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NEWS

State Approves Minnesota Power's Emission Reduction Plan

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DULUTH, Minn.—The Minnesota Public Utilities Commission (MPUC) has issued an Order approving Minnesota Power's \$60 million voluntary emission reduction initiative. The Arrowhead Regional Emission Abatement Plan (AREA) is Minnesota Power's near-term effort to significantly reduce emissions from two of its energy generation facilities: the 225-megawatt Taconite Harbor Energy Center, located in Schroeder; and the 110-megawatt Laskin Energy Center, located in Hoyt Lakes. Work will begin upon receipt of construction permits from the Minnesota Pollution Control Agency (MPCA), expected to be issued later this year.

"We are pleased with state agency responsiveness to and endorsement of this first major step in Minnesota Power's latest emission reduction strategy," said Don Shippar, CEO of ALLETE. "The ability to propose and receive approval for implementation of our plans, along with current cost recovery for these emission reduction investments, certainly supports our ongoing commitment to environmental stewardship while we provide reliable, competitive electric power to our customers."

The MPUC Order ratifying the AREA Plan, which was originally filed with regulators in October 2005, follows a previous review and endorsement of the proposed emission reduction effort by the MPCA. Upon completion of AREA, Minnesota Power estimates a reduction of over 60% for oxides of nitrogen (NOx) at both facilities and a 65% reduction in sulfur dioxide (SO₂) at Taconite Harbor. Laskin Energy Center already has relatively low emission levels of sulfur dioxide due to existing emission reduction technology.

Additionally, with the emerging technology being applied at Taconite Harbor, there is the potential for as much as a 90% reduction in mercury emissions. Minnesota Power currently operates its units at 70% below existing emission requirements. The MPUC Order endorsing AREA allows Minnesota Power to recover approved costs for the Plan from customers without a rate proceeding.

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 retail customers, wholesale electric service to 16 municipalities, and some of the largest industrial customers in the United States. More information can be found at: www.mnpower.com.

The statements contained in this release and statements that Minnesota Power or 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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