



Contact: Eric Olson
218-723-3947
eolson@allete.com

NEWS

Minnesota Power Seeks Electric Supply Proposals

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DULUTH, Minn.—Minnesota Power, a division of Duluth-based ALLETE, Inc. (NYSE: ALE) today outlined the process it will employ to seek proposals from outside entities wishing to provide a portion of its future electric power requirements. Proposals are due by December 6, 2004.

“As one part of our long-term power supply strategy, we want to establish an open dialog with power providers so that we have all options on the table,” said Eric Norberg, Minnesota Power Vice President-Strategic Initiatives. “We believe our capacity and energy needs over the next decade and beyond are such that we need to identify least-cost, deliverable and reliable energy resources. The alternatives we’ll review in our overall process will include self-build options as well as market purchase opportunities.”

- The 200 megawatt (MW) Resource Request invites three kinds of responses:
Bridge transactions of at least 50 MW for 2-3 years within the period starting May 1, 2009 and continuing through April 30, 2012.
- Long Term Purchases of at least 50 MW for 15 or more years starting no earlier than May 1, 2009 and no later than May 1, 2012.
- Purchases from renewable generation sources of at least 10 MW starting between May 1, 2005 and May 1, 2012. All renewable generation sources must qualify to meet Minnesota’s Renewable Energy Objective.

In a mid-September regulatory filing, Minnesota Power projected peak demand by customers in its service territory will increase at an average annual rate of 1.7% over the next decade. The Duluth-based electric utility will also realize a reduction in generating capacity purchase amounts over the next few years. The combination of increased demands and reduced supply means Minnesota Power will need to secure additional energy to make up for the shortfall, according to information presented in the filing.

Proposals will be accepted by Minnesota Power through December 6, 2004, with a short list announcement expected during the first quarter of 2005 and a final decision likely by mid-2005.



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Minnesota Power • 30 West Superior Street, Duluth, Minnesota 55802
www.mnpower.com