



For Release: January 4, 2010

Contact: Amy Rutledge
Communications Manager
218.723.7400 (office)
218.348.2961 (cell)

NEWS

Minnesota Power reaches milestone in renewable energy efforts with purchase of interstate transmission line

Duluth, Minn.—Minnesota Power, an ALLETE company (NYSE: ALE), has finalized the purchase of a 465-mile transmission line, signaling a new era of renewable energy transport and development for the Company.

For approximately \$70 million, Minnesota Power has acquired a 250-kilovolt line connecting Center, N.D. with its Arrowhead Substation in Hermantown, Minn.

Purchase of the direct current (DC) transmission line from the Square Butte Electric Cooperative will further Minnesota Power's long range plan to bring more renewable energy into its system. The company plans to develop several hundred megawatts of new wind generation in North Dakota and deliver wind-fueled electricity to customers via the DC line.

Minnesota Power is already laying the groundwork for construction of its Bison wind farm, a 75-megawatt installation near New Salem, N.D. The project, consisting of 33 turbines with a 2.3 MW capacity each, will be installed in two phases. Phase one, which will involve the construction of the first 16 turbines, is scheduled to be operational by the end of 2010.

"The DC line is the centerpiece of our wind development efforts in North Dakota and reflects our commitment to providing long term value for our customers and shareholders," said ALLETE CEO Don Shippar. "Finalizing this purchase will allow us to deliver more clean energy to our customers and the Upper Midwest in a cost effective manner while supporting our efforts to meet Minnesota's aggressive mandate of producing 25 percent of our energy from renewable sources by 2025."

In November, the Federal Energy Regulatory Commission issued written orders authorizing Minnesota Power's acquisition of the transmission facilities. On December 21, the Minnesota Public Utilities Commission issued its written order approving Minnesota Power's purchase of the DC line.

The rich wind resources of central North Dakota are considered among the nation's premier sites for wind energy development, but there's a shortage of transmission assets available to move the renewable energy to population centers.

"The transmission of renewable energy has been a big challenge for our industry," said Eric Norberg, Minnesota Power's Senior Vice President of Strategy and Planning. "With the closing of this strategic agreement, we're proud to be at the forefront of long distance wind energy transport."

Direct current is a more economical way to transmit power over long distances than the standard AC, or alternating current. When Square Butte built the DC line in the 1970s, it was designed to move electricity from the coal-fired Young Station to supply Minnesota Power's growing taconite customers in northeast Minnesota's Iron Range.

Once described as a way to transport "coal by wire," Minnesota Power intends to use its DC line as an innovative method of moving "wind by wire." Electricity generated at the Young Station is now shared by Minnesota Power and Minnkota Power Cooperative, an affiliate of Square Butte.

Over the next several years, Minnesota Power will phase out its generation rights at the Young Station, allowing Minnkota to eventually take all of the coal-based electricity it once shared.

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.

###