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Minnesota Power's Great Northern Transmission Line will 'unlock a powerful synergy' between wind and hydro power

DULUTH, Minn. -- Citing the benefits of additional clean energy to power electric growth across a stronger regional electric grid, ALLETE (NYSE:ALE) division Minnesota Power this week outlined the public need for a 500-kilovolt (kV) Manitoba-Minnesota transmission line.

The Duluth-based company filed Monday, October 21, with the Minnesota Public Utilities Commission (MPUC) a Certificate of Need application for the approximately 240-mile 500kV Great Northern Transmission Line, which will link to a Manitoba Hydro transmission line at the Canada-U.S. border, and will carry renewable hydro power from the province of Manitoba, Canada, to a Minnesota Power electric substation on Minnesota's Iron Range. The international transmission interconnection is needed to support delivery of hydroelectric energy from Manitoba Hydro to the U.S. from two new generating stations under development in northern Manitoba that will be capable of producing more than 2,000 megawatts (MW) of renewable electricity.

The Great Northern Transmission Line will facilitate the delivery of at least 750 MW of energy into the U.S. Beginning in June 2020, Minnesota Power will utilize the Line to deliver 250 MW from Manitoba Hydro through a power purchase agreement approved by the MPUC in early 2012. In addition, the two utilities recently finalized a term sheet outlining how Minnesota Power will purchase additional energy and substantially expand its energy storage opportunities using the new transmission asset.

Minnesota Power will own 51 percent of the Great Northern Transmission Line, while a subsidiary of Manitoba Hydro will own 49 percent. Minnesota Power estimates that construction of the project in the U.S., including substation work, represents an investment ranging from \$400 million to \$600 million, depending upon final route. Subject to receipt of permits, construction is anticipated to begin in June 2016 and take approximately 48 months to complete. A recent economic impact study showed that construction of the Line would generate more than \$800 million in local economic impact and create approximately 250 jobs for the design and construction period.

"The Great Northern Transmission Line is an innovative component of our EnergyForward strategy to achieve a balanced energy mix of one third renewable, one third coal and one third natural gas," said ALLETE President, Chairman and CEO Alan R. Hodnik. "Not only will this initiative advance the nation's goal to transform the energy landscape to a less carbon intense platform, it will also open the door to further transmission investment in the Midwest, while supporting planned industrial growth on Minnesota's Iron Range."

In approving the 250-MW power purchase last year, the MPUC determined that the hydropower resources proposed in the agreement represented the most cost effective way to help meet Minnesota Power's customers' future electric needs. An innovative feature of the contract allows Minnesota Power to use Manitoba Hydro's system to "store" wind energy it produces at its Bison Wind Energy Center in North Dakota, optimizing the timing and value of power delivery for customers.

"The wind doesn't always blow at times of peak electric demand," explained Minnesota Power Chief Operating Officer Brad Oachs. "The Great Northern Transmission Line unlocks a powerful synergy between wind resources in the north central U.S. and flexible Canadian hydropower in northern Manitoba."

In addition to demonstrating need, Minnesota regulatory proceedings will include a route permit process based on public input and feedback which Minnesota Power anticipates filing in early 2014. The international project will also require a Presidential Permit from the United States Department of Energy. Concurrent with the regulatory processes in Minnesota and the U.S., Manitoba Hydro is proceeding with the necessary regulatory approval processes for the generation and transmission additions in Manitoba.

More information about the project is available online at <http://greatnortherntransmissionline.com/>.

Minnesota Power provides electric service within a 26,000-square-mile area in northeastern Minnesota, supporting comfort, security and quality of life for 143,000 customers, 16 municipalities and some of the largest industrial customers in the United States. More information can be found at www.mnpower.com.

The statements contained in this release and statements that ALLETE may make orally in connection with this release that are not historical facts, are forward-looking statements. Actual results may differ materially from those projected in the forward-looking statements. These forward-looking statements involve risks and uncertainties and investors are directed to the risks

discussed in documents filed by ALLETE with the Securities and Exchange Commission.

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