



2023 Year End Earnings Report Presentation

February 20, 2024

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This presentation was prepared as of February 20, 2024, and ALLETE, Inc. assumes no obligation to update the information or the forward-looking statements contained herein. The 2024 outlook contained herein was provided, and is as of February 20, 2024.

For more information, contact:

Vince Meyer
Director, Investor Relations and Treasury
(218) 723-3952
vmeyer@allete.com

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~\$4.3B Investment in Transmission and Clean Energy Initiatives

Increase of nearly \$1B in CapX over the next 5 years*

Capital Expenditures

(millions)	2024	2025	2026	2027	2028	2024-2028	Project Total	Potential Recovery Method
Regulated Operations								
High kV Transmission Expansion	\$ 45	\$ 80	\$ 215	\$ 480	\$ 705	\$ 1,525	\$ 1,710	Rider
Solar RFP**	35	130	300	100	75	640	640	Rider
Wind RFP**	5	105	215	300	–	625	625	Rider
Storage**	–	10	10	10	100	130	350	Rider/COD
Base & Other	225	215	235	270	190	1,135		Rider/Base
ALLETE Clean Energy (base capX)	15	5	5	5	5	35		
Corporate & Other								
Nemadji Trail Energy Center	40	55	40	40	10	185	185	COD
Other	10	15	10	20	15	70		
Total	\$ 375	\$ 615	\$1,030	\$1,225	\$1,100	\$4,345		

Table excludes any incremental ALLETE Clean Energy projects, New Energy asset ownership, additional equity investment at ATC or additional investment opportunities summarized in Slide 4.

Further transition to clean energy will provide additional investment in transmission and renewables beyond 2028!

* From last reported CapX plan.

** Dependent on RFP selections for solar, wind and storage.

Regulated Rate Base Growth Supports ALLETE's Long-term 5-7% Growth Objective



Transformational long-term investment opportunities

Opportunities beyond 2028, not included in our 5-year CapX table:



Transmission Planning

North Plains Connector – ALLETE engagement with Grid United to build 385-mile HVDC transmission line from ND to MT.

MISO Tranche 2 - Expect at least ~2-3% participation in MISO Tranche 2.

Benefits a broader customer base beyond Minnesota Power jurisdiction.

Long Range Plan will help to maintain a reliable and resilient regional power grid.



Minnesota Legislation

Minnesota requires electric utilities to source retail sales with 100% carbon-free energy by 2040 – this legislation will provide opportunities in our next IRP, slated for early 2025.



Coal Fleet Transition

Developing plans to replace over 800 MW of baseload generation from Boswell Units 3 & 4 in Cohasset, MN by 2030 and 2035, respectively.

Supports ALLETE's long-term EPS growth objective of 5-7%

Minnesota Power filed a request with the MPUC to increase base retail electric rates



General rate case review filed November 1, 2023
(Docket No. E015/GR-23-155)

- Interim rates approved by MPUC went into effect January 1, 2024, as filed; subject to refund ~\$64M
 - ROE 10.3%, 53% equity ratio
 - Forward 2024 test year
- Proposed customer rate stabilization mechanism
- Expect MPUC order end of 2024

The request will primarily focus on seeking recovery of revenue deficiencies related to:

Support of workforce needed to execute the clean energy transition

Inflationary and other cost pressures

Updated customer sales forecast

Align costs with proper recovery mechanisms

Constructive Regulatory Framework

- Forward test year
- Interim rates
- Current cost recovery riders
- Fuel adjustment clause
- Energy Conservation Optimization Act (ECO Act)

Expected Procedural Timeline for Minnesota Power Rate Case



Consolidated Earnings *(millions)*

Year Ended December 2023

	2023	2022
Regulated Operations	\$147.2	\$149.9
ALLETE Clean Energy	71.7	16.3
Corporate and Other	28.2	23.1
Net Income Attributable to ALLETE	\$247.1	\$189.3
Diluted Earnings Per Share of Common Stock	\$4.30	\$3.38

Consolidated Earnings *(millions)*

Fourth Quarter December 2023

	2023	2022
Regulated Operations	\$34.8	\$30.5
ALLETE Clean Energy	5.3	1.3
Corporate and Other	11.4	19.9
Net Income Attributable to ALLETE	\$51.5	\$51.7
Diluted Earnings Per Share of Common Stock	\$0.89	\$0.90

2024 Guidance Highlights

2024 Guidance Range \$3.60 - \$3.90 per share

• Regulated Operations	\$2.65 - \$2.85
• ALLETE Clean Energy, Corporate and Other	\$0.95 - \$1.05

Key Factors, Expectations, Considerations and Assumptions

• Regulated Operations

- Reflects interim rates for the Minnesota Power 2023 rate case of approximately \$64M; interim rates are subject to refund.
- Industrial sales of approximately 7.0 million MWh in 2024 reflect anticipated production from our taconite customers of approximately 35 million tons in 2024.
- Higher operating and maintenance expense due to higher employee staffing and inflationary cost increases.
- Higher depreciation and property tax expenses due to additional plant in service.
- Additional investments in American Transmission Company LLC of approximately \$6 million.
- Guidance for 2024 assumes that we will achieve constructive outcomes in regulatory proceedings.

• ALLETE Clean Energy

- Total wind generation of approximately 3.7 million MWh in 2024 with the expectation of normal wind resources (3.2 million MWh in 2023).
- Reflects continued substation network outage located near the Caddo wind energy facility in the first quarter of 2024.
- Reflects Production Tax Credits estimated to be approximately \$18 million in 2024.
- Reflects the sale of the Project Whitetail in 2024.
- Reflects higher operating and maintenance expense in 2024.

• Corporate and Other

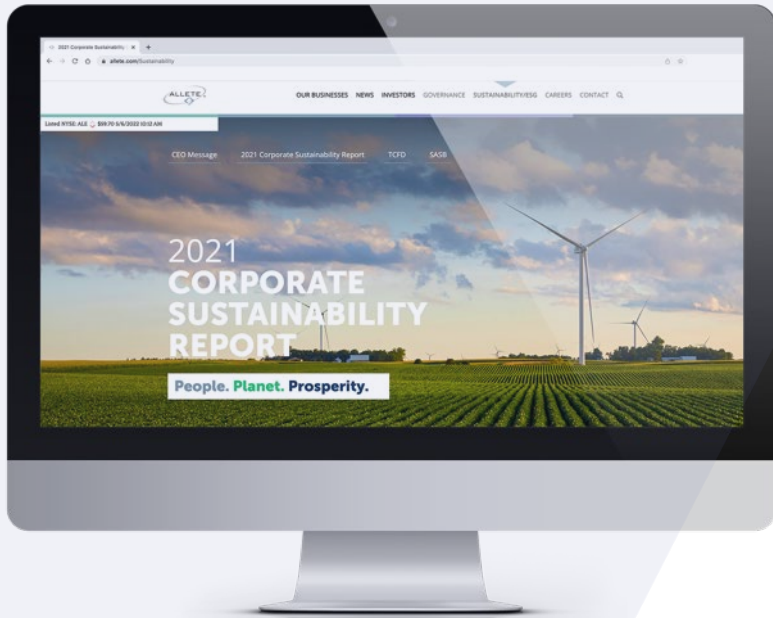
- Reflects New Energy net income of approximately \$19 million to \$21 million.
- Similar results at BNI Energy, Inc. and Nobles 2 Power Partners, LLC.
- Slightly lower earnings at ALLETE Properties, LLC.
- Reflects decreased earnings from ALLETE'S investments in Minnesota solar projects, due to Investment Tax Credits recognized in 2023.

• Earnings per share dilution of approximately \$0.03 per share from higher average shares outstanding.

• Consolidated effective income tax expense of approximately 5 percent in 2024.

The Company also updated its five-year capital expenditure plan to \$4.3 billion, which is a \$1 billion increase from its previous five-year plan. The plan includes increased capital investments in renewable and transmission projects, and the Company expects this capital expenditure plan to drive multi-year earnings growth beginning in 2025, in line with its stated financial objectives.





Find ESG Information at [ALLETE.com/Sustainability](https://www.allete.com/Sustainability)

100% Carbon-Free Energy by 2050

mnpower.com/CarbonFreeEnergyVision

**Environmental Stewardship
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