



October 19, 2016

Decision to Retire Two Small Coal Units Consistent with Minnesota Power's EnergyForward Plan

DULUTH, Minn.--(BUSINESS WIRE)-- Minnesota Power today announced it will retire two small coal-fired generators at its Boswell Energy Center in Cohasset, Minn., by the end of 2018. It is the latest step in the company's Energy**Forward** plan to meet customer electric-service needs in a balanced, reliable and cost-effective way.

Boswell Energy Center is Minnesota Power's largest thermal generating facility and consists of four generating units. The company will retire Boswell Units 1 and 2, but continue to operate units 3 and 4, its largest generators. Together, units 3 and 4 are capable of generating nearly 1,000 megawatts and provide the reliable power that customers, including large industrial users like mines and paper mills, need 24/7. Units 1 and 2 are each capable of producing 65 megawatts.

Company officials were at Boswell this morning to make the announcement to employees.

"The decision to retire units 1 and 2 at Boswell, though difficult for our employees and host communities, is consistent with Minnesota Power's Energy**Forward** strategy of diversifying its energy mix, reducing its carbon footprint and evolving away from smaller, older coal generators," said ALLETE Chairman, President and CEO Alan R. Hodnik. Minnesota Power is an operating division of ALLETE Inc. (NYSE: ALE). "Multimillion dollar investments in emissions reductions and new turbine rotors at Boswell Units 3 and 4 in recent years have made them among the cleanest-operating, most highly efficient electric generators in the nation. These large, state-of-the-art units, along with the company's investments in renewable energy and access to low cost power markets, will ensure the continued availability of reliable and affordable electricity to meet the needs of all our customers, including those who compete in global markets."

Josh Skelton, vice president-Minnesota Power generation operations, said the decision to retire units 1 and 2 directly affects 30 employees and the company is working to avoid layoffs through attrition and retirements.

"We recognize this news comes during a difficult time for the West Range which has experienced job losses, delays and closures related to our natural resource based industry in recent weeks," Skelton said. "Our employees have done an excellent job of maintaining and operating Boswell Units 1 and 2 and we thank them for their many years of dedicated service," Skelton said. "We will assist them, as well as the Cohasset community, to help mitigate impacts during this transition."

In its 2015 Integrated Resource Plan submitted to the Minnesota Public Utilities Commission, Minnesota Power had proposed making improvements to units 1 and 2 and keeping them operational through 2024. But following months of analysis of projected customer needs and industry trends, company officials determined that retiring the two small coal units in 2018 was in the economic best interest of its customers. Minnesota Power will be evaluating the need for replacement power as part of its ongoing system planning activities.

Boswell Units 1 and 2 are the last of Minnesota Power's small coal-fired units to be retired, idled or converted to cleaner-burning natural gas. The company's systematic fleet transition of small older coal facilities already has resulted in the removal of 335 megawatts of coal-fired capacity from its generation system. At Taconite Harbor Energy Center in Schroeder, Minn., one 75MW unit was retired in 2015 and the remaining two 75MW units were economically idled in September, leaving them available to be called back into service if needed to maintain power grid reliability until coal operations cease there in 2020. The 110MW Laskin Energy Center in Hoyt Lakes, Minn., was converted to natural gas from coal in 2015.

Boswell Unit 3, at 355 megawatts, and Unit 4, at 585 megawatts, are the backbone of Minnesota Power's system. Investments in state-of-the-art technology have improved efficiencies and reduced emissions of mercury by 90 percent, and sulfur dioxide and nitrogen oxides by 80 percent at the two units while helping to preserve reliable and affordable power for customers.

"Through Energy**Forward**, Minnesota Power is responsibly answering the nation's call to transform its energy landscape," Hodnik said. "We're serving customers with a more balanced set of power sources, including more wind and solar while retaining critical baseload power, and doing so in a way that protects customers, the communities we serve and the quality of life in our region."

Minnesota Power already is meeting or exceeding state standards for renewable power, energy conservation and carbon emission reduction. The company has achieved a 25 percent renewable energy mix, well ahead of Minnesota's renewable energy goal of 25 percent by 2025. Minnesota Power expects to reduce carbon emissions on its system by about 20 percent by 2020 and 30 percent by 2025 compared with 2005 levels.

Originally conceived as one 65-megawatt generator in 1956, plans for Boswell quickly turned into two 65-megawatt units as the demand for electricity by natural resource based companies in Minnesota Power's service territory increased. Boswell 1 and 2 were dedicated in 1960. Plans to further expand the facility to meet the needs of a booming mining industry were announced in 1968 and Unit 3 was dedicated in 1973. The last and largest generator at Boswell, Unit 4, was dedicated in 1980.

Minnesota Power provides electric service within a 26,000-square-mile area in northeastern Minnesota, supporting comfort, security and quality of life for 145,000 customers, 16 municipalities and some of the largest industrial customers in the United States. More information can be found at www.mnpower.com. ALE-ENRG

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.

View source version on [businesswire.com](http://www.businesswire.com): <http://www.businesswire.com/news/home/20161019005219/en/>

Minnesota Power/ALLETE
Amy Rutledge, 218-723-7400
Manager - Corporate Communications
arutledge@mnpower.com

Source: Minnesota Power

News Provided by Acquire Media