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NEWS

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Minnesota Power limits water discharges from Island Lake Reservoir during drought conditions

Duluth, Minn.— Drought conditions across the region have prompted Minnesota Power to take early action and limit discharges from Island Lake Reservoir in an effort to maintain water levels at the largest impoundment on the utility's hydroelectric system.

Water levels at the reservoir about 15 miles north of Duluth have remained relatively steady since Minnesota Power ended its winter drawdown 15 days early on March 17, at a level of 1360.71 feet (30.40 feet stage). Due to the increasing drought conditions and operating plan requirements, Minnesota Power implemented its "Dry Condition" operating parameters starting April 1.

The primary purpose of the Island Lake Reservoir development is to provide water for wintertime energy generation at Minnesota Power's downstream hydroelectric generating stations -- Knife Falls, Scanlon, Thomson, and Fond du Lac. It also provides water regulation to help mitigate high downstream flows and water for recreational opportunities and aquatic habitat in the reservoir and downstream.

"We recognize water levels at Island Lake Reservoir are important to a lot of people," said Brad Oachs, Minnesota Power's chief operating officer. "We are doing whatever we can to help mitigate the situation, but a lot of this is dependent on Mother Nature. We all hope for more rain in the coming days and weeks."

Minnesota Power's hydroelectric system is licensed by the Federal Energy Regulatory Commission (FERC) to operate the St. Louis River Project. The Island Lake Reservoir and dam, which are part of the Project, are located on the Cloquet River, which flows into the St. Louis River. Boulder Lake Reservoir, on the Otter River immediately north of Island Lake Reservoir, also discharges into the Island Lake Reservoir via the Boulder Lake Reservoir Dam. At full pool elevation of 1369.81 feet (39.5 feet stage), the surface area of Island Lake Reservoir is 10,800 acres.
http://www.mnpower.com/Environment/WaterTable

Minnesota Power consults regularly with FERC, the Minnesota Department of Natural Resources (DNR), the National Weather Service and other stakeholders with interests on Island Lake Reservoir and downstream of the dam. A committee meets regularly to review reservoir operation and to determine, based on climatological data and modeling, whether a drought condition exists. If so, specific operating parameters are instituted that may include an adjustment of the reservoir drawdown level, target refill date, and minimum flow requirements.

"As of April 16, nearly all of the state of Minnesota is classified as being in 'moderate drought' by the U.S. Drought Monitor," explained Craig Schmidt, a hydrologist with the National Weather Service. "Water year precipitation for the Island Lake basin has been three to six inches below

normal so far this year, and snowfall this winter was 20 to 30 inches below normal." Schmidt said long-range outlooks through mid-summer show near to below-normal precipitation as the most likely scenario for northern and eastern Minnesota.

Charlotte Cohn, hydropower projects planner for Minnesota's DNR, said Minnesota Power has worked with her agency and the National Weather Service and local interests for more than a decade to balance the competing needs of Island Lake Reservoir, the St. Louis River, and the Cloquet River.

"We have focused on an intricate balance that recognizes the interests and concerns of the reservoir and river residents," Cohn said. "We have also assisted Minnesota Power in dealing with low water levels, continued lack of precipitation, and drought-related situations while still recognizing their interests in power generation. We respect the needs of all stakeholders and understand the frustrations with the lack of precipitation."

As outlined in the Island Lake Reservoir Operating Plan, Minnesota Power will continue with its "Dry Condition" minimum flows until the reservoir elevation reaches above 1367.81 feet (37.5 feet stage). At that point, discharges will revert to normal for this time of year.

The lack of snow during the winter of 2014-2015, combined with the dry early spring weather, has led to precipitation deficits across the state since October 1, according to the National Weather Service. Duluth has received less than 50 inches of snow this winter season. Stream flow along many of Minnesota's major rivers is well below the historical median due to the lack of spring snowmelt runoff.

Minnesota Power's planned reconstruction work during 2015 & 2016, on the north dike of the reservoir, will not affect water levels and is unrelated to the current low water level due to drought.

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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