

Securities and Exchange Commission
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 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 and (2) has been subject to such filing
requirements for the past 90 days.

Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
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Common Stock, no par value,
31,308,015 shares outstanding
as of July 31, 1995

Minnesota Power & Light Company

Index

	Page
Part I. Financial Information	
Item 1. Financial Statements	
Consolidated Balance Sheet - June 30, 1995 and December 31, 1994	1
Consolidated Statement of Income - Quarter and Six Months ended June 30, 1995 and 1994	2
Consolidated Statement of Cash Flows - Six Months ended June 30, 1995 and 1994	3
Notes to Consolidated Financial Statements	4
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	9
Part II. Other Information	
Item 5. Other Information	12
Item 6. Exhibits and Reports on Form 8-K	16
Signatures	17

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 Company	Capital Re Corporation 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)
National	National Steel Pellet Co.
Reach All	Reach All Partnership
Square Butte	Square Butte Electric Cooperative
SSU	Southern States Utilities, Inc.

PART I. FINANCIAL INFORMATION
Item 1. Financial Statements

Minnesota Power
Consolidated Balance Sheet
In Thousands

	June 30, 1995 Unaudited	December 31, 1994 Audited

Assets		
Plant and Other Assets		
Electric utility operations	\$ 786,387	\$ 784,931
Water utility operations	307,456	295,451
Investments and corporate services	221,025	362,006
	-----	-----
Total plant and other assets	1,314,868	1,442,388
	-----	-----
Current Assets		
Cash and cash equivalents	128,883	27,001
Funds held by trustee	161,810	-
Trading securities	56,033	74,046
Trade accounts receivable (less reserve of \$996 and \$1,041)	47,849	51,105
Notes and other accounts receivable	10,473	61,654
Fuel, material and supplies	22,718	26,405
Prepayments and other	22,315	25,927
	-----	-----
Total current assets	450,081	266,138
	-----	-----
Deferred Charges		
Regulatory	79,043	74,919
Other	28,164	24,353
	-----	-----
Total deferred charges	107,207	99,272
	-----	-----
Total Assets	\$1,872,156	\$1,807,798

Capitalization and Liabilities		
Capitalization		
Common stock without par value, 65,000,000 shares authorized 31,305,968 and 31,246,557 shares outstanding	\$ 372,634	\$ 371,178
Unearned ESOP shares	(74,505)	(76,727)
Net unrealized gain (loss) on securities investments	245	(5,410)
Retained earnings	279,370	272,646
	-----	-----
Total common stock equity	577,744	561,687
Cumulative preferred stock	28,547	28,547
Redeemable serial preferred stock	20,000	20,000
Long-term debt	568,725	601,317
	-----	-----
Total capitalization	1,195,016	1,211,551
	-----	-----
Current Liabilities		
Accounts payable	29,345	36,792
Accrued taxes	42,772	41,133
Accrued interest and dividends	14,217	14,157
Notes payable	178,470	54,098
Long-term debt due within one year	9,878	12,814
Other	24,855	23,799
	-----	-----
Total current liabilities	299,537	182,793
	-----	-----
Deferred Credits		
Accumulated deferred income taxes	164,604	192,441
Contributions in aid of construction	91,197	87,036
Regulatory	55,221	55,996
Other	66,581	77,981
	-----	-----
Total deferred credits	377,603	413,454
	-----	-----
Total Capitalization and Liabilities	\$1,872,156	\$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 June 30,		Six Months Ended June 30,	
	1995	1994	1995	1994
<hr style="border-top: 1px dashed black;"/>				
Operating Revenue and Income				
Electric utility operations	\$118,417	\$109,665	\$237,865	\$227,347
Water utility operations	18,538	19,683	34,816	37,531
Investments and corporate services	10,383	10,182	21,341	14,520
	-----	-----	-----	-----
Total operating revenue and income	147,338	139,530	294,022	279,398
	-----	-----	-----	-----
Operating Expenses				
Fuel and purchased power	44,113	37,112	84,422	80,123
Operations	60,975	57,852	123,117	114,656
Administrative and general	16,790	16,668	35,250	36,253
Interest expense	11,388	11,083	22,489	21,996
	-----	-----	-----	-----
Total operating expenses	133,266	122,715	265,278	253,028
	-----	-----	-----	-----
Income (Loss) from Equity Investments	2,360	1,584	(3,908)	3,048
	-----	-----	-----	-----
Operating Income from Continuing Operations	16,432	18,399	24,836	29,418
Income Tax Expense (Benefit)	5,509	5,628	(9,892)	7,164
	-----	-----	-----	-----
Income from Continuing Operations	10,923	12,771	34,728	22,254
Income from Discontinued Operations	1,190	199	2,842	84
	-----	-----	-----	-----
Net Income	12,113	12,970	37,570	22,338
Dividends on Preferred Stock	800	800	1,600	1,600
	-----	-----	-----	-----
Earnings Available for Common Stock	\$ 11,313	\$ 12,170	\$ 35,970	\$ 20,738
	=====	=====	=====	=====
Average Shares of Common Stock	28,446	28,217	28,409	28,195
Earnings Per Share of Common Stock				
Continuing Operations	\$.35	\$.43	\$1.17	\$.74
Discontinued Operations	.05	.01	.10	.00
	-----	-----	-----	-----
Total	\$.40	\$.44	\$1.27	\$.74
	=====	=====	=====	=====
Dividends Per Share of Common Stock	\$.51	\$.505	\$1.02	\$1.01
	-----	-----	-----	-----

The accompanying notes are an integral part of this statement.

Minnesota Power
Consolidated Statement of Cash Flows
In Thousands - Unaudited

	Six Months Ended June 30,	
	1995	1994
<hr/>		
Operating Activities		
Net income	\$ 37,570	\$ 22,338
Depreciation	27,575	22,623
Amortization of coal contract termination costs	-	3,920
Deferred income taxes	(29,101)	3,210
Deferred investment tax credits	(1,024)	(902)
Pretax loss on disposal of discontinued operations	1,793	-
Changes in operating assets and liabilities excluding the effects of discontinued operations		
Notes and accounts receivable	8,646	9,751
Fuel, material and supplies	(2,090)	(3,507)
Accounts payable	(1,325)	(12,150)
Other current assets and liabilities	8,221	(6,553)
Other - net	(2,514)	4,991
	-----	-----
Cash from operating activities	47,751	43,721
	-----	-----
Investing Activities		
Proceeds from sale of investments in securities	112,175	17,422
Cash from sale of discontinued operations	106,115	-
Funds held by trustee for ADESA acquisition	(161,810)	-
Additions to investments	(65,996)	(32,985)
Additions to plant	(40,906)	(28,913)
Changes to other assets - net	2,777	(16,335)
	-----	-----
Cash for investing activities	(47,645)	(60,811)
	-----	-----
Financing Activities		
Issuance of common stock	1,467	602
Issuance of long-term debt	9,000	17,706
Changes in notes payable	124,372	27,978
Reductions of long-term debt	(2,217)	(1,995)
Dividends on preferred and common stock	(30,846)	(30,287)
	-----	-----
Cash from financing activities	101,776	14,004
	-----	-----
Change in Cash and Cash Equivalents	101,882	(3,086)
Cash and Cash Equivalents at Beginning of Period	27,001	31,674
	-----	-----
Cash and Cash Equivalents at End of Period	\$ 128,883	\$ 28,588
	=====	=====
Supplemental Cash Flow Information		
Cash paid during the period for		
Interest (net of capitalized)	\$ 22,481	\$ 22,556
Income taxes	\$ 11,893	\$ 13,062

The accompanying notes are an integral part of this statement.

Notes to Consolidated 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. The income statement information for prior periods has been reclassified to reflect the discontinuance of the paper and pulp business.

Note 1. Business Segments
Thousands

	Consolidated -----	Electric Utility Operations -----		Water Utility Operations -----
		Electric -----	Coal ----	
Quarter Ended June 30, 1995 -----				
Revenue and income	\$147,338	\$112,173	\$6,244	\$18,538
Operation and other expense	109,152	86,413	4,574	12,305
Depreciation expense	12,726	9,598	392	2,641
Interest expense	11,388	5,120	304	2,667
Income from equity investments	2,360	-	-	-
	-----	-----	-----	-----
Operating income				
from continuing operations	16,432	11,042	974	925
Income tax expense (benefit)	5,509	4,515	242	448
	-----	-----	-----	-----
Income from continuing operations	10,923	\$ 6,527	\$ 732	\$ 477
		=====	=====	=====
Income from discontinued operations	1,190			

Net income	\$ 12,113			
	=====			
Quarter Ended June 30, 1994 -----				
Revenue and income	\$139,530	\$102,978	\$6,687	\$19,683
Operation and other expense	100,239	74,126	5,107	12,257
Depreciation expense	11,393	8,655	332	2,364
Interest expense	11,083	5,219	254	2,957
Income from equity investments	1,584	-	-	-
	-----	-----	-----	-----
Operating income (loss)				
from continuing operations	18,399	14,978	994	2,105
Income tax expense (benefit)	5,628	6,513	233	802
	-----	-----	-----	-----
Income (loss) from continuing operations	12,771	\$ 8,465	\$ 761	\$ 1,303
		=====	=====	=====
Income from discontinued operations	199			

Net income	\$ 12,970			
	=====			

Investments and Corporate Services -----	
Portfolio, Reinsurance & Other -----	Real Estate -----

Quarter Ended June 30, 1995

Revenue and income	\$ 5,945	\$4,438
Operation and other expense	2,368	3,492
Depreciation expense	35	60
Interest expense	3,297	-
Income from equity investments	2,360	-

Operating income	-----	-----
from continuing operations	2,605	886
Income tax expense (benefit)	(288)	592
	-----	-----
Income from continuing operations	\$ 2,893	\$ 294
	=====	=====
Income from discontinued operations		
Net income		

Quarter Ended June 30, 1994
 - - - - -

Revenue and income	\$ 1,267	\$8,915
Operation and other expense	2,467	6,282
Depreciation expense	1	41
Interest expense	2,651	2
Income from equity investments	1,584	-
	-----	-----
Operating income (loss)		
from continuing operations	(2,268)	2,590
Income tax expense (benefit)	(2,166)	246
	-----	-----
Income (loss) from		
continuing operations	\$ (102)	\$2,344
	=====	=====
Income from discontinued operations		
Net income		

Note 1. Business Segments (Continued)

Thousands

	Consolidated -----	Electric Utility Operations -----		Water Utility Operations -----
		Electric -----	Coal ----	
Six Months Ended June 30, 1995 -----				
Revenue and income	\$ 294,022	\$224,768	\$13,097	\$ 34,816
Operation and other expense	217,462	168,103	9,955	23,975
Depreciation expense	25,327	19,153	733	5,252
Interest expense	22,489	10,257	558	5,184
Loss from equity investments	(3,908)	-	-	-
Operating income (loss)	-----	-----	-----	-----
from continuing operations	24,836	27,255	1,851	405
Income tax expense (benefit)	(9,892)	11,623	458	60
Income from continuing operations	34,728	\$ 15,632	\$ 1,393	\$ 345
Income from discontinued operations	2,842	=====	=====	=====
Net income	\$ 37,570			
	=====			
Total assets	\$1,872,156	\$929,253	\$33,039	\$339,227
Accumulated depreciation	\$ 604,884	\$488,040	\$17,851	\$ 98,821
Construction work in progress	\$ 22,671	\$ 9,653	\$ -	\$ 13,018
Six Months Ended June 30, 1994 -----				
Revenue and income	\$ 279,398	\$214,078	\$13,269	\$ 37,531
Operation and other expense	208,241	158,076	10,276	23,434
Depreciation expense	22,791	17,315	661	4,723
Interest expense	21,996	10,269	497	5,764
Income from equity investments	3,048	-	-	-
Operating income (loss)	-----	-----	-----	-----
from continuing operations	29,418	28,418	1,835	3,610
Income tax expense (benefit)	7,164	12,252	491	1,355
Income (loss) from continuing operations	22,254	\$ 16,166	\$ 1,344	\$ 2,255
Income from discontinued operations	84	=====	=====	=====
Net income	\$ 22,338			
	=====			
Total assets	\$1,783,130	\$909,068	\$27,457	\$353,789
Accumulated depreciation	\$ 572,392	\$459,269	\$16,908	\$ 93,465
Construction work in progress	\$ 40,633	\$ 22,699	\$ -	\$ 17,934

Investments and
Corporate Services

Portfolio, Reinsurance & Other -----	Real Estate -----
---	----------------------

Six Months Ended June 30, 1995

Revenue and income	\$ 12,638	\$ 8,703
Operation and other expense	4,803	10,626
Depreciation expense	69	120
Interest expense	6,488	2
Loss from equity investments	(3,908)	-

Operating income (loss)	-----	-----
from continuing operations	(2,630)	(2,045)
Income tax expense (benefit)	(4,610)	(17,423)
	-----	-----
Income from continuing operations	\$ 1,980	\$15,378
	=====	=====
Income from discontinued operations		
Net income		
Total assets	\$538,195	\$32,442
Accumulated depreciation	\$ 172	\$ -
Construction work in progress	\$ -	\$ -

Six Months Ended June 30, 1994

Revenue and income	\$ (3,826)	\$18,346
Operation and other expense	5,372	11,083
Depreciation expense	2	90
Interest expense	5,461	5
Income from equity investments	3,048	-
	-----	-----
Operating income (loss)		
from continuing operations	(11,613)	7,168
Income tax expense (benefit)	(7,265)	331
	-----	-----
Income (loss) from		
continuing operations	\$ (4,348)	\$ 6,837
	=====	=====
Income from discontinued operations		
Net income		
Total assets	\$300,480	\$36,208
Accumulated depreciation	\$ 4	\$ -
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 4.)

Includes \$18.4 million of tax benefits. (See note 4.)

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.

Includes \$156.1 million related to operations which were discontinued in 1995.

Includes \$2.7 million related to operations which were discontinued in 1995.

Note 2. Securities Investments

Summary of Securities	June 30, 1995			Fair Value
	Cost	Gross Unrealized		
		Gain	(Loss)	

In Thousands				
Trading				\$ 56,033
Available-for-sale				
Common stock	\$ 3,243	\$ -	\$ (770)	2,473
Preferred stock	82,792	3,078	(2,904)	82,966
	-----	-----	-----	-----
	\$86,035	\$3,078	\$(3,674)	85,439
Held-to-maturity				
Leveraged preferred stock	\$ 2,069			2,069

Total securities investments				\$143,541
				=====

Summary of Securities	December 31, 1994			Fair Value
	Cost	Gross Unrealized		
		Gain	(Loss)	

In Thousands				
Trading				\$ 74,046
Available-for-sale				
Common stock	\$ 10,636	\$ 86	\$(1,748)	8,974
Preferred stock	117,860	2,747	(3,893)	116,714
	-----	-----	-----	-----
	\$128,496	\$2,833	\$(5,641)	125,688
Held-to-maturity				
Leveraged preferred stock	\$ 2,013			2,013

Total securities investments				\$201,747
				=====

The net unrealized gain (loss) on securities investments on the balance sheet includes the Company's share of Capital Re's unrealized holding gains of \$594,000 at June 30, 1995, and \$3.8 million of unrealized holding losses at December 31, 1994.

	Quarter Ended		Six Months Ended	
	June 30, 1995	June 30, 1994	June 30, 1995	June 30, 1994

Trading securities				
Change in net unrealized holding gain (loss) included in earnings	\$ 108	\$ (772)	\$ 781	\$ 65
Available-for-sale securities				
Proceeds from sales	\$32,552	\$7,195	\$59,019	\$17,422
Gross realized gains	\$ 1,301	\$ 116	\$ 1,575	\$ 243
Gross realized (losses)	\$(1,186)	\$(393)	\$(1,605)	\$(683)

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. Income Tax Expense

Schedule of Income Tax Expense (Benefit)	Quarter Ended June 30,		Six Months Ended June 30,	
	1995	1994	1995	1994

In Thousands				
Charged to continuing operations				
Current tax				
Federal	\$ 1,040	\$ 4,540	\$ 3,866	\$ 6,177
State	493	1,555	1,621	2,186
	-----	-----	-----	-----
	1,533	6,095	5,487	8,363
	-----	-----	-----	-----
Deferred tax				
Federal	3,598	261	(12,300)	280
State	781	(267)	(2,055)	(576)
	-----	-----	-----	-----
	4,379	(6)	(14,355)	(296)
	-----	-----	-----	-----
Deferred tax credits	(403)	(461)	(1,024)	(903)
	-----	-----	-----	-----
Income taxes on continuing operations	5,509	5,628	(9,892)	7,164
	-----	-----	-----	-----
Charged to discontinued operations				
Current tax				
Federal	13,502	(1,262)	13,396	(2,638)
State	4,209	(376)	4,192	(785)
	-----	-----	-----	-----
	17,711	(1,638)	17,588	(3,423)
	-----	-----	-----	-----
Deferred tax				
Federal	(12,870)	1,371	(11,851)	2,700
State	(3,195)	409	(2,895)	807
	-----	-----	-----	-----
	(16,065)	1,780	(14,746)	3,507
	-----	-----	-----	-----
Income taxes on discontinued operations	1,646	142	2,842	84
	-----	-----	-----	-----
Total income tax expense (benefit)	\$ 7,155	\$ 5,770	\$ (7,050)	\$ 7,248
	=====	=====	=====	=====

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 5. Discontinued Operations

On June 30, 1995, Minnesota Power sold its interest in the paper and pulp business to CPI for \$118 million in cash, plus CPI's assumption of certain debt and lease obligations. The Company is still committed to a maximum guaranty of \$90 million to ensure a portion of LSPI's \$33.4 million annual lease obligation for equipment under an operating lease extending to 2012. However, CPI has agreed to indemnify the Company for any payments the Company may make as a result of the Company's existing obligation relating to the LSPI operating lease. The sale price is subject to adjustment upon completion of audits of the paper and pulp business.

The financial results of the paper and pulp business including the loss on disposition have been accounted for as discontinued operations.

Summary of Discontinued Operations	Quarter Ended		Six Months Ended	
	June 30, 1995	June 30, 1994	June 30, 1995	June 30, 1994

In Thousands				
Revenue and income	\$22,285 =====	\$12,774 =====	\$44,324 =====	\$23,475 =====
Equity in earnings	\$ 5,554 =====	\$ 200 =====	\$ 7,241 =====	\$ 579 =====
Income from operations	\$ 4,629	\$ 341	\$ 7,477	\$ 168
Income tax expense	(1,921)	(142)	(3,117)	(84)
	-----	-----	-----	-----
	2,708	199	4,360	84
	-----	-----	-----	-----
Loss on disposal	(1,793)	-	(1,793)	-
Income tax benefit	275	-	275	-
	-----	-----	-----	-----
	(1,518)	-	(1,518)	-
	-----	-----	-----	-----
Income from discontinued operations	\$ 1,190 =====	\$ 199 =====	\$ 2,842 =====	\$ 84 =====

Note 6. Subsequent Event

Effective July 1, 1995, Minnesota Power became an 80 percent owner of ADESA for \$167 million in cash. ADESA, headquartered in Indianapolis, Indiana, owns and operates auto redistribution facilities and performs related services through which used cars and other vehicles are sold to franchised automobile dealers and licensed used car dealers. Sellers at ADESA's auctions include domestic and foreign auto manufacturers, car dealers, fleet/lease companies, banks and finance companies. Proceeds from the sale of the paper and pulp business combined with proceeds from the sale of securities investments were used to fund the purchase of ADESA.

In February 1995 the Company signed a merger agreement with ADESA, as well as, employment agreements and put and call agreements with ADESA's four top managers. The put and call agreements provide ADESA management the right to sell to Minnesota Power, and Minnesota Power the right to purchase, ADESA management's 20 percent retained ownership interest in ADESA, in increments during the years 1997, 1998 and 1999, at a price based on ADESA's financial performance.

Pro forma financial statements reflecting the acquisition of ADESA and financial statements of ADESA for the interim period ended June 30, 1995, will be filed as an amendment to the Company's Form 8-K filed July 12, 1995. The amendment will be filed on or before September 8, 1995, pursuant to Form 8-K, Item 7. instructions.

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

Minnesota Power has operations in four business areas: (1) electric utility operations, which include electric, gas and coal mining operations; (2) water utility operations, which include water, wastewater and sanitation services; (3) investments and corporate services, which include a financial guaranty reinsurance company, a real estate company in Florida and investments in securities; and (4) an auto redistribution business that was acquired July 1, 1995.

Earnings per share of common stock for the quarter ended June 30, 1995, were 40 cents compared to 44 cents for the quarter ended June 30, 1994. Lower earnings in 1995 are attributed to higher expenses due to scheduled maintenance in electric utility operations and lower consumption levels and sales in water utility operations. However, earnings from the portfolio, reinsurance business, and paper and pulp business improved substantially in 1995. A single large commercial land sale contributed to 1994 real estate results.

Earnings per share of common stock for the six months ended June 30, 1995, were \$1.27 compared to 74 cents for the quarter ended June 30, 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 June 30,		Six Months Ended June 30,	
	1995	1994	1995	1994
Continuing Operations				
Electric Utility Operations				
Electric	\$.21	\$.28	\$.52	\$.54
Coal	.03	.03	.05	.05
	----	----	----	----
	.24	.31	.57	.59
	----	----	----	----
Water Utility Operations	.01	.05	.01	.08
	----	----	----	----
Investments and Corporate Services				
Portfolio and reinsurance	.10	.01	.26	(.12)
Real estate	.01	.08	.54	.24
Other operations	(.01)	(.02)	(.21)	(.05)
	----	----	----	----
	.10	.07	.59	.07
	----	----	----	----
Total Continuing Operations	.35	.43	1.17	.74
	----	----	----	----
Discontinued Operations	.05	.01	.10	.00
	----	----	----	----
Total Earnings Per Share	\$.40	\$.44	\$1.27	\$.74
	====	====	=====	=====

Results of Operations

Comparison of the Quarter Ended June 30, 1995 and 1994.

Electric utility operations. Operating revenue and income from electric utility operations were higher in 1995 compared to 1994 primarily because of a 15 percent increase in kilowatt-hour sales to industrial customers. National resumed operations in August 1994 and required significantly more amounts of electricity in 1995. Overall electric sales increased 7 percent. Fuel and purchased power expenses were higher in 1995 due to increased demand for electricity. Operations included higher scheduled maintenance costs and customer service expenses. Coal operations contributed net income of \$732,000 in 1995 and \$761,000 in 1994 to electric utility operations.

Revenue from electric sales to taconite customers accounted for 36 percent of revenue and income from electric utility operations in 1995 compared to 34 percent in 1994. Revenue from electric sales to paper and other wood products companies accounted for 13 percent of revenue and income from electric utility operations in 1995 compared to 14 percent in 1994.

Water utility operations. Revenue and income from water utility operations were 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 complete. The transaction is expected to occur in the third quarter of 1995.

In June 1995 SSU filed a request with the FPSC for an \$18.1 million annual increase in rates. Interim rates of \$12.4 million are expected to be in effect in October 1995 and will be subject to refund with interest.

Investments and corporate services. In 1995 improved market conditions enhanced the portfolio and reinsurance business results. A single large commercial land sale contributed to 1994 real estate results.

Discontinued operations. Operating results of the paper and pulp business as well as the disposition of that business have been included in discontinued operations. Significantly higher paper and pulp prices increased earnings in 1995.

Comparison of the Six Months Ended June 30, 1995 and 1994.

Electric utility operations. Operating revenue and income from electric utility operations were higher in 1995 compared to 1994 due to interim rates in effect since March 1, 1994, and a 13 percent increase in kilowatt-hour sales to industrial customers due to National resuming operations in August 1994. Overall electric sales increased 4 percent. Coal operations contributed \$1.4 million and \$1.3 million of net income in 1995 and 1994, respectively, to electric utility operations.

Revenue from electric sales to taconite customers accounted for 37 percent of revenue and income from electric utility operations in 1995 compared to 33 percent in 1994. Revenue from electric sales to paper and other wood products companies accounted for 13 percent of revenue and income from electric utility operations in 1995 compared to 14 percent in 1994.

Water utility operations. Operating revenue and income from water utility operations were 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. The transaction is expected to occur 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.

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. It is expected that the liquidation of Reach All will be completed during third quarter 1995.

Discontinued operations. Operating results of the paper and pulp business as well as the disposition of that business have been included in discontinued operations. Significantly higher paper and pulp prices increased earnings in 1995.

Liquidity and Financial Position

Reference is made to the Consolidated Statement of Cash Flows for the six months ended June 30, 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 from investing activities included proceeds from the sale of the paper and pulp business and proceeds from the sale of a portion of the securities portfolio. The majority of these proceeds were placed in cash and cash equivalents to repay notes payable issued in anticipation of the ADESA acquisition closing on July 1, 1995.

Cash from financing activities increased due to the issuance of notes payable to temporarily finance the ADESA acquisition on July 1, 1995. The proceeds from these notes payable were held in trust until July 3, 1995.

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.

ADESA's auctions finance a substantial amount of their working capital needs with accounts payable due to sellers for vehicles sold at the auctions. Typically, ADESA is paid immediately when an automobile is auctioned and title is delivered. In certain instances, a seller does not have physical possession of the title when a car is auctioned. In such instances, when ADESA receives the title, it then pays the seller and submits a bill to the buyer, resulting in a short-term need for borrowings. ADESA delivers title for the vehicle against payment therefor. ADESA also pays automobile manufacturers for vehicles sold at factory sales which requires short-term working capital until the buyers' checks have cleared.

ADESA also offers short-term on-site financing for dealers to purchase automobiles at auctions in exchange for a security interest in those automobiles. The financing is provided through the earlier of the date the dealer sells the automobile or a general borrowing term of 30-60 days. As a result, ADESA has a \$40 million revolving line of credit to meet its short-term operational requirements.

Capital requirements. Consolidated capital expenditures for the six months ended June 30, 1995, totaled \$38 million. These expenditures include \$23.1 million for electric utility operations, of which \$5.6 million was for coal operations, \$14.2 million for water utility operations and \$700,000 for the pulp production plant. Internally generated funds were the primary source for funding these expenditures.

The construction forecast for the remainder of 1995 was revised following the sale of the paper and pulp business and the July 1, 1995, purchase of ADESA. Total 1995 capital expenditures are expected to be \$120 million which include \$51 million for the relocation and development of auto auction sites. Internally generated funds and a \$52 million revolving line of credit at ADESA are expected to finance the majority of the expenditures.

PART II. OTHER INFORMATION

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. Page 2. - Last Paragraph

Lakehead Pipe Line Company, Limited Partnership, a natural gas pipe line company, became a Firm Large Power Customer of the Company on June 30, 1995, when the MPUC approved a six-year electric service agreement for 16.5 MW through April 30, 2001.

Ref. Page 3. - First Partial Paragraph

As of July 15, 1995, the minimum annual revenue the Company would collect under contracts with the Firm Large Power Customers, assuming no electric energy use by these customers, is estimated to be \$119.0, \$98.4, \$95.5, \$82.9 and \$63.9 million during the years 1995, 1996, 1997, 1998 and 1999, respectively.

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

Ref. 10-Q for the quarter ended March 31, 1995, Page 10.

Blandin Paper has a contract amendment pending with the MPUC for contract demand of between 39.8 MW and 43.7 MW and incremental demand of between 13.2 MW and 15.2 MW for April 1995 through October 1995.

LSPI - became 100 percent owned by CPI on June 30, 1995, when the Company and Pentair Duluth Corp. each sold their 50 percent interest.

Potlatch Corp. - Cloquet - On July 24, 1995, the MPUC approved a contract amendment retroactive to May 1995 for incremental demand of between 2.3 MW and 3.3 MW through October 1995.

Lakehead Pipe Line Company, Limited Partnership (Lakehead) - On June 30, 1995, the MPUC approved a six-year electric service agreement for 12.25 MW of contract demand and 4.25 MW of incremental demand through April 30, 2001. Lakehead Pipe Line Company, Inc. serves as the general partner in conducting the operations of Lakehead. Minnesota Power serves Lakehead's pumping stations located in Deer River and Floodwood, Minnesota.

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

Ref. 10-Q for the quarter ended March 31, 1995, Page 10.

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

Entity -----	Contract MW -----	Contract Period -----
Participation Power Purchases -----		
Basin Electric Power Cooperative	50	July 1, 1995, through December 31, 1995
Firm Power Purchases -----		
Ontario Hydro	100	July 1, 1995, through December 31, 1995
	50	May 1, 1995, through December 31, 1995

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

Ref. 10-Q for the quarter ended March 31, 1995, Page 10. - Last Paragraph

On June 30, 1995, the MPUC approved a new five year amendment to the Electric Service and Interconnection Agreement between the Company and LTV Steel Mining Company (LTV). The amended Electric Service and Interconnection Agreement, along with a purchased power agreement between the Company and LTV provides for a shared reserves arrangement under which 210 MW is added to the Company's capacity and from which LTV's entire 130 MW load is provided on a firm power replacement service basis. The amendment expires April 30, 2000. FERC approval sought by LTV on the purchased power agreement remains pending.

Ref. Page 5. - Table - Contract Status of Minnesota Power Capacity Sales Contracts

The following information updates Northern States Power Company and Cooperative Power Association in the table entitled "Contract Status of Minnesota Power Capacity Sales Contracts:"

Utility -----	Contract MW -----	Contract Period -----
Firm Power Sales -----		
Northern States Power Company	200	May 1, 1995, through October 31, 1995
	150	May 1, 1996, through October 31, 1996
Cooperative Power Association	10	May 1, 1995, through October 31, 1995

Ref. Page 8. - Insert after First Paragraph

Ref. 10-Q for the quarter ended March 31, 1995, Page 11. - Last Paragraph

On August 7, 1995, the Company filed comments with the FERC relating to the Notice of Proposed Rulemaking on Open Access Non-Discriminatory Transmission Services by Public Utilities and Transmitting Utilities.

Ref. Page 8. - Fourth and Fifth Paragraphs

The Company's compliance filing was filed on March 27, 1995, with the MPUC. In an order dated May 31, 1995, the MPUC approved the filing with the exception of the Company's refunding plan. Final rates were implemented for sales on and after June 1, 1995. The Company proposed different refund levels by rate class based on the final rate design ordered. The MPUC ordered equal rate refund levels by class and on June 30, 1995, five Firm Large Power Customers requested reconsideration. The MPUC denied this request in an August 1, 1995 order. The date of refund will be delayed until at least mid-September, depending on whether the Firm Large Power Customer intervenors seek judicial review.

As of June 30, 1995, the Company had reserved \$4.8 million of interim rate revenue for anticipated refunds.

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

Ref. 10-Q for the quarter ended March 31, 1995, Page 11. - First Paragraph

On July 13, 1995, the FERC issued to the Company a final 30-year license for the St. Louis River Project. The new license is being reviewed by the Company. The Company, and any other interested party, may pursue reconsideration of the license under procedures established pursuant to federal regulations.

Ref. Page 9. - Insert after Fourth Paragraph

On May 8, 1995, the MPUC initiated an "Investigation into Structural and Regulatory Issues in the Electric Industry." The MPUC's investigation seeks input from all interested parties regarding a wide range of issues related to increased retail competition, including whether there is a need for changing the current system of regulation; state and federal jurisdictional questions; unbundling of generation, transmission and distribution rates; cost recovery for stranded investments; reliability and technical issues; energy efficiency; renewable resource development; and exclusive service areas. The Company and 27 other parties filed comments on July 7, 1995. Reply comments are due on August 28, 1995. The Company expects this investigation to conclude some time in 1996, at which time policy recommendations may be made by the MPUC. The Company is unable to predict the outcome of the MPUC investigation or its impact on the Company.

Ref. Page 9. - Insert after Fifth Paragraph

On June 16, 1995, Superior Water, Light and Power Company filed an application with the Public Service Commission of Wisconsin for authority to increase electric, gas, and water rates. The overall increase in revenue being requested is \$1.4 million or 3.33 percent.

Ref. 10-Q for the quarter ended March 31, 1995, Page 12. - Second Paragraph

In June 1995 the Company extended the early retirement plan to an additional 91 electric utility employees age 53 and 54 with 10 or more years of service. The offer was open until July 31,

1995, and those employees who accepted it must retire by August 15. As of July 31, 1995, 181 employees accepted the early retirement offer. The Company estimates that the plan will cost approximately \$15 million.

Ref. Page 15. - First Partial Paragraph

In June 1995 the FPSC voted to assume jurisdiction over SSU facilities statewide and thus to regard SSU as a single system rather than as a utility made up of more than 150 systems. An appeal of this decision by various counties is anticipated.

Ref. Page 15. - First Full Paragraph

In April 1995 Hernando County Board of County Commissioners issued an order which, among other things, purports to require SSU to file a rate proceeding with Hernando County. SSU continues to dispute Hernando County's jurisdiction and authority to issue such orders. SSU amended its complaint in the Hernando County Circuit Court to include a request for stay of the County's April order.

Ref. Page 15. - Insert after Second Full Paragraph

Ref. 10-Q for the quarter ended March 31, 1995, Page 12. - Fifth and Sixth Paragraphs

In June 1995, the First District Court of Appeals denied SSU's and the FPSC's motions for rehearing and certification. In July 1995, SSU filed a notice of appeal to the Supreme Court of Florida. SSU filed its brief supporting its appeal on July 28, 1995.

Ref. Page 16. - Second Full Paragraph

Hearings with respect to Heater Utilities' February 1995 rate filing which requested a \$314,000 annual increase concluded in July 1995. The North Carolina Utilities Commission is expected to issue a final order in September 1995.

Ref. Page 17. - Fourth Full Paragraph

In March 1995 the administrative order issued in August 1994 for SSU's facilities in the Beacon Hills service area in Duval County, Florida was satisfactorily closed after additional bioassay testing conducted between September 1994 and February 1995 met Environmental Protection Agency requirements.

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

Ref. 10-Q for the quarter ended March 31, 1995, Page 7. - Second Paragraph and Page 13. - First Paragraph

In June 1995 the prospective buyer of Reach All announced he was unable to secure acceptable financing. As a result, Reach All's assets were placed into receivership with liquidation expected to be completed in the third quarter of 1995. A provision for exiting this business was recorded in the first quarter of 1995.

Ref. Page 26. - Item 10. Directors and Executive Officers of the Registrant

D. Michael Hockett, president of ADESA, was elected to the Company's Board of Directors on July 26, 1995, pursuant to the Agreement and Plan of Merger between the Company and ADESA. Mr. Hockett, age 52, has served as president, chief executive officer and director of ADESA since its inception in February 1992. In addition, until February 1992 Mr. Hockett

served as the president of each of the corporations which operated ADESA Birmingham, ADESA Memphis, ADESA Lexington and ADESA Cincinnati-Dayton from the respective dates of inception, the earliest of which was in 1986.

In July 1995, John Cirello, age 52, was elected president of SSU, chairman of Heater Utilities, Inc., a board member of Topeka Group, Inc., and an executive vice president of Minnesota Power. Mr. Cirello was president of Environmental Engineering Services, Inc. from February 1995 through July 1995, president of Metcalf & Eddy Services from September 1992 through January 1995, and vice president at Chemical Waste Management from April 1988 through June 1992.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

27 Financial Data Schedule

(b) Reports on Form 8-K

Report on Form 8-K/A dated and filed May 25, 1995, with respect to Item 7. Financial Statements and Exhibits.

Report on Form 8-K dated and filed July 12, 1995, with respect to Item 2. Acquisition and Disposition of Assets, Item 5. Other Events and Item 7. Financial Statements and Exhibits.

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)

August 11, 1995

D. G. Gartzke

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

August 11, 1995

Mark A. Schober

Mark A. Schober
Corporate Controller

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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 JUNE 30, 1995, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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6-MOS	DEC-31-1995	JAN-01-1995	JUN-30-1995	PER-BOOK
	1,093,843	221,025	450,081	107,207
			0	1,872,156
				372,634
		0	279,370	
577,744		0	48,547	
		568,725	0	
		0		
178,470				
9,878		0		
		0		
			0	
414,532				
1,872,156				
	294,022	(9,892)		
	242,789			
	265,278			
	24,836	(1,066)		
60,059				
	22,489			
			37,570	
	1,600			
35,970				
	29,246			
	0			
	47,751			
			1.27	
			1.27	

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

Includes Loss from Equity Investments and Income from Discontinued Operations.