



Florida Water Services Agrees To Sell Remaining Systems

DULUTH, Minn.--ALLETE, Inc. (NYSE: ALE) announced today that its subsidiary, Florida Water Services Corporation, has agreed to sell its remaining 72 water and wastewater systems to Aqua America, Inc. (NYSE: WTR) for \$18 million. The transaction is scheduled to close by the end of June, and is subject to regulatory approval by the Florida Public Service Commission (FPSC). This approval process may result in an adjustment of the final purchase price based on the FPSC's determination of plant investment for the system. The ultimate ownership of nine of the aforementioned water and wastewater systems is subject to the outcome of a previously negotiated right of first refusal with a local municipality.

ALLETE has been in the process of selling its Water Services businesses which are comprised primarily of Florida Water Services Corporation and North Carolina-based Heater Utilities, Inc.

In November, 2003, Aqua America, Inc. agreed to purchase Heater Utilities, Inc. for \$48 million and assumption of approximately \$28 million in debt. The sale of Heater Utilities, Inc. is scheduled to close in mid-2004 pending regulatory approval.

Aqua America, Inc. is the largest U.S.-based publicly-traded water utility serving approximately 2.5 million residents in 14 states. The company has been committed to the preservation and improvement of the environment throughout its history, which spans more than 100 years.

ALLETE's corporate headquarters are located in Duluth, Minnesota. ALLETE's holdings include ADESA, the second largest wholesale vehicle auction network in North America; AFC, the leading provider of independent auto dealer financing; Minnesota Power, a low-cost electric utility that serves some of the largest industrial customers in the United States; and significant real estate holdings in Florida. For more information about ALLETE, visit the company's Web site at www.allete.com.

The statements contained in this release and statements that ALLETE 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 ALLETE with the Securities and Exchange Commission.