



June 18, 2013

Minnesota Power is moving forward with flood repairs to strengthen renewable resource asset for next hundred years

Duluth, Minn.-Minnesota Power, a division of ALLETE Inc. (NYSE: ALE), said today it expects to have its largest hydro station, which has been out of commission due to flooding one year ago, partially back in operation by the end of this year and fully restored in 2014.

Major repairs are underway at the company's Thomson Hydro Station on the lower St. Louis River in Jay Cooke Park. The 106-year-old hydroelectric plant has been out of service since June 20, 2012, after as much as 10 inches of rain fell in the region, causing flash floods in some areas and longer-term flooding in others.

"The significance of this localized event was striking," said Minnesota Power Chief Operating Officer Brad Oachs. "We saw peak river flows of 56,000 cubic feet per second which was 40 percent above previous record flows. Our employees performed admirably under extremely challenging circumstances."

While the integrity of the company's hydro dams was maintained during the unprecedented event, the sheer volume of water and speed at which the flow of the river changed flooded the six turbines at Thomson, overtopped the Thomson reservoir and breached a portion of an earthen dike at the forebay, a small reservoir that feeds water into the Thomson power station. The flood washed out roads and caused mudslides in Jay Cooke State Park, limiting access to the powerhouse by foot or on all-terrain vehicles for months.

Minnesota Power operates five reservoirs and four hydro stations along the St. Louis River: Knife Falls, Scanlon, Thomson and Fond du Lac. The Thomson facility, capable of generating 72 megawatts, is the largest hydro facility in the state of Minnesota and an important part of the company's *EnergyForward* strategy, which calls for a balanced, less carbon-intensive energy portfolio.

"Thomson is the very heart of our hydro system and has served our customers with low-cost renewable energy for more than 100 years," Oachs said. "Investing in repairs and other improvements to strengthen the system against future flood events will position Thomson as a reliable and cost effective emission free resource for the next 100 years."

Minnesota Power has been working closely for the past year with the Federal Energy Regulatory Commission (FERC), the agency responsible for dam safety oversight, and an independent consulting board of engineers on assessing impacts of the June 2012 flood, planning and design development to restore the forebay and other improvements to the hydro system. The company has filed with FERC a comprehensive report of how its employees and systems performed during the June 2012 event.

Repairs to the forebay are estimated at \$25 million. In addition to the forebay work, the company is investing about \$35 million in improvements to harden the system against future flooding and maintenance and rehabilitation of facilities that would have required extended outages within the next several years.

Minnesota Power expects to file a request with the MPUC in 2013 for cost recovery of capital expenditures related to the restoration and repair of the Thomson facility and other related St. Louis River hydro system projects.

A major component of the forebay reconstruction is expected to get underway in August. Sheets of steel will be placed into the ground to reinforce almost 3,000 feet of rebuilt earthen embankment. A new permanent concrete spillway also will be installed at the breach site. Minnesota Power is also working closely with the Minnesota Department of Transportation, Carlton County, Jay Cooke State Park and local elected officials to minimize effects construction will have on area residents and the park and to assist the park in rebuilding trails damaged in the area.

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.

Contact:

Amy Rutledge

Manager - Corporate Communications

Minnesota Power/ALLETE

218-723-7400

arutledge@mnpower.com