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NEWS

Minnesota Power's "hometown hydropower" system rededicated to service at Annual Meeting of Shareholders

Duluth, Minn.—Minnesota Power's iconic Thomson Hydro Station will soon resume its more than a century old mission of generating emission-free energy, ALLETE Chairman, President and CEO Al Hodnik said today at the company's Annual Meeting of Shareholders.

Once federal regulators grant approval, flowing water from the St. Louis River will again rotate electric turbines at the state's largest hydroelectric facility. Thomson, operated by ALLETE utility division Minnesota Power, sustained major damage after floodwaters roared down the St. Louis River about 20 miles upstream from Duluth nearly two years ago.

"To celebrate the resurrection of this historic facility and to highlight our significant investment in Minnesota hometown hydropower, we are today re-dedicating to public service Minnesota Power's entire hydro system," Hodnik said. He noted enhancements and improvements to several other company hydro stations and associated reservoirs and recreational areas in northern Minnesota.

About 10 inches of rain fell in the St. Louis watershed during a 24-hour period beginning June 19, 2012, swamping the six Thomson turbines, overtopping Thomson Reservoir and breaching a portion of an earthen dike at the forebay, a shallow reservoir that feeds water into the generating station. After reconstruction of its embankment and installation of a new spillway, the repaired forebay will soon be refilled.

Working in consultation with the Federal Energy Regulatory Commission, which licenses the Thomson station, Minnesota Power and its contractors have worked on the 22-month project, planning and rebuilding the forebay, cleaning, repairing and refurbishing the powerhouse and its six turbine-generator sets, and repairing or replacing flow lines, penstocks and valves.

Minnesota Power hydro engineers anticipate that one of six Thomson turbines will begin generating renewable energy again early this summer. All six are expected to be operating by year's end.

The reconstruction and improvements at Thomson, estimated to cost about \$90 million, include refurbishment of the substation and replacement of much of the electrical infrastructure, cleanup of the turbines, which were underwater for several weeks, refurbishment of the massive pipes that deliver water from the forebay to the plant and the replacement and repair of valves.

Beyond the Thomson flood recovery work, Minnesota Power also has invested in upgrading and reconstructing other hydro facilities on the system.

A new, more efficient turbine was installed at the Fond du Lac facility downstream from Thomson, and a penstock was replaced at that facility, built in 1923. This turbine work, which was underway when the 2012 flood occurred, was financed in part with a Department of Energy stimulus grant of \$800,000.

Additionally, Minnesota Power's Prairie River hydro station, destroyed by fire in 2008, was rebuilt and put back into operation in the spring of 2013. In the fall of 2013, the company celebrated the centennial of its Sylvan Hydro station in the western area of Minnesota Power's service territory. In 2005 the company replaced the penstocks at its Winton hydro facility, and extensive work was also done to rebuild the Birch Lake Dam, Minnesota Power's last wooden structure. There were also improvements made to recreational facilities, at Island Lake and elsewhere across the hydro system.

A series of rededication events designed to celebrate the company's "Hometown Hydropower" will be held in communities near hydro facilities around northern Minnesota this summer. The initiative also includes a new website, www.mphydro.com, featuring the history of Minnesota Power's hydro system and recent investments.

Hodnik's announcement of the hydro rededication meshed with one major theme of his annual meeting speech – the accomplishments of Minnesota Power's **EnergyForward** resource strategy.

"I'm proud of what we've already accomplished with **EnergyForward**," he told about 800 shareholders at the Duluth Entertainment Convention Center this morning. "By the end of this year we will have essentially met the 25 percent by 2025 renewable energy standard set by our state. And we are on track to meeting the carbon objective targets set in Minnesota. With EnergyForward we are reducing carbon, protecting human health and bringing environmentally compliant and socially responsive energy solutions to the real world."

In other business from the ALLETE Annual Meeting, shareholders voting by proxy passed resolutions to elect 10 directors and to approve an advisory resolution on executive compensation. Retiring lead director Bruce Stender received praise and thanks from Hodnik for his 20 years of service to the board. Heidi Jimmerson will succeed Stender as lead director.

In his speech, Hodnik also focused on the enduring natural resources-based economy in Northeastern Minnesota. He cited PolyMet Mining, awaiting final permits, and Essar Steel Minnesota, which recently secured additional construction financing, as two ambitious projects that will continue mining's long legacy on the Mesabi Iron Range.

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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