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Minnesota Power doubles renewable portfolio with dedication of 101-turbine Bison Wind Energy Center

NEW SALEM, N.D. -- Landowners, political leaders and officials of ALLETE, Inc. (NYSE: ALE) and Minnesota Power gathered today to dedicate to public service the company's Bison Wind Energy Center, which delivers renewable energy east to Minnesota across a dedicated transmission line.

North Dakota Lt. Gov. Drew Wrigley and U.S. Sen. Heidi Heitkamp were among the guests who spoke today in New Salem, N.D., about 10 miles south of the Bison Wind Energy Center.

Since construction began in 2010, Minnesota Power, a division of ALLETE, has installed 101 Siemens wind turbines producing 292 megawatts (MW) of renewable, low-cost electricity for its customers in northern Minnesota.

Bison has already produced about 750,000 megawatt-hours of electricity - enough to power 85,000 homes for a year. The electricity is transmitted along a 465-mile direct current (DC) transmission line Minnesota Power purchased in 2009.

ALLETE President, Chairman and CEO Al Hodnik praised the assembled landowners, contractors and governmental representatives for their valuable partnership. He singled out North Dakota political leaders for their leadership in helping to make Minnesota Power's largest wind farm a reality.

"North Dakota is an energy powerhouse blessed with an abundance of lignite, shale, and natural gas in addition to high-capacity wind power," Hodnik said. "To North Dakota's credit, the multiple opportunities and benefits of these diverse resources are being realized, contributing to the state's economy and the nation's energy security. Our half a billion dollar investment in wind development opens the door to future investments in this energy-rich and policy-friendly state, to the benefit of our customers and shareholders alike."

"As we commission Bison Energy Center and make other strategic resource and transmission investments, we are proud of our role in working to transform the nation's energy landscape," Hodnik added.

The Bison footprint in south-central North Dakota lies beneath one of the premier wind resources in the U.S. Since phase 1A of the project began generating electricity, Bison's "wind capacity factor" - the percentage of time there is enough wind to produce power - has exceeded 40.

"We continue to pursue the responsible development of all our energy resources in North Dakota and the Bison Wind Farm Center is a major part of our success," North Dakota Gov. Jack Dalrymple said. "I applaud Minnesota Power for generating a low-cost, renewable energy source and for enhancing our nation's energy security."

Minnesota Power has done business in North Dakota since the 1970s, when the Duluth, Minn.-based electric utility partnered with the Minnkota Power Cooperative in an agreement to purchase power from the Young Generating Station in Center, N.D. A 465-mile direct current (DC) transmission line was built to send Young Station electricity eastward to Duluth, Minn. In 1988, ALLETE purchased BNI Coal, a lignite producer that sells fuel to the Young Station. BNI, based in Bismarck, N.D., remains a vital part of ALLETE's energy portfolio.

Minnesota Power has steadily enlarged its renewable energy capability partly in response to the state of Minnesota's mandate that utilities produce 25 percent of their energy from renewable resources by 2025. Wind power from the Bison project has doubled Minnesota Power's percentage of renewable energy, further diversifying its supply portfolio.

The company entered the wind energy business in 2006-07 when it began buying the output of two North Dakota wind farms built by NextEra Energy. In 2008, Minnesota Power built its first wind farm, the 25-MW Taconite Ridge, in Mountain Iron, Minn. The following year, Minnesota Power purchased the DC Line linking Center, N.D., to Duluth, Minn., and signed an agreement to slowly phase out its purchase of coal-based electricity from the Young Station and replace it with renewable energy generated from wind.

Construction of Bison's first phase began in earnest in 2010. A total of 33 Siemens 2.3 MW turbines were erected on a footprint of farmland about 12 square miles in size. The first 16 wind generators were operational by December of 2010, and the second

17 turbines were deployed about a year later.

In 2012, largely because a federal production tax credit on wind equipment was scheduled to expire, Minnesota Power accelerated the project by erecting 70 towers fitted with state-of-the-art 3-MW direct-drive Siemens turbines. Total project costs for the Bison Wind Energy Center are approximately \$500 million. Because of efficiencies gained through the course of construction, and state and federal tax incentives, the electric output of the project is an economical and carbon-free resource for Minnesota Power customers.

As part of the company's **EnergyForward** resource strategy for less emission intense, reliable and affordable power, Minnesota Power's long-term goal is a generation mix that is one-third renewable, one-third natural gas and one-third coal-based.

Minnesota Power is considering additional wind energy investments in North Dakota. Earlier this year Congress extended the availability of the production tax credit for renewable energy facilities for projects that begin construction by Dec. 31, 2013. With wind options on about 120,000 acres of adjacent property, the company continues to evaluate further wind energy opportunities.

Minnesota Power provides electric service within a 26,000-square-mile area in northeastern Minnesota, supporting comfort, security and quality of life for 143,000 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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