ALLETE

Moderator: Al Hodnik
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10:00 a.m. ET

Operator: Good day, ladies and gentlemen, and welcome to the ALLETE fourth-quarter 2012 financial results conference call.

At this time, all participants are in a listen-only mode. Later, we will conduct a question and answer session and instructions will follow at that time. If any one should require assistance during the conference, please press star then zero on your touchtone telephone. As a reminder, this conference call is being recorded.

Certain statements contained in this conference call that are not descriptions of historical facts are forward-looking statements such as terms defined in the Private Securities Litigation Reform Act of 1995. Because such statements can include risk and uncertainties, actual results may differ materially from those expressed or implied by such forward-looking statements.

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The Company undertakes no obligation to revise or update any forward-looking statements or to make any other forward-looking statement, whether as a result of new information, future events, or otherwise.

For opening remarks and introductions, I would now like to turn the call over to ALLETE President and Chief Executive Officer, Alan H. Hodnik (sic). Please go ahead.

Alan Hodnik: Thank you and good morning everybody. Joining me today is Mark Schober, ALLETE's Chief Financial Officer.

This morning we reported ALLETE's year-end earnings results for 2012. For the year, we earned $2.58 per share, which was near the upper end of our revised guidance range of $2.50 to $2.60 a share. We delivered strong results in 2012 and look forward to continued earnings growth as we execute our strategies.

Beyond financial success, significant progress on our multifaceted multiyear growth strategy was achieved. Minnesota Power's mineral customers experienced strong production levels in 2012, and we believe 2013 will be just as strong. Despite one of the warmest winter seasons in recent memory, Minnesota Power recorded the highest total kilowatt hour sales ever due to its retail and municipal customers.

With respect to organic growth, Magnetation began operations at two new production facilities within Minnesota Power service territory. Also, Essar Steel Minnesota, which is served by one of our municipal customers, the City of Nashwauk, made significant construction progress on its new taconite processing facility.

In December we commissioned our Bison 2 and Bison 3 wind generating facilities. Combined with Bison 1, we now own and operate nearly 300 megawatts of North Dakota wind generating capacity. Given our strategic positioning and the adaptability of our Bison location, we are exploring an additional investment which I will comment on in a few moments.

During 2012 we also announced our intent to retrofit our largest coal-fired facility, Boswell Unit 4. While regulatory approval is required, we estimate a total investment between $350 million and $400 million will be made to meet state and federal environmental rules.

We also announced plans for a major new transmission line designed to deliver competitively priced carbon-free hydroelectric energy from Canada to Minnesota Power's territory. This project, which we have named the Great Northern Transmission Line, will be a strategic capital investment for the Company in the second half of this decade.

While I will talk more about this effort a little bit later, we are very excited about the Great Northern.

Solid 2012 results, strong execution of multifaceted strategies and overall positioning resulted in ALLETE's Board of Directors raising the quarterly dividend by 3.3 percent in January. This action is a reflection of their confidence in ALLETE's management team, of our longer-term earnings outlook, and our ongoing commitment to building value for you, our shareholders.

It's an exciting time at ALLETE, and I will return later with further observations on our outlook for 2013 and beyond. But first, I will turn the call over to Mark, who will provide details on 2012 financials. Mark?

Mark Schober: Thank you Al, and good morning everyone. I would like to remind you that we filed our 10-K this morning and I encourage you to refer to it for more details of our 2012 results. For the year, ALLETE earned $2.58 per share on net income of $97.1 million, compared to $2.65 per share on net income of $93.8 million in 2011. Total operating revenue for 2012 was $961.2 million compared to $928.2 million in 2011.

Excluding two nonrecurring items in 2011, an $0.08 per share income tax benefit and an $0.18 per share reversal of a deferred tax liability, ALLETE's pro forma earnings were $2.39 per share in 2011.

On a pro forma view, 2012 results were $2.58 per share versus $2.39 per share in 2011, an increase of eight percent. The year's results were at the upper end of the Company's 2012 revised earnings guidance range of $2.50 to $2.60 per share.

Income from ALLETE's Regulated Operations segment which includes Minnesota Power, Superior Water, Light and Power and our investment in the American Transmission Company was $96.1 million in 2012 compared with $100.4 million in 2011. As I mentioned a moment ago, net income for 2011 included the recognition of a $2.9 million income tax benefit related to federal health-care legislation and the reversal of a $6.2 million deferred tax liability resulting from a rate case stipulation and settlement agreement. Excluding these two items, 2011 net income would've been $91.3 million.

Total 2012 Regulated Operations revenue increased $22.5 million over 2011. Let me give you some of the contributing factors.

Cost recovery rider revenue increased $22.1 million due to higher capital expenditures for our Bison and CapX2020 projects. Revenue from our municipal customers decreased $1.6 million, primarily due to period over period fluctuations in the the annual true-up for actual cost provisions of the contracts under formula-based rates.

Revenue decreased $1.1 million due to a 0.7 percent overall reduction in total regulated utility kilowatt hour sales. The decrease in total kilowatt hour sales was largely due to lower sales to residential customers and other power suppliers.

Residential sales compared to 2011 were down slightly due to unseasonably warm weather during the first four months of 2012. Heating degree days in Duluth were approximately 22 percent lower than in the first four months of 2011. In addition, total kilowatt hour sales to other power suppliers decreased 9.3 percent from 2011. These decreases were partially offset by continued strong sales to our industrial customers which increased 1.9 percent over 2011.

Transmission revenue increased $7.3 million primarily due to higher Midwest Independent Transmission System Operator, or MISO revenue, resulting from our investment in CapX2020.

Fuel adjustment cost recoveries decreased $1.7 million due to lower fuel and purchased power cost attributable to our retail and municipal customers.

On the expense side, fuel and purchased power increased $2.1 million or one percent from 2011, primarily due to a $3.2 million increase in the capacity component of our Square Butte power purchase agreement. The capacity component is not recovered through our fuel adjustment clause.

Regulated operations, operating and maintenance expense increased $8.5 million or three percent from 2011, mainly due to higher salary, benefit, and transmission expenses. Benefit expenses rose due to higher pension expense resulting from lower discount rates. Transmission expenses reflect increased MISO expense. These increases were partially offset by lower plant outage and maintenance expenses in 2012.

Depreciation expense increased $8.5 million or 10 percent, and interest expense was up $4 million or 11 percent, both directly attributable to the capital investment program at our Regulated Operations.

This year's earnings from our investment in ATC were slightly higher than 2011 results due to a larger investment balance in 2012.

Income tax expense rose by $7.2 million or 17 percent from 2011, primarily due to the nonrecurring tax benefits that we recorded last year. As I mentioned, 2011 included the recognition of a $2.9 million income tax benefit related to federal health-care legislation and the reversal of a $6.2 million deferred tax liability resulting from a rate case stipulation and settlement agreement.

The Investments and Other segment reported net income of $1 million compared to a net loss of $6.6 million in 2011. The increase in 2012 was primarily due to lower state tax expense and lower interest expense, partially offset by increased business development expenses.

Finally, our (largest) share balance was over last year's due to funding our capital investments, had a dilutive impact of $0.16 per share for 2012.

In summary, we are pleased with our financial results for 2012. Our cash flow was solid for the year, generating $239.6 million in cash from operating activities. Our balance sheet remains strong, and at year-end we carried a 46 percent debt to capital ratio.

As disclosed late last year, we expect 2013 earnings per share to be in a range between $2.58 and $2.78. We anticipate that our industrial customers will continue to have strong electricity usage.

In December, our taconite customers' demand nominations indicated full production levels for the first four months of 2013. We also expect an increase in rider recoverable revenue and federal production tax credits related to higher renewable investment balances and Minnesota Power's ongoing investment in CapX2020 transmission assets.

Rider recoverable capital investment will also begin for our Boswell 4 environmental project, subject to regulatory approval, that Al will talk about in a moment. We project similar earnings results from BNI Coal and Superior Water, Light and Power and about the same net loss at ALLETE Properties as in 2012.

On the expense side we expect higher depreciation and interest expenses in 2013 due to ongoing capital investment. In addition, we anticipate an effective tax rate of about 20 percent because of production tax credits and we expect $0.10 to $0.15 dilution from share issuances supporting our capital investment program. Al?

Alan Hodnik: Thanks Mark. ALLETE is an energy Company with multifaceted and multiyear earnings growth opportunities. Organic growth has and will continue to provide topline revenue increases. Significant capital investments across several fronts will provide for continued rate base growth. And we remain disciplined and focused on other energy-centric infrastructure and infrastructure service investment prospects.

Before we take your questions, let me take a few minutes to update you on organic growth, capital investment, and other strategic positioning aspects.

Minnesota's Iron Range is mineral rich, and Essar Steel Minnesota sits upon an extensive and relatively high quality ore reserve. In our December earnings guidance, we assumed Essar would have minimal impact on our financial results until late in 2013. We expect they will move toward full production levels in 2014 that ultimately result in 110 megawatts or more of additional load for Minnesota Power.

On February 11, 2013, Essar announced a landmark 3.5 million ton annual 10-year pellet offtake agreement with ArcelorMittal. Essar is also currently exploring other strategic partnerships relative to the production of direct reduced iron or the production of steel slab, or both, at their site in the 2015 or later timeframe.

Magnetation, which started up two new facilities in 2012, recently announced equipment additions that are under way at one of these facilities. This expansion will result in an additional 3 to 5 megawatts of electric load.

A joint venture between AK Steel Corporation and Magnetation contemplates building two new additional facilities with construction likely to commence this year. The first of these could come online in late 2014, with the second shortly thereafter, to supply a new AK Magnetation pellet plant under construction in Indiana. These two new facilities would result in approximately 20 megawatts of new load for Minnesota Power.

Our largest customer, United States Steel, has previously announced plans to restart an idle pellet line at its Keewatin Taconite plant. United States Steel has the necessary environmental permits and is working with the state to extend them. That said, United States Steel continues to analyze project economics and market conditions to select the right time for implementing this exciting 60 megawatt expansion project.

Relative to nonferrous mineral mining developments, PolyMet's long-awaited supplemental draft environmental impact statement, or SDEIS, is expected to be released during the second quarter of this year. Assuming successful completion of the SDEIS process, plans are currently developed for completion of final environmental permitting activities in late 2014. Construction activities could commence thereafter.

Recall Minnesota Power already has a 10-year contract with PolyMet and could begin to serve 45 megawatts or more of load as early as 2015.

A few weeks ago, Minnesota Power announced its strategic resource plan called Energy Forward. Energy Forward is a balanced approach designed to ensure reliability, protect affordability and further improve strong environmental performance. Energy Forward is our strategic vision to develop and deliver cleaner carbon-free resources, further reduce emissions and reliance on coal, as well as the addition of natural gas generation to the mix around 2020.

As part of the plan, we are planning a $15 million conversion of our 110 megawatt Laskin Energy Center from coal to natural gas. Laskin then will be our first all natural gas fueled peaking facility. We also will retire Taconite Harbor Unit 3 in 2015.

Energy Forward initiatives are subject to regulatory approval. They will be included in an integrated resource plan filing with the Minnesota Public Utilities Commission on March 1.

On the energy centric development front, I offer the following. With respect to renewable development, and the production tax credit extension, we have included $226 million in ALLETE's five-year plan. This accounts for at least 100 megawatts of additional wind generation in the 2016 to 2017 timeframe.

However, given the production tax credit extension, Minnesota Power is currently evaluating an acceleration of their investment to perhaps begin in 2013. Naturally, ALLETE Clean Energy is also assessing production tax credit related build opportunities, and we will provide you more detail about these energy-centric investment prospects and timing as plans firm up.

With respect to transmission, we have included $38 million related to the Great Northern Transmission Line in our five-year plan. Great Northern is strategic for both Minnesota Power but also ALLETE longer-term. Minnesota Power needs to deliver 250 megawatts of Hydro to its service territory by 2020.

Minnesota Power and the American Transmission Company, or ATC, are also concurrently evaluating the joint development of a 345 kV line from the Iron Range to Duluth. Project costs and associated cost allocations are still to be determined. But we anticipate we will be able to provide additional clarity this year.

Capital investments facilitated with ALLETE plans have been included in the updated five-year table in the 10-K we filed this morning.

In summary, ALLETE's location at the intersection of energy-rich Canada and energy-rich North Dakota, as well as in the heart of mineral-rich northern Minnesota, positions it for multidimensional earnings growth. We look forward to updating you further as we execute our plans. Thanks for your interest and thanks for your investment with us.

At this time, I will ask the operator to open up the lines for your questions.

Operator: Thank you. Ladies and gentlemen, if you have a question at this time, please press star one on your touchtone telephone. If your question has been answered and you wish to remove yourself from the queue, please press the pound key. Again if you have a question, please press star then one.

Our first question comes from Paul Ridzon of KeyBanc. Your line is open.

Paul Ridzon: Congratulations on a solid year. Do you think your March 1 IRP will have clarity on Bison 4?

Alan Hodnik: Well, we've included obviously our renewable plans in a broader sense in the Energy Forward thesis and will be included in the IRP submittal. Right now we're obviously researching the turbine supply market. We're out looking at the notion of a request for proposal or RFP that would go with it in terms of providing our regulators with sort of a cost if you will, or a cost analysis that we look more holistically at to build itself.

So, we're putting those kinds of things in place, Paul. But the beauty of the Bison situation in North Dakota of course, as you know, is it's fully adaptable. We have land under lease. We have the transmission and we are very well positioned to take advantage of this PTC extension.

Mark Schober: So Paul, we are aggressively looking at the opportunities to accelerate Bison 4. We are excited about that, but we need to work that through. We need to see the final IRS reg, exactly when we have to start that construction, then we need to work with regulators and customers, etc. to do what's right here. But we're certainly excited about the opportunity.

March 1 could be a little soon. But we hope to have something out around the end of the quarter, maybe even into the second quarter, but we are moving as quickly as we can.

Paul Ridzon: Any updates on the Florida real estate market? Any activity there?

Mark Schober: Yes. We continue to look at our Florida real estate market. We are seeing more activity, more folks looking, more inquiries into the assets that we have for sale. We anticipate, then, that we'll hopefully be able to make some sales later this year, but nothing concrete yet at the end of the year into the first quarter here.

Paul Ridzon: Any sense of the magnitude of the sales as far as the percentage of acreage?

Mark Schober: No. They would be pretty small at this point in time.

Paul Ridzon: And then just in your discussions with customers, any – you sounded pretty confident, but any signs that we could see some risk to full nominations for the rest of the year?

Alan Hodnik: Well, I don't anticipate any at this point in time. What we see in the auto sector, certainly, remember again all of the taconite or the greatest percentage of taconite – 95 percent or greater – ends up in the Great Lakes region. And so what we see in the auto sector right now, with strong demand for autos, we continue to see strong demand in fracking and steel pipe and things that go with that.

So at this point in time, although we don't sit in their boardrooms and, you know, what not, we do have a strong relationship with them. And we are expecting strong production from our mineral customers this year.

Paul Ridzon: Thank you very much.

Operator: Thank you. Again if you have a question at this time, please press star one. Our next question comes from Brian Russo of Ladenburg Thalmann. Your line is open.

Brian Russo: Just curious. You quoted a $226 million cost for additional wind. On 100 megawatts it seems kind of high, dollar per megawatt basis, and it seems like it's a lot higher than what it costs you to build Bisons 1, 2, and 3. Maybe you can just elaborate on that a little bit.

Alan Hodnik: Specific to the site, where we're looking at it, Brian so there may be incremental transmission that's in there to connect to the grid. And it would just be pricing – our estimate of pricing for turbines and towers out three years. So it's just ordinary increases in costs. So those costs could certainly be different then, if we accelerate that project into the 2013 timeframe.

Brian Russo: OK, got you. And then will you guys evaluate to elect bonus depreciation on the construction of this windfarm if it's accelerated into 2013?

Alan Hodnik: Sure we would, absolutely.

Brian Russo: Do you know what kind of impact that could have in terms of deferred taxes?

Mark Schober: I don't have a number right now, but we would certainly have that for you as we look at accelerating that project.

Brian Russo: Remind me, did you take any bonus depreciation on Bison 1, 2, or 3?

Mark Schober: Yes we did. I think it was at 50 percent at that point in time, and then up to 100 percent in earlier years.

Brian Russo: OK, and then in the K, you guys disclosed I think for the first time some sensitivities around taconite production, and 1 million ton change equates to about negative – equates to about $0.03 of EPS. Could you just kind of walk us through that calculation?

Mark Schober: Yes. So what we looked at, Brian, this is a request we've had from investors is to try to get a feel for what happens as our taconite loads fluctuate. So what we've looked at is really what our standard contracts are, and looking historically as we – our taconite flexes up and down. So it's not negative $0.03. It's plus or minus $0.03.

Then the biggest driver there, and you will see that in our disclosure, too, is that that's assuming wholesale power market prices as they sit at the end of the year. So we'll continue to revise that number up or down as we see material changes in wholesale markets going forward.

Brian Russo: Right, so it's essentially the loss of the demand charge or megawatt hours related to the decrease of one million tons of production.

Mark Schober: Correct, and then taking that power to market at very soft wholesale power market prices today.

Brian Russo: Right. Are there potential additional offsets on cost-cutting?

Mark Schober: Yes. And that's not included in the numbers. So if it was – if you go back to what happened in 2008, 2009 a significant decrease that would be extended. We would manage the business different. We would look at cost takeouts and other opportunities. Those are not included in the number.

And ultimately, if there is long-term changes in production levels, that would obviously entail some rate activity at some point in the future.

Brian Russo: OK, and also in the K you mentioned up to 600 megawatts of industrial demand currently in the pipeline. At what point will you need to build new generation to support the additional industrial demand?

Alan Hodnik: Well, Brian, right now we're in pretty good position. Recall, again, we continue to build wind out of North Dakota. So if we build or accelerated a Bison 4 tranche, depending on the size of that, of course we'd have that in the mix.

We've talked and looking at the type of load, for example, Essar Steel – if they did get to advancing their slab steel production, that type of load is just a little bit different than taconite load. But, if some of that load materialized, we would obviously be looking at a gas combustion turbine to be built. And that's why I signal, again, adding gas kind of later in the decade, certainly no earlier than 2017, probably more around the 2020 timeframe.

Brian Russo: Oh, so even if Essar builds a steel mill in 2015, 2016 you can satisfy that demand with your existing portfolio?

Alan Hodnik: No. I didn't say that. If they were to build that plant and somehow have that up and running in 2015, we would definitely look at adding a gas combustion turbine at that point in time.

Brian Russo: OK. I guess they'd have to give you some sort of lead time, because it would take two years to build a gas plant.

Alan Hodnik: That's right. We work very closely with our customers. Our key account management team is embedded right in every one of our large industrial operations. And, while we don't know every waking move they make, we have a great relationship with them and we would have enough advanced signaling from them on their plans to help us make our plans.

Brian Russo: OK and one more question on BNI Coal. I know it supplies coal to two co-ops, I believe. Are there any issues with those co-ops or those plants that – at any risk of retirement?

Alan Hodnik: No. Not at this point in time. The two units there are largely owned by one unit, Young 1 by Minnkota Power, so that co-op. And then Square Butte co-op essentially is a cooperative of Young 2 between Minnesota Power and Minnkota Power. We shared that unit. We of course swapped part of unit 2 overtime for the transmission line out of North Dakota, as you know.

Right now those plants and facilities have – meeting all federal air requirements. They've been making significant investments both in Young 1 and Young 2 right along. Naturally they continue to look at forward regulations and all the rest, with the same sort of eye every other coal-fired operator does. But for right now they fully meet all requirements and we expect them to continue to operate.

Brian Russo: So, they meet the MATS requirement.

Alan Hodnik: Lignite is under a different regime, of course; speciation of coal for MATS. They are looking at their plans for MAT scrubbing, further MAT scrubbing of Young 1 and 2. And under any circumstance, BNI Coal in its cost contract with Minnkota Power or with Square Butte has sort of a cost-plus feature to that, and so all those costs are accounted for within the BNI context.

Brian Russo: OK. Thank you very much.

Operator: Chris Ellinghaus, Williams Capital.

Chris Ellinghaus: Will the ATC transmission project make it into the IRP at all?

Alan Hodnik: Are you talking about the joint development prospects between Iron Range and Duluth?

Chris Ellinghaus: Right.

Alan Hodnik: Well, we talk about the Great Northern in a larger context Chris from a permitting perspective in the sense that our plans right now are to permit the Great Northern from the Canadian border all the way to Duluth. But specifically, what the integrated resource plan would speak to is the Minnesota Power portion, essentially the 250 megawatt PPA and the delivery of that, and the transmission associated with that, kind of wrapped up in the Great Northern. But we won't speak specifically to any investment with the ATC in the integrated resource plan.

Chris Ellinghaus: OK. But you did say we'll know some more about that later this year.

Alan Hodnik: It's possible we'll know more about the Great Northern in a macro sense. It's possible that we will know more about our relationship, if you will, on contractual terms on delivery of the 250 megawatts and the transmission associated with that.

The ATC portion continues to be under development. And so, I think about those as related in the sense that they are in the Great Northern Transmission Corridor. I would say the one that we are working most closely on at the moment right now is the Minnesota Power portion as we get ready for the integrated resource plan filing.

Chris Ellinghaus: OK. And the ATC component, you'll just participate in your normal ownership rate.

Mark Schober: That's where it gets a little bit – where we haven't come to the conclusions on how that will be financed and structured, Chris, so I could see a variety of options there, where ATC would build it and we would just take our eight percent. Or we could be a partner with ATC on that portion in addition to our eight percent ownership.

So that's the kind of stuff that's on wheels right now as we continue to look at those opportunities to build that line and north from there, or south of there in the Iron Range and into Duluth and Wisconsin.

Chris Ellinghaus: OK. That's kind of what I wanted to hear. I don't know; Al, did you give us a number on what Essar's additional project might mean in terms of load? I don't think I caught that.

Alan Hodnik: Well, we have said that a slab steel or direct reduced iron or some combination of both might be sort of an additional 300 megawatts of load. So that's kind of the number that Essar has provided to us. It might be plus or minus from there.

Chris Ellinghaus: OK, and given the size of that, would you really be thinking about just a combustion turbine as opposed to a combined cycle at that point?

Alan Hodnik: Well we've been looking and are looking at a variety of technologies associated with that. It would depend on the load again and the size and how quickly it develops. Obviously a combined cycle would be more efficient than a combustion turbine.

It would be our preference, given that we run a highly efficient generation fleet as it is, and so we would look that way. But again it all depends on how the load materializes to size. Certainly if we built the CT, Chris, we would make sure it was adaptable to become a CC later on.

Chris Ellinghaus: Right. So it's possible also that whatever they do could be done in phases as well?

Alan Hodnik: That's right.

Chris Ellinghaus: OK. As far as the fuel switching and the Taconite Harbor 3 retirement, I assume that will be in the IRP as well?

Alan Hodnik: Yes, both the Laskin decision to convert to gas or interest that we have to convert to gas, and also the retirement of Taconite Harbor 3 is in our Energy Forward plan, will be submitted in the integrated resource plan March 1.

Chris Ellinghaus: OK. One more thing please. PolyMet, in terms of the speed at which they can get to their rather sizable load, can you just give us a little color in terms of getting from the final environmental retrofit – or environmental permitting phase to actual production, can you just give us a little color about what they're actually doing there?

Alan Hodnik: Well, recall again one of the greatest strengths of the PolyMet project beyond the ore body is the fact that they acquired the former LTV mining taconite processing facility. So, PolyMet already has in place all of the coarse crushing, fine crushing and concentrating assets that you would expect and would see in a normal taconite processing facility, the kinds of facilities that Essar is already building or building today.

So, all that is in place at PolyMet, and gives them a huge strategic advantage in terms of startup versus perhaps another operation that would have to build everything from the ground up. So the portion that they would have to build is the autoclave or the portion that would ultimately separate the various precious metals, copper, nickel and the other P-metals. And so the construction for something like that is 12 to 18 months. So that piece has to be built. But with respect to the larger concentrating, crushing, and grinding assets, they are already in place.

Chris Ellinghaus: OK great. Thanks a lot guys.

Operator: Michael Bates, D.A. Davidson.

Michael Bates: Most of my questions have been asked and answered, but I did want to follow up on a couple of items. In the K, you mentioned that you are expecting an increase in pension expense for 2013. Can you give us a little bit more color as to the magnitude of the increase that you are expecting at this point?

Mark Schober: I really can't give you a number Michael. What we are looking at there, very similar to what happened here in 2012, is just the discount rates continue to remain at very, very low levels that that's going to drive an increase in our expense. And I think the number for this year was $3 million to $4 million.

Michael Bates: OK. And were those assumptions finalized when you issued 2013 guidance last December?

Mark Schober: Yes, they are very close. So we captured those in our guidance, yes.

Michael Bates: And earlier in the call, you did mention that capacity payments for the Square Butte PPA increased and were not included in your fuel clause. Can you give us an idea as to whether there's going to be movement in the capacity payments going into 2013?

Mark Schober: Yes. A couple of things going on, on 2013. So as you look at those capacity payments, Al kind of already touched on what's going on at Square Butte as they've modernized those units and put on additional scrubbers and capital equipment. That's why you've seen our capacity payments go up. So we've captured a lot of those already.

But as you look into 2013, 2014, 2015, some of that power will be – Minnkota or Square Butte will be keeping that power, so our capacity payments will be coming down because of that. And we've also captured that in our guidance that you have, too. So we expect overall some decreases in our portion of Square Butte costs.

Michael Bates: Can you give us an idea as to the magnitude of the decrease?

Mark Schober: No. I don't have that number offhand. But again it's captured in our guidance for the year, Mike.

Michael Bates: Thank you.

Operator: I'm showing no further questions in the queue at this time. I'll hand the call back to Mr. Al Hodnik for closing remarks.

Alan Hodnik: Well, thank you everyone for joining us again today. Mark and I look forward to seeing you, or many of you, where possible at our upcoming breakfast in New York. I wanted to thank you again for your questions and your interest, and certainly thank you for your investment in ALLETE. Have a good day.

Operator: Thank you. Ladies and gentlemen, this concludes the conference for today. You may all disconnect and have a wonderful day.

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