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NEWS

Minnesota Power files rate request and asks state regulators to increase its annual operating revenue

Continued investments in EnergyForward are transforming how energy is produced, delivered and used

DULUTH, Minn. – Minnesota Power, a utility division of ALLETE (NYSE: ALE), is filing a request today with state regulators to increase its annual operating revenue by \$65.9 million and adjust rates for electric customers to continue its commitment to deliver safe, reliable energy from increasingly cleaner sources. The request reflects changes in customer demand, increasing operating expenses and recovery of costs associated with regulatory obligations since the company's last rate case filed in 2016.

"We are pleased with the continued success of our Energy**Forward** strategy that ensures reliable and safe energy for customers as we transform the way energy is produced and delivered," ALLETE President Bethany Owen said. "Minnesota Power is on pace to reach 50 percent renewable energy by 2021, a remarkable accomplishment given that we currently offer the lowest average electric rates for residential customers in Minnesota."

Minnesota Power's full request proposes monthly rates for the average residential customer to increase by \$11.66 per month, maintaining its customers' position below state and national averages with a total average residential bill of \$89.82 per month. The increase for the average small business customer would be \$30.05 per month.

As part of today's rate filing, the company has requested an interim rate increase of 7.7 percent for all customers be implemented in early January 2020. The interim rate will remain in effect until a decision is made on final rates.

As a regulated electric utility, Minnesota Power must receive approval from the Minnesota Public Utilities Commission (MPUC) whenever changes in revenue and expenses require adjusting its rates. Over the next year, the MPUC will receive feedback from state agencies and interested parties before making a decision on the rate request. As part of the MPUC's public process, an administrative law judge will hold public hearings to provide customers with an opportunity to learn more about the rate request and offer public comment.

Through Energy**Forward**, Minnesota Power has transformed its energy supply in recent years to be 30 percent renewable by closing or converting seven of its nine coal generating units and significantly expanding wind and solar resources. By 2021 the company expects to be 50 percent renewable with the addition of 250 megawatts of wind power and more than 250 megawatts of hydropower to be delivered from Manitoba Hydro via the Great Northern Transmission Line. A planned natural gas power plant will support the addition of more renewables in the future by providing energy when solar and wind resources are in short supply.

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“Our investments in renewable and lower-carbon energy, along with the modernization of our regional power grid, are meeting the changing expectations of our customers and communities,” said Frank Frederickson, Minnesota Power vice president of Customer Experience. “With our exceptional energy conservation programs, along with renewable energy programs and digital tools like the Minnesota Power App, our customers also have more options today than ever before to help them control and reduce energy use and choose the types of energy they prefer.”

Minnesota Power has undertaken significant cost management steps, reducing operations and maintenance costs by nearly 20 percent since 2014.

While the proposal also increases rates for business customers, their increase reflects the lower cost of service per kilowatt hour required by these customers, as demonstrated through analysis submitted by Minnesota Power as part of its filing with the state. Minnesota Power has recently obtained MPUC approval to increase assistance for low-income customers with their monthly energy bills, supporting the most economically vulnerable customers in our communities as they enter the winter heating season.

“As public policy and new technology alter the energy landscape, we believe Minnesota Power’s Energy**Forward** plan is leading the way to a cleaner and more reliable energy future while keeping rates affordable for families and businesses in our area,” Owen said.

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, 15 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.