



New transmission would bring more Canadian hydropower southward and improve regional electric reliability

Duluth, Minn. - To bring renewable, carbon-free energy from Canada and upgrade the Upper Midwest's electric system, Minnesota Power is proposing the construction of new transmission from Winnipeg to the Mesabi Iron Range and eventually into Duluth. Minnesota Power also is exploring other regional grid enhancements.

Minnesota Power, a division of ALLETE, Inc. (NYSE: ALE), has filed its intent to pursue the project through the transmission expansion planning process of MISO, which manages grid reliability and electricity markets across 11 northern tier states and Manitoba.

"We're well positioned geographically to serve customers with emission-free energy, though transmission investments are required to move electricity where it's needed," said Alan R. Hodnik, chairman, president and CEO of Duluth-based ALLETE.

"Through this initiative and the significant capital expenditure it entails, we can meet the needs of our customers and provide a vital regional connection, linking renewable energy with millions of customers in the Upper Midwest," Hodnik said. "Through innovative and long range planning, we are positively shaping the nation's energy landscape."

Minnesota Power on January 26 received Minnesota Public Utilities Commission approval for a long-term 250 megawatt (MW) purchase of hydropower from Manitoba Hydro beginning in 2020.

New transmission infrastructure to carry the energy from Manitoba is an essential component of that power purchase agreement, first announced last June. Manitoba Hydro, a Crown Corporation based in Winnipeg and the province of Manitoba's major energy utility, generates energy by way of hydroelectric dams in the northern part of the province.

After months of study and evaluation, planners at Minnesota Power and Manitoba Hydro are proposing construction of a 500 kV line which would strengthen the electric grid, enhance regional reliability and promote a greater exchange of sustainable energy.

That 500 kV circuit is expected to extend southward from Winnipeg and connect to a substation on the Mesabi Iron Range, where several Minnesota Power industrial customers process taconite and manufacture paper. The Winnipeg-Iron Range transmission build is expected to be in service in 2020.

In activity separate from the Winnipeg-Iron Range project, Minnesota Power and American Transmission Co. (ATC) are evaluating the joint development of a double-circuit 345 kV line from the Iron Range to Duluth for service in approximately 2020. This is in addition to assessing transmission alternatives in Wisconsin that would allow for the movement of more renewable energy in the Upper Midwest while at the same time strengthening electric reliability in the region. Total project costs, ownership shares and cost allocation are still to be determined.

Minnesota Power, Manitoba Hydro and ATC are all members of MISO, which plans regional transmission projects through the MISO Transmission Expansion Planning (MTEP) process.

Minnesota Power, a division of ALLETE, Inc. provides electric service within a 26,000-square-mile area in northeastern Minnesota, supporting security, comfort and quality of life for 144,000 customers, 16 municipalities and some of the largest industrial customers in the United States. More information can be found at: www.mnpower.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.

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