

# NEWS

## **Great Northern Transmission Line needed: MPUC** *Minnesota Power's international project clears major regulatory hurdle*

Duluth, Minn. — The Minnesota Public Utilities Commission (MPUC) on Thursday unanimously approved Minnesota Power's, a utility division of ALLETE Inc. (NYSE:ALE), request for a Certificate of Need (CN) for the 500-kilovolt Great Northern Transmission Line. The project is designed to bring renewable and carbon free hydroelectricity from Manitoba to Minnesota Power's customers in Northeastern Minnesota.

Among the most important approvals needed for the 220-mile transmission line first proposed three years ago, the CN decision follows months of public meetings and hearings and the submission of numerous written comments and testimony.

Minnesota Power needs the line to deliver at least 383 megawatts (MW) of energy to its customers by June 1, 2020, under power purchase agreements with Manitoba Hydro approved by the MPUC in 2012 and 2015.

Minnesota Power estimates the total cost of the project will be between \$560 million and \$710 million (in 2013 dollars). Minnesota Power is expected to have majority ownership of the transmission line. Thursday's vote came two months after an administrative law judge recommended to the MPUC that Minnesota Power had satisfied the criteria set forth under Minnesota law that the line was needed. The MPUC agreed with the ALJ's recommendation that stated the project addresses multiple needs, including:

- enabling the delivery of needed capacity and energy to Minnesota Power and its customers
- optimizing Minnesota Power's wind energy resources
- diversifying Minnesota Power's energy supply and reducing its dependence on coal
- reducing the risks of future emissions regulations
- supporting state and regional energy needs
- enhancing the efficiency and reliability of the transmission system

The project involves the construction of a new 500 kV transmission line in Minnesota from the U.S.-Canadian border to Minnesota Power's Blackberry Substation near Grand Rapids, Minn. Various route alternatives are under consideration by the MPUC, but the Great Northern Transmission Line will be approximately 220 miles long and constructed on a 200-foot-wide right-of-way most likely located in the Minnesota counties of Beltrami, Itasca, Koochiching, Lake of the Woods, and Roseau.

Minnesota Power's route permit application is pending under a separate MPUC docket, with hearings scheduled for this July and August. A Presidential Permit from the United States Department of Energy is also required for an international border crossing. Property taxes are

estimated to provide \$40,000 to \$60,000 per mile in annual revenues to local Minnesota governments.

“The Great Northern Transmission Line is a signature component of Minnesota Power’s EnergyForward strategy to reduce carbon emissions and assure continued reliability and affordable rates while diversifying its energy portfolio to a one-third renewable, one-third coal and one-third natural gas energy mix,” said Dave McMillan, Minnesota Power Executive Vice President. “As policymakers continue to move forward with aggressive calls for carbon reduction, this line and associated energy supply agreements provide us with flexibility that will benefit our customers, the region, the state and the country.”

A unique feature of the power purchase agreements allows Minnesota Power to use Manitoba Hydro’s hydropower system to “store” wind energy it produces at its Bison Wind Energy Center in south-central North Dakota. Minnesota Power will be able to deliver electric energy from its Bison wind installation to Manitoba Hydro when wind production is high and demand on Minnesota Power’s electric system is low. In this way, Manitoba Hydro’s system will act as a “battery” for energy produced from Minnesota Power’s North Dakota wind farm.

Minnesota Power provides electric service within a 26,000-square-mile area in northeastern Minnesota, supporting comfort, security and quality of life for 144,000 customers, 16 municipalities and some of the largest industrial customers in the United States. More information can be found at [www.mnpower.com](http://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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