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PRESENTATION

Operator

Good day, and welcome to the ALLETE Third Quarter 2020 Financial Results Call. Today's 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 risks and uncertainties, actual results may differ materially from those expressed or implied by such forward-looking statements.

Factors that could cause results to differ materially from those expressed or implied by such forward-looking statements include, but are not limited to, those discussed in filings made by the company with the Securities and Exchange Commission.

Many of the factors that will determine the company's future results are beyond the ability of management to control or predict. Listeners should not place undue reliance on forward-looking statements, which reflect management's views only as the date hereof. The company undertakes no obligation to revise or update any forward-looking statements or to make any other forward-looking statements, whether as a result of new information, future events or otherwise.

At this time, I'd like to turn the call over to Bethany Owen, President and CEO.

Bethany M. Owen ALLETE, Inc. - CEO, President & Director

Good morning, everyone, and thanks for joining us today. With me are ALLETE's Senior Vice President and Chief Financial Officer, Bob Adams; and Vice President, Controller and Chief Accounting Officer, Steve Morris. Also with us this morning is Frank Frederickson, Minnesota Power's Vice President of Customer Experience.

Corresponding slides for this morning's call can be found on our website at allete.com in the Investors section. To follow along, we'll call out each slide number as we go through today's presentation.

This morning, ALLETE reported third quarter 2020 earnings of \$0.78 per share on net income of \$40.7 million. Last year's results were \$0.60 per share on net income of \$31.2 million.

These results for the quarter support our previous earnings guidance range of \$3.25 to \$3.45 per share, excluding the \$0.16 per share charge related to the Minnesota Power rate case resolution.

Before we get into the details of the third quarter financial results and our positioning as we near the end of 2020, I'd like to share some thoughts on the macro business environment on the horizon, along with a brief update on our Clean Energy progress.

If you'd please refer to Slide 2. After almost a full year of managing all aspects of the COVID-19 pandemic within the ALLETE family of businesses, we remain steadfast in our commitment to health and safety. To date, our operations have been largely unaffected as the actions we took early on have helped support the health of our employees and the safety and reliability of our operations. I am so grateful to all of my amazing coworkers who have continued to serve our customers with excellence in this challenging time, all while living our

shared values of integrity and safety in everything we do.

In our second quarter conference call, we contemplated the potential of a second wave of the COVID-19 pandemic. This risk appears now to be a reality as COVID cases have spiked dramatically, both at home and abroad. We celebrate this morning's very positive news regarding a promising vaccine. However, the depth and duration of this pandemic remain unpredictable. So we will continue to prioritize all that we're doing throughout our organization in order to mitigate these ongoing challenges, as we've done successfully thus far. We will be thoughtful, measured and balanced as we continue to execute our Clean Energy strategy and position ALLETE for the future. We're acting decisively, while balancing the interest of our many stakeholders in this time of ongoing COVID-related disruptions, and we will continue to be forthright and to tell it like it is. What companies do during trying times like these will either build trust or erode trust. And we, at ALLETE, intend to build on our strong foundation of integrity, our extensive track record of success and our long-standing reputation as a company trusted by our many stakeholders.

As you know, we have a long-term 5-year objective of achieving consolidated average annual earnings per share growth of 5% to 7%. This includes a Regulated Operations growth objective of 4% to 5% and an ALLETE Clean Energy and Corporate and Other businesses growth objective of at least 15% over the long term. We at ALLETE are committed to these growth objectives.

While the company's long-term growth objectives remain unchanged, our October 2020, 5 year projections indicate achieving these objectives is expected to be challenging. Our October 2020 projections of ALLETE's long-term consolidated average annual EPS growth rate, using 2019 as a base year, is approximately 4%, with our Regulated Operations growth projection of approximately 3% and an ALLETE Clean Energy and Corporate and Other businesses growth projection of approximately 30%.

Our earnings through September 30, 2020, have been negatively affected by COVID-19, and we expect our earnings to continue to be impacted for at least the remainder of 2020.

The pandemic has materially affected Minnesota Power's industrial customers and as a result, our sales to these customers. Earlier this year, U.S. Steel Corporation idled its Keewatin Taconite facility and Verso Corporation idled its paper mill in Duluth, Minnesota. We were so pleased when late last week, U.S. Steel announced that Keetac would resume production in mid-December, but we expect Verso to remain idle through the rest of 2020 and potentially part, if not all, of 2021. In addition, many of our commercial, municipal and other smaller industrial customers have been operating at reduced levels or were temporarily closed or idled during 2020, and we expect at least some of these customers to be similarly affected into 2021.

We will continue to support and work closely with all of our customers as we navigate the challenges ahead together.

I'd like to turn for a moment to our ESG and sustainability reporting strategy. Sustainability is the foundation of ALLETE strategy, and we have made great progress in furthering sustainability in all of its dimensions and leading the transformation to cleaner energy in our regions. We've also made great progress identifying the best framework and guidelines for sharing our sustainability journey with all of our stakeholders.

ALLETE sustainability team recently developed a path for our company to begin aligning our future sustainability reports with SASB and TCFD guidelines and standards. We expect this alignment in our reporting to begin in the first half of 2021 and continue into the future as expectations, guidelines and frameworks for this reporting mature and evolve.

We are confident in ALLETE's future and in our continuing leadership role in the Clean Energy economy. And we will continue to work closely with all of our customers, as they navigate the ongoing pandemic and economic recession.

In the meantime, we will also continue to be as transparent as possible regarding our action plans, communicating and engaging with our employees, our customers, our regulators, our investors and all other stakeholders.

Now I'll turn it over to Steve and Bob for further details on financial results, 2020 guidance and our growth outlook. Steve?

Steven Wayne Morris ALLETE, Inc. - VP, Controller & CAO

Thanks, Bethany, and good morning, everyone. I would like to remind you that we filed our 10-Q this morning and encourage you to refer to it for more details.

Please refer to Slides 3 and 4 for details regarding earnings per share on a quarterly and year-over-year basis for items impacting results.

Today, ALLETE reported third quarter 2020 earnings of \$0.78 per share on a net income of \$40.7 million. Last year's results were \$0.60 per share on net income of \$31.2 million. Results in the third quarter of 2020 include items that affect quarter-over-quarter comparisons, such as the change in fuel adjustment clause recovery methodology implemented in 2020, and timing of income tax expense, which varies quarter-to-quarter based on an estimated annual effective tax rate.

These timing differences had a positive impact of approximately \$0.10 per share for the third quarter of this year as compared to last year's third quarter with the Regulated Operations results positively affected by \$0.15 per share and Corporate and Other results negatively affected by \$0.05 per share.

Our year-to-date earnings have been negatively affected by the ongoing COVID-19 pandemic and related disruptions, and we expect our earnings to continue to be impacted for at least the remainder of 2020.

Overall, we estimate that the COVID-19 pandemic negatively affected earnings by approximately \$0.05 per share year-to-date, and we anticipate our full year results in 2020 to be negatively affected by approximately \$0.15 per share; as our fourth quarter results expect the Keetac facility to restart in December 2020 and Verso Corporation's paper mill in Duluth, Minnesota to be idled the rest of the year.

We also expect lower sales to our commercial, other industrial and municipal customers for the remainder of the year. Please keep in mind that these expectations are reflected in our 2020 earnings guidance, which Bob will discuss in a moment.

A few details on Minnesota Power's deferred accounting filing and rate case timing. In response to lower sales in 2020 due to the COVID-19 pandemic and in anticipation of potentially lower sales in 2021, Minnesota Power submitted a petition last week to the Minnesota Public Utilities Commission, requesting authority to track and record as a regulatory asset, lost large industrial customer revenue, resulting from the idling of the Keetac facility and Verso Corporation's paper mill in Duluth, Minnesota.

The Keetac facility and Verso's paper mill represents revenue of approximately \$30 million annually, net of associated expenses, such as fuel costs. Minnesota Power proposed in this petition to defer any lost revenues relating to the idling of the Keetac facility and the Verso paper mill to its next general rate case or other proceeding with the commission for review for recovery. Minnesota Power anticipates filing a general rate case in November 2021 with a 2022 test year.

A few details from our business segments. ALLETE's Regulated Operations segment, which includes Minnesota Power, Superior Water, Light and Power and the company's investment in the American Transmission Company, recorded net income of \$42.4 million in the third quarter of 2020 compared to \$32.4 million in the third quarter of 2019.

Earnings reflect higher net income at Minnesota Power, primarily due to higher rates implemented as part of our recent rate case and quarter-over-quarter timing impacts related to income tax expense and fuel adjustment clause recoveries. The quarter reflected lower kilowatt-hour sales to commercial and industrial customers due to the COVID-19 pandemic, which was partially offset by increased residential sales. The quarter also reflected lower revenue from other power suppliers due to the expiration of a contract in the second quarter of 2020.

Timing differences previously mentioned, benefited our Regulated Operations segment by approximately \$8 million in the current quarter as compared to last year.

ALLETE Clean Energy recorded third quarter 2020 net income of \$1.1 million compared to a net loss of \$1.2 million in 2019. Net income in

2020 reflects additional production tax credits, higher kilowatt-hour sales due to higher wind resources compared to 2019 and earnings from the new Glen Ullin and South Peak wind energy facilities.

Corporate and Other, which includes BNI Energy and ALLETE Properties, recorded lower earnings of \$2.8 million as compared to 2019, primarily due to lower earnings on cash and short-term investments and quarter-over-quarter timing impacts related to the recording of income tax expense, which varies quarter-to-quarter based on an estimated annual effective tax rate, as previously mentioned.

I'll now turn it over to Bob to discuss details on our 2020 guidance and outlook. Bob?

Robert J. Adams ALLETE, Inc. - Senior VP & CFO

Thanks, Steve, and good morning, everyone. What a journey indeed, as we move towards the end of 2020. A multitude of business disruptors to navigate through, ALLETE has been decisively planning, executing and repositioning throughout the year, both operationally and financially. Despite these macro challenges, I am pleased to provide an update of our large 2020 renewable energy projects, Nobles 2 and Diamond Spring with over \$600 million of investment, representing approximately 550 megawatts of carbon-free wind generation.

The Nobles 2 project, which supports Minnesota Power's Energy Forward initiative, is on track for completion by end of this year, with almost all of these 74 turbines now completed and commissioned. Tax equity is on track for closing by year-end. As you know, an ALLETE subsidiary is partnering with Tenaska, and we'll have an investment in this 250-megawatt wind facility located in Southwestern Minnesota. This facility will provide carbon-free wind generation to Minnesota Power under a long-term power sales agreement and will contribute to ALLETE's earnings at the start of 2021.

The construction of ALLETE Clean Energy's largest project to date, the Diamond Spring wind farm located in Oklahoma was just completed last week, with all 101 turbines commissioned.

This 300-megawatt wind generation project with a total cost of approximately \$450 million is expected to be operational before the end of this year, and we expect incremental earnings from this project to commence at the beginning of 2021.

ALLETE Clean Energy continues to advance on the newest wind project, the 300-megawatt Caddo facility, which is also located in Oklahoma. The full development of this wind project would be similar in size and scale to Diamond Spring. Despite the challenges COVID-19 has created for the broader economy, corporate customers are focusing on their sustainability commitments and ALLETE Clean Energy will continue to optimize its PTC safe harbor turbines as we move forward, while exploring other ways to meet this growing demand.

As you know, our nonregulated growth through ALLETE Clean Energy has increased at a much faster pace than originally expected as a result of the successful execution of the PTC qualified wind turbine strategy and our hard-earned reputation as a premier developer and operator in the U.S. In fact, as many of you know, ALLETE now ranks near the top as one of the largest investors in renewables, as a relative percentage of its total market capitalization.

Related to the elevated pace of investment capital flowing broadly into the wind projects across the country, our ALLETE Clean Energy business is beginning to experience return pressures from increased competition and lower forward price curves as a growing amount of investment capital is being directed into wind generation opportunities.

In addition, current and potential new project developments are negatively affected by our currently lower ALLETE stock price, which may result in such projects not being as accretive, or otherwise unable to satisfy our financial objectives criteria to proceed. We believe that the renewable industry continues to have tremendous potential, driven by societal demands to address climate change, and we are actively evaluating additional growth opportunities with better risk-adjusted returns on capital than currently available on wind projects for ALLETE Clean Energy, such as solar, storage solutions and grid resiliency.

We believe that the renewable energy industry is entering a new phase of growth, and ALLETE Clean Energy will serve as a strong

platform for future growth at ALLETE.

ALLETE Clean Energy will continue to optimize its existing wind facility portfolio, seek development of its remaining safe harbor production tax credit qualified turbines and explore other renewable energy opportunities to expand its service offerings to further enhance its growth and profitability.

We are already deep in the process of evaluating these opportunities, which would extend and diversify our growth in the renewable energy space beyond wind development projects. We anticipate sharing more with you in 2021, as it remains a lot to play out with likely changes in renewable policy, including new investment incentives and related tax implications that will influence our strategic migration in this dynamic energy space.

Onto our earnings guidance for 2020. Because of our actions early on in the COVID-19 pandemic and large power nominations we received for the first 8 months, our businesses generally performed as expected in the third quarter and year-to-date, reflecting COVID-19 impacts already discussed.

I will provide an update on 2020 guidance and outlook in a moment, but first, I would like to share some details of ALLETE's finances and liquidity position, please refer to Slide 5.

Our finances remain well positioned with a strong balance sheet and sufficient liquidity, bolstered by decisive financing actions taken already this year. As of September 30, we had significant liquidity with cash, credit facilities and other outstanding lending available. Regarding the tax equity financing for our renewable projects, we are currently finalizing approximately \$350 million in tax equity arrangements for investments in Nobles 2 and ALLETE Clean Energy's Diamond Spring wind project, which we will receive and use to retire construction financing before the end of the year.

I would now refer you to Slide 6 regarding our 2020 guidance update. We continue to expect ALLETE's 2020 annual adjusted earnings guidance, non-GAAP, to be in the range of \$3.25 to \$3.45 per share, excluding \$0.16 per share, charge related to Minnesota Power's rate case resolution, net of tax. This guidance reflects lower kilowatt-hour sales to Keetac and Verso Corporation operations that remain idle as well as other lower demand from other customers, partially offset by lower operating and maintenance expense.

As Bethany mentioned, U.S. [Steel] (added by company after the call) Corporation has indicated a restart to Keetac and while this is great news, any impact on 2020 is expected to be immaterial at this time.

From a capital expenditure standpoint, we will continue to monitor the economic trends impacted by COVID-19, and are evaluating possible deferrals, but expect any actions on this front to be immaterial at this time.

I'll now hand it back to Bethany. Bethany?

Bethany M. Owen ALLETE, Inc. - CEO, President & Director

Thank you, Steve and Bob. Bob updated you on plans for ALLETE Clean Energy as part of our evolving sustainability strategy, and I'd like to share some additional insights regarding Minnesota Power's continuing transformation to cleaner energy.

Minnesota Power will achieve a remarkable milestone at the end of this year when we begin delivering 50% renewable energy to customers, and we have no intention of stopping there. We are committed to a sustainable future of reliable, cost competitive and increasingly lower carbon energy.

Minnesota Power's Integrated Resource Plan is scheduled to be submitted to the Minnesota Public Utilities Commission in February. In that filing, we will include plans for transmission and distribution resiliency and additional renewable energy and infrastructure opportunities. We will also provide scenarios for the thoughtful transition of Boswell Units 3 and 4 as well as a securitization plan.

This IRP is the next step in the evolution of Minnesota Power's Energy Forward strategy that will significantly reduce carbon, benefiting

customers, communities and the environment, while keeping rates competitive and generating potential earnings growth over the long term. Throughout 2020, we've engaged a broad range of stakeholders regarding the development of this resource plan from customers to communities, to regulators, to employees and many others. We anticipate a robust engagement in this process, which will most likely occur throughout 2021, and we'll update you on this and other ESG-related initiatives throughout the year.

As we look to the future, we believe energy companies can and must play a leadership role in the recovery of our economy. We at ALLETE intend to build on our reputation as a trusted business partner and regional leader to support the recovery of our customers and our communities. Our commitment to all of our stakeholders and to sustainability in all its forms has never been stronger or more important than it is today.

Thank you for your interest and your investment in ALLETE. At this time, I will ask the operator to open the line for your questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions)

Our first question comes from Chris Ellinghaus with Siebert Williams.

Christopher Ronald Ellinghaus Siebert Williams Shank & Co., L.L.C., Research Division - Principal & Senior Equity Utility Analyst

Bob, can you describe for us what changes you see in the growth profile? And I understand that COVID is having some near-term impacts, but does that really affect the longer-term growth profile?

Robert J. Adams ALLETE, Inc. - Senior VP & CFO

Yes, Chris. It's several things, which I'll summarize here. First and foremost, recognize that, as we calculate the 5-year growth rates. It's -- again, using 2019 as a base. And so clearly, 2020, 2021 in terms of COVID is having a dampening impact on our revenues and does impact our growth.

Now that's a short-term thing, but in all transparency, as we talk about our growth and we look at it over the 5 years, that is having an impact.

On the regulated side of our business, if you go back to what we would have had in our IR deck in terms of Capex, we had about \$2.4 billion worth of Capex. That's now at about \$2.1 billion in Capex, \$2.1 billion to \$2.2 billion. And so what we've done there is, we've moved -- or the DC line expansion out a couple of years. And then we were contemplating the possibility of taking that from 550 megawatts to 900 megawatts. We backed that off a bit to 750 megawatts as we know it today, there's still the potential for that higher level of capacity addition. But we want to see how the MISO process and evaluation of the transmission systems evolve here before committing and keeping that 900 megawatts in the plan.

So we have that going on. We have the -- when we do these PTC projects overall, the larger ones, in particular, we -- there's a certain amount of equity that we issue, common equity to do those projects. And with the stock price -- our current stock price in mind, those projects are slightly less accretive over the 5-year period of time, and that is having a drag effect as well in terms of the growth on the non-reg side.

Now we're very pleased with the fact that we're still looking at about 30% growth. And to be clear, we haven't given up on the wind segment either. We will be doing wind farms. It's just that as we look at what we had guided toward before 2 to 3 projects a year, we think that might be a little heavy as we reallocate our capital into other higher returning segments in the wind space.

Christopher Ronald Ellinghaus Siebert Williams Shank & Co., L.L.C., Research Division - Principal & Senior Equity Utility Analyst

So as part of that, Bob, the equity price is obviously much lower than it had been. Is your analysis that comes up with that lower growth rate, just assuming sort of status quo on the stock price?

And might that mean later, if there is a significant market recovery that your growth calculation will be adjusted again?

Robert J. Adams ALLETE, Inc. - Senior VP & CFO

Yes. Yes, that's a good point. I mean we are -- as you know, we are conservative team here. And so as we look at COVID in the short run here. If COVID kind of continues to remain a hangover, either on our customers that will have an impact on our price.

So we're relatively conservative there. I would say, as we go into 2021 in the first and second quarter, and as we look at our guidance, we're going to be relooking at these growth rates again. And clearly, to the extent that the COVID wanes now, or at least, with the announcement here by Pfizer this morning with regard to a vaccine, I think that's going to have a market impact on industrial production in the country, the economy, and then by extension, us as well. So we're optimistic, but wanted to be forthcoming about the current challenges in our stock price.

Christopher Ronald Ellinghaus Siebert Williams Shank & Co., L.L.C., Research Division - Principal & Senior Equity Utility Analyst

Okay. Bob, the election provides some hope that there could be some stimulative infrastructure legislation. Have you got any thoughts on how that might influence ACE and the prospective returns, if there's a big surge in renewables demand at that point?

Robert J. Adams ALLETE, Inc. - Senior VP & CFO

Yes. Well, we definitely believe that renewables is going to -- as a segment is going to continue to be very attractive and continue to gain steam. So we're -- a lot of what we're -- when you step back from what I said about wind, a lot of what we're doing is just another traditional or classic capital allocation within the ACE business model to say, look, we like wind, as you know, we're 100% wind focused right now.

But we see, with infrastructure, demand for renewables, that there's other ways to play in renewables that are higher returning. So we're going to allocate some of the capital from the wind area into other higher growth segments as we go forward.

Christopher Ronald Ellinghaus Siebert Williams Shank & Co., L.L.C., Research Division - Principal & Senior Equity Utility Analyst

Okay. One last thing. Obviously, we've got some good news on a vaccine. We've got a new President. Have you got any thoughts on -- we've been hitting new records on the infections. Have you got any thoughts about what he might do come January, if we still have these rather horrible numbers? And how that might influence the December and April nominations with the vaccine news aside?

Bethany M. Owen ALLETE, Inc. - CEO, President & Director

Chris, this is Bethany. Thanks for your question. We're heartened by news, even this morning, that the incoming President elect is, symboling a coalition to scientists to work on kind of how we turn this second wave around. That paired with, as you mentioned, the positive news coming out regarding a vaccine. We believe there's hope and really, really strong progress.

So we're excited about the kind of collaborative nature with the Senate in connection with the stimulus package and all of that, that the incoming administration is demonstrating.

I'm going to turn it to Frank to talk a little bit about kind of what we might see from a Biden administration in terms of prospects for our large -- Minnesota Power's large industrial customers.

Frank Frederickson ALLETE, Inc. - VP of Customer Experience- Minnesota Power

Thank you, Bethany. So as we look ahead, I think one of the key positive signals that Bethany and Bob shared with you this morning is U.S. Steel's decision to restart their Keetac facility in mid-December. And that's one of those positive signals we're seeing in the steel industry as we're seeing overall recovery and operating rates, up north of 70% in that sector of our economy.

As we look at the election and the impacts going forward, I think there's a lot of eyes on what will come out in infrastructure package to help further bolster overall steel demand across America.

Steel demand has picked up even amidst the pandemic, just as consumer behavior shifted, and we've seen a lot of automotive purchases, resulting in a strong automotive sector. And the other signal that's out there just this morning with the vaccine is -- some upward signals of pricing in the oil and gas sector.

And the overall steel demand in the energy sector has been fairly low as we've been in this pandemic. So I think -- and those are some of those signals we're seeing. Obviously, we'll be waiting on guidance for next year when we get our December nominations from our customers and continue to update from there.

Operator

(Operator Instructions)

Our next question comes from Brian Russo with Sidoti.

Brian J. Russo Sidoti & Company, LLC - Research Analyst

I think you had previously targeted 1,500 megawatts of owned and operated generation at ACE. I think by 2022, is that still the target? Or is it shifted kind of with the diversification type strategy into other types of renewables?

Robert J. Adams ALLETE, Inc. - Senior VP & CFO

Yes. Brian, this is Bob. I think that's probably still fair with Caddo being completed, we're going to be at 1,300. So going to be -- 1,500 is going to be right in our windshield, if you will.

So -- but I appreciate the question again. I just want to reemphasize, we're not saying we're exiting wind entirely. We're very strict, as you know, as it relates to our underwriting criteria and with margins and returns, declining. We're just going to continue to be selective in that regard. But -- yes. So I think that's still a fair way to look at it.

Brian J. Russo Sidoti & Company, LLC - Research Analyst

Okay, great. And then just to clarify, the \$30 million of net revenues associated with Keetac and Verso that you filed for deferral. What time period is that for? You said annualized, but is it a look back or forward looking? Just trying to get a better feel for where that \$30 million is derived from?

Steven Wayne Morris ALLETE, Inc. - VP, Controller & CAO

Yes. Brian, this is Steve Morris. So \$30 million is just the annual number based on their normal full load, which is obviously margins, if you will, net of fuel. But -- so it's just their typical annual revenue that we would expect to get from them.

Brian J. Russo Sidoti & Company, LLC - Research Analyst

And is that 50-50 Verso and Keetac? Or is Keetac more heavily weighted there?

Steven Wayne Morris ALLETE, Inc. - VP, Controller & CAO

Yes. I'd call it pretty much even. They're both, give or take, 50 to 70 megawatts or so.

Operator

And our next question comes from Kevin Fallon with Citadel.

Kevin Fallon

Could you just clarify what is the base in 2019 that you are expecting to grow off of now?

Steven Wayne Morris ALLETE, Inc. - VP, Controller & CAO

Yes \$335 million, Kevin?

Kevin Fallon

So the \$335 million, you should be able to grow at roughly 4% for the next couple of years. And then beyond that, you're hoping to get back up to the 5% to 7%. Is that the right way to interpret what you guys are saying?

Steven Wayne Morris ALLETE, Inc. - VP, Controller & CAO

Yes. So the 4% is a CAGR, right? So it's to 2024. So you'll see swings up and down in between that period of time, but it's a 5-year period from '19 to 2024. And as I think, Bethany mentioned, our objective is still 5% to 7% growth rate long term.

Kevin Fallon

Okay. But within this -- the -- through 2024, the 4% is an average number. So there could be above and below. Is that the way to -- that's the point you're making?

Steven Wayne Morris ALLETE, Inc. - VP, Controller & CAO

Yes. If it's a CAGR, it isn't a year-to-year. It's a 5-year CAGR, right, from '19 to 2024.

Kevin Fallon

I got it. And with the outlook for '21, is that -- because it's a rate case year. I assume if you get your deferral, the \$30 million obviously is a big help or what have you. But is it like the absence of getting the deferral, the type of thing that pushes you below 4%? And the success in getting it is what pushes you above 4%?

Steven Wayne Morris ALLETE, Inc. - VP, Controller & CAO

Yes. We haven't disclosed our 2020 earnings yet. So we're still obviously working on that. December 1 demand nominations will be key to that. So I wouldn't say 4% either way, and you'll hear more about that in February.

But you did hear us talk about a November 2021 rate case filing. That's with the 2022 test year interim rates, beginning in January 1, 2022.

So if we filed in November, of course, no relief from a rate case in 2021, the -- you can look at the deferred accounting filing is essentially a little of our rate case that we could file in March.

Kevin Fallon

Okay. That's helpful. And just -- I don't know if you've given more granularity, but what is the amount of equity that you guys are issuing annually that's causing a little bit of a drag? I don't know if you've been that granular on an annual basis?

Robert J. Adams ALLETE, Inc. - Senior VP & CFO

Yes. Well, we've -- Kevin, this is Bob. So we have our DRIP program, and we've been issuing pretty consistently about \$20 million per year. So that's still the run rate of equity issuance.

Kevin Fallon

Got it. Got it. And in terms of the potential for asset sales, is there any other potential sources of financing beyond just issuing the equity or there -- and then you have the coal business or whatnot? I don't know if there's something along the lines there, that may offer some opportunities?

Robert J. Adams ALLETE, Inc. - Senior VP & CFO

Well, I would say, we look at everything, nothing specific on a company level, but we are continuing to look at, as I said before, optimizing the portfolio at ALLETE Clean Energy, some of the assets they have there, of course, might represent an opportunity.

So we -- the -- we're not actually outside of the DRIP program. The equity issuances that we see going forward are relatively modest. We do have some equity issuances, as you'll see in our financing deck.

It's about \$15 million associated with Caddo in the 2021 time frame. But that's relatively modest, if you think about our total market cap.

And to your point, to the extent that there are other ways that we can look at other assets that are either underperforming or what have you, we'd certainly look there first.

Kevin Fallon

And the Caddo-related equity in '21, is that expected to be internal programs or like ATM? Or should we expect block there?

Robert J. Adams ALLETE, Inc. - Senior VP & CFO

Yes. That's at ATM. That's an internal at-the-market program.

Kevin Fallon

Got it. And just the last thing for me. The way things stand with the update on Keetac, assuming the other Taconite customers keep their existing nominations coming into '21, you would be fully nominated, correct? With the incremental news on Keetac?

Frank Frederickson ALLETE, Inc. - VP of Customer Experience- Minnesota Power

Kevin, Frank Frederickson here. Yes, in our mining sector, we'd be fully nominated. As Bethany mentioned earlier, we're still not certain where the Verso paper facility is going to be.

Operator

Thank you. And I'm showing no further questions in the queue at this time. I'd like to turn the call back to Bethany Owen for any closing remarks.

Bethany M. Owen ALLETE, Inc. - CEO, President & Director

Steve, Bob, Frank and I, thank you for being with us this morning and for your investment and interest in ALLETE. We look forward to our EEl meetings with many of you this afternoon and tomorrow. Take care, and we wish you all the best.

Operator

Ladies and gentlemen, thank you for your participation on today's conference. This does conclude your program. And you may now disconnect.

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