



For Release: November 16, 2016

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NEWS

Presidential Permit paves way for Minnesota Power's Great Northern Transmission Line to deliver Canadian hydropower to customers *Project will reduce carbon emissions and advance company's EnergyForward strategy*

DULUTH, Minn. — Minnesota Power's Great Northern Transmission Line received federal approval today when the U.S. Department of Energy (DOE) issued a Presidential Permit, clearing the way for building the international transmission line to deliver clean energy from Canada's extensive hydropower resources to Minnesota while strengthening reliability of the power grid.

The Presidential Permit is the final major regulatory approval needed before construction can begin and is required because the transmission line will cross the international border between Manitoba and Minnesota and connect with Manitoba Hydro's Manitoba-Minnesota Transmission Project. The DOE, the federal agency responsible for issuing Presidential Permits for electric transmission lines, issued its Final Environmental Impact Statement for the project in October 2015. The Presidential Permit approval is the final step in a four-year process that included comprehensive agency review and voluntary community engagement by Minnesota Power, a utility company of ALLETE, Inc. (NYSE: ALE).

"I would like to thank Congressman Rick Nolan, Congressman Collin Peterson, Sen. Al Franken, Sen. Amy Klobuchar and the Red Lake Nation for their strong support of the project and advocacy to the DOE," said ALLETE Chairman, President and CEO Al Hodnik. "These informed and active partners were key to reaching final federal approval of this clean energy milestone."

"The Great Northern Transmission Line is a crucial link in Minnesota Power's EnergyForward strategy of balancing renewable and traditional energy sources. Minnesota Power already has exceeded Minnesota's 25 percent renewable standard, and is well-positioned to meet future decreased carbon emissions goals," Hodnik said. "DOE's issuance of this permit is the latest example of how we're answering the nation's call to transform its energy landscape, while growing ALLETE. Minnesota Power was forged from renewable hydropower 110 years ago, and that sustainable ethos lives on in this project that will deliver hundreds of megawatts of carbon-free hydropower to our customers."

Construction is expected to begin in early 2017 on the 500-kilovolt line that will deliver 383 megawatts of renewable hydropower purchased from Manitoba Hydro to Minnesota Power's customers beginning in 2020. The project is a key component of Minnesota Power's EnergyForward strategy to reduce carbon emissions and ensure continued reliability and affordable rates while achieving a balanced energy mix of one-third renewable energy, one-third natural gas and one-third coal.

"This is an important project for securing the availability of affordable, renewable electricity in northeastern Minnesota – especially for residential consumers, as well as our mining, manufacturing, timber and tourism industries," said Nolan who represents Minnesota's 8th Congressional District. "I am very pleased the project's final stage of review has crossed over the finish line, just in time for the winter construction season. The Great Northern Transmission Line enjoys broad stakeholder support, including local tribes, and has positive energy security and environmental implications for northeastern Minnesota, the Nation, and North America. I especially want to thank Secretary Moniz for his work and responsiveness to our recent request for a timely resolution."

The GNTL and its clean energy benefits have been widely recognized. In June 2016, a White House press release on the North American Climate, Clean Energy and Environment Partnership that calls for the U.S., Mexico and Canada to generate 50 percent of their electricity from renewable resources by 2025, the GNTL was cited as one of the cross-border transmission projects that will help achieve that goal.

And in May 2014, the White House pointed out that Minnesota Power's early coordination with other agencies and meetings with tribes, local government units and landowners was key in narrowing down potential routes for the line.

"Minnesota Power's early work with landowners, community members, and tribal and government representatives paved the way to this permit. Through extensive meetings with stakeholders and open houses, the project development process led to the best route," said Brad Oachs, Minnesota Power chief operating officer. He noted that Minnesota Power also coordinated with the DOE and the state Commerce Department in the route development, refinement and selection process to reach this regulatory milestone.

The Great Northern Transmission Line will optimize and balance the renewable resources of wind and hydropower by creating synergy between Minnesota Power's 500-megawatt wind farm in North Dakota and Manitoba Hydro's system of dams and reservoirs in Canada. Under power purchase agreements between the two companies and approved by the MPUC, Manitoba Hydro can reduce the flow of water through its hydro generators when there is excess wind power from Minnesota Power's North Dakota wind farm. When winds are light or calm, Manitoba Hydro can release more water—stored while the wind was blowing—through its dams and increase its hydropower production.

The approved 224-mile route will cross the border between the U.S. and Canada in Roseau County in northern Minnesota, about three miles east of Minnesota Highway 89. The line will run to an expanded Blackberry electric substation east of Grand Rapids, Minnesota. The route passes through Roseau, Lake of the Woods, and Koochiching and Itasca counties in Minnesota and largely follows Minnesota Power's preferred route, including the critical international border crossing.

Minnesota Power estimates the total cost of the project will be between \$560 million and \$710 million, with the company's portion of the cost estimated between \$300-350 million.

More information about the project can be found at <http://www.greatnortherntransmissionline.com/>

Minnesota Power provides electric service within a 26,000-square-mile area in Northeastern Minnesota, supporting comfort, security and quality of life for 145,000 customers, 16 municipalities and some of the largest industrial customers in the United States. More information can be found at www.mnpower.com. (ALE-ENRG)

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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