

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

FORM 8-K  
CURRENT REPORT

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

DATE OF REPORT (DATE OF EARLIEST EVENT REPORTED) - JULY 19, 2000

MINNESOTA POWER, INC.

A Minnesota Corporation  
Commission File No. 1-3548  
IRS Employer Identification No. 41-0418150  
30 West Superior Street  
Duluth, Minnesota 55802-2093  
Telephone - (218) 722-2641

ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS

The following exhibit of Minnesota Power, Inc. is filed herewith in accordance with Item 601 of Regulation S-K:

Exhibit  
Number

99 - Minnesota Power, Inc. News Release dated July 19, 2000

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, Inc.

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(Registrant)

July 19, 2000

D. G. Gartzke

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

EXHIBIT INDEX

Exhibit  
Number

99 - Minnesota Power, Inc. News Release dated July 19, 2000

[MINNESOTA POWER LOGO]

For Release: July 19, 2000  
 Contact: Terry M. Johnson  
 218-723-3934  
 tmjohnson@mnpower.com

NEWS

Investor: Tim Thorp  
 Contact: 218-723-3953  
 tthorp@mnpower.com

MINNESOTA POWER SECOND QUARTER NET INCOME  
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 INCREASED 30 PERCENT, EXCLUDING ACE LIMITED GAIN  
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Propelled by continued strong performance across all business units, MINNESOTA POWER, INC. (NYSE: MPL) reported a 30 percent increase in operating net income for the second quarter. Operating earnings per share also increased 30 percent for the second quarter to 48 cents per share compared to 37 cents last year.

Excluding a one-time transaction relating to the company's investment in ACE Limited (described below), 2000 second quarter operating net income was \$33.8 million on quarterly revenue of \$327 million versus \$26.0 million of operating net income on \$279.2 million of revenue a year ago.

"I am pleased with the quarter-over-quarter increases for all of our business segments," said Edwin L. Russell, chief executive officer of Minnesota Power. "This steady progress reflects the growth in value of each business as well as the company as a whole. We continue to demonstrate a successful transition to a multi-services company."

AUTOMOTIVE SERVICES continued its double-digit growth with a 23 percent increase in net income from the same quarter last year. The number of vehicles financed increased 16 percent, and the number of vehicles sold was up 14 percent. As announced in June, the company expects to complete two large auction acquisitions. These acquisitions will increase the number of cars sold by 60 percent in the near term with additional growth potential in the future.

Continued strong retail sales and reduced operating and maintenance expenses in ELECTRIC SERVICES and a growing customer base and increased consumption in WATER SERVICES allowed each segment to increase net income eight percent over the same quarter last year.

Bolstered by real estate sales, the INVESTMENTS segment income increased to \$10.2 million for the quarter versus \$6.4 million a year ago.

ACE LIMITED TRANSACTION: Minnesota Power recorded a one-time gain of 44 cents per share in the second quarter of 2000 resulting from the sale of 4.7 million shares of ACE Limited stock. Proceeds of \$127 million were redeployed in the Automotive Services business. Total earnings per share for the quarter are 92 cents.

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Minnesota Power News Release

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 Minnesota Power, Inc. is a multi-services company with corporate headquarters in Duluth, Minnesota. Minnesota Power holdings include: the second largest wholesale automobile auction network in North America; the leading provider of independent auto dealer inventory financing; the largest investor-owned water utilities in Florida and North Carolina; significant real estate holdings in Florida and a low-cost electric utility that serves some of the largest industrial customers in the United States. For more information about Minnesota Power, visit the company's web site at [www.mnpower.com](http://www.mnpower.com).  
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The statements contained in this release and statements that the company may make orally in connection with this release that are not historical facts are forward-looking statements. Actual results may differ materially from those projected in the forward-looking statements. These forward-looking statements involve risks and uncertainties and investors are directed to the risks discussed in documents filed by the company with the Securities and Exchange Commission.

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MINNESOTA POWER, INC.  
 CONSOLIDATED STATEMENT OF INCOME  
 FOR THE PERIODS ENDED JUNE 30, 2000 AND 1999  
 Millions Except Per Share Amounts

	QUARTER ENDED		YEAR TO DATE	
	2000	1999	2000	1999
<b>OPERATING REVENUE</b>				
Electric Services	\$ 138.9	\$ 135.3	\$ 280.5	\$ 267.5
Automotive Services	129.7	104.0	249.2	200.8
Water Services	31.7	29.9	59.7	54.3
Investments	26.7	10.0	60.2	14.3
Total Operating Revenue	327.0	279.2	649.6	536.9
<b>OPERATING EXPENSES</b>				
Fuel and Purchased Power	55.1	52.3	109.9	99.9
Operations	199.6	170.9	399.1	334.9
Interest Expense	15.2	14.4	31.5	28.6
Total Operating Expenses	269.9	237.6	540.5	463.4
<b>OPERATING INCOME BEFORE CAPITAL RE AND ACE</b>	57.1	41.6	109.1	73.5
<b>INCOME (LOSS) FROM INVESTMENT IN CAPITAL RE AND RELATED DISPOSITION OF ACE</b>	48.0	(13.4)	48.0	(15.8)
<b>OPERATING INCOME</b>	105.1	28.2	157.1	57.7
<b>DISTRIBUTIONS ON REDEEMABLE PREFERRED SECURITIES OF SUBSIDIARY</b>	1.5	1.5	3.0	3.0
<b>INCOME TAX EXPENSE</b>	39.4	24.8	59.5	31.9
<b>NET INCOME</b>	64.2	1.9	94.6	22.8
<b>DIVIDENDS ON PREFERRED STOCK</b>	0.3	0.5	0.8	1.0
<b>EARNINGS AVAILABLE FOR COMMON STOCK</b>	\$ 63.9	\$ 1.4	\$ 93.8	\$ 21.8
<b>AVERAGE SHARES OF COMMON STOCK</b>	69.6	68.2	69.4	68.0
<b>BASIC AND DILUTED EARNINGS PER SHARE OF COMMON STOCK</b>	\$0.92	\$0.02	\$1.35	\$0.32

MINNESOTA POWER, INC.  
 CONSOLIDATED BALANCE SHEET  
 Millions

	JUN. 30, 2000	DEC. 31, 1999
<b>ASSETS</b>		
Current Assets	\$ 707.9	\$ 564.5
Property, Plant and Equipment	1,311.5	1,258.8
Investments	109.0	197.2
Goodwill	322.2	181.0
Other	109.6	111.1
TOTAL ASSETS	\$ 2,560.2	\$ 2,312.6
	JUN. 30, 2000	DEC. 31, 1999
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current Liabilities	\$ 600.6	\$ 398.3

Long-Term Debt	720.1	712.8
Other Liabilities	277.8	289.2
Mandatorily Redeemable Preferred Securities of MP&L Capital I	75.0	75.0
Redeemable Serial Preferred Stock	-	20.0
Stockholders' Equity	886.7	817.3
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TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 2,560.2	\$ 2,312.6
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MINNESOTA POWER, INC.	QUARTER ENDED JUNE 30,		YEAR TO DATE JUNE 30,	
	2000	1999	2000	1999
<b>NET INCOME</b>				
Millions				
Electric Services	\$ 9.3	\$ 8.6	\$ 20.0	\$ 19.6
Automotive Services	14.7	12.0	26.6	21.6
Water Services	4.1	3.8	6.5	5.7
Investments	10.2	6.4	21.7	9.3
Corporate Charges	(4.5)	(4.8)	(10.6)	(9.3)
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Net Income Before Capital Re and ACE Capital Re and ACE Transactions	33.8	26.0	64.2	46.9
	30.4	(24.1)	30.4	(24.1)
	-----	-----	-----	-----
Net Income	\$ 64.2	\$ 1.9	\$ 94.6	\$ 22.8
<b>BASIC AND DILUTED EARNINGS PER SHARE</b>				
Before Capital Re and ACE Transactions	\$ 0.48	\$ 0.37	\$ 0.91	\$ 0.67
Capital Re and ACE Transactions	0.44	(0.35)	0.44	(0.35)
	-----	-----	-----	-----
	\$ 0.92	\$ 0.02	\$ 1.35	\$ 0.32
<b>STATISTICAL DATA</b>				
<b>CORPORATE</b>				
Common Stock				
High	20 3/4	21 13/16	20 3/4	22 3/32
Low	16	18 15/16	14 3/4	18 15/16
Close	17 5/16	19 7/8	17 5/1	19 7/8
Book Value	\$11.79	\$10.77	\$11.79	\$10.77
<b>ELECTRIC SERVICES</b>				
Millions of Kilowatthours Sold				
Retail				
Residential	192.0	191.8	449.9	445.9
Commercial	245.0	237.7	521.7	504.3
Industrial	1,719.4	1,619.3	3,438.3	3,261.1
Other	17.3	17.1	35.6	34.9
Resale	686.1	815.8	1,534.0	1,459.7
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	2,859.8	2,881.7	5,979.5	5,705.9
<b>AUTOMOTIVE SERVICES</b>				
Vehicles Sold	307,000	270,000	602,000	530,000
Vehicles Financed	202,000	175,000	397,000	323,000
EBITDAL (Millions)	\$39.6	\$32.1	\$74.0	\$59.9
<b>WATER SERVICES</b>				
Millions of Gallons Billed				
Florida Water Services				
Water	5,713.7	5,285.8	9,951.9	9,019.8
Wastewater	1,471.2	1,389.2	2,760.6	2,509.1
Heater Utilities				
Water	973.3	773.0	1,656.8	1,263.0

In May 2000 Minnesota Power sold its investment in ACE Limited (ACE) common stock, which resulted in an after-tax gain of \$30.4 million, or \$0.44 per share. The ACE shares were received in December 1999 upon completion of ACE's merger with Capital Re Corporation (Capital Re). During 1999 Minnesota Power recorded an aggregate \$36.2 million, or \$0.52 per share after-tax non-cash charge in connection with the valuation and exchange of its investment in Capital Re stock for the ACE shares, including a \$24.1 million, or \$0.35 per share charge in the second quarter. Earnings Before Interest, Taxes, Depreciation, Amortization and Lease Expense

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