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# NEWS

## Minnesota Power resource study informs long-term energy planning process *Company engages community members and other stakeholders in on-going process*

Duluth, Minn.—Minnesota Power, a division of ALLETE (NYSE: ALE), today filed a study with the Minnesota Public Utilities Commission that examines how pending EPA regulations, predicted regional energy growth and customer cost impacts will play key roles in how the company will provide reliable and affordable electric power in the future.

“The base load diversification report is another important step in our continuous long-range planning process,” said Allan Rudeck Jr., Vice President of Minnesota Power Strategy and Planning. “Over the next five to seven years, Minnesota Power will be making decisions that have long-term consequences for the supply and cost of electric power. Minnesota Power is committed to maintaining an ongoing dialogue with our stakeholders throughout all stages of resource planning.”

The study examines the cost and reliability impacts of retiring or continuing to operate Minnesota Power’s Laskin Energy Center, Taconite Harbor Energy Center and Boswell Energy Center (in Hoyt Lakes, Schroeder, and Cohasset, Minn., respectively) coal-fired facilities through 2034 amidst a range of proposed EPA regulations.

The study provides perspective on the impact that stricter EPA regulations would have on the future of some of the company’s base load generation. The intent of the study was to consider a range of planning scenarios and explore potential impacts, not to draw any hard conclusions on the future of the company’s plants. The information will be used to help shape Minnesota Power’s next round of long-term planning, which will be detailed in its next resource plan in the summer of 2013.

Among the study’s key findings:

1. Minnesota Power’s environmental investments in recent years have resulted in significant benefits at reasonable cost. Costs of anticipated controls to meet new EPA requirements impact Minnesota Power’s smaller and oldest units the most.
2. Investments at the company’s largest unit, Boswell 4, are showing environmental and economic benefits for customers for the long-term planning period.
3. Coal based generation shutdowns would carry significant costs to customers, including those associated with transitioning to new energy supply options.

Rudeck noted that the timing of the study aligns with the company’s long term resource strategy of reliably and cost effectively meeting customer needs while reshaping its portfolio to reduce emissions. Minnesota Power is developing a more diverse, flexible and efficient energy supply through additional renewables, such as wind and hydropower, and is on course to achieve a more balanced coal, non-coal energy mix.

“While we’re adding wind and hydro to our portfolio, we’ve also made substantial progress in ensuring cleaner, more efficient baseload facilities,” Rudeck said. “Cleaner and affordable aren’t mutually exclusive goals, but we can’t accomplish both without making smart investments in our existing generation plants.”

The company has invested more than \$355 million in the past six years to reduce emissions, such as sulfur dioxide, nitrogen oxides, and mercury by more than 70% system-wide at its Laskin, Taconite Harbor and Boswell facilities.

“Taking early action on emission reductions has put us in a better position to meet new federal standards,” said David McMillan, Executive Vice President of Minnesota Power. “We know that environmental regulations will increase costs to our customers, and that knowledge has driven us to make the proactive investments we’ve made to date. For now, we believe we’ve taken the best steps we can to keep our energy affordable into the future.”

The company engaged a wide range of stakeholders in the study process, and their feedback helped further shape the scope of the work. Input was received from the Department of Commerce—Division of Energy Resources, the Minnesota Pollution Control Agency, the Izaak Walton League, Fresh Energy, the Minnesota Center for Environmental Advocacy, large industrial customers and community members where Minnesota Power has coal-based generation.

“Some observers believe they know what new sources of electricity Minnesota Power should be using for the next 25 years,” McMillan said. “The fact is that the impacts of energy supply decisions last for decades and successful resource planning is a sophisticated process of balancing cost, reliability and environmental benefit. Minnesota Power has a long track record of strong environmental stewardship while providing a reliable, economic power supply. We will continue to wisely assess and act on power supply issues while involving all of our different stakeholders – including residential and business customers. Minnesota Power’s priorities will continue to include helping this region’s economy while maintaining a great quality of life.”

Minnesota Power, a division of ALLETE, Inc., supplies electric service to 144,000 residents, 16 municipalities and some of the largest industrial customers in the United States.

*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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