



## Minnesota Power Proposes 250 MW Hydroelectric Energy Purchase

**DULUTH, Minn.-** Minnesota Power, an ALLETE company (NYSE: ALE), announced today that it has signed a term sheet outlining two purchased-power agreements with Manitoba Hydro: an initial purchase by Minnesota Power of surplus energy to begin in 2008, and a 15-year-term Minnesota Power purchase of 250 megawatts beginning in about 2020.

The long-term sale will require construction of hydroelectric facilities in northern Manitoba and major new transmission facilities between Canada and the United States. Minnesota Power and Manitoba Hydro each has one year to complete negotiations and sign definitive agreements. The agreements would be subject to the approval of the Minnesota Public Utilities Commission.

"We are pleased to cooperate with our neighbor and long-term utility partner to secure this clean, carbon-free energy resource for our customers," said Don Shippar, ALLETE, Inc. chairman, president and CEO. "As new industrial projects are proposed in our region, Minnesota Power will continue to deliver innovative ways to meet the associated energy needs."

The purchase is consistent with the energy strategy laid out in Minnesota Power's Integrated Resource Plan filed with the state of Minnesota last year.

"Manitoba Hydro is proceeding with plans for the development of new large hydroelectric projects in northern Manitoba," said Bob Brennan, Manitoba Hydro president and CEO. "Another benefit to both parties is the additional transmission capacity between the two utilities. These projects and the associated power sales will be good for the environment, good for the northern First Nation communities and good for rate payers both in Minnesota and Manitoba. These sales continue a long, close and fruitful relationship with Minnesota Power."

With headquarters in Winnipeg, Manitoba, Canada, Manitoba Hydro is the province's major energy utility. Manitoba Hydro exports electricity to more than 30 electric utilities through participation in four wholesale markets in Canada and the midwestern United States and serves 516,800 electric customers throughout Manitoba.

Minnesota Power provides electricity in a 26,000-square-mile electric service territory in northeastern Minnesota. Minnesota Power supplies retail electric service to 141,000 customers and wholesale electric service to 16 municipalities. More information can be found at: [www.mnpower.com](http://www.mnpower.com).

*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.*