UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

☒ Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended September 30, 2024

or

☐ Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the transition period from _____________ to _____________

Commission File Number **1-3548**

ALLETE, Inc.

(Exact name of registrant as specified in its charter)

Minnesota	**41-0418150**
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

30 West Superior Street
Duluth, Minnesota 55802-2093
(Address of principal executive offices)
(Zip Code)

(218) 279-5000
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading symbol	Name of each exchange on which registered
Common Stock, without par value	**ALE**	**New York Stock Exchange**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). ☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer", "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer ☒ Accelerated Filer ☐
Non-Accelerated Filer ☐ Smaller Reporting Company ☐
Emerging Growth Company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐ Yes ☒ No

Common Stock, without par value,
57,818,971 shares outstanding
as of September 30, 2024

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Definitions

The following abbreviations or acronyms are used in the text. References in this report to “we,” “us” and “our” are to ALLETE, Inc., and its subsidiaries, collectively.

Abbreviation or Acronym	Term
AFUDC	Allowance for Funds Used During Construction – the cost of both debt and equity funds used to finance regulated utility plant additions during construction periods
ALLETE	ALLETE, Inc.
ALLETE Clean Energy	ALLETE Clean Energy, Inc. and its subsidiaries
ALLETE Properties	ALLETE Properties, LLC and its subsidiaries
ALLETE South Wind	ALLETE South Wind, LLC
ALLETE Transmission Holdings	ALLETE Transmission Holdings, Inc.
Alloy Merger Sub	Alloy Merger Sub LLC, a Delaware limited liability company and wholly owned subsidiary of Alloy Parent.
Alloy Parent	Alloy Parent LLC, a Delaware limited liability company which, upon closing, will be jointly owned by a wholly owned subsidiary of Canada Pension Plan Investment Board and affiliates of investment vehicles affiliated with one or more funds, accounts, or other entities managed or advised by Global Infrastructure Management, LLC.
ATC	American Transmission Company LLC
BNI Energy	BNI Energy, Inc. and its subsidiary
Boswell	Boswell Energy Center
Caddo	ALLETE Clean Energy’s Caddo Wind Energy Facility
CCR	Coal Combustion Residuals from Electric Utilities
Cliffs	Cleveland-Cliffs Inc.
Company	ALLETE, Inc. and its subsidiaries
CSAPR	Cross-State Air Pollution Rule
Diamond Spring	ALLETE Clean Energy’s Diamond Spring Wind Energy Facility
ECO	Energy Conservation and Optimization Plan
EPA	United States Environmental Protection Agency
ESOP	Employee Stock Ownership Plan
ESPP	Employee Stock Purchase Plan
FASB	Financial Accounting Standards Board
FERC	Federal Energy Regulatory Commission
Form 10-K	ALLETE Annual Report on Form 10-K
Form 10-Q	ALLETE Quarterly Report on Form 10-Q
GAAP	Generally Accepted Accounting Principles in the United States of America
GHG	Greenhouse Gases
HVDC	High-Voltage Direct-Current
IBEW	International Brotherhood of Electrical Workers
Invest Direct	ALLETE’s Direct Stock Purchase and Dividend Reinvestment Plan
Item ___	Item ___ of this Form 10-Q
kV	Kilovolt(s)
kWh	Kilowatt-hour(s)
Laskin	Laskin Energy Center
Lampert Capital Markets	Lampert Capital Markets, Inc.
Merger	Pursuant to the Merger Agreement, on the terms and subject to the conditions set forth therein, Alloy Merger Sub will merge with and into ALLETE (the “Merger”), with ALLETE continuing as the surviving corporation in the Merger and becoming a subsidiary of Alloy Parent.

Abbreviation or Acronym	Term
Merger Agreement	Agreement and Plan of Merger, dated as of May 5, 2024, by and among ALLETE, Alloy Parent, and Alloy Merger Sub.
Minnesota Power	An operating division of ALLETE, Inc.
Minnkota Power	Minnkota Power Cooperative, Inc.
MISO	Midcontinent Independent System Operator, Inc.
Moody's	Moody's Investors Service, Inc.
MPCA	Minnesota Pollution Control Agency
MPUC	Minnesota Public Utilities Commission
MW	Megawatt(s)
NAAQS	National Ambient Air Quality Standards
NDPSC	North Dakota Public Service Commission
New Energy	New Energy Equity LLC
Nippon Steel	Nippon Steel Corporation
Nobles 2	Nobles 2 Power Partners, LLC
NO_X	Nitrogen Oxides
Northshore Mining	Northshore Mining Company, a wholly-owned subsidiary of Cleveland-Cliffs Inc.
Note ___	Note ___ to the Consolidated Financial Statements in this Form 10-Q
NPDES	National Pollutant Discharge Elimination System
NTEC	Nemadji Trail Energy Center
PPA / PSA	Power Purchase Agreement / Power Sales Agreement
PPACA	Patient Protection and Affordable Care Act of 2010
PSCW	Public Service Commission of Wisconsin
RSOP	Retirement Savings and Stock Ownership Plan
SEC	Securities and Exchange Commission
SO_2	Sulfur Dioxide
Sofidel	The Sofidel Group
Square Butte	Square Butte Electric Cooperative, a North Dakota cooperative corporation
South Shore Energy	South Shore Energy, LLC
ST Paper	ST Paper LLC
SWL&P	Superior Water, Light and Power Company
Taconite Harbor	Taconite Harbor Energy Center
U.S.	United States of America
USS Corporation	United States Steel Corporation

Forward-Looking Statements

Statements in this report that are not statements of historical facts are considered “forward-looking” and, accordingly, involve risks and uncertainties that could cause actual results to differ materially from those discussed. Although such forward-looking statements have been made in good faith and are based on reasonable assumptions, there can be no assurance that the expected results will be achieved. Any statements that express, or involve discussions as to, future expectations, risks, beliefs, plans, objectives, assumptions, events, uncertainties, financial performance, or growth strategies (often, but not always, through the use of words or phrases such as “anticipates,” “believes,” “estimates,” “expects,” “intends,” “plans,” “projects,” “likely,” “will continue,” “could,” “may,” “potential,” “target,” “outlook” or words of similar meaning) are not statements of historical facts and may be forward-looking.

In connection with the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, we are providing this cautionary statement to identify important factors that could cause our actual results to differ materially from those indicated in forward-looking statements made by or on behalf of ALLETE in this Form 10-Q, in presentations, on our website, in response to questions or otherwise. These statements are qualified in their entirety by reference to, and are accompanied by, the following important factors, in addition to any assumptions and other factors referred to specifically in connection with such forward-looking statements that could cause our actual results to differ materially from those indicated in the forward-looking statements:

- our ability to successfully implement our strategic objectives;
- global and domestic economic conditions affecting us or our customers;
- changes in and compliance with laws and regulations or changes in tax rates or policies;
- changes in rates of inflation or availability of key materials and supplies;
- the outcome of legal and administrative proceedings (whether civil or criminal) and settlements;
- weather conditions, natural disasters and pandemic diseases;
- our ability to access capital markets, bank financing and other financing sources;
- changes in interest rates and the performance of the financial markets;
- project delays or changes in project costs;
- changes in operating expenses and capital expenditures and our ability to raise revenues from our customers;
- the impacts of commodity prices on ALLETE and our customers;
- our ability to attract and retain qualified, skilled and experienced personnel;
- effects of emerging technology;
- war, acts of terrorism and cybersecurity attacks;
- our ability to manage expansion and integrate acquisitions;
- population growth rates and demographic patterns;
- wholesale power market conditions;
- federal and state regulatory and legislative actions that impact regulated utility economics, including our allowed rates of return, capital structure, ability to secure financing, industry and rate structure, acquisition and disposal of assets and facilities, operation and construction of plant facilities and utility infrastructure, recovery of purchased power, capital investments and other expenses, including present or prospective environmental matters;
- effects of competition, including competition for retail and wholesale customers;
- effects of restructuring initiatives in the electric industry;
- the impacts on our businesses of climate change and future regulation to restrict the emissions of GHG;
- effects of increased deployment of distributed low-carbon electricity generation resources;
- the impacts of laws and regulations related to renewable and distributed generation;
- pricing, availability and transportation of fuel and other commodities and the ability to recover the costs of such commodities;
- our current and potential industrial and municipal customers’ ability to execute announced expansion plans;
- real estate market conditions where our legacy Florida real estate investment is located may deteriorate;
- the success of efforts to realize value from, invest in, and develop new opportunities;
- the risk that Alloy Parent or ALLETE may be unable to obtain governmental and regulatory approvals required for the Merger, or that required governmental and regulatory approvals or agreements with other parties interested therein may delay the Merger, may subject the Merger to or impose adverse conditions or costs, or may cause the parties to abandon the Merger;
- the occurrence of any event, change or other circumstances that could give rise to the termination of the Merger Agreement or could otherwise cause the failure of the Merger to be consummated on the timeline anticipated; and
- the announcement and pendency of the Merger, during which ALLETE is subject to certain operating restrictions, could have an adverse effect on ALLETE’s businesses, results of operations, financial condition or cash flows.

Forward-Looking Statements (Continued)

Additional disclosures regarding factors that could cause our results or performance to differ from those anticipated by this report are discussed in Part I, Item 1A. Risk Factors of our 2023 Form 10-K and Part II, Item 1A. Risk Factors of this Form 10-Q. Any forward-looking statement speaks only as of the date on which such statement is made, and we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which that statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for management to predict all of these factors, nor can it assess the impact of each of these factors on the businesses of ALLETE or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement. Readers are urged to carefully review and consider the various disclosures made by ALLETE in this Form 10-Q and in other reports filed with the SEC that attempt to identify the risks and uncertainties that may affect ALLETE's business.

PART I. FINANCIAL INFORMATION

ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

ALLETE
CONSOLIDATED BALANCE SHEET
Unaudited

	September 30, 2024	December 31, 2023
Millions		
Assets		
Current Assets		
Cash and Cash Equivalents	$101.9	$71.9
Accounts Receivable (Less Allowance of $1.6 and $1.6)	136.8	137.2
Inventories – Net	166.6	175.4
Prepayments and Other	78.1	83.6
Total Current Assets	483.4	468.1
Property, Plant and Equipment – Net	5,112.8	5,013.4
Regulatory Assets	386.1	425.4
Equity Investments	337.9	331.2
Goodwill and Intangible Assets – Net	155.3	155.4
Other Non-Current Assets	261.7	262.9
Total Assets	$6,737.2	$6,656.4
Liabilities, Redeemable Non-Controlling Interest and Equity		
Liabilities		
Current Liabilities		
Accounts Payable	$110.8	$102.2
Accrued Taxes	60.2	51.0
Accrued Interest	19.1	21.1
Long-Term Debt Due Within One Year	41.8	111.4
Other	102.5	91.9
Total Current Liabilities	334.4	377.6
Long-Term Debt	1,743.7	1,679.9
Deferred Income Taxes	255.5	192.7
Regulatory Liabilities	562.1	574.0
Defined Benefit Pension and Other Postretirement Benefit Plans	134.5	160.8
Other Non-Current Liabilities	314.4	264.3
Total Liabilities	3,344.6	3,249.3
Commitments, Guarantees and Contingencies (Note 6)		
Redeemable Non-Controlling Interest	0.7	0.5
Equity		
ALLETE Equity		
Common Stock Without Par Value, 80.0 Shares Authorized, 57.8 and 57.6 Shares Issued and Outstanding	1,819.1	1,803.7
Accumulated Other Comprehensive Loss	(21.0)	(20.5)
Retained Earnings	1,033.1	1,026.4
Total ALLETE Equity	2,831.2	2,809.6
Non-Controlling Interest in Subsidiaries	560.7	597.0
Total Equity	3,391.9	3,406.6
Total Liabilities, Redeemable Non-Controlling Interest and Equity	$6,737.2	$6,656.4

The accompanying notes are an integral part of these statements.

ALLETE
CONSOLIDATED STATEMENT OF INCOME
Unaudited

	Quarter Ended September 30,		Nine Months Ended September 30,	
	2024	**2023**	**2024**	**2023**
Millions Except Per Share Amounts				
Operating Revenue				
Contracts with Customers – Utility	$310.5	$314.3	$928.6	$919.1
Contracts with Customers – Non-utility	95.4	63.2	232.6	554.1
Other – Non-utility	1.3	1.3	3.8	3.9
Total Operating Revenue	407.2	378.8	1,165.0	1,477.1
Operating Expenses				
Fuel, Purchased Power and Gas – Utility	116.5	124.9	357.3	350.8
Transmission Services – Utility	19.6	22.7	43.9	66.3
Cost of Sales – Non-utility	47.0	33.0	103.2	436.7
Operating and Maintenance	92.7	83.6	286.5	254.2
Depreciation and Amortization	70.8	63.1	201.8	188.2
Taxes Other than Income Taxes	15.3	15.5	50.3	43.1
Total Operating Expenses	361.9	342.8	1,043.0	1,339.3
Operating Income	45.3	36.0	122.0	137.8
Other Income (Expense)				
Interest Expense	(20.3)	(20.5)	(60.8)	(60.9)
Equity Earnings	5.1	4.7	16.5	16.1
Other	5.5	68.7	20.0	75.3
Total Other Income (Expense)	(9.7)	52.9	(24.3)	30.5
Income Before Income Taxes	35.6	88.9	97.7	168.3
Income Tax Expense	2.9	19.3	8.3	20.4
Net Income	32.7	69.6	89.4	147.9
Net Loss Attributable to Non-Controlling Interest	(12.3)	(16.3)	(39.3)	(47.7)
Net Income Attributable to ALLETE	$45.0	$85.9	$128.7	$195.6
Average Shares of Common Stock				
Basic	57.8	57.4	57.7	57.3
Diluted	57.9	57.5	57.8	57.4
Basic Earnings Per Share of Common Stock	$0.78	$1.50	$2.23	$3.41
Diluted Earnings Per Share of Common Stock	$0.78	$1.49	$2.23	$3.41

The accompanying notes are an integral part of these statements.

ALLETE
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Unaudited

	Quarter Ended September 30,		Nine Months Ended September 30,	
	2024	**2023**	**2024**	**2023**
Millions				
Net Income	$32.7	$69.6	$89.4	$147.9
Other Comprehensive Loss				
Unrealized Gain on Securities				
Net of Income Tax Expense of $—, $—, $— and $0.1	0.1	—	0.1	0.1
Defined Benefit Pension and Other Postretirement Benefit Plans				
Net of Income Tax Benefit of $(0.1), $—, $(0.3) and $(0.1)	(0.2)	(0.1)	(0.6)	(0.2)
Total Other Comprehensive Loss	(0.1)	(0.1)	(0.5)	(0.1)
Total Comprehensive Income	32.6	69.5	88.9	147.8
Net Loss Attributable to Non-Controlling Interest	(12.3)	(16.3)	(39.3)	(47.7)
Total Comprehensive Income Attributable to ALLETE	$44.9	$85.8	$128.2	$195.5

The accompanying notes are an integral part of these statements.

ALLETE
CONSOLIDATED STATEMENT OF CASH FLOWS
Unaudited

	Nine Months Ended September 30,	
	2024	2023
Millions		
Operating Activities		
Net Income	$89.4	$147.9
Adjustments to Reconcile Net Income to Cash provided by Operating Activities:		
AFUDC – Equity	(4.0)	(2.5)
Income from Equity Investments – Net of Dividends	0.1	0.6
Loss (Gain) on Investments and Property, Plant and Equipment	(0.5)	0.6
Depreciation Expense	201.7	188.2
Amortization of PSAs	(3.8)	(3.9)
Amortization of Other Intangible Assets and Other Assets	5.2	5.3
Deferred Income Tax Expense (Benefit)	(7.2)	1.3
Share-Based and ESOP Compensation Expense	5.5	4.3
Defined Benefit Pension and Other Postretirement Plan Benefit	(10.3)	(2.5)
Fuel Adjustment Clause	6.7	53.8
Bad Debt Expense	1.1	1.2
Provision for Interim Rate Refund	17.0	21.0
Changes in Operating Assets and Liabilities		
Accounts Receivable	1.7	17.2
Inventories	2.5	275.6
Prepayments and Other	(2.0)	0.6
Accounts Payable	(3.1)	(8.0)
Other Current Liabilities	(11.7)	(167.9)
Renewable Tax Credit Sales	58.4	—
Cash Contributions to Defined Benefit Pension Plans	(25.0)	(17.3)
Changes in Regulatory and Other Non-Current Assets	38.5	4.1
Changes in Regulatory and Other Non-Current Liabilities	7.1	0.4
Cash provided by Operating Activities	367.3	520.0
Investing Activities		
Proceeds from Sale of Available-for-sale Securities	1.7	0.5
Payments for Purchase of Available-for-sale Securities	(1.9)	(0.8)
Payments for Equity Method Investments	(5.8)	(6.6)
Additions to Property, Plant and Equipment	(230.3)	(184.1)
Other Investing Activities	16.4	(9.6)
Cash used in Investing Activities	(219.9)	(200.6)
Financing Activities		
Proceeds from Issuance of Common Stock	9.9	11.4
Proceeds from Issuance of Short-Term and Long-Term Debt	628.0	409.8
Repayments of Short-Term and Long-Term Debt	(633.0)	(533.4)
Proceeds from Non-Controlling Interest in Subsidiaries – Net	4.1	9.9
Distributions to Non-Controlling Interest	(0.9)	(8.5)
Dividends on Common Stock	(122.0)	(116.5)
Other Financing Activities	(1.9)	(1.1)
Cash used in Financing Activities	(115.8)	(228.4)
Change in Cash, Cash Equivalents and Restricted Cash	31.6	91.0
Cash, Cash Equivalents and Restricted Cash at Beginning of Period	79.4	40.2
Cash, Cash Equivalents and Restricted Cash at End of Period	$111.0	$131.2

The accompanying notes are an integral part of these statements.

ALLETE
CONSOLIDATED STATEMENT OF EQUITY
Unaudited

	Quarter Ended September 30,		Nine Months Ended September 30,	
	2024	**2023**	**2024**	**2023**
Millions Except Per Share Amounts				
Equity				
Common Stock				
Balance, Beginning of Period	$1,813.8	$1,791.6	$1,803.7	$1,781.5
Common Stock Issued	5.3	5.6	15.4	15.7
Balance, End of Period	1,819.1	1,797.2	1,819.1	1,797.2
Accumulated Other Comprehensive Loss				
Balance, Beginning of Period	(20.9)	(24.4)	(20.5)	(24.4)
Other Comprehensive Income – Net of Income Taxes				
Unrealized Gain on Debt Securities	0.1	—	0.1	0.1
Defined Benefit Pension and Other Postretirement Plans	(0.2)	(0.1)	(0.6)	(0.2)
Balance, End of Period	(21.0)	(24.5)	(21.0)	(24.5)
Retained Earnings				
Balance, Beginning of Period	1,028.8	966.9	1,026.4	934.8
Net Income Attributable to ALLETE	45.0	85.9	128.7	195.6
Common Stock Dividends	(40.7)	(38.9)	(122.0)	(116.5)
Balance, End of Period	1,033.1	1,013.9	1,033.1	1,013.9
Non-Controlling Interest in Subsidiaries				
Balance, Beginning of Period	573.0	634.4	597.0	656.4
Proceeds from Non-Controlling Interest in Subsidiaries – Net	—	—	1.4	9.9
Net Loss Attributable to Non-Controlling Interest	(12.1)	(16.3)	(36.8)	(47.7)
Distributions to Non-Controlling Interest	(0.2)	(8.0)	(0.9)	(8.5)
Balance, End of Period	560.7	610.1	560.7	610.1
Total Equity	$3,391.9	$3,396.7	$3,391.9	$3,396.7
Redeemable Non-Controlling Interest				
Balance, Beginning of Period	$0.9	—	$0.5	—
Proceeds from Non-Controlling Interest in Subsidiaries	—	—	2.7	—
Net Loss Attributable to Non-Controlling Interest	(0.2)	—	(2.5)	—
Total Redeemable Non-Controlling Interest	$0.7	—	$0.7	—
Dividends Per Share of Common Stock	$0.705	$0.6775	$2.115	$2.0325

The accompanying notes are an integral part of these statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – UNAUDITED

The accompanying unaudited Consolidated Financial Statements have been prepared in accordance with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X, and do not include all of the information and notes required by GAAP for complete financial statements pursuant to such rules and regulations. Similarly, the December 31, 2023, Consolidated Balance Sheet was derived from audited financial statements, but does not include all disclosures required by GAAP. The presentation of certain prior period amounts on the Consolidated Financial Statements have been adjusted for comparative purposes. In management's opinion, these unaudited financial statements include all adjustments necessary for a fair statement of financial results. All adjustments are of a normal, recurring nature, except as otherwise disclosed. Operating results for the nine months ended September 30, 2024, are not necessarily indicative of results that may be expected for any other interim period or for the year ending December 31, 2024. For further information, refer to the Consolidated Financial Statements and notes included in our 2023 Form 10-K.

NOTE 1. OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Subsequent Events. The Company performed an evaluation of subsequent events for potential recognition and disclosure through the date of the financial statements issuance.

Cash, Cash Equivalents and Restricted Cash. We consider all investments purchased with original maturities of three months or less to be cash equivalents. As of September 30, 2024, restricted cash amounts included in Prepayments and Other on the Consolidated Balance Sheet include collateral deposits required under an ALLETE Clean Energy loan. The restricted cash amounts included in Other Non-Current Assets represent collateral deposits required under an ALLETE Clean Energy loan agreement as well as PSAs. The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the Consolidated Balance Sheet that aggregate to the amounts presented in the Consolidated Statement of Cash Flows.

Cash, Cash Equivalents and Restricted Cash	**September 30, 2024**	**December 31, 2023**	**September 30, 2023**	**December 31, 2022**
Millions				
Cash and Cash Equivalents	$101.9	$71.9	$125.5	$36.4
Restricted Cash included in Prepayments and Other	6.6	5.1	3.3	1.5
Restricted Cash included in Other Non-Current Assets	2.5	2.4	2.4	2.3
Cash, Cash Equivalents and Restricted Cash on the Consolidated Statement of Cash Flows	$111.0	$79.4	$131.2	$40.2

Inventories – Net. Inventories are stated at the lower of cost or net realizable value. Inventories in our Regulated Operations segment are carried at an average cost or first-in, first-out basis. Inventories in our ALLETE Clean Energy segment and Corporate and Other businesses are carried at an average cost, first-in, first-out or specific identification basis.

Inventories – Net	**September 30, 2024**	**December 31, 2023**
Millions		
Fuel *(a)*	$21.7	$27.2
Materials and Supplies	115.5	115.7
Renewable Energy Facilities Under Development *(b)*	29.4	32.5
Total Inventories – Net	$166.6	$175.4

(a) Fuel consists primarily of coal inventory at Minnesota Power.

(b) Renewable Energy Facilities Under Development as of September 30, 2024, consists primarily of project costs related to renewable energy development projects at New Energy.

Goodwill. The aggregate carrying amount of goodwill was $154.9 million as of September 30, 2024 ($154.9 million as of December 31, 2023). There have been no changes to goodwill by reportable segment for the quarter and nine months ended September 30, 2024.

NOTE 1. OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other Non-Current Assets	**September 30, 2024**	**December 31, 2023**
Millions		
Other Postretirement Benefit Plans	$101.1	$106.3
Contract Assets *(a)*	16.6	18.5
Operating Lease Right-of-use Assets	10.8	10.7
ALLETE Properties	10.4	10.8
Restricted Cash	2.5	2.4
Finance Lease Right-of-use Assets	2.0	2.1
Other	118.3	112.1
Total Other Non-Current Assets	$261.7	$262.9

(a) Contract Assets consist of payments made to customers as an incentive to execute or extend service agreements. The payments are being amortized over the term of the respective agreements as a reduction to revenue.

Other Current Liabilities	**September 30, 2024**	**December 31, 2023**
Millions		
Provision for Interim Rate Refund	$17.0	—
Customer Deposits	9.2	$7.4
PSAs	5.9	6.0
Operating Lease Liabilities	3.4	3.0
Finance Lease Liabilities	0.4	0.4
Other	66.6	75.1
Total Other Current Liabilities	$102.5	$91.9

Other Non-Current Liabilities	**September 30, 2024**	**December 31, 2023**
Millions		
Asset Retirement Obligation *(a)(b)*	$258.9	$202.9
PSAs	16.5	20.9
Operating Lease Liabilities	7.5	7.7
Finance Lease Liabilities	1.4	1.6
Other	30.1	31.2
Total Other Non-Current Liabilities	$314.4	$264.3

(a) The asset retirement obligation is primarily related to our Regulated Operations and is funded through customer rates over the life of the related assets. Additionally, BNI Energy funds its obligation through its cost-plus coal supply agreements for which BNI Energy has recorded a receivable of $37.2 million in Other Non-Current Assets on the Consolidated Balance Sheet as of September 30, 2024 ($37.2 million as of December 31, 2023).

(b) The increase in Asset Retirement Obligation in 2024 reflects the impact of estimated compliance costs related to the EPA's CCR Legacy Impoundment Rule finalized in May 2024. (See Note 6. Commitments, Guarantees and Contingencies.)

NOTE 1. OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other Income (Expense)	Quarter Ended September 30, 2024	Quarter Ended September 30, 2023	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Millions				
Pension and Other Postretirement Benefit Plan Non-Service Credits *(a)*	$3.0	$1.8	$11.0	$5.5
Interest and Investment Income *(b)*	1.2	6.6	3.9	8.7
AFUDC - Equity	1.5	1.1	4.0	2.5
Gain on Arbitration Award *(c)*	—	58.4	—	58.4
Other Income (Expense)	(0.2)	0.8	1.1	0.2
Total Other Income	$5.5	$68.7	$20.0	$75.3

(a) These are components of net periodic pension and other postretirement benefit cost other than service cost. (See Note 9. Pension and Other Postretirement Benefit Plans.)

(b) Interest and Investment Income for the quarter and nine months ended September 30, 2023, reflects $5.1 million of interest income related to interest awarded as part of an arbitration ruling involving a subsidiary of ALLETE Clean Energy. (See Note 6. Commitments, Guarantees, and Contingencies.)

(c) This reflects a gain recognized for the favorable outcome of an arbitration ruling involving a subsidiary of ALLETE Clean Energy. (See Note 6. Commitments, Guarantees, and Contingencies.)

Supplemental Statement of Cash Flows Information	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Millions		
Cash Paid for Interest – Net of Amounts Capitalized	$59.5	$64.8
Cash Paid for Income Taxes – Net	$7.0	$14.1
Noncash Investing and Financing Activities		
Increase in Accounts Payable for Capital Additions to Property, Plant and Equipment	$13.5	$11.8
Capitalized Asset Retirement Costs *(a)*	$51.0	$2.4
AFUDC–Equity	$4.0	$2.5

(a) Capitalized asset retirement costs in 2024 reflect the impact of estimated compliance costs related to the EPA's CCR Legacy Impoundment Rule finalized in May 2024. (See Note 6. Commitments, Guarantees and Contingencies.)

New Accounting Pronouncements and Disclosure Rules.

See Note 1. Operations and Significant Accounting Policies to the Consolidated Financial Statements in our 2023 Form 10-K, with additional disclosure provided in the following paragraphs.

SEC Climate-related Disclosures Rule. On March 6, 2024, the SEC issued the final rules regarding the enhancement and standardization of climate-related disclosures for investors (Rule). The Rule requires registrants to provide certain climate-related information in their annual reports and registration statements. These requirements include disclosing climate-related risks that materially affect or are reasonably likely to materially affect a registrant's business strategy, results of operations, or financial condition as well as certain disclosures related to greenhouse-gas emissions, and the effects of severe weather events and other natural conditions. The Rule provides that the disclosure requirements will begin phasing in for annual periods beginning in 2025. The Company is evaluating the final rule to determine its impact on the Company's disclosures. The Rule is currently being challenged before the U.S. Court of Appeals for the Eighth Circuit (Eighth Circuit Court), and the SEC issued a voluntary stay of the Rule on April 4, 2024, pending judicial review.

NOTE 1. OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Improvements to Reportable Segment Disclosures. In November 2023, the FASB issued Accounting Standards Update 2023-07, Improvements to Reportable Segment Disclosures (ASU 2023-07). ASU 2023-07 requires that an entity provide enhanced disclosures about significant segment expenses that are regularly provided to the chief operating decision maker, among other disclosures. ASU 2023-07 is effective for annual periods beginning after December 15, 2023, and for quarterly periods beginning after December 15, 2024, with early adoption permitted. We have assessed the impact of this updated guidance and expect to provide enhanced disclosures for our segments in our Form 10-K for the year ended December 31, 2024.

There are no other new accounting pronouncements or rules that we anticipate having a material effect on the presentation of ALLETE's consolidated financial statements.

NOTE 2. REGULATORY MATTERS

Regulatory matters are summarized in Note 4. Regulatory Matters to the Consolidated Financial Statements in our 2023 Form 10-K, with additional disclosure provided in the following paragraphs.

Electric Rates. Entities within our Regulated Operations segment file for periodic rate revisions with the MPUC, PSCW or FERC. As authorized by the MPUC, Minnesota Power also recognizes revenue under cost recovery riders for transmission, renewable, and environmental investments and expenditures. Revenue from cost recovery riders was $15.1 million for the nine months ended September 30, 2024 ($44.9 million for the nine months ended September 30, 2023).

2024 Minnesota General Rate Case. On November 1, 2023, Minnesota Power filed a retail rate increase request with the MPUC seeking an average increase of approximately 12.00 percent for retail customers, net of rider revenue incorporated into base rates. The rate filing seeks a return on equity of 10.30 percent and a 53.00 percent equity ratio. On an annualized basis, the requested final rate increase would generate approximately $89 million in additional revenue. In separate orders dated December 19, 2023, the MPUC accepted the filing as complete and approved an annual interim rate increase of approximately $64 million, net of rider revenue, beginning January 1, 2024, subject to refund.

On May 3, 2024, Minnesota Power entered into a settlement agreement with the Minnesota Department of Commerce, Minnesota Office of the Attorney General, Residential Utilities Division, and Large Power Intervenors to settle the retail rate increase request. As part of the settlement agreement, the parties agreed on all issues, including an overall rate increase of $33.97 million, net of rider revenue and amounts transferring to the fuel adjustment clause, a return on equity of 9.78 percent, all non-financial items and cost allocation. At a hearing on October 24, 2024, the MPUC approved the settlement agreement. Final rates are expected to be implemented in the first quarter of 2025; interim rates will be collected through this period with reserves recorded as necessary. As a result of the settlement, Minnesota Power recorded a reserve for an interim rate refund of $17.0 million pre-tax as of September 30, 2024, which is subject to MPUC approval of Minnesota Power's refund calculation.

2022 Minnesota General Rate Case. Minnesota Power appealed with the Minnesota Court of Appeals (Court) specific aspects of the MPUC's February 2023 and May 2023 rate case orders for the ratemaking treatment of Taconite Harbor and Minnesota Power's prepaid pension asset. Oral arguments on the appeal were heard by the Court on June 27, 2024. On September 9, 2024, the Court affirmed the MPUC's Taconite Harbor treatment, but reversed and remanded the treatment of Minnesota Power's prepaid pension asset back to the MPUC. The Court directed the MPUC to determine the amount of Minnesota Power's prepaid pension asset to be included in rate base. The MPUC has not yet determined the next procedural steps in implementing the Court's decision.

2024 Wisconsin General Rate Case. On March 29, 2024, SWL&P filed a rate increase request for its electric, gas and water utilities with the PSCW. The filing seeks an overall return on equity of 10.00 percent and a 55.00 percent equity ratio. On an annualized basis, the requested change would increase rates by approximately 5.90 percent for retail customers and generate an estimated $7.3 million of additional revenue. The change to SWL&P customers' rates will be determined by the PSCW later this year. Any rate adjustments are anticipated to become effective in January 2025. We cannot predict the level of final rates that may be authorized by the PSCW.

NOTE 2. REGULATORY MATTERS (Continued)

Transmission Cost Recovery Rider. Minnesota Power has an approved cost recovery rider in place to charge retail customers on a current basis for certain transmission investments and expenditures, including a return on the capital invested. Current customer billing rates are based on an MPUC order dated December 19, 2023, which provisionally approved Minnesota Power's latest transmission factor filing submitted on October 24, 2023. Updated billing rates were included on customer bills starting in the first quarter of 2024, and the MPUC approved Minnesota Power's transmission factor filing with no changes in an order dated March 5, 2024.

Renewable Cost Recovery Rider. Minnesota Power has an approved cost recovery rider in place to charge retail customers on a current basis for the costs of certain renewable investments and expenditures, including a return on the capital invested. Current customer billing rates for the renewable cost recovery rider were approved by the MPUC in an order dated October 3, 2023. On March 27, 2024, Minnesota Power submitted its latest renewable factor filing. In an order dated June 25, 2024, the MPUC approved the filing and Minnesota Power is authorized to include updated billing rates on customer bills beginning October 1, 2024.

Solar Cost Recovery Rider. Minnesota Power has an approved cost recovery rider in place to charge retail customers on a current basis for solar costs related to investments and expenditures for meeting the state of Minnesota's solar energy standard. Current customer billing rates were approved by the MPUC in an order dated December 26, 2023. Updated billing rates were included on customer bills starting in the first quarter of 2024.

Fuel Adjustment Clause. Minnesota Power incurred lower fuel and purchased power costs in 2023 than those factored in its fuel adjustment forecast filed in May 2022 for 2023, which resulted in the recognition of an approximately $13 million regulatory liability as of December 31, 2023. Minnesota Power requested to refund the regulatory liability over 12 months beginning in the third quarter of 2024 as part of its annual true-up filing submitted to the MPUC on March 1, 2024. In an order dated July 1, 2024, the MPUC approved the filing, and authorized Minnesota Power to refund the regulatory liability over 12 months beginning on September 1, 2024.

Minnesota Power filed its annual forecasted fuel and purchased energy rates for 2025 on May 1, 2024.

Energy Conservation and Optimization (ECO) Plan. On April 1, 2024, Minnesota Power submitted its 2023 ECO annual filing (formerly the Conservation Improvement Plan) detailing Minnesota Power's ECO plan results and requesting a financial incentive of $2.2 million, which will be recognized upon approval by the MPUC. In 2023, a financial incentive of $2.2 million was recognized in the third quarter upon approval by the MPUC of the 2022 ECO annual filing. The financial incentives are recognized in the period in which the MPUC approves the filing.

Regulatory Assets and Liabilities. Our regulated utility operations are subject to accounting standards for the effects of certain types of regulation. Regulatory assets represent incurred costs that have been deferred as they are probable for recovery in customer rates. Regulatory liabilities represent obligations to make refunds to customers and amounts collected in rates for which the related costs have not yet been incurred. The Company assesses quarterly whether regulatory assets and liabilities meet the criteria for probability of future recovery or deferral. The recovery, refund or credit to rates for these regulatory assets and liabilities will occur over the periods either specified by the applicable regulatory authority or over the corresponding period related to the asset or liability.

NOTE 2. REGULATORY MATTERS (Continued)

Regulatory Assets and Liabilities	September 30, 2024	December 31, 2023
Millions		
Current Regulatory Assets *(a)*		
Fuel Adjustment Clause	—	$8.7
Other	$0.6	0.6
Total Current Regulatory Assets	$0.6	$9.3
Non-Current Regulatory Assets		
Defined Benefit Pension and Other Postretirement Plans	$214.5	$218.6
Income Taxes	81.7	88.1
Asset Retirement Obligations	39.9	37.7
Taconite Harbor	20.6	20.9
Manufactured Gas Plant	12.9	13.2
Cost Recovery Riders	8.6	33.8
PPACA Income Tax Deferral	3.8	3.9
Fuel Adjustment Clause	1.5	5.0
Other	2.6	4.2
Total Non-Current Regulatory Assets	$386.1	$425.4
Current Regulatory Liabilities *(b)*		
Provision for Interim Rate Refund	$17.0	—
Fuel Adjustment Clause	10.0	—
Transmission Formula Rates Refund	—	$1.5
Other	0.8	2.4
Total Current Regulatory Liabilities	$27.8	$3.9
Non-Current Regulatory Liabilities		
Income Taxes	$292.8	$310.0
Wholesale and Retail Contra AFUDC	76.2	78.0
Plant Removal Obligations	72.8	67.0
Non-Jurisdictional Land Sales	55.0	30.2
Defined Benefit Pension and Other Postretirement Benefit Plans	39.2	48.6
Investment Tax Credits	13.2	13.6
Boswell Units 1 and 2 Net Plant and Equipment	6.7	6.7
Fuel Adjustment Clause	0.6	15.5
Other	5.6	4.4
Total Non-Current Regulatory Liabilities	$562.1	$574.0

(a) Current regulatory assets are presented within Prepayments and Other on the Consolidated Balance Sheet.
(b) Current regulatory liabilities are presented within Other Current Liabilities on the Consolidated Balance Sheet.

NOTE 3. EQUITY INVESTMENTS

Investment in ATC. Our wholly-owned subsidiary, ALLETE Transmission Holdings, owns approximately 8 percent of ATC, a Wisconsin-based utility that owns and maintains electric transmission assets in portions of Wisconsin, Michigan, Minnesota and Illinois. We account for our investment in ATC under the equity method of accounting.

ALLETE's Investment in ATC	
Millions	
Equity Investment Balance as of December 31, 2023	$179.7
Cash Investments	5.8
Equity in ATC Earnings	17.8
Distributed ATC Earnings	(14.0)
Amortization of the Remeasurement of Deferred Income Taxes	1.0
Equity Investment Balance as of September 30, 2024	$190.3

NOTE 3. EQUITY INVESTMENTS (Continued)

ATC's authorized return on equity was 10.02 percent, or 10.52 percent including an incentive adder for participation in a regional transmission organization (RTO), based on a 2020 FERC order which is subject to various outstanding legal challenges related to the return on equity calculation and refund period ordered by the FERC. In August 2022, the U.S. Court of Appeals for the District of Columbia Circuit (D.C. Circuit) vacated and remanded the 2020 FERC order back to FERC. On October 17, 2024, FERC ordered a return on equity of 9.98 percent, or 10.48 percent including an incentive adder for participation in a RTO effective September 28, 2016.

In addition, the FERC issued a Notice of Proposed Rulemaking in 2021 proposing to limit the 0.50 percent incentive adder for participation in a regional transmission organization to only the first three years of membership in such an organization. If this proposal is adopted, our equity in earnings from ATC would be reduced by approximately $1 million pre-tax annually.

Investment in Nobles 2. Our subsidiary, ALLETE South Wind, owns 49 percent of Nobles 2, the entity that owns and operates a 250 MW wind energy facility in southwestern Minnesota pursuant to a 20-year PPA with Minnesota Power. We account for our investment in Nobles 2 under the equity method of accounting.

ALLETE's Investment in Nobles 2

Millions	
Equity Investment Balance as of December 31, 2023	$151.5
Equity in Nobles 2 Earnings *(a)*	(1.3)
Distributed Nobles 2 Earnings	(2.6)
Equity Investment Balance as of September 30, 2024	$147.6

(a) The Company also recorded earnings from net loss attributable to non-controlling interest of $8.4 million related to its investment in Nobles 2.

NOTE 4. FAIR VALUE

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). We utilize market data or assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated or generally unobservable. We primarily apply the market approach for recurring fair value measurements and endeavor to utilize the best available information. Accordingly, we utilize valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. These inputs, which are used to measure fair value, are prioritized through the fair value hierarchy. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement). Descriptions of the three levels of the fair value hierarchy are discussed in Note 7. Fair Value to the Consolidated Financial Statements in our 2023 Form 10-K.

The following tables set forth, by level within the fair value hierarchy, our assets and liabilities that were accounted for at fair value on a recurring basis as of September 30, 2024, and December 31, 2023. Each asset and liability is classified based on the lowest level of input that is significant to the fair value measurement. Our assessment of the significance of a particular input to the fair value measurement requires judgment, which may affect the valuation of these assets and liabilities and their placement within the fair value hierarchy levels. The estimated fair value of Cash and Cash Equivalents on the Consolidated Balance Sheet approximates the carrying amount and therefore is excluded from the recurring fair value measures in the following tables.

NOTE 4. FAIR VALUE (Continued)

Recurring Fair Value Measures	Fair Value as of September 30, 2024 Level 1	Level 2	Level 3	Total
Millions				
Assets				
Investments *(a)*				
Available-for-sale – Equity Securities	$9.2	—	—	$9.2
Available-for-sale – Corporate and Governmental Debt Securities *(b)*	—	$6.7	—	6.7
Cash Equivalents	7.5	—	—	7.5
Total Fair Value of Assets	$16.7	$6.7	—	$23.4
Liabilities				
Deferred Compensation *(c)*	—	$20.5	—	$20.5
Total Fair Value of Liabilities	—	$20.5	—	$20.5

Recurring Fair Value Measures	Fair Value as of December 31, 2023 Level 1	Level 2	Level 3	Total
Millions				
Assets				
Investments *(a)*				
Available-for-sale – Equity Securities	$8.7	—	—	$8.7
Available-for-sale – Corporate and Governmental Debt Securities	—	$6.0	—	6.0
Cash Equivalents	5.8	—	—	5.8
Total Fair Value of Assets	$14.5	$6.0	—	$20.5
Liabilities				
Deferred Compensation *(c)*	—	$16.5	—	$16.5
Total Fair Value of Liabilities	—	$16.5	—	$16.5

(a) Included in Other Non-Current Assets on the Consolidated Balance Sheet.

(b) As of September 30, 2024, the aggregate amount of available-for-sale corporate and governmental debt securities maturing in one year or less was $2.2 million, in one year to less than three years was $2.3 million, in three years to less than five years was $1.7 million and in five or more years was $0.5 million.

(c) Included in Other Non-Current Liabilities on the Consolidated Balance Sheet.

Fair Value of Financial Instruments. With the exception of the item listed in the following table, the estimated fair value of all financial instruments approximates the carrying amount. The fair value of the item listed in the following table was based on quoted market prices for the same or similar instruments (Level 2).

Financial Instruments	Carrying Amount	Fair Value
Millions		
Short-Term and Long-Term Debt *(a)*		
September 30, 2024	$1,794.4	$1,724.7
December 31, 2023	$1,799.4	$1,670.6

(a) Excludes unamortized debt issuance costs.

NOTE 4. FAIR VALUE (Continued)

Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis. Non-financial assets such as equity method investments, land inventory, and property, plant and equipment are measured at fair value when there is an indicator of impairment and recorded at fair value only when an impairment is recognized. For the quarter and nine months ended September 30, 2024, and the year ended December 31, 2023, there were no indicators of impairment for these non-financial assets.

We continue to monitor changes in the broader energy markets along with wind resource expectations that could indicate impairment at ALLETE Clean Energy wind energy facilities upon contract expirations or for facilities without long-term contracts for their entire output. A continued decline or volatility in energy prices or lower wind resource expectations could result in a future impairment.

NOTE 5. SHORT-TERM AND LONG-TERM DEBT

The following tables present the Company's short-term and long-term debt as of September 30, 2024, and December 31, 2023:

September 30, 2024	Principal	Unamortized Debt Issuance Costs	Total
Millions			
Short-Term Debt	$41.8	—	$41.8
Long-Term Debt	1,752.6	$(8.9)	1,743.7
Total Debt	$1,794.4	$(8.9)	$1,785.5

December 31, 2023	Principal	Unamortized Debt Issuance Costs	Total
Millions			
Short-Term Debt	$111.5	$(0.1)	$111.4
Long-Term Debt	1,687.9	(8.0)	1,679.9
Total Debt	$1,799.4	$(8.1)	$1,791.3

We had $23.4 million outstanding in standby letters of credit and no outstanding draws under our lines of credit as of September 30, 2024 ($19.4 million in standby letters of credit and $34.1 million outstanding draws on our lines of credit as of December 31, 2023). We also have standby letters of credit outstanding under other letter of credit facilities. (See Note 6. Commitments, Guarantees and Contingencies.)

On September 5, 2024, ALLETE issued and sold $150 million of senior unsecured notes ("Notes") to certain institutional buyers in the private placement market. The Notes were sold in reliance on an exemption from registration under Section 4(a)(2) of the Securities Act of 1933, as amended, to institutional accredited investors. Of the Notes issued and sold, $100 million of the Notes bear interest at a rate of 5.94 percent and mature on September 5, 2029, and $50 million of the Notes bear interest at a rate of 6.18 percent and mature on September 5, 2034. Interest on the Notes will be payable semi-annually on March 5 and September 5 of each year, commencing on March 5, 2025. The Company has the option to prepay all or a portion of the Notes at its discretion, subject to a make-whole provision. The Notes are subject to additional terms and conditions which are customary for these types of transactions. Proceeds from the sale of the Notes were used for refinancing of debt and general corporate purposes.

On July 31, 2024, ALLETE issued a notice to the holders of its 2.65 percent senior notes due September 10, 2025, ("2025 Notes") regarding the Company's exercise of its option to prepay all of the issued and outstanding 2025 Notes. ALLETE prepaid all $150 million in aggregate principal amount of the 2025 Notes on September 5, 2024. The 2025 Notes were prepaid at 100 percent of their principal amount, plus accrued and unpaid interest.

NOTE 5. SHORT-TERM AND LONG-TERM DEBT (continued)

On April 23, 2024, ALLETE issued $100 million of its First Mortgage Bonds (Bonds) to certain institutional buyers in the private placement market. The Bonds, which bear interest at 5.72 percent, will mature on April 30, 2039 and pay interest semi-annually in April and October of each year, commencing on October 30, 2024. ALLETE has the option to prepay all or a portion of the Bonds at its discretion, subject to a make-whole provision. The Bonds are subject to additional terms and conditions which are customary for these types of transactions. Proceeds from the sale of the Bonds were used to refinance existing indebtedness and for general corporate purposes. The Bonds were sold in reliance on an exemption from registration under Section 4(a)(2) of the Securities Act of 1933, as amended, to institutional accredited investors.

Financial Covenants. Our long-term debt arrangements contain customary covenants. In addition, our lines of credit and letters of credit supporting certain long-term debt arrangements contain financial covenants. Our compliance with financial covenants is not dependent on debt ratings. The most restrictive financial covenant requires ALLETE to maintain a ratio of indebtedness to total capitalization (as the amounts are calculated in accordance with the respective long-term debt arrangements) of less than or equal to 0.65 to 1.00, measured quarterly. As of September 30, 2024, our ratio was approximately 0.36 to 1.00. Failure to meet this covenant would give rise to an event of default if not cured after notice from the lender, in which event ALLETE may need to pursue alternative sources of funding. Some of ALLETE's debt arrangements contain "cross-default" provisions that would result in an event of default if there is a failure under other financing arrangements to meet payment terms or to observe other covenants that would result in an acceleration of payments due. ALLETE has no significant restrictions on its ability to pay dividends from retained earnings or net income. As of September 30, 2024, ALLETE was in compliance with its financial covenants.

NOTE 6. COMMITMENTS, GUARANTEES AND CONTINGENCIES

Power Purchase and Sale Agreements. Our long-term PPAs have been evaluated under the accounting guidance for variable interest entities. We have determined that either we have no variable interest in the PPAs or, where we do have variable interests, we are not the primary beneficiary; therefore, consolidation is not required. These conclusions are based on the fact that we do not have both control over activities that are most significant to the entity and an obligation to absorb losses or receive benefits from the entity's performance. Our financial exposure relating to these PPAs is limited to our capacity and energy payments.

Our PPAs are summarized in Note 9. Commitments, Guarantees and Contingencies to the Consolidated Financial Statements in our 2023 Form 10-K, with additional disclosure provided in the following paragraphs.

Square Butte PPA. As of September 30, 2024, Square Butte had total debt outstanding of $174.2 million. Fuel expenses are recoverable through Minnesota Power's fuel adjustment clause and include the cost of coal purchased from BNI Energy under a long-term contract. Minnesota Power's cost of power purchased from Square Butte during the nine months ended September 30, 2024, was $66.0 million ($64.8 million for the same period in 2023). This reflects Minnesota Power's pro rata share of total Square Butte costs based on the 50 percent output entitlement. Included in this amount was Minnesota Power's pro rata share of interest expense of $3.8 million ($4.1 million for the same period in 2023). Minnesota Power's payments to Square Butte are approved as a purchased power expense for ratemaking purposes by both the MPUC and the FERC.

Minnkota Power PSA. Minnesota Power has a PSA with Minnkota Power, which commenced in 2014. Under the PSA, Minnesota Power is selling a portion of its entitlement from Square Butte to Minnkota Power, resulting in Minnkota Power's net entitlement increasing and Minnesota Power's net entitlement decreasing until Minnesota Power's share is eliminated at the end of 2025. Of Minnesota Power's 50 percent output entitlement, Minnesota Power sold to Minnkota Power approximately 41 percent in 2024 and 37 percent in 2023.

Coal, Rail and Shipping Contracts. Minnesota Power has coal supply agreements providing for the purchase of a significant portion of its coal requirements through December 2025. Minnesota Power also has coal transportation agreements in place for the delivery of a significant portion of its coal requirements through December 2024. The costs of fuel and related transportation costs for Minnesota Power's generation are recoverable from Minnesota Power's utility customers through the fuel adjustment clause.

NOTE 6. COMMITMENTS, GUARANTEES AND CONTINGENCIES (Continued)

Environmental Matters.

Our businesses are subject to regulation of environmental matters by various federal, state, and local authorities. A number of regulatory changes to the Clean Air Act, the Clean Water Act and various waste management requirements have been promulgated by both the EPA and state authorities over the past several years. Minnesota Power's facilities are subject to additional requirements under many of these regulations. Minnesota Power is reshaping its generation portfolio, over time, to reduce its reliance on coal, has installed cost-effective emission control technology, and advocates for sound science and policy during rulemaking implementation.

We consider our businesses to be in substantial compliance with currently applicable environmental regulations and believe all necessary permits have been obtained. We anticipate that with many state and federal environmental regulations and requirements finalized, or to be finalized in the near future, potential expenditures for future environmental matters may be material and require significant capital investments. Minnesota Power has evaluated various environmental compliance scenarios using possible outcomes of environmental regulations to project power supply trends and impacts on customers.

We review environmental matters on a quarterly basis. Accruals for environmental matters are recorded when it is probable that a liability has been incurred and the amount of the liability can be reasonably estimated based on current law and existing technologies. Accruals are adjusted as assessment and remediation efforts progress, or as additional technical or legal information becomes available. Accruals for environmental liabilities are included in the Consolidated Balance Sheet at undiscounted amounts and exclude claims for recoveries from insurance or other third parties. Costs related to environmental contamination treatment and cleanup are expensed unless recoverable in rates from customers.

Air. The electric utility industry is regulated both at the federal and state level to address air emissions. Minnesota Power's thermal generating facilities mainly burn low-sulfur western sub-bituminous coal, as well as natural gas and biomass. All of Minnesota Power's coal-fired generating facilities are equipped with pollution control equipment such as scrubbers, baghouses and low NO_X technologies. Under currently applicable environmental regulations, these facilities are substantially compliant with emission requirements.

Cross-State Air Pollution Rule (CSAPR). The CSAPR requires certain states in the eastern half of the U.S., including Minnesota, to reduce power plant emissions that contribute to ozone or fine particulate pollution in other states. The CSAPR does not require installation of controls but does require facilities have sufficient allowances to cover their emissions on an annual basis. These allowances are allocated to facilities from each state's annual budget and can be bought and sold. Based on our review of the NO_X and SO_2 allowances issued and pending issuance as well as consideration of current rules, we currently expect generation levels and emission rates will result in continued compliance with the CSAPR. Minnesota Power will continue to monitor ongoing CSAPR rulemakings and compliance implementation, including the EPA's Good Neighbor Rule which modifies certain aspects of the CSAPR's program scope and extent (see *EPA Good Neighbor Plan for 2015 Ozone NAAQS*).

National Ambient Air Quality Standards (NAAQS). The EPA is required to review each NAAQS every five years. If the EPA determines that a state's air quality is not in compliance with the NAAQS, the state is required to adopt plans describing how it will reduce emissions to attain the NAAQS. Minnesota Power actively monitors NAAQS developments, and the EPA is currently reviewing the secondary NAAQS for NOx, SO_2, and particulate matter. Implementation of the EPA's February 2024 final rule lowering the annual primary standard for fine particulate matter began on May 6, 2024. The EPA also released a draft rule on April 15, 2024, proposing to revise the secondary SO_2 NAAQS while retaining certain secondary NO_X and particulate matter NAAQS, with a final rule expected by January 2025. Anticipated timelines and compliance costs related to this and other potential NAAQS revisions cannot yet be estimated but costs could be material. Minnesota Power would seek recovery of additional costs through a rate proceeding.

NOTE 6. COMMITMENTS, GUARANTEES AND CONTINGENCIES (Continued)
Environmental Matters (Continued)

EPA Good Neighbor Plan for 2015 Ozone NAAQS. On June 5, 2023, after disapproving state implementation plans, the EPA published a final Federal Implementation Plan (FIP) rule in the Federal Register, the Good Neighbor Plan, to address regional ozone transport for the 2015 Ozone NAAQS by reducing NO_X emissions during the period of May 1 through September 30 (ozone season). In its justification for the final rule, the EPA asserted that 23 states, including Minnesota, were modeled as significant contributors to downwind states' challenges in attaining or maintaining ozone NAAQS compliance within their state borders. The Good Neighbor Plan is designed to resolve this interstate transport issue by implementing a variety of NO_X reduction strategies, including federal implementation plan requirements, NO_X emission limitations, and ozone season allowance program requirements. The final rule imposed restrictions on fossil-fuel fired power plants in 22 states and on certain industrial sources in 20 states, with implementation occurring through changes to the existing CSAPR program for power plants.

Since the EPA partially disapproved the Good Neighbor State Implementation Plans (SIPs) for the states of Minnesota and Wisconsin, among others, Minnesota is subject to the final Good Neighbor Plan. However, Minnesota Power and a coalition of other Minnesota utilities and industry (the parties) co-filed challenges to the EPA's final Minnesota SIP disapproval, submitting a petition for reconsideration and stay to the EPA, and a petition for judicial review to the Eighth Circuit Court. The parties are challenging and requesting reconsideration of certain technical components of the EPA's review and subsequent partial disapproval of the state of Minnesota's SIP. On July 5, 2023, the Eighth Circuit Court granted a stay of the SIP disapproval preventing the Good Neighbor Plan from taking effect in Minnesota; oral arguments occurred on October 22, 2024. On March 28, 2024, the EPA issued a partial denial of several administrative reconsideration and stay petitions, including from the Minnesota coalition.

On September 29, 2023, the EPA issued an updated final interim rule addressing the stays in Minnesota and five other states, formally delaying the effective date of the final FIP for states with active stays in place. The state of Minnesota therefore did not become subject to compliance obligations for the 2023 or 2024 ozone seasons. Future compliance obligations will depend on resolution of the stay. Additionally, challenges have been filed against the final FIP rule by the Minnesota coalition parties and other entities, although the Minnesota coalition FIP challenge is currently in abeyance pending resolution of the SIP disapproval case. On June 27, 2024, the U.S. Supreme Court granted an emergency stay of the FIP rule requested by several states and industry groups, staying enforcement pending the D.C. Circuit's review and any petition for writ of certiorari. Anticipated timelines and compliance costs related to final Good Neighbor Plan compliance cannot yet be estimated due to uncertainties about SIP approval resolution, implementation timing, FIP rule outcome, and allowance costs and facility emissions during the ozone season. However, the costs could be material, including costs of additional NOx controls, emission allowance program participation, or operational changes, if any are required. Minnesota Power would seek recovery of additional costs through a rate proceeding.

EPA National Emission Standards for Hazardous Air Pollutants for Major Sources: Industrial, Commercial and Institutional Boilers and Process Heaters (Industrial Boiler MACT) Rule. A final rule issued by the EPA for Industrial Boiler MACT became effective in 2013 with compliance required at major existing sources in 2016, which applied to Minnesota Power's Hibbard Renewable Energy Center and Rapids Energy Center. Compliance consisted largely of adjustments to fuels and operating practices and compliance costs were not material. After this initial rulemaking, litigation from 2016 through 2018 resulted in court orders directing that the EPA reconsider certain aspects of the regulation. A final rule incorporating these revisions became effective in December 2022, with a compliance deadline of October 6, 2025. Compliance costs are not expected to be material.

EPA Mercury and Air Toxics Standards (MATS) Rule. On April 25, 2024, the EPA published a final rule to revise the existing 2012 MATS Rule, which regulates air emissions of hazardous air pollutants from coal- and oil-fired electric generating units (EGUs). The final rule eliminates certain MATS compliance flexibility, lowers the particulate emission standard for all coal-fired EGUs, and reduces the mercury emission standard for lignite-fired EGUs. The rule became effective July 8, 2024, with compliance required beginning July 6, 2027. The MATS regulation applies at Minnesota Power's Boswell facility, which is currently well-controlled for these emissions and already complying with some of the new requirements. The Company anticipates the new rule will not have material impacts at Boswell. However, compliance costs cannot yet be fully estimated, and recovery of any additional costs would be sought through a rate proceeding. Litigation against the EPA's latest MATS Rule revision from a number of U.S. states as well as several companies and industry groups is ongoing. Motions to stay the rule were denied by the U.S. Court of Appeals for the D.C. Circuit on August 6, 2024, and the U.S. Supreme Court on October 4, 2024.

Climate Change. The scientific community generally accepts that emissions of GHGs are linked to global climate change which creates physical and financial risks. Physical risks could include but are not limited to: increased or decreased precipitation and water levels in lakes and rivers; increased or other changes in temperatures; increased risk of wildfires; and changes in the intensity and frequency of extreme weather events. These all have the potential to affect the Company's business and operations. We are addressing climate change by taking the following steps that also ensure reliable and environmentally compliant generation resources to meet our customers' requirements:

- Expanding renewable power supply for both our operations and the operations of others;
- Providing energy conservation initiatives for our customers and engaging in other demand side management efforts;
- Improving efficiency of our generating facilities;
- Supporting research of technologies to reduce carbon emissions from generating facilities and carbon sequestration efforts;
- Evaluating and developing less carbon intensive future generating assets such as efficient and flexible natural gas-fired generating facilities;
- Managing vegetation on right-of-way corridors to reduce potential wildfire or storm damage risks; and
- Practicing sound forestry management in our service territories to create landscapes more resilient to disruption from climate-related changes, including planting and managing long-lived conifer species.

EPA Regulation of GHG Emissions. On April 25, 2024, the EPA issued several final greenhouse gas regulations to establish emissions standards and guidelines for fossil fuel-fired electric generating units (EGUs) under Section 111 of the Clean Air Act (CAA). The final rules revise new source performance standards (NSPS) for new, modified and reconstructed EGUs (Section 111(b) of the CAA) and creates new emission guidelines for existing EGUs (Section 111(d) of the CAA). The action also officially repeals the predecessor regulation "Affordable Clean Energy Rule", first issued in 2019 and later vacated in 2021. Compliance will be required beginning January 1, 2030 for existing sources, and upon commencing operation of new units. The 111(d) rule also requires states to submit plans to provide for the establishment, implementation and enforcement of performance standards for existing sources. States must submit either a state plan or negative declaration letter to the EPA by May 11, 2026.

The final Section 111 rules apply to several Company assets, including existing EGUs at the Boswell and Laskin facilities as well as the proposed combined cycle natural gas-fired generating facility, Nemadji Trail Energy Center. The Company anticipates compliance with the rules may require operational or planning adjustments. The state implementation plan process for Section 111(d) existing units will also be a factor in determining specific requirements and timing. We are unable to predict compliance costs at this time; however, the costs could be material. Minnesota Power would seek recovery of additional costs through a rate proceeding. The Company is also monitoring litigation of the final Section 111 rules, which began when the rules were published in the Federal Register on May 9, 2024 and continues in federal court. Both the D.C. Circuit and the U.S. Supreme Court have declined requests to block the rule from becoming effective while litigation is ongoing. Outcomes from ongoing litigation may impact both the timing of rule effectiveness and the ultimate compliance obligations required by the rule.

Water. The Clean Water Act requires NPDES permits be obtained from the EPA or delegated state agencies for any wastewater discharged into navigable waters. We have obtained all necessary NPDES permits, including NPDES storm water permits for applicable facilities, to conduct our operations.

NOTE 6. COMMITMENTS, GUARANTEES AND CONTINGENCIES (Continued)
Environmental Matters (Continued)

Steam Electric Power Generating Effluent Limitations Guidelines. In 2015, the EPA issued revised federal effluent limitation guidelines (ELG) for steam electric power generating stations under the Clean Water Act. It set effluent limits and prescribed Best Available Control Technology (BACT) for several wastewater streams, including flue gas desulphurization (FGD) water, bottom ash transport water and coal combustion landfill leachate. In October 2020, the EPA published a final ELG Rule allowing re-use of bottom ash transport water in FGD scrubber systems with limited discharges related to maintaining system water balance. The rule set technology standards and numerical pollutant limits for discharges of bottom ash transport water and FGD wastewater. Compliance deadlines depend on subcategory, with compliance generally required as soon as possible, beginning after October 13, 2021, but no later than December 31, 2025, or December 31, 2028, in some specific cases.

On May 9, 2024, the EPA finalized revisions to the 2020 ELG rule. The final rule establishes zero discharge limitations for bottom ash transport water, FGD wastewater, and combustion residual leachate. A definition for legacy wastewater was established, with deferral to state permit programs for setting discharge limits based on best professional judgment. The rule maintains exemptions for units permanently ceasing coal combustion by 2028 and adds a new subcategory for units that are retiring by 2032 and have already complied with either the 2015 or 2020 ELG rules. Additionally, the rule establishes mercury and arsenic limitations for functionally equivalent discharges of leachate via groundwater to surface water. Compliance deadlines are determined by the applicable state permitting authority through permit incorporation as soon as July 8, 2024, but no later than December 31, 2029.

Bottom ash transport and FGD wastewater ELGs are not expected to have a significant impact on Minnesota Power operations. Zero leachate discharge requirements have the potential to impact dewatering associated with the closed Taconite Harbor dry ash landfill. New limitations for arsenic and mercury related to functionally equivalent (groundwater to surface water) discharges are not currently anticipated to impact Minnesota Power facilities.

We estimate no additional material compliance costs for ELG bottom ash water and FGD requirements. Compliance costs we might incur related to other ELG waste streams (e.g., leachate) or other potential future water discharge regulations at Minnesota Power facilities cannot be estimated; however, the costs could be material, including costs associated with wastewater treatment and re-use. Minnesota Power would seek recovery of additional costs through a rate proceeding.

Permitted Water Discharges – Sulfate. In 2017, the MPCA released a draft water quality standard in an attempt to update Minnesota’s existing 10 mg/L sulfate limit for waters used for the production of wild rice with the proposed rulemaking heard before an administrative law judge (ALJ). In 2018, the ALJ rejected significant portions of the proposed rulemaking and the MPCA subsequently withdrew the rulemaking. The existing 10 mg/L limit remains in place, but the MPCA is currently prohibited under state law from listing wild rice waters as impaired or requiring sulfate reduction technology.

The federal Clean Water Act requires the MPCA to update the state's impaired water list every two years. Beginning in 2021 through the latest release approved by the EPA in April 2024, this list now includes Minnesota lakes and streams identified as wild rice waters that are listed for sulfate impairment. The list could subsequently be used to set sulfate limits in discharge permits for power generation facilities and municipal and industrial customers, including paper and pulp facilities, and mining operations. At this time, we are unable to determine the specific impacts these developments may have on Minnesota Power operations or its customers, if any. Minnesota Power would seek recovery of additional costs through a rate proceeding.

Solid and Hazardous Waste. The Resource Conservation and Recovery Act of 1976 regulates the management and disposal of solid and hazardous wastes. We are required to notify the EPA of hazardous waste activity and, consequently, routinely submit reports to the EPA.

Coal Ash Management Facilities. Minnesota Power produces the majority of its coal ash at Boswell, with small amounts of ash generated at Hibbard Renewable Energy Center. Ash storage and disposal methods include storing ash in clay-lined onsite impoundments (ash ponds), disposing of dry ash in a lined dry ash landfill, applying ash to land as an approved beneficial use, and trucking ash to state permitted landfills.

NOTE 6. COMMITMENTS, GUARANTEES AND CONTINGENCIES (Continued)
Environmental Matters (Continued)

Boswell Ash Wastewater Spill. On August 12, 2024, Minnesota Power received a Notice of Violation (NOV) from the MPCA, related to the spill at Boswell from a pipeline carrying ash wastewater from an inactive onsite storage pond to Blackwater Creek, which the Company reported on July 16, 2024. Minnesota Power responded to the MPCA NOV, clarifying certain statements made by the MPCA, as well as providing a written report and required plans. We are awaiting a proposed Stipulation Agreement from the MPCA. Minnesota Power continues to work with state and federal agencies to evaluate and mitigate the impacts from this event. We are unable to predict the mitigation or other costs related to the ash wastewater spill at this time; however, the costs could be material.

Coal Combustion Residuals from Electric Utilities. In 2015, the EPA published a final rule (2015 Rule) regulating CCR as nonhazardous waste under Subtitle D of the Resource Conservation and Recovery Act (RCRA) in the Federal Register. The rule included additional requirements for new landfill and impoundment construction as well as closure activities related to certain existing impoundments. Costs of compliance for Boswell and Laskin are expected to be incurred primarily over the next 12 years and be between approximately $65 million and $120 million. Compliance costs for CCR at Taconite Harbor are not expected to be material. Minnesota Power would seek recovery of additional costs through a rate proceeding.

Minnesota Power continues to work on minimizing compliance costs through evaluation of beneficial re-use and recycling of CCR. In 2018, a U.S. District Court for the District of Columbia decision vacated specific provisions of the CCR rule, which resulted in a change to the status of existing clay-lined impoundments at Boswell being considered unlined. In September 2020, the EPA finalized the CCR Part A Rule, which required all unlined impoundments to cease disposal and initiate closure. Upon completion of dry ash conversion activities, Boswell ceased disposal in both impoundments in September 2022. Both impoundments are now inactive and have initiated closure.

On May 8, 2024, the EPA's final CCR Legacy Impoundment Rule was published in the Federal Register. The final rule expands the scope of units regulated under the CCR rule to include legacy ponds (inactive surface impoundments at inactive facilities) and creates a new category of units called CCR management units (CCRMU), which includes inactive and closed impoundments and landfills as well as other non-containerized accumulations of CCR. The final rule requires all regulated generating facilities to evaluate and identify past deposits of CCR materials on their sites and close or re-close existing CCR units to meet current closure standards, as well as install groundwater monitoring systems, conduct groundwater monitoring, and implement groundwater corrective actions as necessary. Additionally, the EPA finalized portions of the proposed CCR Part B Rule, which allows CCR units to certify closure while conducting groundwater remediation activities. Impacts to previously closed CCR units at Boswell and Laskin are anticipated. Compliance costs for Minnesota Power's Boswell and Laskin facilities are estimated to be between approximately $50 million and $85 million and are expected to be incurred over the next 10 years based on our preliminary assessment; however, we continue to evaluate the impact of the rule and these estimates may be revised in future periods. Minnesota Power is expected to seek recovery of these costs through a rate proceeding.

Additionally, the EPA released a proposed CCR Part B rulemaking in February 2020 addressing options for beneficial reuse of CCR materials, alternative liner demonstrations and other CCR regulatory revisions. Portions of the Part B rule addressing alternative liner equivalency standards were finalized in November 2020. A final rule establishing the remaining CCR beneficial reuse requirements is expected but has been moved to EPA's long term rulemakings, without a publication target date currently. According to its latest Unified Agenda, the EPA plans to publish the final CCR federal permit rule implementing a permitting program for tribal lands and nonparticipating states in October 2024.

Other Environmental Matters.

Manufactured Gas Plant Site. SWL&P has completed a portion of the remediation activities at a former manufactured gas plant site located in Superior, Wisconsin, and formerly operated by SWL&P. We continue working with the Wisconsin Department of Natural Resources on the remaining remediation at the site and surrounding properties. As of September 30, 2024, SWL&P has recorded a liability of approximately $1 million for remediation costs at this site. SWL&P has recorded the recovery of the remediation costs associated with the site as a regulatory asset as we expect recovery of these costs to be allowed by the PSCW.

NOTE 6. COMMITMENTS, GUARANTEES AND CONTINGENCIES (Continued)

Other Matters

Letters of Credit, Surety Bonds and Other Indemnifications.

We have multiple credit facility agreements in place that provide the ability to issue standby letters of credit to satisfy contractual security requirements across our businesses. As of September 30, 2024, we had $140.0 million of outstanding letters of credit issued, including those issued under our revolving credit facility, and $105.1 million in outstanding surety bonds. We do not believe it is likely that any of these outstanding letters of credit or surety bonds will be drawn upon.

In the second and third quarters of 2024, under the tax credit transferability provision of the Inflation Reduction Act, we entered into agreements with third parties to sell a portion of our renewable tax credits. ALLETE has indemnified the parties for the value of renewable tax credits sold to date of approximately $61.5 million.

Regulated Operations. As of September 30, 2024, we had $31.3 million outstanding in standby letters of credit and surety bonds at our Regulated Operations which are pledged as security to MISO, the NDPSC and state agencies.

ALLETE Clean Energy. ALLETE Clean Energy is party to PSAs that expire in various years between 2024 and 2039. As of September 30, 2024, ALLETE Clean Energy has $81.6 million outstanding in standby letters of credit and surety bonds, the majority of which are pledged as security under these PSAs.

Corporate and Other.

BNI Energy. As of September 30, 2024, BNI Energy had surety bonds outstanding of $82.4 million related to the reclamation liability for closing costs associated with its mine and mine facilities. Although its coal supply agreements obligate the customers to provide for the closing costs, additional assurance is required by federal and state regulations. BNI Energy's total reclamation liability is currently estimated at $82.1 million. BNI Energy does not believe it is likely that any of these outstanding surety bonds will be drawn upon.

Investment in Nobles 2. The Nobles 2 wind energy facility requires standby letters of credit as security for certain contractual obligations. As of September 30, 2024, ALLETE South Wind has $10.1 million outstanding in standby letters of credit, related to its portion of the security requirements relative to its ownership in Nobles 2.

South Shore Energy. As of September 30, 2024, South Shore Energy had $29.7 million outstanding in standby letters of credit pledged as security in connection with the development of NTEC.

New Energy. As of September 30, 2024, New Energy had surety bonds outstanding of $10.0 million related to the development of renewable energy projects.

Legal Proceedings.

We are involved in litigation arising in the normal course of business. Also in the normal course of business, we are involved in tax, regulatory and other governmental audits, inspections, investigations and other proceedings that involve state and federal taxes, safety, and compliance with regulations, rate base and cost of service issues, among other things. We do not expect the outcome of these matters to have a material effect on our financial position, results of operations or cash flows.

We have received a number of demand letters alleging that the disclosures contained in the preliminary proxy statement, as amended, and filed with the SEC in connection with a special meeting of shareholders to consider the Merger (Preliminary Proxy), were deficient and demanding that certain corrective disclosures be made. In addition, two complaints have been filed against ALLETE and its directors. The first was filed on July 1, 2024, in the U.S. District Court for the Southern District of New York, alleging violation of Sections 14(a) and 20(a) of the Securities Exchange Act of 1934, disclosure deficiency in the Preliminary Proxy, and seeking to enjoin the transaction until certain disclosures are corrected. On September 3, 2024, that complaint was voluntarily dismissed without prejudice. The second complaint was filed on August 6, 2024, in the New York State Supreme Court, alleging negligent misrepresentation and negligence related to alleged deficiencies in the Preliminary Proxy. That complaint has not been served on any defendant. The Company believes that the demand letters and remaining complaint are without merit.

NOTE 6. COMMITMENTS, GUARANTEES AND CONTINGENCIES (Continued)
Other Matters (Continued)

In the first quarter of 2023, an ALLETE Clean Energy subsidiary initiated arbitration proceedings seeking damages against a counterparty for non-performance under a contract. Arbitration hearings were held in June and July 2023, and a final arbitration ruling was issued in favor of ALLETE Clean Energy's subsidiary in September 2023. The final arbitration ruling awarded $68.3 million to ALLETE Clean Energy's subsidiary, which included prejudgment interest of $5.1 million, recovery of $3.6 million of arbitration-related costs, and resulted in the recognition of a $58.4 million pre-tax gain in the third quarter of 2023. The arbitration ruling also resulted in the receipt of approximately $60 million of cash, net of distribution to non-controlling interest, in the third quarter of 2023.

NOTE 7. EARNINGS PER SHARE AND COMMON STOCK

We compute basic earnings per share using the weighted average number of shares of common stock outstanding during each period. The difference between basic and diluted earnings per share, if any, arises from non-vested restricted stock units and performance share awards granted under our Executive Long-Term Incentive Compensation Plan.

Reconciliation of Basic and Diluted Earnings Per Share	2024 Basic	2024 Dilutive Securities	2024 Diluted	2023 Basic	2023 Dilutive Securities	2023 Diluted
Millions Except Per Share Amounts						
Quarter ended September 30,						
Net Income Attributable to ALLETE	$45.0		$45.0	$85.9		$85.9
Average Common Shares	57.8	0.1	57.9	57.4	0.1	57.5
Earnings Per Share	$0.78		$0.78	$1.50		$1.49
Nine Months Ended September 30,						
Net Income Attributable to ALLETE	$128.7		$128.7	$195.6		$195.6
Average Common Shares	57.7	0.1	57.8	57.3	0.1	57.4
Earnings Per Share	$2.23		$2.23	$3.41		$3.41

NOTE 8. INCOME TAX EXPENSE

	Quarter Ended September 30, 2024	Quarter Ended September 30, 2023	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Millions				
Current Income Tax Expense				
Federal *(a)*	$1.5	$4.0	$8.3	$12.6
State	0.6	1.1	7.2	6.5
Total Current Income Tax Expense	$2.1	$5.1	$15.5	$19.1
Deferred Income Tax Expense (Benefit)				
Federal *(b)*	$(2.7)	$5.2	$(12.7)	$(10.9)
State	3.6	9.1	6.1	12.5
Investment Tax Credit Amortization	(0.1)	(0.1)	(0.6)	(0.3)
Total Deferred Income Tax Expense (Benefit)	$0.8	$14.2	$(7.2)	$1.3
Total Income Tax Expense	$2.9	$19.3	$8.3	$20.4

(a) For the quarter and nine months ended September 30, 2024 and 2023, the federal current tax expense is partially offset by tax credits.
(b) For the quarter and nine months ended September 30, 2024, the federal deferred income tax benefit is primarily due to tax credits. For the nine months ended September 30, 2023, the federal deferred income tax benefit is primarily due to tax credits, partially offset by deferred partnership income. For quarter ended September 30, 2023, the federal deferred tax expense was due to deferred partnership income, partially offset by tax credits.

NOTE 8. INCOME TAX EXPENSE (Continued)

The Company's tax provision for interim periods is determined using an estimate of its annual effective tax rate, adjusted for discrete items arising in that quarter. In each quarter, the Company updates its estimate of the annual effective tax rate and if the estimated annual effective tax rate changes, the Company would make a cumulative adjustment in that quarter.

Reconciliation of Taxes from Federal Statutory Rate to Total Income Tax Expense	Quarter Ended September 30, 2024	Quarter Ended September 30, 2023	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Millions				
Income Before Income Taxes	$35.6	$88.9	$97.7	$168.3
Statutory Federal Income Tax Rate	21 %	21 %	21 %	21 %
Income Taxes Computed at Statutory Federal Rate	$7.5	$18.7	$20.5	$35.3
Increase (Decrease) in Income Tax Due to:				
State Income Taxes – Net of Federal Income Tax Benefit	3.4	8.0	10.5	15.0
Production Tax Credits *(a)*	(8.3)	(7.7)	(25.0)	(28.3)
Investment Tax Credits *(a)*	(0.4)	(1.6)	(1.6)	(5.2)
Regulatory Differences – Excess Deferred Tax	(2.0)	(2.3)	(7.7)	(7.5)
Non-Controlling Interest in Subsidiaries	2.4	3.0	7.6	8.9
AFUDC – Equity	(0.4)	—	(1.3)	—
Nondeductible Portion of Transaction Costs	0.7	—	4.0	—
Other	—	1.2	1.3	2.2
Total Income Tax Expense	$2.9	$19.3	$8.3	$20.4

(a) For the quarter and nine months ended September 30, 2024 and 2023, the credits are presented net of any estimated discount on the sale of certain credits.

For the nine months ended September 30, 2024, the effective tax rate was 8.5 percent (12.1 percent for the nine months ended September 30, 2023). The effective tax rates for 2024 and 2023 were primarily impacted by production tax credits.

Uncertain Tax Positions. As of September 30, 2024, we had gross unrecognized tax benefits of $1.1 million ($1.1 million as of December 31, 2023). Of the total gross unrecognized tax benefits, $0.6 million represents the amount of unrecognized tax benefits included on the Consolidated Balance Sheet that, if recognized, would favorably impact the effective income tax rate. The unrecognized tax benefit amounts have been presented as an increase to the net deferred tax liability on the Consolidated Balance Sheet.

ALLETE and its subsidiaries file a consolidated federal income tax return as well as combined and separate state income tax returns in various jurisdictions. ALLETE is currently under examination by the state of Minnesota for the tax years 2020 through 2022. ALLETE has no open federal audits and is no longer subject to federal examination for years before 2021 or state examination for years before 2020. Additionally, the statute of limitations related to the federal tax credit carryforwards will remain open until those credits are utilized in subsequent returns.

NOTE 9. PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS

Components of Net Periodic Benefit Cost (Credit)	Pension		Other Postretirement	
	2024	2023	2024	2023
Millions				
Quarter Ended September 30,				
Service Cost	$1.6	$1.7	$0.3	$0.6
Non-Service Cost Components *(a)*				
Interest Cost	9.7	10.2	1.0	1.6
Expected Return on Plan Assets	(11.2)	(10.9)	(2.7)	(2.9)
Amortization of Prior Service Credits	(0.1)	(0.1)	(2.9)	(1.8)
Amortization of Net Loss (Gain)	1.7	1.4	(0.8)	(0.6)
Net Periodic Benefit Cost (Credit)	$1.7	$2.3	$(5.1)	$(3.1)
Nine Months Ended September 30,				
Service Cost	$4.9	$4.9	$1.1	$1.7
Non-Service Cost Components *(a)*				
Interest Cost	29.0	30.4	2.9	4.6
Expected Return on Plan Assets	(33.6)	(32.8)	(8.3)	(8.5)
Amortization of Prior Service Credits	(0.1)	(0.1)	(8.7)	(5.3)
Amortization of Net Loss (Gain)	4.9	4.3	(2.4)	(1.7)
Net Periodic Benefit Cost (Credit)	$5.1	$6.7	$(15.4)	$(9.2)

(a) These components of net periodic benefit cost (credit) are included in the line item "Other" under Other Income (Expense) on the Consolidated Statement of Income.

Employer Contributions. For the nine months ended September 30, 2024, we contributed $25.0 million in cash to the defined benefit pension plans ($17.3 million for the nine months ended September 30, 2023); we do not expect to make additional contributions to our defined benefit pension plans in 2024. For the nine months ended September 30, 2024, and 2023, we made no contributions to our other postretirement benefit plans; we do not expect to make any contributions to our other postretirement benefit plans in 2024.

NOTE 10. BUSINESS SEGMENTS

We present two reportable segments: Regulated Operations and ALLETE Clean Energy. We measure performance of our operations through budgeting and monitoring of contributions to consolidated net income by each business segment.

Regulated Operations includes three operating segments which consist of our regulated utilities, Minnesota Power and SWL&P, as well as our investment in ATC. ALLETE Clean Energy is our business focused on developing, acquiring and operating clean and renewable energy projects. We also present Corporate and Other which includes New Energy, a renewable energy development company, BNI Energy, our coal mining operations in North Dakota, ALLETE Properties, our legacy Florida real estate investment, along with our investment in Nobles 2, South Shore Energy, our non-rate regulated, Wisconsin subsidiary developing NTEC, other business development and corporate expenditures, unallocated interest expense, a small amount of non-rate base generation, land holdings in Minnesota, and earnings on cash and investments.

NOTE 10. BUSINESS SEGMENTS (Continued)

	Quarter Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Millions				
Operating Revenue				
Regulated Operations				
Residential	$41.9	$37.9	$130.5	$123.3
Commercial	49.5	49.2	143.0	140.9
Municipal	9.2	8.7	25.6	25.2
Industrial	149.8	154.3	456.1	439.4
Other Power Suppliers	32.0	31.0	102.4	103.2
Other	28.1	33.2	71.0	87.1
Total Regulated Operations	310.5	314.3	928.6	919.1
ALLETE Clean Energy				
Long-term PSA	9.9	12.9	42.2	44.5
Sale of Wind Energy Facilities	22.9	—	22.9	348.4
Other	1.3	1.3	3.8	3.9
Total ALLETE Clean Energy	34.1	14.2	68.9	396.8
Corporate and Other				
Long-term Contract	26.7	24.6	79.4	74.0
Sale of Renewable Development Projects	29.2	20.8	68.7	73.2
Other	6.7	4.9	19.4	14.0
Total Corporate and Other	62.6	50.3	167.5	161.2
Total Operating Revenue	$407.2	$378.8	$1,165.0	$1,477.1
Net Income (Loss) Attributable to ALLETE				
Regulated Operations	$34.0	$34.0	$111.9	$112.4
ALLETE Clean Energy *(a)*	3.9	54.8	10.1	66.4
Corporate and Other *(b)*	7.1	(2.9)	6.7	16.8
Total Net Income Attributable to ALLETE	$45.0	$85.9	$128.7	$195.6

(a) Net income in 2023 includes a $44.3 million after-tax gain recognized for a favorable arbitration ruling. (See Note 6. Commitments, Guarantees and Contingencies.)
(b) Net income in 2023 includes a $3.8 million after-tax expense recognized for the consolidated income tax impact of the gain on arbitration. (See Note 6. Commitments, Guarantees and Contingencies.)

	September 30, 2024	December 31, 2023
Millions		
Assets		
Regulated Operations	$4,410.3	$4,335.0
ALLETE Clean Energy	1,581.6	1,594.1
Corporate and Other	745.3	727.3
Total Assets	$6,737.2	$6,656.4

NOTE 11. AGREEMENT AND PLAN OF MERGER

On May 5, 2024, ALLETE entered into the Merger Agreement. Pursuant to the Merger Agreement, on the terms and subject to the conditions set forth therein, Alloy Merger Sub will merge with and into ALLETE, with ALLETE continuing as the surviving corporation in the Merger and becoming a subsidiary of Alloy Parent.

On July 10, 2024, ALLETE filed a definitive proxy statement relating to the Merger Agreement and notice of a special meeting of the shareholders that was held on August 21, 2024, at which shareholders of ALLETE voted to approve and adopt the Merger Agreement, among other matters.

On July 19, 2024, the Company filed requests for approval of the Merger with the MPUC, PSCW and FERC. On October 7, 2024, the MPUC issued an order referring the docket to the Minnesota Office of Administrative Hearings for a contested case proceeding and requesting the Administrative Law Judge issue a report and recommendation by July 15, 2025. Approval of the Merger from these and other regulators is required for consummation of the Merger. The Company received approval from the Committee on Foreign Investment in the United States (CFIUS) and all required international approvals in the third quarter of 2024.

Subject to the terms and conditions set forth in the Merger Agreement, which has been unanimously approved by the board of directors of ALLETE as well as approved and adopted by the shareholders of ALLETE, at the effective time of the Merger (Effective Time), each share of common stock, without par value, of ALLETE (ALLETE common stock) issued and outstanding immediately prior to the Effective Time (other than shares of ALLETE common stock held by any holder who properly exercises dissenters' rights under Minnesota law in respect of such shares and any shares of ALLETE common stock held by an affiliate of Alloy Parent) shall be converted into the right to receive $67.00 in cash, without interest (Merger Consideration). The aggregate equity value of the ALLETE common stock acquired by Parent will be approximately $3.9 billion as calculated as of May 5, 2024.

In addition, at the Effective Time, each restricted stock unit (RSU) with respect to ALLETE common stock subject to time-based vesting that is outstanding immediately prior to the Effective Time will be cancelled and converted into a contingent right to receive an amount in cash, without interest, equal to the Merger Consideration, payable (i) in the case of such right converted from unvested RSUs, upon the same vesting conditions as applied to the corresponding RSU or (ii) in the case of such right converted from vested RSUs, as soon as reasonably practicable following the closing date of the Merger (the Closing Date). Each performance share award with respect to ALLETE common stock that is outstanding and unvested immediately prior to the Effective Time will be cancelled and converted into a right to receive, without interest, the Merger Consideration multiplied by the number of shares of ALLETE common stock subject to the award, determined based on attainment of the greater of target and actual performance as of the last business day immediately preceding the Closing Date. A pro rata portion (based on the elapsed portion of the performance period at that time) of the converted performance share awards will be paid out as soon as reasonably practicable following the Closing Date, with the remainder of the award being subject to time-vesting for the remainder of the applicable performance period. Further, purchase rights accumulated during the offering period in effect under the Company's ESPP immediately prior to closing will be automatically exercised into shares of ALLETE common stock no later than five business days prior to the Closing Date, and the ESPP will be terminated as of immediately prior to the Closing Date.

Consummation of the Merger is subject to various closing conditions, including: (1) approval of the shareholders of ALLETE; (2) receipt of all required regulatory approvals without the imposition of a Burdensome Condition (as defined in the Merger Agreement); (3) absence of any law or order prohibiting the consummation of the Merger; (4) subject to materiality qualifiers, the accuracy of each party's representations and warranties; (5) each party's compliance in all material respects with its obligations and covenants under the Merger Agreement; and (6) the absence of a material adverse effect with respect to the Company. The Merger Agreement contains certain termination rights for ALLETE and Alloy Parent, which were described in a Current Report of Form 8-K filed by ALLETE on May 6, 2024. In the Merger Agreement, among other things, ALLETE has agreed, subject to certain exceptions, to, and to cause each of its subsidiaries to conduct its business in the ordinary course, consistent with past practice, from the date of the Merger Agreement until the Effective Time, and not to take certain actions prior to the closing of the Merger without the prior written consent of Alloy Parent (which consent shall not be unreasonably withheld, conditioned or delayed, except where ALLETE seeks Alloy Parent's consent to enter into a material new line of business or cease operations of an existing material line of business). The Merger Agreement also provides that ALLETE may request that Alloy Parent purchase up to a total of $300 million of preferred stock of ALLETE in the second half of 2025, subject to certain parameters. If Alloy Parent declines to purchase the preferred stock, ALLETE will have the right to issue ALLETE common stock up to certain limits.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OVERVIEW

The following discussion should be read in conjunction with our Consolidated Financial Statements and notes to those statements, Management's Discussion and Analysis of Financial Condition and Results of Operations from our 2023 Form 10-K and the other financial information appearing elsewhere in this report. In addition to historical information, the following discussion and other parts of this Form 10-Q contain forward-looking information that involves risks and uncertainties. Readers are cautioned that forward-looking statements should be read in conjunction with our disclosures in this Form 10-Q and our 2023 Form 10-K under the headings: "Forward-Looking Statements" located on page 7 and "Risk Factors" located in Part I, Item 1A, beginning on page 25 of our 2023 Form 10-K. The risks and uncertainties described in this Form 10-Q and our 2023 Form 10-K are not the only risks facing our Company. Additional risks and uncertainties that we are not presently aware of, or that we currently consider immaterial, may also affect our business operations. Our business, financial condition or results of operations could suffer if the risks are realized.

On May 5, 2024, ALLETE entered into the Merger Agreement. (See Note 11. Agreement and Plan of Merger.)

Regulated Operations includes our regulated utilities, Minnesota Power and SWL&P, as well as our investment in ATC, a Wisconsin-based regulated utility that owns and maintains electric transmission assets in portions of Wisconsin, Michigan, Minnesota and Illinois. Minnesota Power provides regulated utility electric service in northeastern Minnesota to approximately 150,000 retail customers. Minnesota Power also has 14 non-affiliated municipal customers in Minnesota. SWL&P is a Wisconsin utility and a wholesale customer of Minnesota Power. SWL&P provides regulated utility electric, natural gas and water service in northwestern Wisconsin to approximately 15,000 electric customers, 13,000 natural gas customers and 10,000 water customers. Our regulated utility operations include retail and wholesale activities under the jurisdiction of state and federal regulatory authorities. (See Note 2. Regulatory Matters.)

ALLETE Clean Energy focuses on developing, acquiring, and operating clean and renewable energy projects. ALLETE Clean Energy currently owns and operates, in seven states, more than 1,200 MW of nameplate capacity wind energy generation with a majority contracted under PSAs of various durations. In addition, ALLETE Clean Energy also engages in the development of wind energy facilities to operate under long-term PSAs or for sale to others upon completion.

Corporate and Other is comprised of New Energy, a renewable development company; our investment in Nobles 2, an entity that owns and operates a 250 MW wind energy facility in southwestern Minnesota; South Shore Energy, our non-rate regulated, Wisconsin subsidiary developing NTEC, an approximately 600 MW proposed combined-cycle natural gas-fired generating facility; BNI Energy, our coal mining operations in North Dakota; ALLETE Properties, our legacy Florida real estate investment; other business development and corporate expenditures; unallocated interest expense; a small amount of non-rate base generation; land holdings in Minnesota; and earnings on cash and investments.

ALLETE is incorporated under the laws of Minnesota. Our corporate headquarters are in Duluth, Minnesota. Statistical information is presented as of September 30, 2024, unless otherwise indicated. All subsidiaries are wholly-owned unless otherwise specifically indicated. References in this report to "we," "us" and "our" are to ALLETE and its subsidiaries, collectively.

Financial Overview

The following net income discussion summarizes a comparison of the nine months ended September 30, 2024, to the nine months ended September 30, 2023.

Net income attributable to ALLETE for the nine months ended September 30, 2024, was $128.7 million, or $2.23 per diluted share, compared to $195.6 million, or $3.41 per diluted share, for the same period in 2023. Net income in 2024 includes transaction expenses of $19.5 million after-tax, or $0.34 per share, related to the Merger. (See Note 11. Agreement and Plan of Merger.) Net income in 2023 included a $40.5 million, or $0.71 per share, after-tax gain recognized for a favorable arbitration ruling involving a subsidiary of ALLETE Clean Energy. (See Note 6. Commitments, Guarantees and Contingencies.)

Regulated Operations net income attributable to ALLETE was $111.9 million for the nine months ended September 30, 2024, compared to $112.4 million for the same period in 2023. Net income at Minnesota Power was similar to 2023 reflecting the implementation of interim rates on January 1, 2024, net of reserves related to Minnesota Power's rate case settlement (see Note 2. Regulatory Matters), and higher transmission margins, which was partially offset by higher operating and maintenance, depreciation, and property tax expenses. Net income at SWL&P was lower than 2023 primarily due to higher operating and maintenance expenses. Our after-tax equity earnings in ATC were similar to 2023. (See Note 3. Equity Investments.)

ALLETE Clean Energy net income attributable to ALLETE was $10.1 million for the nine months ended September 30, 2024, compared to $66.4 million for the same period in 2023. Net income in 2024 includes a $3.5 million after-tax gain on the sale of the Whitetail wind project. Net income in 2023 included a $4.3 million after-tax gain on the sale of the Red Barn project as well as a $44.3 million after-tax gain recognized for a favorable arbitration ruling involving a subsidiary of ALLETE Clean Energy. (See Note 6. Commitments, Guarantees, and Contingencies.)

Corporate and Other net income attributable to ALLETE was $6.7 million for the nine months ended September 30, 2024, compared to net income of $16.8 million for the same period in 2023. Net income in 2024 includes transaction expenses of $19.5 million after-tax related to the Merger (See Note 11. Agreement and Plan of Merger), and also reflects lower earnings from Minnesota solar projects as investment tax credits were recognized in 2023 for the projects. Net income in 2023 reflects a $3.8 million after-tax expense for the consolidated income tax impact of the gain on the favorable arbitration ruling. Net income at New Energy was $23.4 million in 2024 compared to $12.0 million in 2023.

COMPARISON OF THE QUARTER ENDED SEPTEMBER 30, 2024 AND 2023

(See Note 10. Business Segments for financial results by segment.)

Regulated Operations

Quarter Ended September 30,	**2024**	**2023**
Millions		
Operating Revenue – Utility	$310.5	$314.3
Fuel, Purchased Power and Gas – Utility	117.2	125.6
Transmission Services – Utility	19.6	22.7
Operating and Maintenance	63.6	61.4
Depreciation and Amortization	52.2	44.9
Taxes Other than Income Taxes	12.4	12.3
Operating Income	45.5	47.4
Interest Expense	(16.7)	(16.2)
Equity Earnings	6.1	5.7
Other Income	4.1	2.8
Income Before Income Taxes	39.0	39.7
Income Tax Expense	5.0	5.7
Net Income Attributable to ALLETE	$34.0	$34.0

Operating Revenue – Utility decreased $3.8 million from 2023 primarily due to lower fuel adjustment cause recoveries, the timing of financial incentives compared to 2023, lower transmission revenue, and lower revenue from kWh sales. These increases were partially offset by the implementation of interim rate revenue, net of reserves, in 2024.

Fuel adjustment clause revenue decreased $7.6 million due to lower fuel and purchased power costs attributable to retail and municipal customers. (See *Fuel, Purchased Power and Gas – Utility.*)

Revenue from financial incentives decreased $2.2 million due to MPUC approval timing differences between 2024 and 2023. In 2023, a financial incentive of $2.2 million was recognized in the third quarter. Minnesota Power submitted its 2023 ECO annual filing on April 1, 2024, requesting a $2.2 million financial incentive which will be recognized upon approval by the MPUC.

COMPARISON OF THE QUARTER ENDED SEPTEMBER 30, 2024 AND 2023 (Continued)
Regulated Operations (Continued)

Transmission revenue decreased $1.5 million primarily due to lower MISO-related revenue.

Lower revenue from kWh sales decreased revenue by $1.5 million from 2023 reflecting lower sales to industrial customers, partially offset by higher sales to residential and municipal customers as well as other power suppliers. Sales to industrial customers decreased primarily due to lower sales to taconite customers.

Kilowatt-hours Sold			**Variance**	
Quarter Ended September 30,	**2024**	**2023**	**Quantity**	**%**
Millions				
Regulated Utility				
Retail and Municipal				
Residential	262	250	12	4.8 %
Commercial	354	355	(1)	(0.3)%
Industrial	1,715	1,742	(27)	(1.5)%
Municipal	120	112	8	7.1 %
Total Retail and Municipal	2,451	2,459	(8)	(0.3)%
Other Power Suppliers	616	526	90	17.1 %
Total Regulated Utility Kilowatt-hours Sold	3,067	2,985	82	2.7 %

Revenue from electric sales to taconite customers accounted for 32 percent of regulated operating revenue in 2024 (34 percent in 2023). Revenue from electric sales to paper, pulp and secondary wood product customers accounted for 5 percent of regulated operating revenue in 2024 (5 percent in 2023). Revenue from electric sales to pipelines and other industrial customers accounted for 11 percent of regulated operating revenue in 2024 (10 percent in 2023).

Interim retail rates for Minnesota Power, subject to refund, were approved by the MPUC and became effective January 1, 2024, resulting in revenue of $10.2 million, net of reserves related to Minnesota Power's rate case settlement and rider revenue incorporated into base rates. (See Note 2. Regulatory Matters.)

Operating Expenses decreased $1.9 million, or 1 percent, from 2023.

Fuel, Purchased Power and Gas – Utility expense decreased $8.4 million from 2023 primarily due to lower purchased power prices.

Transmission Services – Utility expense decreased $3.1 million from 2023 primarily due to lower MISO-related expense.

Operating and Maintenance expense increased $2.2 million, or 4 percent, from 2023 primarily due to higher salaries and wages, and higher contract and professional services.

Depreciation and Amortization expense increased $7.3 million, or 16 percent, from 2023 reflecting the impact of estimated compliance costs related to the EPA's CCR Legacy Impoundment Rule finalized in May 2024 and a higher plant in service balance in 2024.

Other Income increased $1.3 million from 2023 reflecting lower pension and other postretirement benefit plan non-service costs.

COMPARISON OF THE QUARTER ENDED SEPTEMBER 30, 2024 AND 2023 (Continued)
ALLETE Clean Energy

Quarter Ended September 30,	2024	2023
Millions		
Operating Revenue		
Contracts with Customers – Non-utility	$32.8	$12.9
Other – Non-utility *(a)*	1.3	1.3
Cost of Sales – Non-utility	18.3	—
Operating and Maintenance	12.3	10.6
Depreciation and Amortization	14.4	14.4
Taxes Other than Income Taxes	2.2	2.6
Operating Loss	(13.1)	(13.4)
Interest Expense	—	(0.2)
Other Income	2.0	65.2
Income (Loss) Before Income Taxes	(11.1)	51.6
Income Tax Expense (Benefit)	(4.8)	11.7
Net Income (Loss)	(6.3)	39.9
Net Loss Attributable to Non-Controlling Interest	(10.2)	(14.9)
Net Income Attributable to ALLETE	$3.9	$54.8

(a) Represents non-cash amortization of differences between contract prices and estimated market prices on assumed PSAs.

Operating Revenue increased $19.9 million compared to 2023 primarily due to the sale of ALLETE Clean Energy's Whitetail wind project in 2024.

	Quarter Ended September 30,			
	2024		2023	
Production and Operating Revenue	**kWh**	**Revenue**	**kWh**	**Revenue**
Millions				
Wind Energy Regions				
East	34.5	$3.0	31.4	$2.9
Midwest	88.7	3.7	89.5	3.6
South	360.3	1.6	392.5	5.0
West	156.5	2.9	142.3	2.7
Sale of Wind Energy Facility	—	22.9	—	—
Total Production and Operating Revenue	640.0	$34.1	655.7	$14.2

Cost of Sales – Non-utility increased $18.3 million from 2023 reflecting the sale of ALLETE Clean Energy's Whitetail wind project in 2024.

Operating and Maintenance expense increased $1.7 million from 2023 primarily due to higher contract and professional services reflecting the recovery in 2023 of $3.6 million for arbitration-related costs incurred that were awarded as part of a favorable arbitration ruling involving a subsidiary of ALLETE Clean Energy. (See Note 6. Commitments, Guarantees and Contingencies.)

Other Income decreased $63.2 million from 2023 reflecting the $58.4 million gain recognized for a favorable arbitration ruling in 2023 involving a subsidiary of ALLETE Clean Energy and higher interest income related to $5.1 million of interest awarded as part of the favorable arbitration ruling. (See Note 6. Commitments, Guarantees, and Contingencies.)

Income Tax Benefit decreased $16.5 million from 2023 primarily due to lower pre-tax income.

Net Loss Attributable to Non-Controlling Interest decreased $4.7 million from 2023 reflecting lower wind resources at our tax equity financed wind energy facilities. This decrease was partially offset by a higher production tax credit rate, as determined by the Internal Revenue Service, in 2024 compared to 2023.

COMPARISON OF THE QUARTER ENDED SEPTEMBER 30, 2024 AND 2023 (Continued)
Corporate and Other

Operating Revenue increased $12.3 million, or 24 percent, from 2023 primarily due to higher revenue from sales of renewable energy projects at New Energy in 2024 compared to 2023 reflecting the timing of project closings.

Net Income Attributable to ALLETE of $7.1 million in 2024 compared to net loss of $2.9 million in 2023. Net income in 2024 includes higher sales of renewable energy projects at New Energy in 2024 compared to 2023, partially offset by lower earnings from Minnesota solar projects as investment tax credits were recognized in 2023 for the projects and transaction expenses of $3.8 million after-tax related to the Merger. (See Note 11. Agreement and Plan of Merger). Net loss in 2023 also includes a $3.8 million after-tax expense for the consolidated income tax impact of the gain on the favorable arbitration ruling. Net income at New Energy was $11.7 million in 2024 compared to $0.5 million in 2023.

Income Taxes – Consolidated

For the quarter ended September 30, 2024, the effective tax rate was an expense of 8.1 percent (expense of 21.7 percent for the quarter ended September 30, 2023). The lower effective tax rate is primarily due to lower pre-tax income.

We expect our annual effective tax rate in 2024 to be lower than 2023 primarily due to lower estimated pre-tax income. The estimated annual effective tax rate can differ from what a quarterly effective tax rate would otherwise be on a standalone basis, and this may cause quarter to quarter differences in the timing of income taxes. (See Note 8. Income Tax Expense.)

COMPARISON OF THE NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023

(See Note 10. Business Segments for financial results by segment.)

Regulated Operations

Nine Months Ended September 30,	2024	2023
Millions		
Operating Revenue – Utility	$928.6	$919.1
Fuel, Purchased Power and Gas – Utility	358.9	351.8
Transmission Services – Utility	43.9	66.3
Operating and Maintenance	197.1	184.8
Depreciation and Amortization	145.4	134.0
Taxes Other than Income Taxes	41.8	33.8
Operating Income	141.5	148.4
Interest Expense	(49.0)	(47.9)
Equity Earnings	17.8	17.3
Other Income	15.3	7.9
Income Before Income Taxes	125.6	125.7
Income Tax Expense	13.7	13.3
Net Income Attributable to ALLETE	$111.9	$112.4

Operating Revenue – Utility increased $9.5 million from 2023 primarily due to the implementation of interim rates on January 1, 2024, and higher fuel adjustment clause recoveries. These increases were partially offset by lower transmission revenue, kWh sales, gas sales and the timing of financial incentives compared to 2023.

Interim retail rates for Minnesota Power, subject to refund, were approved by the MPUC and became effective January 1, 2024, resulting in revenue of $30.9 million, net of reserves related to Minnesota Power's rate case settlement and rider revenue incorporated into base rates. (See Note 2. Regulatory Matters.)

Fuel adjustment clause revenue increased $6.2 million due to higher fuel and purchased power costs attributable to retail and municipal customers. (See *Fuel, Purchased Power and Gas – Utility.*)

COMPARISON OF THE NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023 (Continued)
Regulated Operations (Continued)

Transmission revenue decreased $11.7 million primarily due to lower MISO-related revenue. Transmission revenue in 2024 included the refund of MISO transmission payments that were over collected during 2023. (See *Transmission Services – Utility).*

Lower kWh sales decreased revenue by $5.4 million from 2023 reflecting lower sales to residential and commercial customers as well as lower sales to other power suppliers, partially offset by higher sales to industrial customers. Sales to residential and commercial customers decreased from 2023 primarily due to milder weather in 2024 compared to 2023. Sales to other power suppliers, which are sold at market-based prices into the MISO market on a daily basis or through PSAs of various durations, decreased reflecting fewer market sales, partially offset by higher market prices in 2024 compared to 2023. Sales to industrial customers increased primarily due to higher sales to paper, pulp and secondary wood product customers and taconite customers reflecting Cliffs' Northshore mine operating in 2024 compared to being idled in the first quarter of 2023.

Kilowatt-hours Sold			**Variance**	
Nine Months Ended September 30,	**2024**	**2023**	**Quantity**	**%**
Millions				
Regulated Utility				
Retail and Municipal				
Residential	793	812	(19)	(2.3)%
Commercial	999	1,022	(23)	(2.3)%
Industrial	5,242	5,178	64	1.2 %
Municipal	350	350	—	— %
Total Retail and Municipal	7,384	7,362	22	0.3 %
Other Power Suppliers	1,952	2,008	(56)	(2.8)%
Total Regulated Utility Kilowatt-hours Sold	9,336	9,370	(34)	(0.4)%

Revenue from electric sales to taconite customers accounted for 33 percent of regulated operating revenue in 2024 (32 percent in 2023). Revenue from electric sales to paper, pulp and secondary wood product customers accounted for 5 percent of regulated operating revenue in 2024 (5 percent in 2023). Revenue from electric sales to pipelines and other industrial customers accounted for 11 percent of regulated operating revenue in 2024 (11 percent in 2023).

Revenue from gas sales at SWL&P decreased $4.5 million reflecting fewer gas sales resulting from warmer winter weather and lower gas prices in 2024 compared to 2023. (See *Fuel, Purchased Power and Gas – Utility*.)

Revenue from financial incentives decreased $2.2 million due to MPUC approval timing differences between 2024 and 2023. In 2023, a financial incentive of $2.2 million was recognized in the third quarter. Minnesota Power submitted its 2023 ECO annual filing on April 1, 2024, requesting a $2.2 million financial incentive which will be recognized upon approval by the MPUC.

Operating Expenses increased $16.4 million, or 2 percent, from 2023.

Fuel, Purchased Power and Gas – Utility expense increased $7.1 million, or 2 percent, from 2023 primarily due to higher purchased power prices and fuel costs. These increases were partially offset by lower kWh sales as well as lower gas sales and prices.

Transmission Services – Utility expense decreased $22.4 million, or 34 percent, from 2023 primarily due to lower MISO-related expense. Transmission Services – Utility expense in 2024 included the refund of MISO transmission payments that were over billed during 2023. (See *Operating Revenue – Utility).*

Operating and Maintenance expense increased $12.3 million, or 7 percent, from 2023 primarily due to higher salaries and wages, benefit costs, and contract and professional services.

COMPARISON OF THE NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023 (Continued)
Regulated Operations (Continued)

Depreciation and Amortization expense increased $11.4 million, or 9 percent, from 2023 primarily due to the impact of estimated compliance costs related to the EPA's CCR Legacy Impoundment Rule finalized in May 2024 and a higher plant in service balance in 2024.

Taxes Other than Income Taxes increased $8.0 million, or 24 percent, from 2023 primarily due to higher property tax expense. Property tax expense in 2023 included the favorable impact of an updated estimate for 2022 property tax expense recorded in 2023.

Other Income increased $7.4 million from 2023 reflecting lower pension and other postretirement benefit plan non-service costs.

ALLETE Clean Energy

Nine Months Ended September 30,	**2024**	**2023**
Millions		
Operating Revenue		
Contracts with Customers – Non-utility	$65.1	$392.9
Other – Non-utility *(a)*	3.8	3.9
Cost of Sales – Non-utility	18.3	342.3
Operating and Maintenance	37.5	39.2
Depreciation and Amortization	43.2	43.1
Taxes Other than Income Taxes	6.7	7.4
Operating Loss	(36.8)	(35.2)
Interest Expense	(0.2)	(0.7)
Other Income	5.4	66.4
Income (Loss) Before Income Taxes	(31.6)	30.5
Income Tax Expense (Benefit)	(13.3)	4.5
Net Income (Loss)	(18.3)	26.0
Net Loss Attributable to Non-Controlling Interest	(28.4)	(40.4)
Net Income Attributable to ALLETE	$10.1	$66.4

(a) Represents non-cash amortization of differences between contract prices and estimated market prices on assumed PSAs.

Operating Revenue decreased $327.9 million from 2023 primarily due to the sales of ALLETE Clean Energy's Northern Wind and Red Barn projects in 2023, partially offset by the sale of ALLETE Clean Energy's Whitetail wind project in 2024. In addition, operating revenue in 2024 was negatively impacted by a network outage located near Caddo. The network outage began in the fourth quarter of 2023 resulting from a forced outage of a substation and the transmission lines feeding that substation. This forced outage increased congestion experienced by Caddo resulting in lower kWh sales and pricing. The forced outage was resolved in June 2024. (See Outlook - ALLETE Clean Energy.)

	Nine Months Ended September 30,			
	2024		**2023**	
Production and Operating Revenue	**kWh**	**Revenue**	**kWh**	**Revenue**
Millions				
Wind Energy Regions				
East	161.3	$14.8	152.6	$14.8
Midwest	400.7	13.8	393.4	13.1
South	962.8	6.9	1,389.1	10.9
West	554.3	10.5	495.4	9.6
Sale of Wind Energy Facility	—	22.9	—	348.4
Total Production and Operating Revenue	2,079.1	$68.9	2,430.5	$396.8

Cost of Sales – Non-utility decreased $324.0 million from 2023 primarily due to the sales of ALLETE Clean Energy's Northern Wind and Red Barn projects, partially offset by the sale of ALLETE Clean Energy's Whitetail wind project.

Operating and Maintenance expense decreased $1.7 million from 2023 primarily due to business interruption insurance proceeds at Diamond Spring in 2024 related to a transformer outage in the first half of 2024.

Other Income decreased $61.0 million from 2023 primarily due to a $58.4 million gain recognized for a favorable arbitration ruling in 2023 involving a subsidiary of ALLETE Clean Energy and higher interest income related to $5.1 million of interest awarded as part of the favorable arbitration ruling. (See Note 6. Commitments, Guarantees, and Contingencies.)

Income Tax Benefit increased $17.8 million from 2023 primarily due to lower pre-tax income.

Net Loss Attributable to Non-Controlling Interest decreased $12.0 million from 2023 reflecting lower availability at ALLETE Clean Energy's tax equity financed wind energy facilities resulting from the impacts of a network outage near Caddo and a transformer outage at Diamond Spring. This decrease was partially offset by a higher production tax credit rate, as determined by the Internal Revenue Service, in 2024 compared to 2023.

Corporate and Other

Operating Revenue increased $6.3 million, or 4 percent, from 2023 primarily due to higher revenue at BNI Energy, which operates under cost-plus fixed fee contracts, as a result of higher expenses in 2024 compared to 2023.

Net Income Attributable to ALLETE was $6.7 million in 2024 compared to net income of $16.8 million in 2023. Net income in 2024 includes higher sales of renewable energy projects at New Energy in 2024 compared to 2023, partially offset by lower earnings from Minnesota solar projects as investment tax credits were recognized in 2023 for the projects and transaction expenses of $19.5 million after-tax related to the Merger (See Note 11. Agreement and Plan of Merger). The net income in 2023 also reflects a $3.8 million after tax-expense for the consolidated income tax impact of the gain on the favorable arbitration ruling. Net income at New Energy was $23.4 million in 2024 compared to $12.0 million in 2023.

Income Taxes – Consolidated

For the nine months ended September 30, 2024, the effective tax rate was an expense of 8.5 percent (12.1 percent for the nine months ended September 30, 2023). The lower effective tax rate for 2024 is primarily due to lower pre-tax income.

We expect our annual effective tax rate in 2024 to be lower than 2023 primarily due to lower estimated pre-tax income. The estimated annual effective tax rate can differ from what a quarterly effective tax rate would otherwise be on a standalone basis, and this may cause quarter to quarter differences in the timing of income taxes. (See Note 8. Income Tax Expense.)

CRITICAL ACCOUNTING POLICIES

Certain accounting measurements under GAAP involve management's judgment about subjective factors and estimates, the effects of which are inherently uncertain. Accounting measurements that we believe are most critical to our reported results of operations and financial condition include: regulatory accounting, pension and postretirement health and life actuarial assumptions, goodwill, impairment of long-lived assets, and taxation. These policies are reviewed with the Audit Committee of our Board of Directors on a regular basis and summarized in Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations of our 2023 Form 10-K.

OUTLOOK

For additional information see our 2023 Form 10-K.

On May 5, 2024, ALLETE entered into the Merger Agreement. (See Note 11. Agreement and Plan of Merger.) As a result of the Merger, transaction costs are expected to be material in 2024.

ALLETE is an energy company committed to earning a financial return that rewards our shareholders, allows for reinvestment in our businesses, and sustains growth. The Company has a long-term objective of achieving consolidated earnings per share growth within a range of 5 percent to 7 percent.

ALLETE is predominately a regulated utility through Minnesota Power, SWL&P, and an investment in ATC. ALLETE's strategy is to remain predominately a regulated utility while investing in ALLETE Clean Energy and New Energy and its Corporate and Other businesses to complement its regulated businesses, balance exposure to the utility's industrial customers, and provide potential long-term earnings growth. ALLETE expects net income from Regulated Operations to be approximately 75 percent of total consolidated net income in 2024. ALLETE expects its businesses to generally provide regulated, contracted or recurring revenues, and to support sustained growth in net income and cash flow.

Minnesota Carbon-Free Legislation. On February 7, 2023, the Minnesota Governor signed into law legislation that updates the state's renewable energy standard and requires Minnesota electric utilities to source retail sales with 100 percent carbon-free energy by 2040. The law increases the renewable energy standard from 25 percent renewable by 2025 to 55 percent renewable by 2035, and requires investor-owned Minnesota utilities to provide 80 percent carbon-free energy by 2030, 90 percent carbon-free energy by 2035 and 100 percent carbon-free energy by 2040. The law utilizes renewable energy credits as the means to demonstrate compliance with both the carbon-free and renewable standards, includes an off-ramp provision that enables the MPUC to protect reliability and customer costs through modification or delay of either the renewable energy standard, the carbon-free standard, or both, and streamlines development and construction of wind energy projects and transmission in Minnesota. The Company is evaluating the law to identify challenges and opportunities it could present.

Regulated Operations. Minnesota Power's long-term strategy is to be the leading electric energy provider in northeastern Minnesota by providing safe, reliable and cost-competitive electric energy, while complying with environmental permit conditions and renewable energy requirements. Keeping the cost of energy production competitive enables Minnesota Power to effectively compete in the wholesale power markets and minimizes retail rate increases to help maintain customer viability. As part of maintaining cost competitiveness, Minnesota Power intends to reduce its exposure to possible future carbon and GHG legislation by reshaping its generation portfolio, over time, to reduce its reliance on coal. In 2021, Minnesota Power announced its vision of delivering 100 percent carbon-free energy by 2050. We will monitor and review proposed environmental regulations and may challenge those that add considerable cost with limited environmental benefit. Minnesota Power will continue to pursue customer growth opportunities and cost recovery rider approvals for transmission, renewable and environmental investments, as well as work with regulators to earn a fair rate of return.

2024 Minnesota General Rate Case. On November 1, 2023, Minnesota Power filed a retail rate increase request with the MPUC seeking an average increase of approximately 12.00 percent for retail customers, net of rider revenue incorporated into base rates. The rate filing seeks a return on equity of 10.30 percent and a 53.00 percent equity ratio. On an annualized basis, the requested final rate increase would generate approximately $89 million in additional revenue. In separate orders dated December 19, 2023, the MPUC accepted the filing as complete and approved an annual interim rate increase of approximately $64 million, net of rider revenue, beginning January 1, 2024, subject to refund.

On May 3, 2024, Minnesota Power entered into a settlement agreement with the Minnesota Department of Commerce, Minnesota Office of the Attorney General, Residential Utilities Division, and Large Power Intervenors to settle the retail rate increase request. As part of the settlement agreement, the parties agreed on all issues, including an overall rate increase of $33.97 million, net of rider revenue and amounts transferring to the fuel adjustment clause, a return on equity of 9.78 percent, all non-financial items and cost allocation. At a hearing on October 24, 2024, the MPUC approved the settlement agreement. Final rates are expected to be implemented in the first quarter of 2025; interim rates will be collected through this period with reserves recorded as necessary. As a result of the settlement, Minnesota Power recorded a reserve for an interim rate refund of $17.0 million pre-tax as of September 30, 2024, which is subject to MPUC approval of Minnesota Power's refund calculation.

OUTLOOK (Continued)
Regulated Operations (Continued)

2024 Wisconsin General Rate Case. On March 29, 2024, SWL&P filed a rate increase request for its electric, gas and water utilities with the PSCW. The filing seeks an overall return on equity of 10.00 percent and a 55.00 percent equity ratio. On an annualized basis, the requested change would increase revenue by approximately 5.90 percent for retail customers and generate an estimated $7.3 million of additional revenue. The change to SWL&P customers' rates will be determined by the PSCW later this year. Any rate adjustments are anticipated to become effective in January 2025. We cannot predict the level of final rates that may be authorized by the PSCW.

Solar Energy Request For Proposals. On October 2, 2023, Minnesota Power filed a notice with the MPUC of its intent to issue a request for proposals for up to 300 MW of solar energy resources. Minnesota Power issued the request for proposals on November 15, 2023, which were accepted through January 17, 2024. On September 23, 2024, Minnesota Power announced plans to build an 85 MW solar project and a 119.5 MW solar project in Northern Minnesota, both of which are expected to be in service in mid-2027 subject to MPUC approval.

Wind Energy Request For Proposals. On December 15, 2023, Minnesota Power filed a notice with the MPUC of its intent to issue a request for proposals for up to 400 MW of wind energy resources. Minnesota Power issued the request for proposals on February 15, 2024, which were accepted through April 11, 2024. The proposals are currently being evaluated.

Industrial Customers.

Industrial Customers. Electric power is one of several key inputs in the taconite mining, paper, pulp and secondary wood products, pipeline and other industries. Approximately 56 percent of our regulated utility kWh sales in the nine months ended September 30, 2024, were made to our industrial customers (55 percent in the nine months ended September 30, 2023).

<u>Taconite</u>.

<u>USS Corporation</u>. USS Corporation's Minntac and Keetac plants are large power industrial customers of Minnesota Power. These plants have the combined capability to produce approximately 22 million tons of iron ore pellets annually which includes 4 million tons of direct-reduced grade pellets.

On December 18, 2023, USS Corporation announced it entered into a definitive agreement in which Nippon Steel will acquire all of the shares of USS Corporation. On April 12, 2024, USS Corporation shareholders approved the proposed acquisition. USS Corporation expects the transaction to close in the second half of 2024, subject to regulatory approvals, at which time USS Corporation stated it will continue to operate under the U.S. Steel brand name and will maintain its headquarters in Pittsburgh, Pennsylvania.

<u>Paper, Pulp and Secondary Wood Products</u>.

<u>Sofidel</u>. ST Paper, a former Large Power Customer of Minnesota Power, announced on January 3, 2024, that it had entered into an agreement to sell the Duluth Mill to Sofidel, a privately held Italian multinational company that is currently the seventh largest manufacturer of tissue paper in the world. Sofidel completed the acquisition of the Duluth Mill in the first quarter of 2024. In the third quarter of 2024, Sofidel announced plans to invest between $200 million and $250 million to add a conversion facility and automated warehouse to the tissue plant.

Transmission.

Investment in ATC. ATC's most recent 10-year transmission assessment, which covers the years 2023 through 2032, identifies a need for between $6.6 billion and $8.1 billion in transmission system investments. These investments by ATC, if undertaken, are expected to be funded through a combination of internally generated cash, debt and investor contributions. As opportunities arise, we plan to make additional investments in ATC through general capital calls based upon our pro rata ownership interest in ATC.

OUTLOOK (Continued)
Transmission (Continued)

North Plains Connector Development Agreement. In December 2023, ALLETE and Grid United LLC, an independent transmission company, signed development agreements for the North Plains Connector project. The project is a new, approximately 400-mile high-voltage direct-current (HVDC) transmission line from central North Dakota, to Colstrip, Montana that will be the first transmission connection between three regional U.S. electric energy markets: MISO, the Western Interconnection and the Southwest Power Pool. This new link, open to all sources of electric generation, would create 3,000 MW of transfer capacity between the middle of the country and the West Coast, easing congestion on the transmission system, increasing resiliency and reliability in all three energy markets, and enabling fast sharing of renewable energy across a vast area with diverse weather patterns. The project capital cost is expected to be approximately $3.2 billion. On August 6, 2024, the U.S. Department of Energy awarded a $700 million grant to the project. ALLETE expects to pursue up to 35 percent ownership and would oversee the line's operation. The companies began project permitting in 2023 as they work toward a planned in-service date as early as 2032, pending regulatory and other necessary approvals.

Duluth Loop Reliability Project. In October 2021, Minnesota Power submitted an application for a certificate of need for the Duluth Loop Reliability Project. This transmission project was proposed to enhance reliability in and around Duluth, Minnesota. The project includes the construction of a new 115-kV transmission line; construction of an approximately one-mile extension of an existing 230-kV transmission line; and upgrades to several substations. A certificate of need was granted and a route permit was issued by the MPUC on April 3, 2023. The Duluth Loop Reliability Project is expected to be completed and in service by late 2026 to early 2027, with an estimated cost of $50 million to $70 million.

HVDC Transmission System Project. On June 1, 2023, Minnesota Power submitted an application for a certificate of need and route permit with the MPUC to replace aging critical infrastructure and modernize the terminal stations of its HVDC transmission line. On June 21, 2024, the administrative law judge issued a report containing recommendations to approve the certificate of need and route permit. On August 1, 2024, the MPUC approved the certificate of need and route permit. Minnesota Power uses the 465-mile, 250-kV HVDC transmission line that runs from Center, North Dakota, to Duluth, Minnesota, to transport wind energy from North Dakota while gradually phasing out coal-based electricity delivered to its system over this transmission line from Square Butte's lignite coal-fired generating unit. The HVDC transmission system project is expected to improve reliability of the transmission system, improve system resiliency, expand the operating capacity of the HVDC terminals, and replace critical infrastructure. Pending regulatory approvals in Minnesota and North Dakota, construction could begin as early as 2024, with an in-service date expected between 2028 and 2030. The project is estimated to cost between $800 million and $900 million. On October 18, 2023, the U.S. Department of Energy awarded a $50 million grant to Minnesota Power for this project, which will be used to prepare the HVDC transmission system for future expansion and help reduce project costs to customers. In addition, this project was awarded $15 million in state funding as part of an energy and climate budget bill passed by the Minnesota Legislature in 2023. Further, Minnesota Power's application to the Minnesota Department of Commerce (DOC) State Competitiveness Fund Match Program received notification the DOC is reserving $10 million as a cost share for the project. In total, Minnesota Power has been awarded $75 million in federal and state dollars in support of the project.

Northland Reliability Project. Minnesota Power and Great River Energy announced in July 2022 their intent to build a 150-mile, 345-kV transmission line, connecting northern Minnesota to central Minnesota to support continued reliability in the Upper Midwest. Great River Energy, a wholesale electric power cooperative, and Minnesota Power filed a Notice of Intent to Construct, Own and Maintain the transmission line with the MPUC in August 2022. This joint project is part of a portfolio of transmission projects approved in July 2022 by MISO as part of the first phase of its Long Range Transmission Plan. Planning for the approximately $970 million to $1,350 million transmission line is in its early stages with the route anticipated to generally follow existing rights of way in an established power line corridor. The MPUC will determine the final route as well as cost recovery for Minnesota Power's approximately 50 percent estimated share of the project. On August 4, 2023, Minnesota Power and Great River Energy submitted an application for a certificate of need and route permit with the MPUC. On May 10, 2024, the FERC approved Minnesota Power's request to recover on construction work in progress related to this project from Minnesota Power's wholesale customers. Subject to regulatory approvals, the transmission line is expected to be in service in 2030.

OUTLOOK (Continued)
Transmission (Continued)

Big Stone South Transmission Project. Northern States Power, Great River Energy, Minnesota Power, Otter Tail Power Company, and Missouri River Energy Resources (Project Developers) announced in July 2022 their intent to build a 150-mile, 345-kV transmission line to improve reliability in North Dakota and South Dakota, and western and central Minnesota. This joint project is part of a portfolio of transmission projects approved in July 2022 by MISO as part of the first phase of its Long Range Transmission Plan. A Notice of Intent to Construct, Own and Maintain the transmission line was filed with the MPUC in October 2022. On September 29, 2023, the Project Developers submitted an application for a certificate of need and route permit with the MPUC, which was approved on October 3, 2024. The project is in its early stages and is expected to cost between $600 million and $700 million. Minnesota Power has asset ownership in the Alexandria-Big Oaks portion of the project which does not require a route permit and will begin construction immediately following the October 3, 2024 Certificate of Need approval. Minnesota Power is a 16.5 percent owner of this portion of the project and will invest at this level for the entire portion of the project. On March 13, 2024, Minnesota Power submitted a filing with the FERC requesting to recover on construction work in progress related to this project from Minnesota Power’s wholesale customers. The Minnesota Power portion of this transmission line is expected to be in service in 2027.

ALLETE Clean Energy.

ALLETE Clean Energy will pursue growth through acquisitions or project development. ALLETE Clean Energy is targeting acquisitions of existing operating portfolios which have a mix of long-term PSAs in place and/or available for repowering and recontracting. Further, ALLETE Clean Energy will evaluate actions that will lead to the addition of complimentary clean energy products and services. At this time, ALLETE Clean Energy is focused on actions that will optimize its clean energy project portfolio of operating and development projects, which may include recontracting, repowering, entering into partnerships and divestitures along with continued acquisitions or development of new projects including wind, solar, energy storage or storage ready facilities across North America.

Starting in September 2023, a substation and the transmission lines feeding that substation located near Caddo, and operated by another party, experienced a forced outage. This forced outage increased congestion experienced by Caddo during the first half of 2024. The forced outage was resolved in June 2024.

Corporate and Other.

Corporate and Other includes New Energy, a renewable energy development company, BNI Energy, our coal mining operations in North Dakota and ALLETE Properties, our legacy Florida real estate investment, along with our investment in Nobles 2, South Shore Energy, our non-rate regulated, Wisconsin subsidiary developing NTEC, other business development and corporate expenditures, unallocated interest expense, a small amount of non-rate base generation, land in Minnesota, and earnings on cash and investments.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity Position. ALLETE is well-positioned to meet the Company’s liquidity needs. As of September 30, 2024, we had cash and cash equivalents of $101.9 million, $338.6 million in available consolidated lines of credit, 2.1 million original issue shares of common stock available for issuance through a distribution agreement with Lampert Capital Markets and a debt-to-capital ratio of 35 percent. Pursuant to the Merger Agreement, ALLETE has agreed, subject to certain exceptions, to, and to cause each of its subsidiaries to, conduct its business in the ordinary course, consistent with past practice, from the date of the Merger Agreement until the effective time of the Merger, and not to take certain actions prior to the closing of the Merger without the prior written consent of Alloy Parent (which consent shall not be unreasonably withheld, conditioned or delayed, except where ALLETE seeks Alloy Parent’s consent to enter into a material new line of business or cease operations of an existing material line of business). (See Note 11. Agreement and Plan of Merger.)

Capital Structure. ALLETE's capital structure is as follows:

	September 30, 2024	%	December 31, 2023	%
Millions				
ALLETE Equity	$2,831.2	54	$2,809.6	54
Non-Controlling Interest in Subsidiaries	560.7	11	597.0	11
Short-Term and Long-Term Debt *(a)*	1,794.4	35	1,799.4	35
Redeemable Non-Controlling Interest	0.7	—	0.5	—
	$5,187.0	100	$5,206.5	100

(a) Excludes unamortized debt issuance costs.

Cash Flows. Selected information from the Consolidated Statement of Cash Flows is as follows:

For the Nine Months Ended September 30,	2024	2023
Millions		
Cash, Cash Equivalents and Restricted Cash at Beginning of Period	$79.4	$40.2
Cash Flows provided by (used in)		
Operating Activities	367.3	520.0
Investing Activities	(219.9)	(200.6)
Financing Activities	(115.8)	(228.4)
Change in Cash, Cash Equivalents and Restricted Cash	31.6	91.0
Cash, Cash Equivalents and Restricted Cash at End of Period	$111.0	$131.2

Operating Activities. Cash provided by operating activities was lower in 2024 compared to 2023 reflecting cash proceeds from the sales of ALLETE Clean Energy's Northern Wind and Red Barn projects in 2023, higher cash contributions to defined benefit pension in 2024, and timing of recovery under Minnesota Power's fuel adjustment clause. These decreases were partially offset by proceeds from the sale of renewable tax credits in 2024.

Investing Activities. Cash used in investing activities was higher in 2024 compared to 2023 reflecting more payments for additions to property, plant and equipment compared to 2023, partially offset by cash grants received for our HVDC Transmission System Project in 2024. (See Outlook.)

Financing Activities. Cash used in financing activities in 2024 reflected higher repayments of long-term debt in 2024, partially offset by higher proceeds from the issuance of long-term debt compared to 2023.

Working Capital. Additional working capital, if and when needed, generally is provided by consolidated bank lines of credit and the issuance of securities, including long-term debt, common stock and commercial paper. As of September 30, 2024, we had consolidated bank lines of credit aggregating $362.0 million ($423.1 million as of December 31, 2023), the majority of which expire in January 2027. (See Note 5. Short-Term and Long-Term Debt.) We had $23.4 million outstanding in standby letters of credit and no outstanding draws under our lines of credit as of September 30, 2024 ($19.4 million in standby letters of credit and $34.1 million outstanding draws on our lines of credit as of December 31, 2023). As of September 30, 2024, we also had $116.7 million outstanding in standby letters of credit under other credit facility agreements.

In addition, as of September 30, 2024, we had 2.5 million original issue shares of our common stock available for issuance through Invest Direct, our direct stock purchase and dividend reinvestment plan, and 2.1 million original issue shares of common stock available for issuance through a distribution agreement with Lampert Capital Markets. (See *Securities*.) The amount and timing of future sales of our securities will depend upon market conditions and our specific needs.

Securities. During the nine months ended September 30, 2024, we issued 0.3 million shares of common stock through Invest Direct, ESPP, and RSOP, resulting in net proceeds of $9.9 million (0.2 million shares were issued for the nine months ended September 30, 2023, resulting in net proceeds of $11.4 million).

Financial Covenants. See Note 5. Short-Term and Long-Term Debt for information regarding our financial covenants.

LIQUIDITY AND CAPITAL RESOURCES (Continued)

Pension and Other Postretirement Benefit Plans. Management considers various factors when making funding decisions, such as regulatory requirements, actuarially determined minimum contribution requirements and contributions required to avoid benefit restrictions for the defined benefit pension plans. (See Note 9. Pension and Other Postretirement Benefit Plans.)

Off-Balance Sheet Arrangements. Off-balance sheet arrangements are summarized in our 2023 Form 10-K, with additional disclosure in Note 6. Commitments, Guarantees and Contingencies.

Credit Ratings. Access to reasonably priced capital markets is dependent in part on credit and ratings. Our securities have been rated by S&P Global Ratings and by Moody's. Rating agencies use both quantitative and qualitative measures in determining a company's credit rating. These measures include business risk, liquidity risk, competitive position, capital mix, financial condition, predictability of cash flows, management strength and future direction. Some of the quantitative measures can be analyzed through a few key financial ratios, while the qualitative ones are more subjective. Our current credit ratings are listed in the following table:

Credit Ratings	S&P Global Ratings *(a)*	Moody's
Issuer Credit Rating	BBB	Baa1
Commercial Paper	A-2	P-2
First Mortgage Bonds	*(b)*	A2

(a) On May 7, 2024, S&P Global Ratings revised its outlook on ALLETE to negative from stable and affirmed all of its ratings on ALLETE. S&P Global Ratings cited the possibility for higher leverage and weaker financial measures because of the Merger as its rationale for issuing the negative outlook.
(b) Not rated by S&P Global Ratings.

The disclosure of these credit ratings is not a recommendation to buy, sell or hold our securities. Ratings are subject to revision or withdrawal at any time by the assigning rating organization. Each rating should be evaluated independently of any other rating.

Capital Requirements. For the nine months ended September 30, 2024, capital expenditures totaled $229.5 million ($182.0 million for the nine months ended September 30, 2023). The expenditures were primarily made in the Regulated Operations segment.

OTHER

Environmental Matters.

Our businesses are subject to regulation of environmental matters by various federal, state and local authorities. A number of regulatory changes to the Clean Air Act, the Clean Water Act and various waste management requirements have been promulgated by both the EPA and state authorities over the past several years. Minnesota Power's facilities are subject to additional requirements under many of these regulations. Minnesota Power is reshaping its generation portfolio, over time, to reduce its reliance on coal, has installed cost-effective emission control technology, and advocates for sound science and policy during rulemaking implementation. (See Note 6. Commitments, Guarantees and Contingencies.)

Employees.

As of September 30, 2024, ALLETE had 1,622 employees, of which 1,564 were full-time.

Minnesota Power and SWL&P have an aggregate of 490 employees covered under collective bargaining agreements, of which most are members of International Brotherhood of Electrical Workers (IBEW) Local 31. The current labor agreements with IBEW Local 31 expire on April 30, 2026, for Minnesota Power and January 31, 2027, for SWL&P.

BNI Energy has 181 employees, of which 131 are subject to a labor agreement with IBEW Local 1593. The current labor agreement with IBEW Local 1593 expires on March 31, 2026.

NEW ACCOUNTING PRONOUNCEMENTS

New accounting pronouncements are discussed in Note 1. Operations and Significant Accounting Policies.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

SECURITIES INVESTMENTS

Available-for-Sale Securities. As of September 30, 2024, our available-for-sale securities portfolio consisted primarily of securities held in other postretirement plans to fund employee benefits.

COMMODITY PRICE RISK

Our regulated utility operations incur costs for power and fuel (primarily coal and related transportation) in Minnesota, and power and natural gas purchased for resale in our regulated service territory in Wisconsin. Minnesota Power's exposure to price risk for these commodities is significantly mitigated by the current ratemaking process and regulatory framework, which allows recovery of fuel costs in excess of those included in base rates or distribution of savings in fuel costs to ratepayers. SWL&P's exposure to price risk for natural gas is significantly mitigated by the current ratemaking process and regulatory framework, which allows the commodity cost to be passed through to customers. We seek to prudently manage our customers' exposure to price risk by entering into contracts of various durations and terms for the purchase of power and coal and related transportation costs (Minnesota Power), and natural gas (SWL&P).

POWER MARKETING

Minnesota Power's power marketing activities consist of: (1) purchasing energy in the wholesale market to serve its regulated service territory when energy requirements exceed generation output; and (2) selling excess available energy and purchased power. From time to time, Minnesota Power may have excess energy that is temporarily not required by retail and municipal customers in our regulated service territory. Minnesota Power actively sells any excess energy to the wholesale market to optimize the value of its generating facilities.

We are exposed to credit risk primarily through our power marketing activities. We use credit policies to manage credit risk, which includes utilizing an established credit approval process and monitoring counterparty limits.

INTEREST RATE RISK

We are exposed to risks resulting from changes in interest rates as a result of our issuance of variable rate debt. We manage our interest rate risk by varying the issuance and maturity dates of our fixed rate debt, limiting the amount of variable rate debt, and continually monitoring the effects of market changes in interest rates. We may also enter into derivative financial instruments, such as interest rate swaps, to mitigate interest rate exposure. Interest rates on variable rate long-term debt are reset on a periodic basis reflecting prevailing market conditions. Based on the variable rate debt outstanding as of September 30, 2024, an increase of 100 basis points in interest rates would impact the amount of pre-tax interest expense by $0.3 million. This amount was determined by considering the impact of a hypothetical 100 basis point increase to the average variable interest rate on the variable rate debt outstanding as of September 30, 2024.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures. As of September 30, 2024, evaluations were performed, under the supervision and with the participation of management, including our principal executive officer and principal financial officer, on the effectiveness of the design and operation of ALLETE's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934 (Exchange Act)). Based upon those evaluations, our principal executive officer and principal financial officer have concluded that such disclosure controls and procedures are effective to provide assurance that information required to be disclosed in ALLETE's reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, to allow timely decisions regarding required disclosure.

Changes in Internal Controls. There has been no change in our internal control over financial reporting that occurred during our most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

For information regarding material legal and regulatory proceedings, see Note 4. Regulatory Matters and Note 9. Commitments, Guarantees and Contingencies to the Consolidated Financial Statements in our 2023 Form 10-K and Note 2. Regulatory Matters and Note 6. Commitments, Guarantees and Contingencies herein. Such information is incorporated herein by reference.

ITEM 1A. RISK FACTORS

Our 2023 Form 10-K includes a detailed discussion of our risk factors. The information presented below updates, and should be read in conjunction with, the risk factors disclosed in Part I, Item 1A. Risk Factors of our 2023 Form 10-K.

Risks Relating to the Merger

On May 5, 2024, ALLETE entered into the Merger Agreement. (See Note 11. Agreement and Plan of Merger.)

There is no assurance when or if the Merger will be completed.

Consummation of the Merger is subject to various closing conditions, including: (1) approval of the shareholders of ALLETE; (2) receipt of all required regulatory approvals without the imposition of a Burdensome Condition; (3) absence of any law or order prohibiting the consummation of the Merger; (4) subject to materiality qualifiers, the accuracy of each party's representations and warranties; (5) each party's compliance in all material respects with its obligations and covenants under the Merger Agreement; and (6) the absence of a material adverse effect with respect to the Company. The Merger Agreement also contains certain termination rights for both ALLETE and Alloy Parent, including if the Merger is not consummated by August 5, 2025 (subject to extension for an additional two successive three-month periods if all of the conditions to closing, other than the conditions related to obtaining regulatory approvals, have been satisfied). There can be no assurance that the conditions to completion of the Merger will be satisfied or waived or that other events will not intervene to delay or result in the failure to close the proposed Merger. The Merger Agreement also provides for certain termination rights for each of ALLETE and Alloy Parent. If the Merger Agreement is terminated, there may be various material, adverse consequences to the Company, including that the Company could be required to pay Alloy Parent a termination fee of $116 million under certain specified circumstances.

The announcement and pendency of the Merger, during which the Company is subject to certain operating restrictions, could have an adverse effect on the Company's businesses, results of operations, financial condition or cash flows.

The announcement and pendency of the Merger could disrupt the Company's businesses, and uncertainty about the effect of the Merger may have an adverse effect on the Company. These uncertainties could affect existing employee relationships, disrupt the business of the Company, and could cause suppliers, vendors, partners, lenders and others that deal with the Company to: (1) defer entering into contracts with the Company; or (2) making other decisions concerning the Company or seek to change or cancel existing business relationships with the Company.

The Merger Agreement also requires the Company to obtain Parent's consent prior to taking certain specified actions while the Merger is pending. These restrictions may prevent the Company from pursuing otherwise attractive business opportunities or making other changes to its business prior to the completion of the Merger.

The Company will incur substantial transaction fees and costs in connection with the Merger.

The Company has incurred transaction costs of $19.5 million after-tax through September 30, 2024, and expects to incur additional material expenses in connection with the Merger and completion of the transactions contemplated by the Merger Agreement. Further, even if the proposed Merger is not completed, the Company will need to pay certain costs relating to the proposed Merger incurred prior to the date the proposed Merger was abandoned, such as legal, accounting, financial advisory, filing and printing fees.

We have received demand letters and complaints related to the Merger and may become the target of securities class action and derivative lawsuits which could result in substantial costs and may delay or prevent the Merger from being completed.

Securities class action lawsuits and derivative lawsuits are often brought against companies that have entered into merger agreements. Even if the lawsuits are without merit, defending against these claims can result in substantial costs to us and divert management time and resources. Additionally, if a plaintiff is successful in obtaining an injunction prohibiting consummation of the Merger, then that injunction may delay or prevent the Merger from being completed. We have received a number of demand letters alleging that the disclosures contained in the preliminary proxy statement, as amended, and filed with the SEC in connection with a special meeting of shareholders to consider the Merger (Preliminary Proxy), were deficient and demanding that certain corrective disclosures be made. In addition, a complaint has been filed in the U.S. District Court for the Southern District of New York alleging violation of Sections 14(a) and 20(a) of the Securities Exchange Act of 1934, disclosure deficiency in the Preliminary Proxy, and seeking to enjoin the transaction until certain disclosures are corrected. On September 3, 2024, that complaint was voluntarily dismissed without prejudice. A second complaint was filed on August 6, 2024, in the New York State Supreme Court, alleging negligent misrepresentation and negligence related to alleged deficiencies in the Preliminary Proxy. That complaint has not been served on any defendant. The Company believes that the demand letters and remaining complaint are without merit.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

The Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) requires issuers to include in periodic reports filed with the SEC certain information relating to citations or orders for violations of standards under the Federal Mine Safety and Health Act of 1977 (Mine Safety Act). Information concerning mine safety violations or other regulatory matters required by Section 1503(a) of the Dodd-Frank Act and this Item are included in Exhibit 95 to this Form 10-Q.

ITEM 5. OTHER INFORMATION

Trading Plans. During the quarter ended September 30, 2024, no director or officer of the Company adopted or terminated a “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement,” as each term is defined in Item 408(a) of Regulation S-K.

ITEM 6. EXHIBITS

Exhibit	Description
2	Agreement and Plan of Merger by and among ALLETE, Inc., Alloy Parent LLC and Alloy Merger Sub LLC, dated as of May 5, 2024 (filed as Exhibit 2.1 to the May 6, 2024, Form 8-K, File No. 1-3548).*
10.1	ALLETE Executive Long-Term Incentive Compensation Plan Performance Share Grant Effective April 13, 2022.
10.2	Extraordinary Compensation Award and Opportunity Effective September 25, 2023.
31(a)	Rule 13a-14(a)/15d-14(a) Certification by the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31(b)	Rule 13a-14(a)/15d-14(a) Certification by the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32	Section 1350 Certification of Periodic Report by the Chief Executive Officer and the Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
95	Mine Safety.
99	ALLETE News Release dated October 30, 2024, announcing 2024 third quarter earnings. (This exhibit has been furnished and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, except as shall be expressly set forth by specific reference in such filing.)
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	XBRL Schema
101.CAL	XBRL Calculation
101.DEF	XBRL Definition
101.LAB	XBRL Label
101.PRE	XBRL Presentation
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

*Schedules and exhibits have been omitted pursuant to Item 601(b)(2) of Regulation S-K. A copy of any omitted schedules will be furnished supplementally to the SEC upon request; provided, however, that the parties may request confidential treatment pursuant to Rule 24b-2 of the Exchange Act for any document so furnished.

ALLETE agrees to furnish to the SEC upon request any instrument with respect to long-term debt that ALLETE has not filed as an exhibit pursuant to the exemption provided by Item 601(b)(4)(iii)(A) of Regulation S-K.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ALLETE, INC.

October 30, 2024

/s/ Steven W. Morris

Steven W. Morris
Senior Vice President and Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

ALLETE
EXECUTIVE LONG-TERM INCENTIVE COMPENSATION PLAN
PERFORMANCE SHARE GRANT

Jeff Scissons

In accordance with the terms of ALLETE's Executive Long-Term Incentive Compensation Plan, as amended (the "Plan"), and as determined by and through the Executive Compensation Committee of ALLETE's Board of Directors, ALLETE hereby grants to you (the "Participant") Performance Shares, as set forth below, subject to the terms and conditions set forth in this Grant, including Annex A and Annex C hereto and all documents incorporated herein by reference:

Number of Performance Shares Granted: 396
Date of Grant: April 13, 2022
Performance Period: January 1, 2022 through December 31, 2024
Performance Goals: See Annex C

This Grant is made in accordance with the Plan.

Further terms and conditions of the Grant are set forth in Annex A hereto and Performance Goals are set forth in Annex C hereto, both of which are integral parts of this Grant.

Any term, provision or condition applicable to the Performance Shares set forth in the Plan and not set forth herein is hereby incorporated by reference. To the extent any provision hereof is inconsistent with a Plan provision, the Plan provision will govern.

YOU SHOULD CAREFULLY READ AND REVIEW THE TERMS AND CONDITIONS SET FORTH IN THIS GRANT, INCLUDING ANNEX A HERETO, WHICH CONTAINS IMPORTANT INFORMATION, INCLUDING MANDATORY CLAIMS AND ARBITRATION PROCEDURES.

You will be deemed to have accepted this Grant on the Date of Grant and all its associated terms and conditions, including the mandatory claims and arbitration procedures set forth in Annex A, unless you notify the Company of your non-acceptance of the Grant by contacting the Director – Human Resources, in writing within sixty (60) days of the Date of Grant.

IN WITNESS WHEREOF, ALLETE has caused this Grant to be executed by its Chair, President and Chief Executive Officer as of the date and year first above written.

ALLETE

By: Bethany M. Owen

Chair, President & CEO

Attachments: Annex A and Annex C

ANNEX A
TO
ALLETE
EXECUTIVE LONG-TERM INCENTIVE COMPENSATION PLAN
PERFORMANCE SHARE GRANT

The Performance Share Grant to which this is annexed is subject to the following additional terms and conditions:

1. Dividend Equivalents. You will receive Dividend Equivalents with respect to Performance Shares that are earned and payable. Dividend Equivalents are calculated and credited to you after the Performance Period has ended. The Dividend Equivalents will be in the form of additional Performance Shares, which will be added to the number of Performance Shares earned, and will equal the number of Shares (including fractional Shares) that could have been purchased on applicable dividend payment dates, based on the closing ALLETE common stock price as reported in the consolidated transaction reporting system on that date, with cash dividends that would have been paid on underlying Performance Shares, if such Performance Shares were Shares. Dividend Equivalents will only become payable if and to the extent the underlying Performance Shares are earned and become payable.

2. Satisfaction of Goals. Performance Shares remain unearned unless and until Performance Goals are achieved. After the Performance Period has ended, ALLETE's Chair, President, and CEO will determine the extent to which the Performance Goals have been met. You will not earn any Performance Shares if the threshold performance level has not been met. Subject to the provisions of Section 4 below and to provisions in the Plan for change in control, Performance Shares will be earned as follows: If the threshold level has been met, you will have earned 50% of the Performance Shares (as increased by the Dividend Equivalents). If the target level has been met, you will have earned 100% of the Performance Shares (as increased by the Dividend Equivalents). Straight line interpolation will be used to determine earned awards based on achievement of goals between the threshold and target levels.

3. Payment. Subject to the provisions of Section 4 below and to provisions in the Plan for Change in Control, Performance Shares (as increased by the Dividend Equivalents) shall be paid in full after ALLETE's Chair, President, and CEO has determined the extent to which Performance Goals have been met and within two and one half months after the end of the Performance Period. Payment shall be made, after withholding Performance Shares in an amount equal in value to the minimum amount of tax required to be withheld by law, by depositing ALLETE common stock into your Invest Direct account. Performance Share awards shall not vest until paid.

4. Payment Upon Death, Retirement or Disability; Forfeiture of Unvested Performance Shares Upon Demotion, Unsatisfactory Job Performance, Default on Certain Agreements or Other Separation from Service.

4.1 If during a Performance Period you (i) Retire, (ii) die while employed by a Related Company, or (iii) become Disabled, you (or your beneficiary or estate) will receive a payment of any Performance Shares (as increased by the Dividend Equivalents) after the end of the Performance Period in accordance with Section 3 above. The payment shall be prorated based upon the number of whole calendar months within the Performance Period which had elapsed as of the date of death, Retirement or Disability in relation to the number of calendar months in the full Performance Period. A whole month is counted in the calculation if you were in the position as of the 15th of the month.

4.2 If after the end of a Performance Period, but before any or all Performance Shares have been paid, you Retire, die or become Disabled, you (or your beneficiary or estate) will be entitled to full payout of all earned Performance Shares (as increased by the Dividend Equivalents) in accordance with Section 3 above.

4.3 If, prior to payment of all Performance Shares, you are demoted, you default on any written agreement with a Related Company related to a restrictive employment covenant (such as confidentiality, non-disclosure, non-competition, non-solicitation, or the like) or ALLETE determines, in its sole discretion, that your job performance is unsatisfactory, ALLETE reserves the right to cancel or amend your grant relating to any unpaid Performance Shares, with the result that some portion or all of your unpaid Performance Shares (and related Dividend Equivalents) will be forfeited.

4.4 If you have a Separation from Service for any reason other than those specified in subsection 4.1 above, all Performance Shares (and related Dividend Equivalents), to the extent not yet paid, shall be forfeited on the date of such Separation from Service, except as otherwise provided by ALLETE's Chair, President, and CEO.

5. Compensation Recovery Policy. The Grant is subject to the terms of any compensation recovery policy or policies established by ALLETE as may be amended from time to time ("Compensation Recovery Policy"). ALLETE hereby incorporates into the Grant the terms of the Compensation Recovery Policy.

6. Section 409A Compliance. This Grant is intended to comply with Section 409A of the Code ("Section 409A") or an exemption thereunder, and, accordingly, to the maximum extent permitted, the Plan and the Grant shall be interpreted and administered in compliance therewith. Notwithstanding any other provision of the Grant, payments provided pursuant to the Grant may only be made upon an event and in a manner that complies with Section 409A or an applicable exemption. Any payments pursuant to the Grant that may be excluded from Section 409A as a short-term deferral shall be excluded from Section 409A to the maximum extent possible. To the extent that any provision of the Grant would cause a conflict with the requirements of Section 409A or would cause the administration of the Grant to fail to satisfy Section 409A, such provision shall be deemed null and void to the extent permitted by applicable law. Nothing herein shall be construed as a guarantee of any particular tax treatment. ALLETE makes no representation that the Grant complies with Section 409A and in no event shall ALLETE be liable for the payment of any taxes and penalties that you may incur under Section 409A.

7. Claims Procedure and Arbitration. The Grant is subject to the following claims procedures:

7.1 Mandatory Claims Procedures. If you or any person acting on your behalf (the "Claimant") has any claim or dispute related in any way to the Grant or to the Plan, the Claimant must follow these claims procedures. All claims must be brought no later than one year following the date on which the claim first arose and any claim not submitted within such time limit will be waived.

7.2 Claim Submission. Any claim must be made in writing to the Claims Administrator. The Claims Administrator, or its delegate, shall notify the Claimant of the resolution of the claim within 90 days after receipt of the claim; provided, however, if the Claims Administrator determines that an extension is necessary, the 90-day period shall be extended to up to 180 days upon notice to that effect to the Claimant.

7.3 Notice of Denial. If a claim is wholly or partially denied, the denial notice shall contain (i) the reason or reasons for denial of the claim, and (ii) references to the pertinent Plan provisions upon which the denial is based. Unless the claim is submitted for arbitration as provided below and in the Plan, the Claims Administrator's decision or action shall be final, conclusive and binding on all persons having any interest in the Plan.

7.4 Arbitration. If, after exhausting the procedures set forth above, a Claimant wishes to pursue legal action, any action by the Claimant with respect to a claim, must be resolved by arbitration in the manner described herein.

a) Time Limits. A Claimant seeking arbitration of any determination by the Claims Administrator must, within six (6) months of the date of the Claims Administrator's final decision, file a demand for arbitration with the American Arbitration Association submitting the claim to resolution by arbitration. A Claimant waives any claim not filed timely in accordance with this Section.

b) Rules Applicable to Arbitration. The arbitration process shall be conducted in accordance with the Commercial Law Rules of the American Arbitration Association.

c) Venue. The arbitration shall be conducted in Minneapolis, Minnesota.

d) Binding Effect. The decision of the arbitrator with respect to the claim will be final and binding upon the Company and the Claimant. BY PARTICIPATING IN THE PLAN, AND ACCEPTING THE GRANT, YOU, ON BEHALF OF YOURSELF AND ANY PERSON WITH A CLAIM RELATING TO YOUR GRANT, AGREE TO WAIVE ANY RIGHT TO SUE IN COURT OR TO PURSUE ANY OTHER LEGAL RIGHT OR REMEDY THAT MIGHT OTHERWISE BE AVAILABLE IN CONNECTION WITH THE RESOLUTION OF THE CLAIM.

e) Enforceability. Judgment upon any award entered by an arbitrator may be entered in any court having jurisdiction over the parties.

f) Waiver of Class, Collective, and Representative Actions. Any claim shall be heard without consolidation of such claims with any other person or entity. To the fullest extent permitted by law, whether in court or in arbitration, by participating in the Plan, you waive any right to commence, be a party to in any way, or be an actual or putative class member of any class, collective, or representative action arising out of or relating to any claim, and you agree that any claim may only be initiated or maintained and decided on an individual basis.

g) Standard of Review. Any decision of an arbitrator on a claim shall be limited to determining whether the Claims Administrator's decision or action was arbitrary or capricious or was unlawful. The arbitrator shall adhere to and apply the deferential standard of review set out in *Conkright v. Frommert*, 130 S. Ct. 1640 (2010), *Metropolitan Life Insurance Co. v.* Glenn*,* 554 U.S. 105 (2008), and *Firestone Tire and Rubber Company v. Bruch,* 489 U.S. 101 (1989), and shall accord due deference to the determinations, interpretations, and construction of the Plan document by the Claims Administrator.

h) General Procedures.

i. Arbitration Rules. The arbitration hearing will be conducted under the AAA Commercial Arbitration Rules (as amended or revised from time to time by AAA) (hereinafter the "AAA Rules"), before one AAA arbitrator who is from the Large, Complex Case Panel and who has experience with matters involving executive compensation and equity compensation plans. The AAA Rules and the terms and procedures set forth here may conflict on certain issues. To the extent that the procedures set forth here conflict with the AAA Rules, the procedures set forth here shall control and be applied by the arbitrator. Notwithstanding the amount of the claim, the Procedures for Large, Complex Commercial Disputes shall not apply.

ii. Substantive Law. The arbitrator shall apply the substantive law (and the laws of remedies, if applicable), of Minnesota or federal law, or both, depending upon the claim. Except to the extent required by applicable law, the Claimant shall keep any arbitration decision or award strictly confidential and not disclose to anyone other than his or her spouse, attorney, or tax advisor.

iii. Authority. The arbitrator shall have jurisdiction to hear and rule on prehearing disputes and is authorized to hold prehearing conferences by telephone or in person as the arbitrator deems necessary. The arbitrator will have the authority to hear a motion to dismiss and/or a motion for summary judgment by any party and in doing so shall apply the standards governing such motions under the Federal Rules of Civil Procedure.

iv. Pre-Hearing Procedures. Each party may take the deposition of not more than one individual and the expert witness, if any, designated by another party. Each party will have the right to subpoena witnesses in accordance with the Federal Arbitration Act, Title 9 of the United States Code. Additional discovery may be had only if the arbitrator so orders, upon a showing of substantial need.

v. Fees and Costs. Administrative arbitration fees and arbitrator compensation shall be borne equally by the parties, and each party shall be responsible for its own attorney's fees, if any; provided, however, that ALLETE's Chair, President, and CEO will authorize payment by the Company of all administrative arbitration fees, arbitrator compensation and attorney's fees if ALLETE's Chair, President, and CEO concludes that a Claimant has substantially prevailed on his or her claims. Unless prohibited by statute, the arbitrator shall assess attorney's fees against a party upon a showing that such party's claim, defense or position is frivolous, or unreasonable, or factually groundless. If either party pursues a claim by any means other than those set forth in this Article, the responding party shall be entitled to dismissal of such action, and the recovery of all costs and attorney's fees and losses related to such action, unless prohibited by statute.

i) Interstate Commerce and the Federal Arbitration Act. The Company is involved in transactions involving interstate commerce, and the employee's employment with the Company involves such commerce. Therefore, the Federal Arbitration Act, Title 9 of the United States Code, will govern the interpretation, enforcement, and all judicial proceedings regarding the arbitration procedures in this Section.

8. Ratification of Actions. By receiving the Grant or other benefit under the Plan, you and each person claiming under or through you shall be conclusively deemed to have indicated your acceptance and ratification of, and consent to, any action taken under the Plan or the Grant by ALLETE, the Board or the Executive Compensation Committee.

9. No Impact on Other Benefits. The Grant or payment on account thereof shall not be taken into account in determining any benefits under any severance, retirement, welfare, insurance or other benefit plan of ALLETE or any affiliate except to the extent otherwise expressly provided in writing in such other plan or an agreement thereunder.

10. Notices. Any notice hereunder to ALLETE shall be addressed to ALLETE, 30 West Superior Street, Duluth, Minnesota 55802, Attention: Director – Human Resources, and any notice hereunder to you shall be directed to your address as indicated by ALLETE's records, subject to the right of either party to designate at any time hereafter in writing some other address.

11. Governing Law and Severability. To the extent not preempted by the Federal law, the Grant will be governed by and construed in accordance with the laws of the State of Minnesota, without regard to its conflicts of law provisions. In the event any provision of the Grant shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of the Grant, and the Grant shall be construed and enforced as if the illegal or invalid provision had not been included.

12. Definitions. Capitalized terms not otherwise defined herein shall have the meanings given them in the Plan. The following definitions apply to the Grant and this Annex A:

12.1 "**Claims Administrator"** means ALLETE's Chief Executive Officer, unless the claimant is (or is acting on behalf of) an ALLETE executive officer (within the meaning of Exchange Act Rule 3b-7), in which case the Claims Administrator is the Executive Compensation Committee of the Board of Directors.

12.2 "**Code**" means the Internal Revenue Code of 1986, as it may be amended from time to time.

12.3 "**Disability**" or "**Disabled**" means a physical or mental condition in which the Participant is:

(a) unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months;

(b) by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, receiving income replacement benefits for a period of not less than three (3) months under the Employer's accident and health plan;

(c) determined to be totally disabled by the Social Security Administration; or

(d) disabled pursuant to an Employer-sponsored disability insurance arrangement provided that the definition of disability applied under such disability insurance program complies with the foregoing definition of Disability.

12.4 "**Related Company**" means ALLETE, Inc. and all persons with whom the ALLETE, Inc. would be considered a single employer under Code section 414(b) (employees of controlled group of corporations), and all persons with whom such person would be considered a single employer under Code section 414(c) (employees of partnerships, proprietorships, etc., under common control); provided that in applying Code sections 1563(a)(1), (2), and (3) for purposes of determining a controlled group of corporations under Code section 414(b), the language "at least 50 percent" is used instead of "at least 80 percent" each place it appears in Code sections 1563(a)(1), (2), and (3), and in applying Treasury Regulations section 1.414(c)-2 for purposes of determining trades or businesses (whether or not incorporated) that are under common control for purposes of Code section 414(c), "at least 50 percent" is used instead of "at least 80 percent" each place it appears in Treasury Regulations section 1.414(c)-2.

12.5 “**Retirement**” or “**Retires**” means Separation from Service, for reasons other than death or Disability, on or after attaining normal retirement age or early retirement age as defined in the most applicable qualified retirement plan sponsored by the Related Company that employed the Participant immediately preceding the Separation from Service, without regard to whether the Participant is a participant in such plan, or if the employer Related Company does not sponsor such retirement plan, on or after attaining Normal Retirement Age or Early Retirement Age as defined in the ALLETE and Affiliated Companies Retirement Plan A, without regard to whether the Participant is a participant under the ALLETE and Affiliated Companies Retirement Plan A.

12.6 “**Separation from Service**” means that the Participant terminates employment within the meaning of Treasury Regulations section 1.409A-1(h) and other applicable guidance with all Related Companies. Whether a termination of employment has occurred is determined under the facts and circumstances, and a termination of employment shall occur if all Related Companies and the Participant reasonably anticipate that no further services shall be performed after a certain date or that the level of bona fide services the Participant shall perform after such date (as an employee or an independent contractor) shall permanently decrease to no more than 20 percent of the average level of bona fide services performed (whether as an employee or an independent contractor) over the immediately preceding 36-month period (or the full period of services to the Related Companies if the Participant has been providing services to the Related Companies less than 36 months). A Participant shall not be considered to separate from service during a bona fide leave of absence for less than six (6) months or longer if the Participant retains a right to reemployment with any Related Company by contract or statute. With respect to disability leave, a Participant shall not be considered to separate from service for 29 months unless the Participant otherwise terminates employment or is terminated by all Related Companies.

Effective April 13, 2022

ANNEX C
TO
ALLETE
EXECUTIVE LONG TERM INCENTIVE COMPENSATION PLAN
PERFORMANCE SHARE GRANT

Financial Measure and Calculation:
In order for Employee to be eligible to receive any of the Performance Shares the Company[1] shall achieve 90% of the Budgeted Cumulative Gross Profit ("**Threshold Performance**") as of December 31, 2024. If Threshold Performance is achieved, Employee is eligible to receive 50% of the Performance Shares. In order for Employee to be eligible to receive 100% of the Performance Shares, the Company shall achieve at least 100% of the Budgeted Cumulative Gross Profit as of December 31, 2024. If the Company's performance falls between Threshold and Budgeted Cumulative Gross Profit, the Employee will be eligible to receive the percentage of the Performance Shares calculated using straight-line interpolation (between 50%-100%) for determining payout. In addition, unless otherwise approved by the Company (acting with the express approval of its Board of Directors or parent company), for 2022, the SG&A line item set forth on the ALLETE Corporate model shall be within a band of +/- 20% and for 2023 and 2024, the SG&A line item the ALLETE Corporate model shall be within a band of +/- 10% in each of those years. For purposes hereof, "**Budgeted Cumulative Gross Profit**" is defined as the cumulative gross profit of the Company over the entire three-year time period using the ALLETE Corporate model.

Performance Level	Budgeted Cumulative Gross Profit	Payout Percentage (% of Target Award)
Target	100%	100%
Threshold	90%	50%

[1] For purposes of this Annex C to the ALLETE Executive Long Term Incentive Plan Performance Share Grant, each references to the "Company" means New Energy Equity LLC.

Extraordinary Compensation Award and Opportunity

Jeff Scissons

The following Extraordinary Compensation award and opportunity is made for Jeff Scissons in connection with the Polaris Project ("Project"):

Milestone Based Bonus Opportunity

This describes the bonus opportunities you will be eligible to earn based on your performance through transaction closing (anticipated to be late 2024/early 2025).

The first milestone bonus opportunity is based on a merger agreement being signed with a counterparty and will be 25% of the award opportunity. The remaining 75% is earned upon successfully closing of the transaction.

Earned awards will be determined and paid to you within 45 days after the applicable milestone date. In order to receive the full award opportunity, you must accomplish the entire goal; senior leadership has discretionary authority to approve prorated awards if deemed appropriate.

You will not be entitled to receive a bonus if your job performance is deemed unsatisfactory by the Company or if you leave service for any reason prior to the achievement of the milestone. Payments are vested immediately upon meeting the milestone. All awards are subject to applicable taxes.

	Award Amount (net)
1st Milestone: Polaris Merger Agreement Signed	$43,750
2nd Milestone: Polaris transaction closed	$131,250
Net Milestone Opportunity	**$175,000**

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Notice: This Extraordinary Compensation award and opportunity is not intended as a guarantee of future employment; nor is it intended to alter your at-will employment status; nor does this opportunity entitle you to any future Extraordinary Compensation bonus opportunities or payments; nor does it create or limit your participation in other Company incentive programs.

Acknowledgment Signature:

The signature below indicates that this has been reviewed and there is a clear understanding of the award offering.

____/s/Jeff Scissons__ 9/25/23____

Jeff Scissons Date

Exhibit 31(a)

Rule 13a-14(a)/15d-14(a) Certification by the Chief Executive Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Bethany M. Owen, of ALLETE, Inc. (ALLETE), certify that:

1. I have reviewed this quarterly report on Form 10-Q for the period ended September 30, 2024, of ALLETE;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

October 30, 2024

/s/ Bethany M. Owen
Bethany M. Owen
Chair, President and Chief Executive Officer

Exhibit 31(b)

Rule 13a-14(a)/15d-14(a) Certification by the Chief Financial Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Steven W. Morris, of ALLETE, Inc. (ALLETE), certify that:

1. I have reviewed this quarterly report on Form 10-Q for the period ended September 30, 2024, of ALLETE;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

October 30, 2024

/s/ Steven W. Morris
Steven W. Morris
Senior Vice President and Chief Financial Officer

Exhibit 32

Section 1350 Certification of Periodic Report
By the Chief Executive Officer and Chief Financial Officer
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, each of the undersigned officers of ALLETE, Inc. (ALLETE), does hereby certify that:

1. The Quarterly Report on Form 10-Q of ALLETE for the period ended September 30, 2024, (Report) fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78m); and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of ALLETE.

October 30, 2024

/s/ Bethany M. Owen
Bethany M. Owen
Chair, President and Chief Executive Officer

October 30, 2024

/s/ Steven W. Morris
Steven W. Morris
Senior Vice President and Chief Financial Officer

This certification shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to liability pursuant to that section. Such certification shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent that ALLETE specifically incorporates it by reference.

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to ALLETE and will be retained by ALLETE and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 95

Mine Safety Disclosure

Mine or Operating Name/MSHA Identification Number	Section 104 S&S Citations (#)	Section 104(b) Orders (#)	Section 104(d) Citations and Orders (#)	Section 110(b)(2) Violations (#)	Section 107(a) Orders (#)	Total Dollar Value of MSHA Assessments Proposed ($)	Total Number of Mining Related Fatalities (#)	Received Notice of Pattern of Violation Under Section 104(e) (yes/no)	Received Notice of Potential to Have Pattern Under Section 104(e) (yes/no)	Legal Actions Pending as of Last Day of Period (#)	Legal Actions Initiated During Period (#)	Legal Actions Resolved During Period (#)
Center Mine / 3200218	—	—	—	—	—	—	—	No	No	—	—	—

For the quarter ended September 30, 2024, BNI Energy, owner of Center Mine, received one citation under Section 104(a) of the Mine Safety Act. For the quarter ended September 30, 2024, BNI Energy paid no penalties for citations closed during the period. For the quarter ended September 30, 2024, there were no citations, orders, violations or notices under Sections 104(b), 104(d), 107(a), 104(e) or 110(b)(2) of the Mine Safety Act and there were no fatalities.

Exhibit 99

For Release: October 30, 2024

Investor Contact: 218-723-3952
shareholder@allete.com

NEWS

ALLETE, Inc. reports third quarter 2024 earnings

DULUTH, Minn. - ALLETE, Inc. (NYSE: ALE) today reported third quarter 2024 earnings of 78 cents per share on net income of $45.0 million. Last year's third quarter results were $1.49 per share on net income of $85.9 million. Net income for the same quarter in 2023 included approximately 71 cents per share for the favorable arbitration ruling involving a subsidiary of ALLETE Clean Energy. Net income for the third quarter this year included approximately 7 cents per share of transaction expenses related to the merger agreement entered into on May 5, 2024, with Canada Pension Plan Investment Board and Global Infrastructure Partners.

"It has been a busy year thus far, and I couldn't be prouder of our entire ALLETE team, working diligently on many fronts to execute our Sustainability in Action strategy in tandem with initiatives as part of the merger agreement with Canada Pension Plan Investment Board and Global Infrastructure Partners," said ALLETE Chair, President, and Chief Executive Officer Bethany Owen. "The merger is progressing as planned, and we remain on track for a mid-2025 closing, subject to all necessary approvals. One very significant milestone was met in the third quarter with ALLETE's shareholders' approval of the merger in August," Owen continued. "At Minnesota Power, several key milestones have been met. Last week, we were pleased that the Minnesota Public Utilities Commission approved the 2023 rate case settlement agreement with final rates expected to be implemented in the first quarter of 2025. Also in October, the Minnesota Public Utilities Commission approved the Big Stone South Transmission project to boost reliability and increase access to renewable energy, and in September, Minnesota Power announced plans to build two large solar projects in northern Minnesota as part of our continued transition towards a cleaner energy future. These two projects will make up approximately two-thirds of the solar generation called for in our Integrated Resource Plan approved in 2023. In addition, Minnesota Power's request for proposal for 400 megawatts of new wind projects continues to progress as planned. ALLETE Clean Energy closed on the sale of its 68-megawatt Whitetail project, and New Energy Equity had a very strong quarter as the team continues to execute on its strategy and robust pipeline of projects."

ALLETE's Regulated Operations segment, which includes Minnesota Power, Superior Water, Light and Power and the Company's investment in the American Transmission Company, recorded third quarter 2024 net income of $34.0 million, equaling earnings in the third quarter a year ago. Net income at Minnesota Power reflects the implementation of interim rates, net of reserves, partially offset by higher operating and maintenance and depreciation expenses in the third quarter of 2024 compared to 2023.

ALLETE Clean Energy recorded third quarter 2024 net income of $3.9 million compared to $54.8 million in 2023. Earnings in 2023 included the gain recognized for the favorable arbitration award. Positively impacting the third quarter of 2024 was the sale of the Whitetail project.

Corporate and Other businesses, which include New Energy Equity, BNI Energy, ALLETE Properties and our investments in renewable energy facilities, recorded net income of $7.1 million in the third quarter of 2024, compared to a net loss of $2.9 million in 2023. Net income in the third quarter of 2024 included increased earnings at New Energy Equity on project sales. These increases were partially offset by transaction expenses of approximately 7 cents per share, related to the merger agreement entered into in May of 2024. The net loss in 2023 also reflected increased tax expense related to the arbitration award.

“Results for the third quarter of 2024 exceeded internal expectations,” said ALLETE Senior Vice President and Chief Financial Officer Steve Morris. “New Energy Equity 's financial results exceeded expectations due to timing of project closings with attractive margins, and ALLETE Clean Energy’s results were higher than our expectations primarily due to the sale of the Whitetail project. These increases were partially offset by merger related expenses.”

ALLETE is an energy company headquartered in Duluth, Minn. In addition to its electric utilities, Minnesota Power and Superior Water, Light and Power of Wisconsin, ALLETE owns ALLETE Clean Energy, based in Duluth, BNI Energy in Bismarck, N.D., New Energy Equity in Annapolis, MD, and has an eight percent equity interest in the American Transmission Co. More information about ALLETE is available at www.allete.com. *ALE-CORP*

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.

ALLETE's press releases and other communications may include certain non-Generally Accepted Accounting Principles (GAAP) financial measures. A "non-GAAP financial measure" is defined as a numerical measure of a company's financial performance, financial position or cash flows that excludes (or includes) amounts that are included in (or excluded from) the most directly comparable measure calculated and presented in accordance with GAAP in the company's financial statements.

Non-GAAP financial measures utilized by the Company include presentations of earnings (loss) per share. ALLETE's management believes that these non-GAAP financial measures provide useful information to investors by removing the effect of variances in GAAP reported results of operations that are not indicative of changes in the fundamental earnings power of the Company's operations. Management believes that the presentation of the non-GAAP financial measures is appropriate and enables investors and analysts to more accurately compare the company's ongoing financial performance over the periods presented.

ALLETE, Inc.
Consolidated Statement of Income
Millions Except Per Share Amounts - Unaudited

	Quarter Ended Sept. 30,		Nine Months Ended Sept. 30,	
	2024	**2023**	**2024**	**2023**
Operating Revenue				
Contracts with Customers – Utility	$310.5	$314.3	$928.6	$919.1
Contracts with Customers – Non-utility	95.4	63.2	232.6	554.1
Other – Non-utility	1.3	1.3	3.8	3.9
Total Operating Revenue	407.2	378.8	1,165.0	1,477.1
Operating Expenses				
Fuel, Purchased Power and Gas – Utility	116.5	124.9	357.3	350.8
Transmission Services – Utility	19.6	22.7	43.9	66.3
Cost of Sales – Non-utility	47.0	33.0	103.2	436.7
Operating and Maintenance	92.7	83.6	286.5	254.2
Depreciation and Amortization	70.8	63.1	201.8	188.2
Taxes Other than Income Taxes	15.3	15.5	50.3	43.1
Total Operating Expenses	361.9	342.8	1,043.0	1,339.3
Operating Income	45.3	36.0	122.0	137.8
Other Income (Expense)				
Interest Expense	(20.3)	(20.5)	(60.8)	(60.9)
Equity Earnings	5.1	4.7	16.5	16.1
Other	5.5	68.7	20.0	75.3
Total Other Income (Expense)	(9.7)	52.9	(24.3)	30.5
Income Before Income Taxes	35.6	88.9	97.7	168.3
Income Tax Expense	2.9	19.3	8.3	20.4
Net Income	32.7	69.6	89.4	147.9
Net Loss Attributable to Non-Controlling Interest	(12.3)	(16.3)	(39.3)	(47.7)
Net Income Attributable to ALLETE	$45.0	$85.9	$128.7	$195.6
Average Shares of Common Stock				
Basic	57.8	57.4	57.7	57.3
Diluted	57.9	57.5	57.8	57.4
Basic Earnings Per Share of Common Stock	$0.78	$1.50	$2.23	$3.41
Diluted Earnings Per Share of Common Stock	$0.78	$1.49	$2.23	$3.41
Dividends Per Share of Common Stock	$0.705	$0.6775	$2.115	$2.0325

Consolidated Balance Sheet
Millions - Unaudited

	Sept. 30, 2024	**Dec. 31, 2023**		**Sept. 30, 2024**	**Dec. 31, 2023**
Assets			**Liabilities and Equity**		
Cash and Cash Equivalents	$101.9	$71.9	Current Liabilities	$334.4	$377.6
Other Current Assets	381.5	396.2	Long-Term Debt	1,743.7	1,679.9
Property, Plant and Equipment – Net	5,112.8	5,013.4	Deferred Income Taxes	255.5	192.7
Regulatory Assets	386.1	425.4	Regulatory Liabilities	562.1	574.0
Equity Investments	337.9	331.2	Defined Benefit Pension and Other Postretirement Benefit Plans	134.5	160.8
Goodwill and Intangibles – Net	155.3	155.4	Other Non-Current Liabilities	314.4	264.3
Other Non-Current Assets	261.7	262.9	Redeemable Non-Controlling Interest	0.7	0.5
			Equity	3,391.9	3,406.6
Total Assets	$6,737.2	$6,656.4	**Total Liabilities, Redeemable Non-Controlling Interest and Equity**	$6,737.2	$6,656.4

ALLETE, Inc. Income (Loss)	Quarter Ended Sept. 30, 2024	 2023	Nine Months Ended Sept. 30, 2024	 2023
Millions				
Regulated Operations	$34.0	$34.0	$111.9	$112.4
ALLETE Clean Energy	3.9	54.8	10.1	66.4
Corporate and Other	7.1	(2.9)	6.7	16.8
Net Income Attributable to ALLETE	$45.0	$85.9	$128.7	$195.6
Diluted Earnings Per Share	$0.78	$1.49	$2.23	$3.41

Statistical Data				
Corporate				
Common Stock				
High	$64.90	$59.22	$65.86	$66.69
Low	$61.51	$52.30	$55.86	$52.30
Close	$64.19	$52.80	$64.19	$52.80
Book Value	$48.97	$48.48	$48.97	$48.48

Kilowatt-hours Sold				
Millions				
Regulated Utility				
Retail and Municipal				
Residential	262	250	793	812
Commercial	354	355	999	1,022
Industrial	1,715	1,742	5,242	5,178
Municipal	120	112	350	350
Total Retail and Municipal	2,451	2,459	7,384	7,362
Other Power Suppliers	616	526	1,952	2,008
Total Regulated Utility Kilowatt-hours Sold	3,067	2,985	9,336	9,370

Regulated Utility Revenue				
Millions				
Regulated Utility Revenue				
Retail and Municipal Electric Revenue				
Residential	$40.0	$36.0	$121.1	$111.6
Commercial	48.8	48.6	139.1	135.5
Industrial	149.2	153.8	454.0	436.9
Municipal	9.2	8.7	25.6	25.2
Total Retail and Municipal Electric Revenue	247.2	247.1	739.8	709.2
Other Power Suppliers	32.0	31.0	102.4	103.2
Other (Includes Water and Gas Revenue)	31.3	36.2	86.4	106.7
Total Regulated Utility Revenue	$310.5	$314.3	$928.6	$919.1

This exhibit has been furnished and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, except as shall be expressly set forth by specific reference in such filing.