



For Release: March 16, 2017

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NEWS

ALLETE Clean Energy, Xcel Energy sign 100 MW power purchase agreement for new North Dakota wind farm

Project will expand ACE wind portfolio to 640 MW across five states

Duluth, Minn. — ALLETE Clean Energy, a wholly-owned subsidiary of ALLETE Inc. (NYSE: ALE), today announced its plan to build, own and operate a 100-megawatt wind farm in Morton and Mercer counties in North Dakota that will supply electricity to Xcel Energy under a signed power purchase agreement.

Under development since 2011, the Clean Energy 1 project located north of Glen Ullin, North Dakota, has been permitted by the North Dakota Public Service Commission and has landowner agreements in place. Construction is expected to begin in 2018 under a 20-year power purchase agreement between ALLETE Clean Energy and Xcel Energy. The project will be built with the latest wind turbine technology to maximize production and is expected to be complete in 2019. The PPA is subject to regulatory approval.

To qualify for federal renewable energy production tax credits, the project may utilize a share of wind turbines ALLETE Clean Energy purchased in 2016 that meet the standards for the tax credit "Safe Harbor" provision. The \$100 million investment in safe harbor turbines allows ALLETE Clean Energy to pursue its three-pronged PTC strategy that includes building and operating new wind farms based on long-term PPAs, building wind farms for other companies for a development fee or a sale price, and refurbishing its existing wind farms while extending power sales agreements.

ALLETE Clean Energy also supplies wind power to Xcel Energy through purchase agreements at ALLETE Clean Energy's Chanarambie/Viking and Lake Benton wind farms in Minnesota.

"We are excited to partner with Xcel Energy to deliver additional low-cost wind resources to serve their customers," said Allan S. Rudeck Jr., president of ALLETE Clean Energy. "This additional PPA with Xcel Energy demonstrates ALLETE Clean Energy is an established and trusted brand in the renewable energy market that is executing its multifaceted growth strategy on a national level. We will work closely with area landowners, county officials and state regulators as we harness North Dakota's world-class wind resources."

ALLETE Clean Energy owns and operates wind generation facilities in Minnesota, Iowa, Oregon and Pennsylvania that were purchased from other companies. It also developed the 107.5-megawatt Thunder Spirit wind farm in North Dakota, which was sold to Montana-Dakota Utilities in 2015. ALLETE Clean Energy in January 2017 announced a plan to expand Thunder Spirit to about 150 megawatts through a PPA with Montana-Dakota Utilities, which also has an option to purchase the expansion.

"Wind prices are at historic lows and we're taking advantage of these low-cost projects to transition our energy fleet and secure these prices for our customers," said Chris Clark, president, Xcel

Energy-Minnesota, North Dakota, South Dakota. "Our customers count on us to provide reliable and affordable energy and this investment will do just that."

ALLETE Chairman, President and CEO Alan R. Hodnik said ALLETE Clean Energy is a credible nationwide supplier of renewable energy that is attracting attention within the industry.

"ALLETE Clean Energy is demonstrating that it can build shareholder value while answering the nation's call to transform the energy landscape," Hodnik said. "ALLETE's consolidated market share of wind power capacity has grown to 16th in the U.S. and that growth is poised to continue as the ACE safe harbor turbine strategy has improved an already strong deal-flow pipeline and connected ALLETE Clean Energy with new industry partners nationwide."

When Clean Energy 1 is complete, ALLETE Clean Energy will own and operate about 640 megawatts of wind generation capacity in five states while adding a long term PPA to its sales portfolio.

ALLETE Clean Energy was established in 2011 to acquire or develop capital projects to create energy solutions by way of wind, solar, biomass, hydro, natural gas, shale resources, clean coal technology and other emerging innovations.

ALLETE Inc. is an energy company headquartered in Duluth, Minnesota. In addition to its electric utilities, Minnesota Power and Superior Water, Light and Power of Wisconsin, ALLETE owns ALLETE Clean Energy, based in Duluth; BNI Energy in Center, North Dakota; U.S. Water Services in St. Michael, Minnesota; and has an 8 percent equity interest in the American Transmission Co. More information about ALLETE is available at www.allete.com. ALE-Corp

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. 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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