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Minnesota Power Poised to Break Ground on International Transmission Line Following Approval of Route Permit

DULUTH, Minn.--(BUSINESS WIRE)-- Minnesota Power's Great Northern Transmission Line cleared a major regulatory hurdle today with approval of a route permit for the 500-kilovolt line that will deliver renewable, carbon-free hydroelectricity from Canada to the utility's customers in Northeastern Minnesota.

The Minnesota Public Utilities Commission unanimously approved the route permit for the transmission line being developed by Minnesota Power, a utility division of ALLETE Inc. (NYSE: ALE). The route permit is among the most important regulatory decisions the project requires. A presidential permit from the U.S. Department of Energy, needed because the line crosses an international border, is expected in March or April.

The Great Northern Transmission Line is a signature component of Minnesota Power's EnergyForward strategy to reduce carbon emissions and ensure continued reliability and affordable rates while diversifying its energy portfolio to one-third renewable energy, one-third coal and one-third natural gas. It will be used to deliver hydroelectric power purchased from Manitoba Power to serve Minnesota Power customers and the region.

"Today's decision by the Commission is an affirmation of the wise investments, creativity and productive partnerships Minnesota Power continues to bring as it helps transform the nation's energy landscape," said Al Hodnik, ALLETE chairman, president and CEO. "This project will promote a more balanced energy future while also delivering value for ALLETE shareholders."

Minnesota Power needs the line to deliver at least 383 megawatts of energy to its customers by June 1, 2020, under power purchase agreements with Manitoba Hydro approved by the MPUC in 2012 and 2015.

The route permit approval comes after years of comprehensive agency review and voluntary stakeholder engagement by Minnesota Power. The transmission line was proposed in 2012.

"Minnesota Power worked hard early on to engage landowners, community members, tribal and other stakeholders to explain the project and receive feedback. The extensive outreach, including more than 75 meetings and open houses, was a critical part of the project development process," said Brad Oachs, chief operating officer for Minnesota Power. "We also received an unprecedented level of local, state and federal involvement, including coordination with the U.S. Department of Energy and the Minnesota Department of Commerce, in the route development, refinement and selection process that was critical to this important regulatory outcome."

The approved 224-mile route will cross the border between the U.S. and Canada in Roseau County in northern Minnesota, about three miles east of Minnesota Highway 89. The line will run to an expanded Blackberry electric substation east of Grand Rapids, Minn. The route includes locations in Roseau, Lake of the Woods, Koochiching, and Itasca counties in Minnesota and largely follows Minnesota Power's preferred Blue Route, including the critical international border crossing.

Building the line is a significant undertaking. Construction is expected to get underway in earnest in 2017 with the line completed by 2020. The line will generally require a 200-foot-wide right-of-way, with about four or five structures per mile. Each structure is about 100 to 170 feet in height and the specific types of structures will depend on land type and land use.

Minnesota Power estimates the total cost of the project will be between \$560 million and \$710 million.

On the Canadian side, in September 2015, Manitoba Hydro filed its environmental documents and final preferred route with provincial regulators as part of the process for securing a license for the transmission line in Manitoba.

The Great Northern Transmission Line will enhance a unique synergy involving Minnesota Power's Bison wind farm in North Dakota and hydroelectric power from Manitoba Hydro. Under the power purchase agreements between the two utilities, Minnesota Power can "store" wind energy it produces at its Bison wind farm in North Dakota in the form of water energy stored behind Manitoba Hydro's dams in Canada. When wind production is high, typically at night, the hydro operators can reduce output and store the water—and its associated energy—that would have otherwise flowed through the utility's generators behind dams. When wind production is lower, typically during the day, they can release water and send clean

power to the grid.

More information including the route map can be found at <http://www.greatnortherntransmissionline.com/>

Minnesota Power provides electric service within a 26,000-square-mile area in northeastern Minnesota, supporting comfort, security and quality of life for 145,000 customers, 16 municipalities and some of the largest industrial customers in the United States. More information can be found at www.mnpower.com. (ALE-ENRG)

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.

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