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NEWS

Boswell Energy Center Unit 4 to reduce mercury emissions by 90 percent, extend reliability and continue to provide cost-competitive energy

Duluth, Minn.—The region's largest electric generating unit will undergo a major environmental retrofit that will greatly reduce emissions while helping to ensure competitively-priced energy for decades to come.

Boswell Unit 4 in Cohasset, Minn. will reduce emissions of mercury, particulates and sulfur dioxide. ALLETE Chairman, President and CEO Al Hodnik made the announcement today at ALLETE's Annual Meeting of Shareholders.

"This capstone event of our six-year environmental control effort will transform Boswell 4, the workhorse of our generation fleet, so it continues to provide reliable, safe and affordable electric power to our customers," Hodnik told ALLETE shareholders at the Duluth Entertainment Convention Center. Minnesota Power, based in Duluth, is a utility division of ALLETE, Inc. (NYSE: ALE).

Boswell Unit 4 is capable of producing 585 megawatts of electricity. Minnesota Power owns 80 percent of Boswell 4 with the balance owned by WPPI Energy. Minnesota Power's portion of the project is estimated to be \$350-400 million over the next several years. WPPI Energy will pay the cost of its share of the project. Multi-emission reduction project plans and permit applications will be filed with federal and state regulators next month.

With requirements for a 90 percent mercury reduction on Boswell Unit 4 by 2018 already in state statute, Minnesota Power has been analyzing a Unit 4 retrofit as pending Environmental Protection Agency regulations affecting coal units across the nation are finalized. Technology choices, resource needs, economic projections, customer cost impacts and project execution were key factors in this extensive assessment. The EPA's issuance of the MATS Rule for mercury reduction in December of 2011 was a key factor in the timing of Minnesota Power's decision.

Over the past six years, Minnesota Power has invested approximately \$350 million dollars to reduce emissions by about 70 percent overall on its system, with most of this investment applied to Boswell Unit 3, the company's second largest generator. The Boswell 4 project will increase overall emission reduction to around 85 percent. Every phase of Minnesota Power's ongoing resource planning process has underscored that emission reduction investments in Boswell 3 and 4 to enhance and sustain these core energy sources are a good value for customers.

"We can use cost-effective technology to greatly reduce emissions and keep our largest and newest base load plants operating for many more years," said Hodnik. "This will allow us to serve the growing energy needs of our customers economically and reliably, while meeting our environmental responsibilities. The Boswell 4 emission reduction project is another example of our commitment to enhance the economy and quality of life in this region."

In conjunction with achieving greatly reduced emissions and increased operating efficiencies in its coal-fired fleet, Minnesota Power also is adding considerable cost-effective renewable energy to its portfolio. The company will meet future energy needs with a more diverse, lower-emitting power supply that lessens coal-fired generation to about 50 percent of its total resource base. This transition to significantly reshape Minnesota Power's fleet is well underway and will be facilitated by the Boswell 3 and 4 reinvestments and through previously announced major additions of wind energy and hydro power.

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. 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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