

FORM 8-K
CURRENT REPORT

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

DATE OF REPORT (DATE OF EARLIEST EVENT REPORTED) - JANUARY 18, 2001

ALLETE
(legally incorporated as Minnesota Power, Inc.)

A Minnesota Corporation
Commission File No. 1-3548
IRS Employer Identification No. 41-0418150
30 West Superior Street
Duluth, Minnesota 55802-2093
Telephone - (218) 279-5000

ITEM 5. OTHER EVENTS.

Reference is made to the 1999 Form 10-K of ALLETE (legally incorporated as Minnesota Power, Inc.) for background information on the following updates. Unless otherwise indicated, cited references are to ALLETE's 1999 Form 10-K.

Ref. Page 12 - Third Full Paragraph

On January 18, 2001 ALLETE and ADESA Corporation (ADESA), a wholly owned subsidiary of ALLETE, purchased all of the outstanding stock of ComSearch, Inc. and all of the assets of Auto Placement Center, Inc. (APC), respectively, in an overall transaction valued at \$62.4 million. APC and ComSearch's combined revenue for 2000 was approximately \$38 million.

ADESA's acquisition of APC, a Rhode Island-based auto salvage auction company, includes eight salvage auctions. The eight auctions are located in Albany, New York; Manchester, New Hampshire; East Providence, Rhode Island; Saco, Maine; Clinton, Maine; Taunton, Massachusetts; Newburgh, New York and Burlington, Vermont. Salvage auctions provide remarketing services primarily to insurance companies for their "total loss" vehicles.

ComSearch, Inc., also based in Rhode Island, provides Internet-based parts location and insurance adjustment audit services nationwide.

ALLETE's \$438 million investment in new vehicle auction facilities during 2000 followed by this \$62.4 million purchase are expected to contribute to ALLETE's corporate goal of 12 percent growth in operating earnings in 2001. Earnings growth from ALLETE's Automotive Services segment is expected to increase by over 40 percent in 2001.

ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS

The following exhibit of ALLETE is filed herewith in accordance with Item 601 of Regulation S-K:

Exhibit
Number

99 - ALLETE News Release dated January 18, 2001.

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SAFE HARBOR STATEMENT
UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

In connection with the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 (Reform Act), ALLETE is hereby filing cautionary

statements identifying important factors that could cause ALLETE's actual results to differ materially from those projected in forward-looking statements (as such term is defined in the Reform Act) made by or on behalf of ALLETE in this quarterly report on Form 8-K, in presentations, in response to questions or otherwise. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as "anticipates," "believes," "estimates," "expects," "intends," "plans," "predicts," "projects," "will likely result," "will continue," or similar expressions) are not statements of historical facts and may be forward-looking.

Forward-looking statements involve estimates, assumptions, and uncertainties and are qualified in their entirety by reference to, and are accompanied by, the following important factors, which are difficult to predict, contain uncertainties, are beyond the control of ALLETE and may cause actual results to differ materially from those contained in forward-looking statements:

- prevailing governmental policies and regulatory actions, including those of Congress, state legislatures, the FERC, the MPUC, the FPSC, the NCUC, the PSCW and various county regulators, with respect to allowed rates of return, industry and rate structure, acquisition and disposal of assets and facilities, operation and construction of plant facilities, recovery of purchased power and capital investments, and present or prospective wholesale and retail competition (including but not limited to retail wheeling and transmission costs);
- economic and geographic factors including political and economic risks;
- changes in and compliance with environmental and safety laws and policies;
- weather conditions;
- population growth rates and demographic patterns;
- competition for retail and wholesale customers;
- pricing and transportation of commodities;
- market demand, including structural market changes;
- changes in tax rates or policies or in rates of inflation;
- changes in project costs;
- unanticipated changes in operating expenses and capital expenditures;
- capital market conditions;
- competition for new energy development opportunities; and
- legal and administrative proceedings (whether civil or criminal) and settlements that influence the business and profitability of ALLETE.

Any forward-looking statement speaks only as of the date on which such statement is made, and ALLETE undertakes 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 business or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement.

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
(legally incorporated as Minnesota Power, Inc.)

January 19, 2001

D. G. Gartzke

D. G. Gartzke
Senior Vice President - Finance
and Chief Financial Officer

EXHIBIT INDEX

Exhibit
Number

99 - ALLETE News Release dated January 18, 2001

[ALLETE LOGO] For Release: January 18, 2001
Contact: Eric Olson
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ALLETE SURPASSES GOAL FOR GROWTH DURING 2000

ALLETE (NYSE: ALE) today announced 2000 operating net income of \$118.2 million, compared with \$104.2 million in 1999 resulting in operating earnings per share of \$1.67 versus \$1.49. Reported earnings per share rose to \$2.11 from 97 cents last year, taking into account the now completed transactions relating to the company's investment in ACE Limited and Capital Re.

"We exceeded the company-wide goals for growth we set for ourselves at the beginning of 2000," said Ed Russell, ALLETE chief executive officer. "Our operating earnings per share increased by 12 percent, beating our original target of 10 percent. We're pleased with our earnings per share growth performance and our objective is to do as well or better in 2001."

Net income from automotive services rose by \$8.6 million for the year, led by strong volume growth at both Automotive Finance Corporation and ADESA auctions. AFC saw a 14 percent increase in vehicles financed while the number of vehicles sold at ADESA auction sites increased by 27 percent in 2000.

Net income grew by \$2.5 million in ALLETE's investments segment, reflecting strong sales at the company's Florida real estate business. Water services showed gains as well, increasing net income by \$.9 million while adding 7 percent to its overall customer base, with water consumption up 12 percent for the year. Net income from energy services fell \$1.9 million in 2000, due largely to lower wholesale power marketing margins from milder than usual weather conditions during the summer months.

"It's important to keep in mind that the diversified nature of our company includes businesses that deal with basic necessities such as cars, electricity, and water--items that people need and use every day," Russell said. "We believe that gives ALLETE shareholders a sound long-term investment even when domestic economic forecasts may not be so strong," Russell added.

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ALLETE's fourth quarter operating net income for 2000 was \$19 million, compared to \$22.8 million in 1999. Investments net income was down \$8.7 million for the quarter due to large real estate sales and emerging technology investment gains that occurred in the fourth quarter of 1999. Energy services showed gains due to increased retail sales in all customer classes and stringent cost reductions, while automotive services' net income for the quarter declined by \$2.1 million. A temporary slowdown in auction sales volume and unusually bad weather, which affected multiple auction sites in December, resulted in reduced sales during the quarter. Overall, ALLETE's fourth quarter earnings were 27 cents per share, compared to 32 cents in 1999.

ALLETE is a multi-services company with corporate headquarters in Duluth, Minnesota. ALLETE's holdings include the second largest wholesale automobile auction network in North America; the leading provider of independent auto dealer inventory financing; the largest private water utilities in Florida and North Carolina; significant real estate holdings in Florida; and a low-cost electric utility that serves some of the largest industrial customers in the United States.

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

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ALLETE
Consolidated Statement of Income
For the Periods Ended December 31, 2000 and 1999
Millions Except Per Share Amounts

	Quarter Ended		Year to Date	
	2000	1999	2000	1999
Operating Revenue				
Energy Services	\$ 162.9	\$ 132.2	\$ 589.5	\$ 554.5
Automotive Services	159.8	100.3	546.4	406.6
Water Services	28.7	27.5	118.6	112.9
Investments	7.4	26.9	77.4	57.8
Total Operating Revenue	358.8	286.9	1,331.9	1,131.8
Operating Expenses				
Fuel and Purchased Power	62.3	45.4	229.0	200.2
Operations	241.9	190.6	842.6	705.9
Interest Expense	22.0	15.8	69.2	59.5
Total Operating Expenses	326.2	251.8	1,140.8	965.6
Operating Income Before Capital Re and ACE	32.6	35.1	191.1	166.2
Income (Loss) from Investment in Capital Re and Related Disposition of ACE	-	(19.0)	48.0	(34.5)
Operating Income	32.6	16.1	239.1	131.7
Distributions on Redeemable Preferred Securities of Subsidiary	1.5	1.5	6.0	6.0
Income Tax Expense	12.1	3.9	84.5	57.7
Net Income	\$ 19.0	\$ 10.7	\$ 148.6	\$ 68.0
Average Shares of Common Stock				
Basic	70.3	69.0	69.8	68.4
Diluted	70.6	69.3	70.1	68.7
Earnings Per Share of Common Stock				
Basic	\$0.27	\$0.15	\$2.12	\$0.97
Diluted	\$0.27	\$0.15	\$2.11	\$0.97
Dividends Per Share of Common Stock	\$0.2675	\$0.2675	\$1.07	\$1.07

ALLETE
Consolidated Balance Sheet
For the Periods Ended December 31, 2000 and 1999
Millions

	2000	1999
Assets		
Current Assets	\$ 731.0	\$ 564.5
Property, Plant and Equipment	1,479.7	1,258.8
Investments	116.4	197.2
Goodwill	472.8	181.0
Other	114.1	111.1
Total Assets	\$2,914.0	\$2,312.6
Liabilities and Stockholders' Equity		
Current Liabilities	\$ 707.0	\$ 398.3
Long-Term Debt	952.3	712.8
Other Liabilities	278.9	289.2
Mandatorily Redeemable Preferred Securities of ALLETE Capital I	75.0	75.0
Redeemable Serial Preferred Stock	-	20.0
Stockholders' Equity	900.8	817.3
Total Liabilities and Stockholders' Equity	\$2,914.0	\$2,312.6

ALLETE	Quarter Ended December 31,		Year to Date December 31,	
	2000	1999	2000	1999
Net Income Millions				
Energy Services	\$11.7	\$ 6.8	\$ 43.1	\$ 45.0
Automotive Services	6.5	8.6	48.5	39.9
Water Services	2.8	2.6	13.1	12.2
Investments	2.6	11.3	29.3	26.8
Corporate Charges	(4.6)	(6.5)	(15.8)	(19.7)
Net Income Before Capital Re and ACE	19.0	22.8	118.2	104.2
Capital Re and ACE Transactions *	-	(12.1)	30.4	(36.2)
Net Income	\$19.0	\$ 10.7	\$148.6	\$ 68.0
Diluted Earnings Per Share				
Before Capital Re and ACE Transactions	\$0.27	\$ 0.32	\$1.67	\$ 1.49
Capital Re and ACE Transactions *	-	(0.17)	0.44	(0.52)
	\$0.27	\$ 0.15	\$2.11	\$ 0.97

* In May 2000 ALLETE sold its investment in ACE Limited (ACE) common stock, which resulted in an after-tax gain of \$30.4 million, or \$0.44 per share. The ACE shares were received in December 1999 upon completion of ACE's merger with Capital Re Corporation (Capital Re). During 1999 ALLETE recorded an aggregate \$36.2 million, or \$0.52 per share after-tax non-cash charge in connection with the valuation and exchange of its investment in Capital Re stock for the ACE shares, including a \$24.1 million, or \$0.35 per share charge in the second quarter.

Statistical Data	Quarter Ended December 31,		Year to Date December 31,	
	2000	1999	2000	1999
Corporate				
Common Stock				
High	\$25.50	\$18.69	\$25.50	\$22.09
Low	\$20.13	\$16.00	\$14.75	\$16.00
Close	\$24.81	\$16.94	\$24.81	\$16.94
Book Value	\$12.06	\$10.97	\$12.06	\$10.97
Energy Services Millions of Kilowatthours Sold				
Retail				
Residential	248.8	234.2	980.1	957.3
Commercial	272.3	258.3	1,207.9	1,156.7
Industrial	1,699.7	1,709.1	7,193.7	6,768.9
Other	18.8	20.5	76.1	77.8
Resale	655.7	620.2	2,272.9	2,365.6
	2,895.3	2,842.3	11,730.7	11,326.3
Automotive Services				
Vehicles Sold	380,000	232,000	1,319,000	1,037,000
Vehicles Financed	200,000	186,000	795,000	695,000
EBITDAL (Millions) **	\$36.9	\$25.5	\$154.0	\$114.6

Water Services Millions of Gallons Billed				
Florida Water Services				
Water	4,653.9	3,922.6	19,310.0	17,251.4
Wastewater	1,378.4	1,180.9	5,385.6	4,869.8
Heater Utilities				
Water	818.4	717.7	3,425.2	3,045.5

** Earnings Before Interest, Taxes, Depreciation, Amortization and Lease Expense