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NEWS

Minnesota Power completes new transmission line to energize Essar Steel Minnesota facility in Nashwauk

Duluth, Minn.—Minnesota Power, a division of ALLETE, Inc. (NYSE: ALE), has completed the installation of several related electric infrastructure projects including substations and new transmission lines near Nashwauk, Minn., that will energize the Essar Steel Minnesota taconite mine and processing facility.

Minnesota Power and its contractors worked for two years to construct and install the \$35 million in transmission assets needed to satisfy the large power demands of Essar, which is constructing a mine, concentrator and taconite production facility capable of producing 7 million metric tons of taconite pellets.

"Building and operating the electric system to meet the energy needs of our large natural resource based industrial customers on the Iron Range is what we have been doing for decades," said Minnesota Power Chief Operating Officer Brad Oachs. "We are pleased that the completion of this project provides the electric infrastructure backbone for Essar's planned current operations and potential future growth in support of broader regional economic benefits."

Essar is an electric customer of the City of Nashwauk, which receives all its electricity through a municipal contract with Minnesota Power. When it reaches full production, the Essar facility will require about 110 megawatts of electricity. Essar continues to evaluate options and develop plans for future growth including direct reduced iron, steelmaking and potentially other product lines, which could ultimately result in a doubling, or more, of electric power requirements as well as construction of an additional 230-kV transmission line.

Minnesota Power signed an agreement in February 2012 to meet all of Nashwauk's electric requirements through June 30, 2024. Nashwauk subsequently agreed to provide Essar with all the electric service needed for the company's proposed taconite facility and any additional future growth.

"We're proud to have completed the first major transmission build on the Iron Range in many years, and we're excited to begin the next stage of providing electric service to Nashwauk and Essar Steel," said Vice President-Transmission and Distribution Chris Fleege. "This new infrastructure not only energizes Nashwauk and Essar Steel, it also enhances electric reliability for the region."

The project included construction of three new 230-kilovolt (kV) transmission lines, one of which has a five-mile segment of double circuit 230 kV and 115 kV line. A 230-kV line was removed, and a 115-kV line was re-routed around the Essar property, tying a Great River Energy circuit to the Minnesota Power 115 -kV system, and providing fiber communications to two new substations. In total, 28 miles of lines were built and 21 miles were re-routed or removed.

One of the new substations, the McCarthy Lake facility, was built to serve the taconite plant and the new Calumet substation will serve the mine area. Ownership of these facilities and the costs to

build them will be split between Nashwauk and Minnesota Power. Substation construction began in August 2011 and was finished earlier this month.

It took about 45 contract workers to complete the clearing and construction needed for the new transmission lines. Work on the 230-kV project was completed March 8. Remaining work on the 115-kV line will be completed in about two weeks.

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.

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