



Contact: Eric Olson
218-723-3947
eolson@allete.com

NEWS

Minnesota Power to Study North Dakota Generation Resource

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DULUTH, Minn.— Minnesota Power, a division of Duluth-based ALLETE, Inc. (NYSE: ALE), Basin Electric Power Cooperative, Minnkota Power Cooperative and Montana-Dakota Utilities have announced a project development agreement to evaluate the feasibility of a joint lignite-fueled generating resource in the vicinity of the existing Milton R.Young generating station near Center, North Dakota.

Minnesota Power's fifteen-year energy demand forecast, incorporated in its current resource plan filing before the Minnesota Public Utilities Commission (MPUC), shows the need to add approximately 200 megawatts to its system by 2009, with an additional 200 megawatts needed by 2015. Minnesota Power plans to utilize its Taconite Harbor generating station along with several hydro and wind resources to meet the early need. It is exploring construction and purchase options for the 2015 need and a joint North Dakota facility is one construction possibility being considered. A formal study is being contemplated for a facility in Northeastern Minnesota.

"Now that we have a plan to meet generating requirements for the 2009 time frame, we are turning our attention to alternatives for our next resource addition," said Eric Norberg, Minnesota Power Vice President-Strategic Initiatives. "We are studying the feasibility of a North Dakota lignite unit alongside other construction and purchase options, including some in Northeastern Minnesota, to come up with the best overall plan for our customers and shareholders. We are exploring a range of technologies, fuels, emission control technologies and locations among the generating choices available to us."

"We are pleased to work together with Minnkota, Basin Electric, and MDU to study this alternative to meet our customers' needs in the next decade," said Don Shippar, President and CEO of ALLETE. "Generation decisions require a thorough examination of all alternatives to achieve the best balance between cost, reliability and environmental performance. This study will afford us a good look at the potential for a North Dakota unit with these partners."

The feasibility study is expected to take about one year to complete. Any final resource decision by Minnesota Power is subject to MPUC and other approvals.

Minnesota Power provides electricity in a 26,000-square-mile electric service territory located in northeastern Minnesota. Minnesota Power supplies retail electric service to 135,000 customers and wholesale electric service to 16 municipalities.



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Minnesota Power • 30 West Superior Street, Duluth, Minnesota 55802
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