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NEWS

Minnesota Power's 'low-cost' North Dakota wind farm receives key regulatory approval

Duluth, Minn.—The Minnesota Public Utilities Commission (MPUC) has unanimously approved Minnesota Power's request for approval of investments and expenditures in its Bison 2 wind project for recovery through a renewable resources rider.

Bison 2, a 105-megawatt wind farm located near New Salem, N.D, is part of the company's plan to cost-effectively meet the Minnesota renewable energy mandate while reshaping the generation portfolio of Minnesota Power, a division of ALLETE (NYSE: ALE).

The \$157 million wind farm will be located adjacent to the company's Bison 1 project now under construction, and is expected to produce emission-free electricity over a 35-year life.

"This project demonstrates that renewable energy can be a low-cost generation option that will benefit our customers," said ALLETE Chairman, President and CEO Al Hodnik. "At the same time, it's a logical next step that advances ALLETE's growth strategy to meet the demands of an evolving energy industry."

Minnesota Power's MPUC filing documented the cost advantage from adding the Bison 2 project in 2012, due in part to recent capital cost reductions for wind turbines, a superior wind location, and the federal Production Tax Credit available within the timing of the project.

The energy produced at Bison 2 will reduce market purchases of electricity and thermal generation production, resulting in annual emission reductions of carbon by 90,000 tons, sulfur dioxide by 70 tons, nitrogen oxides by 60 tons and mercury by three pounds.

Given its cost effectiveness, Minnesota Power submitted plans to the MPUC to construct its second North Dakota wind project in March of this year. Bison 2, consisting of 35 Siemens direct-drive wind turbines, will help move Minnesota Power closer to meeting Minnesota's Renewable Energy Standard of achieving 25 percent renewable energy by 2025.

The renewable energy will be delivered to Minnesota Power customers via the company's Direct Current transmission line linking Center, N.D. and Minnesota Power's Arrowhead Substation near Duluth. Bison 2 is expected to be online in 2012, while the second phase of Bison 1 is scheduled for completion this year.

The company filed plans for a similar sized project, Bison 3, with the MPUC in June. That project is scheduled to come online in 2012.

Minnesota Power provides retail electric service within a 26,000-square-mile area in northeastern Minnesota to 144,000 customers and wholesale electric service to 16 municipalities. More information can be found at 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.