

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

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) - OCTOBER 18, 2000

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 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 October 18, 2000.

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

(Registrant)

October 18, 2000

D. G. Gartzke

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

EXHIBIT INDEX

Exhibit
Number

99 - ALLETE News Release dated October 18, 2000

[ALLETE LOGO]

For Release: October 18, 2000
Contact: Terry Johnson
(218) 723-3934
tmjohnson@allete.com

NEWS

Investor contact: Tim Thorp
(218) 723-3953
tthorp@allete.com

ALLETE THIRD QUARTER EARNINGS ON TARGET; ANNUAL EARNINGS

GROWTH TARGET HIKED TO 12 PERCENT FOR 2001

ALLETE (NYSE: ALE) today reported third quarter earnings of 50 cents per share, meeting analysts' expectations and matching last year's strong third quarter results.

Third quarter net income was \$35 million on quarterly revenue of \$323.5 million compared to net income of \$34.5 million on revenue of \$308 million a year ago.

"We are on track to achieve our target of 10 percent annual earnings growth for 2000," said Edwin L. Russell, chief executive officer of ALLETE. "Equally important, our automotive acquisitions have positioned us to grow earnings by 12 percent in 2001." Russell noted that ADESA recently acquired 24 auto auctions in three different transactions. Based on twelve-month-ended historical data, the newly acquired auctions sold about 600,000 vehicles, generating revenue of approximately \$200 million.

AUTOMOTIVE SERVICES continued its double-digit growth in net income. The number of vehicles sold at ADESA auctions increased 23 percent. Same store growth increased 13 percent as measured by earnings before interest, taxes, depreciation, amortization and lease expense. Vehicles financed by Automotive Finance Corporation were up 6.5 percent over the same period last year. In addition, AFC's loan portfolio is up 15 percent over 1999 to \$395 million.

Third quarter net income from INVESTMENTS was lower than 1999 because of two large real estate transactions that occurred last year. Overall, year-to-date results for real estate are ahead of last year, although they typically vary from quarter to quarter, depending on the timing of major transactions. Net income from the company's securities portfolio and emerging technology investments posted strong increases over last year.

In ENERGY SERVICES, sales to industrial, commercial and residential customers were up 13 percent and exceeded record levels that were achieved in 1999. Net income, however, declined by \$7.2 million due in large part to a lack of demand in the region's power market as a result of more moderate summer weather. Transmission constraints were also a factor.

Net income from WATER SERVICES was steady.

- more -

[RECYCLE LOGO] recycled paper
ALLETE - 30 West Superior Street, Duluth, Minnesota 55802
www.allete.com

ALLETE is a multi-services company with corporate headquarters in Duluth, Minnesota. Holdings include the second largest wholesale automobile auction network in North America; the leading provider of independent auto dealer inventory financing; the largest investor-owned 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 the company 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 the company with the Securities and Exchange Commission.

###

[RECYCLE LOGO] recycled paper
ALLETE - 30 West Superior Street, Duluth, Minnesota 55802
www.allete.com

ALLETE
 CONSOLIDATED STATEMENT OF INCOME
 FOR THE PERIODS ENDED SEPTEMBER 30, 2000 AND 1999
 Millions Except Per Share Amounts

	Quarter Ended		Year to Date	
	2000	1999	2000	1999
OPERATING REVENUE				
Energy Services	\$146.1	\$154.8	\$426.6	\$422.3
Automotive Services	137.4	105.5	386.6	306.3
Water Services	30.2	31.1	89.9	85.4
Investments	9.8	16.6	70.0	30.9
	-----	-----	-----	-----
Total Operating Revenue	323.5	308.0	973.1	844.9
	-----	-----	-----	-----
OPERATING EXPENSES				
Fuel and Purchased Power	61.7	54.9	171.6	154.8
Operations	196.7	180.4	595.8	515.3
Interest Expense	15.7	15.1	47.2	43.7
	-----	-----	-----	-----
Total Operating Expenses	274.1	250.4	814.6	713.8
	-----	-----	-----	-----
OPERATING INCOME BEFORE CAPITAL RE AND ACE	49.4	57.6	158.5	131.1
INCOME (LOSS) FROM INVESTMENT IN CAPITAL RE AND RELATED DISPOSITION OF ACE				
	-	0.3	48.0	(15.5)
	-----	-----	-----	-----
OPERATING INCOME	49.4	57.9	206.5	115.6
DISTRIBUTIONS ON REDEEMABLE PREFERRED SECURITIES OF SUBSIDIARY				
	1.5	1.5	4.5	4.5
INCOME TAX EXPENSE				
	12.9	21.9	72.4	53.8
	-----	-----	-----	-----
NET INCOME	\$ 35.0	\$ 34.5	\$129.6	\$ 57.3
	=====	=====	=====	=====
AVERAGE SHARES OF COMMON STOCK				
Basic	70.0	68.6	69.6	68.2
Diluted	70.4	68.9	69.8	68.4
EARNINGS PER SHARE OF COMMON STOCK				
Basic	\$0.50	\$0.50	\$1.85	\$0.82
Diluted	\$0.50	\$0.50	\$1.84	\$0.82

ALLETE
 CONSOLIDATED BALANCE SHEET
 Millions

	Sept. 30, 2000	Dec. 31, 1999
ASSETS		
Current Assets	\$ 716.7	\$ 564.5
Property, Plant and Equipment	1,327.3	1,258.8
Investments	115.3	197.2
Goodwill	326.4	181.0
Other	110.7	111.1
	-----	-----
TOTAL ASSETS	\$ 2,596.4	\$ 2,312.6
	=====	=====

Sept. 30,
2000

Dec. 31,
1999

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities	\$ 643.9	\$ 398.3
Long-Term Debt	709.2	712.8
Other Liabilities	272.9	289.2
Mandatorily Redeemable Preferred Securities of ALLETE Capital I	75.0	75.0
Redeemable Serial Preferred Stock	-	20.0
Stockholders' Equity	895.4	817.3
	-----	-----
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 2,596.4	\$ 2,312.6
	=====	=====

[RECYCLE LOGO] recycled paper
ALLETE - 30 West Superior Street, Duluth, Minnesota 55802
www.allete.com

ALLETE	QUARTER ENDED SEPTEMBER 30,		YEAR TO DATE SEPTEMBER 30,	
	2000	1999	2000	1999
NET INCOME Millions				
Energy Services	\$ 11.4	\$ 18.6	\$ 31.4	\$ 38.2
Automotive Services	15.4	9.7	42.0	31.3
Water Services	3.8	3.9	10.3	9.6
Investments	5.0	6.2	26.7	15.5
Corporate Charges	(0.6)	(3.9)	(11.2)	(13.2)
	-----	-----	-----	-----
Net Income Before Capital Re and ACE Capital Re and ACE Transactions *	35.0	34.5	99.2	81.4
	-	-	30.4	(24.1)
	-----	-----	-----	-----
Net Income	\$ 35.0	\$ 34.5	\$129.6	\$ 57.3
DILUTED EARNINGS PER SHARE				
Before Capital Re and ACE Transactions	\$ 0.50	\$ 0.50	\$ 1.40	\$ 1.17
Capital Re and ACE Transactions *	-	-	0.44	(0.35)
	-----	-----	-----	-----
	\$ 0.50	\$ 0.50	\$ 1.84	\$ 0.82

* 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 \$.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.

ALLETE	QUARTER ENDED SEPTEMBER 30,		YEAR TO DATE SEPTEMBER 30,	
	2000	1999	2000	1999
STATISTICAL DATA				
CORPORATE				
Common Stock				
High	\$24.25	\$19.88	\$24.25	\$22.09
Low	\$17.31	\$16.56	\$14.75	\$16.56
Close	\$22.13	\$17.56	\$22.13	\$17.56
Book Value	\$12.02	\$10.61	\$12.02	\$10.61
ENERGY SERVICES				
Millions of Kilowatthours Sold				
Retail				
Residential	202.2	202.4	652.0	648.2
Commercial	286.3	273.2	808.1	777.5
Industrial	1,714.0	1,465.7	5,152.3	4,726.8
Other	19.2	20.0	54.8	54.9
Resale	644.6	834.9	2,178.6	2,294.6
	-----	-----	-----	-----
	2,866.3	2,796.2	8,845.8	8,502.0
AUTOMOTIVE SERVICES				
Vehicles Sold	337,000	274,000	940,000	804,000
Vehicles Financed	198,000	186,000	595,000	509,000
EBITDAL (Millions) **	\$43.1	\$29.2	\$117.1	\$89.1
WATER SERVICES				
Millions of Gallons Billed				
Florida Water Services				
Water	4,704.3	4,309.0	14,656.2	13,328.9
Wastewater	1,246.7	1,179.8	4,007.3	3,688.9
Heater Utilities				
Water	950.0	1,064.8	2,606.8	2,327.8

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

[RECYCLE LOGO] recycled paper
ALLETE - 30 West Superior Street, Duluth, Minnesota 55802
www.allete.com