5 billion family-owned diversified manufacturing and natural resources company based in Edison, New Jersey.

Item 6.   Exhibits and Reports on Form 8-K

(a) Exhibits

- 10   Minnesota Power Director Stock Plan
- 27   Financial Data Schedule

(b) Reports on Form 8-K - None.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Minnesota Power & Light Company

(Registrant)

May 12, 1995

D. G. Gartzke

D. G. Gartzke
Senior Vice President - Finance
and Chief Financial Officer

May 12, 1995

Mark A. Schober

Mark A. Schober
Corporate Controller

Exhibit 10

MINNESOTA POWER
Director Stock Plan

I. Purpose

The purpose of the Minnesota Power Director Stock Plan is to provide ownership of the Company's stock to members of the Board of Directors in order to improve the Company's ability to attract and retain highly qualified individuals to serve as directors of the Company and to strengthen the commonality of interest between directors and shareholders.

II. Definitions

When used herein, the following terms shall have the respective meanings set forth below:

"Annual Retainer" means the annual retainer payable by the Company to Directors (exclusive of any per meeting fees or expense reimbursements).

"Board" or "Board of Directors" means the Board of Directors of the Company.

"Committee" means a committee whose members meet the requirements of Section IV(A) hereof, and who are appointed from time to time by the Board to administer the Plan.

"Common Stock" means the common stock, no par value, of the Company.

"Company" means Minnesota Power & Light Company, a Minnesota corporation, and any successor corporation.

"Director" or "Participant" means any person who is elected or appointed to the Board of Directors of the Company and who is not an Employee.

"Effective Date" means May 9, 1995, the date as of which the Plan is approved by the shareholders of the Company.

"Employee" means any officer or other common law employee of the Company or of any Subsidiary.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Plan" means the Company's Director Stock Plan, adopted by the Board on January 25, 1995, and approved by the shareholders on May 9, 1995, as it may be amended from time to time.

"Plan Year" means the period commencing on the Effective Date of the Plan and ending the next following December 31 and, thereafter, the calendar year.

"Stock Payment" means that portion of the Annual Retainer to be paid to Directors in shares of Common Stock rather than cash for services rendered as a Director of the Company, as provided in Section V hereof, including that portion of the Stock Payment resulting from any election specified in Section VI hereof.

"Subsidiary" means any corporation that is a "subsidiary corporation" of the Company, as that term is defined in Section 424(f) of the Internal Revenue Code of 1986, as amended.

III. Shares of Common Stock Subject to the Plan

Subject to Section VII below, the maximum aggregate number of shares of Common Stock that may be delivered under the Plan is 250,000 shares. The Common Stock to be delivered under the Plan will be made available from authorized but unissued shares of Common Stock, or shares of Common Stock purchased on the open market and held by the Committee.

IV. Administration

A. The Plan will be administered by a Committee appointed by the Board, consisting of three or more persons who are not eligible to participate in the Plan. Members of the Committee need not be members of the Board. The Company shall pay all costs of administration of the Plan.

B. Subject to and not inconsistent with the express provisions of the Plan, the Committee has and may exercise such powers and authority of the Board as may be necessary or appropriate for the Committee to carry out its functions under the Plan. Without limiting the generality of the foregoing, the Committee shall have full power and authority (i) to determine all questions of fact that may arise under the Plan, (ii) to interpret the Plan and to make all other determinations necessary or advisable for the administration of the Plan, and (iii) to prescribe, amend and rescind rules and regulations relating to the Plan, including, without limitation, any rules which the Committee determines are necessary or appropriate to ensure that the Company and the Plan will be able to comply with all applicable provisions of any federal, state or local law. All interpretations, determinations and actions by the Committee will be final and binding upon all persons, including the Company, and the Participants.

V. Determination of Annual Retainer and Stock Payments

A. The Board shall determine the Annual Retainer payable to all Directors of the Company.

B. Each Director shall receive on the first business day following the Effective Date, and on each January 31 thereafter (or on the first business day thereafter if January 31 is not a business day) a Stock Payment of 500 shares of Common Stock as a portion of the Annual Retainer payable to such Director for the Plan Year in which such date occurs. The cash portion of the Annual Retainer for such Plan Year shall be paid to Directors at such times and in such manner as may be determined by the Board of Directors. Directors joining the Board during the Plan Year after January 31 will receive their Stock Payment of 500 shares of Common Stock on the first business day following the effective date of their election or appointment to the Board.

C. Any Director may decline a Stock Payment for any Plan Year; provided, however, that no cash compensation shall be paid in lieu thereof. Any Director who declines a Stock Payment must do so in writing prior to the performance of any services as a Director for the Plan Year to which such Stock Payment relates.

D. No Director shall be required to forfeit or otherwise return any shares of Common Stock issued as a Stock Payment pursuant to the Plan (including any shares of Common Stock received as a result of an election under Section VI) notwithstanding any change in status of such Director which renders him ineligible to continue as a Participant in the Plan.

VI. Election to Increase Amount of Stock Payment

For any Plan Year, a Participant may make a written election to reduce the cash portion of the Annual Retainer by a specified dollar amount and have such amount applied to purchase additional shares of Common Stock of the Company. The election shall be made on a form provided by the Committee and must be returned to the Committee no later than six months prior to the applicable Plan Year. The election form shall state the amount by which the Participant desires to reduce the cash portion of the Annual Retainer, which shall be applied toward the purchase of Common Stock to be delivered on the same date that the Stock Payment is made; provided, however, that no fractional shares may be purchased. Cash in lieu of any fractional share shall be paid to the

Participant. An election shall continue in effect until changed or revoked by the Participant. No Participant shall be allowed to change or revoke any election for the then current year.

VII. Adjustment for Changes in Capitalization

If the outstanding shares of Common Stock of the Company are increased, decreased, or exchanged for a different number or kind of shares or other securities, or if additional shares or new or different shares or other securities are distributed with respect to such shares of Common Stock or other securities, through merger, consolidation, sale of all or substantially all of the property of the Company, reorganization or recapitalization, reclassification, stock dividend, stock split, reverse stock split, combinations of shares, rights offering, distribution of assets or other distribution with respect to such shares of Common Stock or other securities or other change in the corporate structure or shares of Common Stock, the number of shares to be granted annually, the maximum number of shares and/or the kind of shares that may be issued under the Plan shall be appropriately adjusted by the Committee. Any determination by the Committee as to any such adjustment will be final, binding, and conclusive. The maximum number of shares issuable under the Plan as a result of any such adjustment shall be rounded down to the nearest whole share.

VIII. Amendment and Termination of Plan

A. The Board will have the power, in its discretion, to amend, suspend or terminate the Plan at any time; provided, however, that no amendment which requires shareholder approval in order for the Plan to continue to comply with Rule 16b-3 under the Exchange Act, including any successor to such Rule, shall be effective unless such amendment shall be approved by the requisite vote of the shareholders of the Company entitled to vote thereon.

B. Notwithstanding the foregoing, any provision of the Plan that either states the amount and price of securities to be issued under the Plan and specifies the price and timing of such issuances, or sets forth a formula that determines the amount, price, and timing of such issuances, shall not be amended more than once every six months, other than to comport with changes in the Internal Revenue Code, the Employee Retirement Income Security Act, or the rules thereunder.

IX. Effective Date and Duration of the Plan

The Plan will become effective upon the Effective Date, and shall remain in effect, subject to the right of the Board of Directors to terminate the Plan at any time pursuant to Section VIII, until all shares subject to the Plan have been purchased or acquired according to the Plan's provisions.

X. Miscellaneous Provisions

A. Continuation of Directors in Same Status

Nothing in the Plan or any action taken pursuant to the Plan shall be construed as creating or constituting evidence of any agreement or understanding, express or implied, that the Company will retain a Director as a director or in any other capacity for any period of time or at a particular retainer or other rate of compensation, as conferring upon any Participant any legal or other right to continue as a director or in any other capacity, or as limiting, interfering with or otherwise affecting the right of the Company to terminate a Participant in his capacity as a director or otherwise at any time for any reason, with or without cause, and without regard to the effect that such termination might have upon him as a Participant under the Plan.

B. Compliance with Government Regulations

Neither the Plan nor the Company shall be obligated to issue any shares of Common Stock pursuant to the Plan at any time unless and until all applicable requirements imposed by any federal and state securities and other laws, rules and regulations, by any regulatory agencies or by any stock exchanges upon which the Common Stock may be listed have been fully met. As a condition precedent to any issuance of shares of Common Stock and delivery of certificates evidencing such shares pursuant to the Plan, the Board or the Committee may require a Participant to take any such action and to make any such covenants, agreements, and representations as the Board or the Committee, as the case may be, in its discretion deems necessary or advisable to ensure compliance with such requirements. The Company shall in no event be obligated to register the shares of Common Stock deliverable under the Plan pursuant to the Securities Act of 1933, as amended, or to qualify or register such shares under any securities laws of any state upon their issuance under the Plan or at any time thereafter, or to take any other action in order to cause the issuance and delivery of such shares under the Plan or any subsequent offer, sale, or other transfer of such shares to comply with any such law, regulation, or requirement. Participants are responsible for complying with all applicable federal and state securities and other laws, rules, and regulations in connection with any offer, sale, or other transfer of the shares of Common Stock issued under the Plan or any interest therein including, without limitation, compliance with the registration requirements of the Securities Act of 1933 as amended (unless an exception therefrom is available) or with the provisions of Rule 144 promulgated thereunder, if applicable, or any successor provisions. Certificates for shares of Common Stock may be legended as the Committee shall deem appropriate.

C. Nontransferability of Rights

No Participant shall have the right to assign the right to receive any Stock Payment or any other right or interest under the Plan, contingent or otherwise, or to cause or permit any encumbrance, pledge, or charge of any nature to be imposed on any such Stock Payment (prior to the issuance of stock certificates evidencing such Stock Payment) or any such right or interest.

D. Severability

In the event that any provision of the Plan is held invalid, void, or unenforceable, the same shall not affect, in any respect whatsoever, the validity of any other provision of the Plan.

E. Governing Law

To the extent not preempted by federal law, the Plan shall be governed by the laws of the state of Minnesota.

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM MINNESOTA POWER'S CONSOLIDATED BALANCE SHEET, STATEMENT OF INCOME, AND STATEMENT OF CASH FLOW FOR THE PERIOD ENDED MARCH 31, 1995, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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3-MOS
DEC-31-1995
JAN-01-1995
MAR-31-1995
PER-BOOK
1,083,694
357,922
244,328
100,682
0
1,786,626
371,974
0
282,384
576,610
0
48,547
600,629
30,167
0
0
12,818
0
0
0
440,107
1,786,626
168,726
(14,205)
140,406
153,024
11,252
(4,450)
38,075
12,618
25,457
800
24,657
14,920
10,647
43,424
.87
.87

Includes tax benefits related to Lehigh Acquisition Corporation, Minnesota Power's real estate company.