

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, 1996

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)

3100 Multifoods Tower Telephone 612 332 7000
33 South Sixth Street Facsimile 612 332 6711
Minneapolis, MN 55402-3795

Price Waterhouse LLP

[LOGO]

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, 1996 and 1995, 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 Employee 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

Price Waterhouse LLP
Minneapolis, Minnesota
June 6, 1997

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

	1996 ----	December 31, 1995 ----
Assets		
Investments, at fair/contract value		
Guaranteed investment contracts (cost of \$17,287,380 and \$15,277,799, respectively)	\$ 17,287,380	\$ 15,277,799
Minnesota Power & Light Company common stock (411,926 and 415,451 shares at cost of \$10,871,470 and \$11,251,800, respectively)	11,248,406	11,788,422
Mutual fund securities (cost of \$27,852,756 and \$19,118,520, respectively)	30,496,581	22,729,345
Money market securities	109,684	1,641,532
Loans receivable from participants	1,548,170 -----	1,512,920 -----
Total investments	60,690,221	52,950,018
Cash	- -----	36,479 -----
Net assets available for plan benefits	\$ 60,690,221 =====	\$ 52,986,497 =====

 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

	Year Ended December 31,	
	1996	1995
	----	----
Sources of net assets		
Contributions	\$ 5,453,494	\$ 4,912,365
Interest income	1,132,496	1,262,849
Dividend income	3,829,390	1,877,680
Net unrealized appreciation (depreciation) in aggregate fair value of securities	(65,380)	4,787,572
Participants' loan interest income	127,275	118,066
Net realized gain (loss) on sale of securities	(95,332)	587,935
	-----	-----
	10,381,943	13,546,467
Application of net assets		
Transfers to retirement plan	(184,617)	(3,165,992)
Benefit distributions	(2,484,890)	(2,123,209)
Administrative expenses	(8,712)	-
	-----	-----
Increase in net assets	7,703,724	8,257,266
Net assets available for plan benefits		
Beginning of year	52,986,497	44,729,231
	-----	-----
End of year	\$ 60,690,221	\$ 52,986,497
	=====	=====

 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 MP Water Resources Group, Inc. formerly 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 percent of each participant's compensation, up to a maximum compensation of \$150,000 in 1996, 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 percent, not to exceed \$9,500 in 1996, 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 percent 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

All contributions plus actual earnings are fully vested and nonforfeitable.

Loan Program

The SRP allows participants to borrow money from their SRP accounts. A participant may borrow up to \$50,000 or 50 percent of their total 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 percent, 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 participants are required to make an election as to the flexible dollar, if applicable, before-tax and after-tax contributions to the SRP for the subsequent year. Contributions may be invested in the Minnesota Power Common Stock Fund, Heartland Value 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. Funds may be transferred between investment options 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 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, 1996 there were 1,639 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 are paid by the Companies or the SRP. 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, 1997 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
David G. Gartzke	President - Minnesota Power Electric (1) Senior Vice President - Finance Chief Financial Officer
Roger P. Engle	Vice President Minnesota Power Electric President and Chief Operating Officer - Superior Water, Light and Power Company
Philip R. Halverson	Vice President, General Counsel and Secretary
Donald J. Shippar	Vice President Minnesota Power Electric - Transmission and Distribution
Claudia S. Welty	Vice President Minnesota Power Electric - Support Services
Mark A. Schober	Controller
Lori A. Collard	Director - Minnesota Power Services Group, Inc.
Brenda J. Flayton	Director - Minnesota Power Electric - Human Resources
Jeweleon W. Tuominen	Manager Employee Benefits

(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 \$7,000,000.

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 represents the purchase price of the contract plus accrued interest. Participants' loans are reported at cost which approximates fair value.

Note 3 - Federal Income Tax Status

A favorable determination letter dated December 12, 1995 was obtained from the Internal Revenue Service stating that the SRP, as amended and restated effective January 1, 1992, qualifies as a profit sharing plan under Section 401(a) of the Code.

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, 1996.

	Fixed Income Fund	Mutual Fund Securities			
		GICs	Heartland Value Fund	Fidelity Magellan	Vanguard Index 500
Sources of net assets					
Contributions	\$ 885,926	\$ 652,733	\$ 883,827	\$ 664,728	\$ 191,010
Interest income	1,131,587				
Dividend income		166,581	1,696,862	170,803	51,295
Net unrealized appreciation (depreciation) in aggregate fair value of securities		159,257	(360,613)	646,843	(9,154)
Participants' loan repayments, including interest	271,685	17,597	89,965	49,243	17,441
Net gain (loss) on sale of securities		13,671	(174,775)	85,896	(2,013)
	2,289,198	1,009,839	2,135,266	1,617,513	248,579
Application of net assets					
Transfers to retirement plans	(184,617)				
Benefit distributions	(1,228,318)	(42,311)	(318,325)	(92,571)	(8,293)
Loans to participants	(741,567)				
Administrative expenses	(8,712)				
Increase (decrease) in net assets	125,984	967,528	1,816,941	1,524,942	240,286
Net transfers	235,027	858,296	(1,335,252)	629,222	(40,036)
Net assets available for plan benefits					
Beginning of year	16,955,530	967,487	10,317,288	3,445,351	782,601
End of year	\$17,316,541	\$2,793,311	\$10,798,977	\$ 5,599,515	\$ 982,851

Mutual Fund Securities (Continued)

	IAI Emerging Growth Fund	IAI Int'l. Developed Market Fund	Fidelity Balanced Fund	Templeton Inter- national Emerging Market Fund	Minnesota Power Common Stock	Loans Receivable from Participants	Total Changes
Sources of net assets							
Contributions	\$ 706,017	\$ 287,208	\$ 450,498	\$ 314,713	\$ 416,834		\$ 5,453,494
Interest income					909		1,132,496
Dividend income	583,540	157,218	107,411	48,662	847,018		3,829,390
Net unrealized appreciation (depreciation) in aggregate fair value of securities	(432,871)	(57,098)	99,209	206,458	(317,411)		(65,380)
Participants' loan repayments, including interest	41,588	15,061	26,359	22,993	211,947	\$ (636,604)	127,275
Net gain (loss) on sale of securities	7,057	7,541	(2,671)	19,085	(49,123)		(95,332)
	905,331	409,930	680,806	611,911	1,110,174	(636,604)	10,381,943
Application of net assets							
Transfers to retirement plans							(184,617)
Benefit distributions	(99,902)	(64,527)	(27,160)	(76,400)	(457,370)	(69,713)	(2,484,890)
Loans to participants						741,567	0
Administrative expenses							(8,712)
Increase (decrease) in net assets	805,429	345,403	653,646	535,511	652,804	35,250	7,703,724
Net transfers	726,286	24,909	(183,741)	198,121	(1,112,832)		0
Net assets available for plan benefits							
Beginning of year	2,678,226	1,164,968	2,046,401	1,327,120	11,788,605	1,512,920	52,986,497
End of year	\$4,209,941	\$1,535,280	\$2,516,306	\$2,060,752	\$11,328,577	\$1,548,170	\$60,690,221

These beginning of year balances include \$1,641,532 of short term money market securities of which \$1,000,000 was being held to be invested in anew GIC on January 3, 1996 and the balance for participant distributions.

These end of year balances include \$109,684 of short term money market securities of which \$79,559 was being held to be invested in Minnesota Power Common Stock and the balance for participant distributions.

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, 1995.

	Fixed Income Fund ----- GICs	Mutual Fund Securities -----			
		Heartland Value Fund	Fidelity Magellan	Vanguard Index 500	Vanguard Short Term Federal Portfolio
Sources of net assets					
Contributions	\$ 1,148,916	\$ 406,265	\$ 661,052	\$ 409,795	\$ 140,310
Interest income	1,257,630				
Dividend income		42,218	594,504	73,563	41,522
Net unrealized appreciation (depreciation) in aggregate fair value of securities		30,247	2,039,135	709,033	31,720
Participants' loan repayments, including interest	314,990	4,518	81,907	31,012	11,491
Net gain (loss) on sale of securities		2,890	326,575	57,396	6,285
	----- 2,721,536	----- 486,138	----- 3,703,173	----- 1,280,799	----- 231,328
Application of net assets					
Transfers to retirement plans	(3,165,992)				
Benefit distributions	(953,755)	(6,083)	(254,359)	(95,030)	(33,112)
Loans to participants	(756,812)				
Increase (decrease) in net assets	----- (2,155,023)	----- 480,055	----- 3,448,814	----- 1,185,769	----- 198,216
Net transfers	2,096,925	487,432	(1,112,187)	132,303	(18,996)
Net assets available for plan benefits					
Beginning of year	17,013,628 -----	0 -----	7,980,661 -----	2,127,279 -----	603,381 -----
End of year	\$ 16,955,530 =====	\$ 967,487 =====	\$ 10,317,288 =====	\$ 3,445,351 =====	\$ 782,601 =====

Mutual Fund Securities (Continued)

	IAI Emerging Growth Fund	IAI Int'l. Developed Market Fund	Fidelity Balanced Fund	Templeton Inter- national Emerging Market Fund	Minnesota Power Common Stock	Loans Receivable from Participants	Total Changes
Sources of net assets							
Contributions	\$ 450,546	\$ 357,800	\$ 488,611	\$ 426,920	\$ 422,150		\$ 4,912,365
Interest income					5,219		1,262,849
Dividend income	48,959	92,615	85,574	34,409	864,316		1,877,680
Net unrealized appreciation (depreciation) in aggregate fair value of securities	689,610	(2,008)	154,044	(32,233)	1,168,024		4,787,572
Participants' loan repayments, including interest	27,134	14,222	19,799	14,336	239,086	\$ (640,429)	118,066
Net gain (loss) on sale of securities	38,927	4,777	32,094	(683)	119,674		587,935
	1,255,176	467,406	780,122	442,749	2,818,469	(640,429)	13,546,467
Application of net assets							
Transfers to retirement plans							(3,165,992)
Benefit distributions	(80,116)	(44,057)	(91,732)	(21,130)	(530,355)	(13,480)	(2,123,209)
Loans to participants						756,812	0
Increase (decrease) in net assets	1,175,060	423,349	688,390	421,619	2,288,114	102,903	8,257,266
Net transfers	156,019	(162,997)	(320,170)	(186,189)	(1,072,140)		0
Net assets available for plan benefits							
Beginning of year	1,347,147	904,616	1,678,181	1,091,690	10,572,631	1,410,017	44,729,231
End of year	\$2,678,226	\$1,164,968	\$2,046,401	\$1,327,120	\$11,788,605	\$1,512,920	\$ 52,986,497

These beginning 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.

These end of year balances include \$1,641,532 of short term money market securities of which \$1,000,000 was being held to be invested in a new GIC on January 3, 1996 and the balance for participant distributions.

Minnesota Power and Affiliated Companies
Supplemental Retirement Plan
Schedule of Investments Held
December 31, 1996

Description	Cost	Fair/Contract Value
Guaranteed Investment Contracts		
Metropolitan Life Insurance Company 8.65% due 1997	\$ 2,418,762	\$ 2,418,762
Protective Life Insurance Company 6.99% due 1997	1,575,572	1,575,572
Provident Life and Accident Insurance Company 7.06% due 1998	2,895,632	2,895,632
Allstate Life Insurance Company 7.14% due 1998	2,307,503	2,307,503
Aetna Life Insurance Company 6.06% due 1999	2,388,884	2,388,884
Provident Mutual Insurance Company 5.80% due 1999	1,903,227	1,903,227
SunAmerica Life Insurance Company 6.00% due 2000	1,913,438	1,913,438
Commonwealth Life Insurance Company 6.67% due 2001	1,884,362	1,884,362
	-----	-----
Total guaranteed investment contracts	17,287,380	17,287,380
	-----	-----
Minnesota Power & Light Company		
Common Stock * (411,926 shares)	10,871,470	11,248,406
	-----	-----
Mutual Fund Securities		
Heartland Value Fund (88,256 shares)	2,607,392	2,793,294
Fidelity Magellan Fund (133,897 shares)	9,319,844	10,798,773
Vanguard Index 500 (81,317 shares)	4,986,322	5,599,499
Vanguard Short Term Federal Portfolio (97,215 shares)	986,222	982,845
IAI Emerging Growth Fund (210,918 shares)	3,995,140	4,209,927
IAI International Developed Market Fund (124,314 shares)	1,635,285	1,535,268
Fidelity Balanced Fund (178,713 shares)	2,352,758	2,516,276
Templeton International Emerging Market Fund (165,518 shares)	1,969,793	2,060,699
	-----	-----
Total mutual funds	27,852,756	30,496,581
	-----	-----
Money Market Securities		
Dreyfus Institutional Government Securities Fund, floating interest rate with no maturity date	109,684	109,684
	-----	-----
Loans Receivable from Participants - 7% to 10%	1,548,170	1,548,170
	-----	-----
Total Investments	\$ 57,669,460	\$ 60,690,221
	=====	=====

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* Party-in-interest

The above data was prepared from information certified as complete and accurate by North Shore Bank of Commerce, the plan Trustee.

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, 1996

Purchases

Description	Aggregate Purchase Price and Fair Value on Transaction Dates	Number of Transactions
Dreyfus Institutional Government Series	\$ 8,172,542	265
Fidelity Magellan Fund	\$ 1,230,801	34
Minnesota Power & Light Company Common Stock	\$ 1,614,717	25
SunAmerica Life Insurance Company	\$ 3,988,058	25
Vanguard Index 500	\$ 9,879,204	46

Sales

Description	Aggregate			Number of Transactions
	Cost of Asset	Sale Price	Net Gain/ (Loss)	
Dreyfus Institutional Government Series	\$ 9,807,884	\$ 9,807,884	0	182
Fidelity Magellan Fund	\$ 2,085,360	\$ 1,910,585	\$ (174,775)	31
Minnesota Power & Light Company Common Stock	\$ 1,649,438	\$ 1,600,315	\$ (49,123)	35
SunAmerica Life Insurance Company	\$ 2,161,690	\$ 2,161,690	0	20
Vanguard Index 500	\$ 8,542,687	\$ 8,628,583	\$ 85,896	22

 The above data was prepared from information certified as complete and accurate
 by North Shore Bank of Commerce, the plan Trustee.

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 24, 1997

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. 333-26755) of the Minnesota Power and Affiliated Companies Supplemental Retirement Plan of our report dated June 6, 1997 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, 1996.

PRICE WATERHOUSE LLP

Price Waterhouse LLP
Minneapolis, Minnesota
June 23, 1997