



## **Minnesota Power hydroelectricity purchase from Canada approved**

### **Agreement with Manitoba Hydro will bring cost-competitive, clean energy to customers and strengthen grid reliability**

Duluth, Minn.-A 15-year agreement that calls for Minnesota Power to buy carbon-free hydroelectricity from Manitoba Hydro beginning in 2020 was unanimously approved today by the Minnesota Public Utilities Commission.

The 250 megawatt (MW) power purchase agreement will provide a competitive energy resource for customers of Minnesota Power, a utility division of ALLETE (NYSE: ALE). Additional hydropower will support Minnesota Power resource planning goals of more efficiency, flexibility and diversity while lessening its dependence on coal and lowering emissions from its generation fleet.

"The Commission's endorsement of this agreement demonstrates that cooperation in energy supply and transmission planning can cross state and national boundaries in the interest of meeting a changing North American energy landscape," said ALLETE Chairman, President and CEO Al Hodnik.

Manitoba Hydro is a Crown Corporation based in Winnipeg and the province of Manitoba's major energy utility. Manitoba Hydro produces most of its power from hydroelectric stations in the northern part of the province, and this agreement facilitates the construction of the Keeyask Generating Station. This summer Manitoba Hydro announced development of the 695-MW facility through a partnership with the Keeyask Cree Nations is progressing.

The power purchase agreement will require additional new transmission capacity between Manitoba and the U.S. to ensure the safe and reliable delivery of electricity to Minnesota Power's service territory. The two companies have been evaluating various transmission options that are cost competitive for customers, while also considering regional benefits.

"The transmission build required to deliver this carbon-free energy to Minnesota Power's service territory presents ALLETE with yet another significant capital investment opportunity as we execute our multi-faceted, multi-year growth strategy," Hodnik said.

A unique aspect of the power purchase agreement is Minnesota Power's ability to "store" wind energy generated in North Dakota in Manitoba Hydro's hydroelectric system. Through a provision in the agreement, Minnesota Power will be able to deliver electric energy northward from its wind farms in North Dakota when wind production is high and electric loads are low, thereby maximizing the value of its wind resources.

The company purchases, operates and is developing wind energy centers in Mountain Iron, Minn. and near Center, N.D. that by the end of this year will represent more than 400 megawatts of renewable wind energy.

*Minnesota Power, a division of ALLETE, Inc., supplies electric service to 144,000 residents, 16 municipalities and some of the largest industrial customers in the United States.*

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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