



For Release: June 3, 2011

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NEWS

Minnesota Power final rates to go into effect June 1

Duluth, MN.—Final retail electric rates approved by the Minnesota Public Utilities Commission will go into effect on June billing statements for Minnesota Power's retail customers.

Minnesota Power filed its request in November of 2009 to support the company's investment in infrastructure, environmental improvements and the transport of renewable energy.

The Commission approved a four percent increase for the Company's residential customers, a five percent increase for small business customers and a 16 percent increase for industrial customers. Final rates will replace interim rates that have been in effect since January 2010, resulting in a \$4 decrease on the monthly bill of an average residential customer using 755 kWh a month.

The MPUC also approved a one-time rate adjustment of about \$5 for the average residential customer, which will be applied on their July or August bills. Because the approved total final rate increase of \$53.5 million for all retail customers was higher than the interim rate increase of \$48.5 million, customers will not receive a refund. Even after the increase, Minnesota Power remains one of the lowest-cost electric providers in the nation, ranking eleventh lowest total retail average rates among U.S. investor-owned utilities by the Edison Electric Institute.

Customers will also note a change in the energy block rates on their bills. The new block rates are intended to encourage conservation and result in a lower price of energy for customers who use less electricity.

The new rates reflect a series of environmental upgrades at the company's four generating units at Boswell Energy Center in Cohasset. The retrofit project at Boswell 3, which was completed in November of 2009, has significantly decreased emissions, directly benefiting Minnesota's environment.

The increase also recognizes the company's investment in infrastructure to ensure the continued delivery of reliable and safe energy. A portion of the costs associated with the company's acquisition of an existing transmission line is also included in the rate adjustment. The direct current (DC) line that stretches from North Dakota to Duluth will enable the company to deliver quality wind energy to its customers in Northern Minnesota.

ALLETE is an energy company and its principal operating division 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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