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Minnesota Power's 2013 Resource Plan

Duluth, Minn.-In its 2013 Resource Plan filed today, Minnesota Power, a division of ALLETE (NYSE: ALE), further outlined its commitment to meeting the needs of customers with a reliable, affordable and sustainable power supply now and into the future.

"Minnesota Power's Resource Plan is the next chapter in our **EnergyForward** road map to a cleaner energy future," said ALLETE Chairman, President and CEO Al Hodnik. "Through wise investments in our existing facilities, additions of emission free wind and hydro resources and a balancing of our coal fueled generation, Minnesota Power is well positioned to further diversify its energy mix, while preserving reliability and cost effectively meeting the increasing energy needs of its customers."

Minnesota Power's Resource Plan recommends specific action on its coal fleet to comply with state and federal environmental regulations, and the addition of new wind resources in the short term and natural gas in the long term to further diversify its power supply.

The comprehensive Resource Plan, which is required to be submitted by utilities in Minnesota to the Minnesota Public Utilities Commission (MPUC) about every two years, spans a 15-year planning period from 2013 to 2027. It assesses environmental and economic futures affecting energy supply and demand while weighing the benefits and risks of various resource supply options. Minnesota Power's planning position differs from most other utilities because it forecasts load growth largely associated with the ferrous and non-ferrous mining sector of Northeast Minnesota.

"Our Resource Plan represents the next step in reshaping our power supply and moving toward our **EnergyForward** vision of a balanced energy mix comprised of approximately one-third coal, one-third renewable resources, and one-third natural gas and other market resources," Hodnik said.

"Energy demand in our region is expected to increase significantly in the coming years due to large-scale industrial projects coming online," Hodnik said. "Our resource strategy will provide the necessary power to cost effectively meet increasing customer needs; at the same time we are moving forward in a socially responsible manner and will reduce carbon emissions 30 percent by 2015 compared to 2005, well ahead of Minnesota's carbon goals."

Under the 2013 Resource Plan the company will:

- Request proposals for up to 200 megawatts of additional wind energy following the extension of the federal Production Tax Credit to be brought online in 2014-2015.
- Continue and enhance its leading-edge Power of One conservation program to meet or exceed state conservation goals of 1.5 percent.
- Invest \$350 million in additional environmental control technology at Boswell Unit 4, the company's newest, largest and most efficient generating unit, to retain reliability and reduce mercury emissions by 90 percent. The upgrades will comply with the Minnesota Mercury Emission Reduction Act and the EPA Mercury Air Toxics Standard (MATS).
- Reduce coal fired generation on its fleet by 185 megawatts through the conversion of Laskin Energy Center in Hoyt Lakes to a natural gas peaking station and the retirement of one of three units at Taconite Harbor Energy Center in Schroeder.
- Further transition the company's energy supply mix toward one-third natural gas and other market resources, one-third coal, and one-third renewable energy in the long term through hydro and wind energy additions and a post-2020 natural gas generation resource.
- Leverage surplus energy market conditions to maintain competitive electric service rates.
- Deliver 250 megawatts of hydropower under contract from Manitoba Hydro by 2020 through a proposed 500-kilovolt transmission line - the Great Northern Transmission Line.

Minnesota Power's Resource Plan is subject to review and approval by the Minnesota Public Utilities Commission. The Commission is anticipated to take action on the Plan by the end of 2013. The Plan can be found on Minnesota Power's website at mnpower.com

Minnesota Power provides retail electric service within a 26,000-square-mile area in northeastern Minnesota to 144,000 customers and wholesale electric service to 16 municipalities. 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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