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NEWS

Commission approves Minnesota Power's resource plan for meeting customer needs with a reliable, affordable and sustainable energy supply

Duluth, Minn.—Minnesota Power's 2013 resource plan for meeting the electric energy needs of its customers with a diversified energy mix while preserving reliability and protecting affordability was approved by the Minnesota Public Utilities Commission on September 25. Minnesota Power is an operating division of ALLETE Inc. (NYSE:ALE).

Minnesota Power's resource plan recommended specific actions on its coal generation fleet to comply with state and federal environmental regulations, the addition of new renewable resources in the short term and a significant natural gas addition early in the next decade to further diversify its power supply and reduce carbon emissions.

The Company's approved plan is based on its EnergyForward resource strategy, a roadmap to providing customers with reliable, cost-effective and environmentally compliant power for decades to come. EnergyForward further transitions the company's energy supply mix toward one-third renewables, one-third coal and one-third natural gas and other market resources long term through hydro and wind energy additions, coal-fired energy reductions and a post-2020 natural gas generation resource.

"We're pleased with the commission's decision approving our plan for Minnesota Power to continue diversifying its energy mix in a balanced way that helps ensure reasonable cost and reliability along with increased environmental stewardship," said Alan R. Hodnik, president, chairman and CEO of ALLETE. "Electric power needs to be affordable for customers and cleaner for the environment, and that's why key steps such as retrofitting the workhorse of our generation fleet to reduce emissions, adding more, lower cost renewables and sustaining our strong energy conservation programs are so important."

The company filed its biennial comprehensive resource plan March 1, 2013. It assessed environmental and economic futures affecting energy supply and demand while weighing the benefits and risks of various options to serve customers. The commission approved plan includes the following components:

- The addition of 200 megawatts of wind energy to Minnesota Power's system, which the company is proposing to meet through its recently-announced Bison 4 project near New Salem, N.D.
- Delivery of 250 megawatts of hydropower under contract from Manitoba Hydro by 2020, with Minnesota Power planning to deliver this energy on its proposed 500-kilovolt Great Northern Transmission Line.

- Reduction of coal-fired generation on its fleet by 185 megawatts through the conversion of Laskin Energy Center in Hoyt Lakes to a natural gas peaking station and the retirement of one of three units at Taconite Harbor Energy Center in Schroeder.
- Environmental retrofit of the company's newest and largest generating unit, Boswell Unit 4.
- Continuation and enhancement of the company's leading-edge Power of One conservation program to meet or exceed state conservation goals of 1.5 percent.

In separate action, the Commission also approved Minnesota Power's proposal to invest \$350 million in additional environmental control technology at Boswell Unit 4. The project would reduce mercury emissions by 90 percent, limit other emissions and is necessary to comply with the Minnesota Mercury Emission Reduction Act and the EPA Mercury Air Toxics Standard.

Minnesota Power provides electric service within a 26,000-square-mile area in northeastern Minnesota, supporting comfort, security and quality of life for 143,000 customers, 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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