

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

**FORM 8-K**

**CURRENT REPORT**

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of Earliest Event Reported) – July 29, 2011

**ALLETE, Inc.**

(Exact name of registrant as specified in its charter)

**Minnesota**  
(State or other jurisdiction of  
incorporation or organization)

**1-3548**  
(Commission File Number)

**41-0418150**  
(IRS Employer  
Identification No.)

**30 West Superior Street**  
**Duluth, Minnesota 55802-2093**  
(Address of principal executive offices, including zip code)

**(218) 279-5000**  
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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## SECTION 2 – FINANCIAL INFORMATION

### Item 2.02 Results of Operations and Financial Condition

On July 29, 2011, ALLETE, Inc. (ALLETE) issued a press release announcing earnings for the second quarter of 2011, which is attached to this Current Report on Form 8-K and furnished as Exhibit 99.

## SECTION 9 – FINANCIAL STATEMENTS AND EXHIBITS

### Item 9.01 Financial Statements and Exhibits

(d) Exhibits

#### **Exhibit Number**

- 99 ALLETE News Release dated July 29, 2011, announcing 2011 second quarter earnings. (This exhibit has been furnished and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, except as shall be expressly set forth by specific reference in such filing.)

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*Readers are cautioned that forward-looking statements should be read in conjunction with ALLETE’s disclosures under the heading: “SAFE HARBOR STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995” located on page 3 of this Form 8-K.*

ALLETE Form 8-K dated July 29, 2011

**Safe Harbor Statement  
Under the Private Securities Litigation Reform Act of 1995**

Statements in this report that are not statements of historical facts may be considered “forward-looking” and, accordingly, involve risks and uncertainties that could cause actual results to differ materially from those discussed. Although such forward-looking statements have been made in good faith and are based on reasonable assumptions, there is no assurance that the expected results will be achieved. Any statements that express, or involve discussions as to, future expectations, risks, beliefs, plans, objectives, assumptions, events, uncertainties, financial performance, or growth strategies (often, but not always, through the use of words or phrases such as “anticipates,” “believes,” “estimates,” “expects,” “intends,” “plans,” “projects,” “will likely result,” “will continue,” “could,” “may,” “potential,” “target,” “outlook” or words of similar meaning) are not statements of historical facts and may be forward-looking.

In connection with the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, we are hereby filing cautionary statements identifying important factors that could cause our actual results to differ materially from those projected, or expectations suggested, in forward-looking statements made by or on behalf of ALLETE in this Current Report on Form 8-K, in presentations, on our website, in response to questions or otherwise. These statements are qualified in their entirety by reference to, and are accompanied by, the following important factors, in addition to any assumptions and other factors referred to specifically in connection with such forward-looking statements:

- our ability to successfully implement our strategic objectives;
- prevailing governmental policies, regulatory actions, and legislation including those of the United States Congress, state legislatures, the FERC, the MPUC, the PSCW, the NDPSC, the EPA and other various state, local, and county regulators, and city administrators, about allowed rates of return, financings, industry and rate structure, acquisition and disposal of assets and facilities, real estate development, operation and construction of plant facilities, recovery of purchased power, capital investments and other expenses, present or prospective wholesale and retail competition (including but not limited to transmission costs), zoning and permitting of land held for resale and environmental matters;
- our ability to manage expansion and integrate acquisitions;
- the potential impacts of climate change and future regulation to restrict the emissions of GHG on our Regulated Operations;
- effects of restructuring initiatives in the electric industry;
- economic and geographic factors, including political and economic risks;
- changes in and compliance with laws and regulations;
- weather conditions;
- natural disasters and pandemic diseases;
- war and acts of terrorism;
- wholesale power market conditions;
- population growth rates and demographic patterns;
- effects of competition, including competition for retail and wholesale customers;
- changes in the real estate market;
- pricing and transportation of commodities;
- changes in tax rates or policies or in rates of inflation;
- project delays or changes in project costs;
- availability and management of construction materials and skilled construction labor for capital projects;
- changes in operating expenses and capital expenditures;
- global and domestic economic conditions affecting us or our customers;
- our ability to access capital markets and bank financing;
- changes in interest rates and the performance of the financial markets;
- our ability to replace a mature workforce and retain qualified, skilled and experienced personnel; and
- the outcome of legal and administrative proceedings (whether civil or criminal) and settlements that affect the business and profitability of ALLETE.

Additional disclosures regarding factors that could cause our results and performance to differ from results or performance anticipated by this report are discussed in Item 1A under the heading “Risk Factors” beginning on page 22 of our 2010 Form 10-K. Any forward-looking statement speaks only as of the date on which such statement is made, and we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which that statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for management to predict all of these factors, nor can it assess the impact of each of these factors on the businesses of ALLETE or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement. Readers are urged to carefully review and consider the various disclosures made by us in this Form 8-K and in our other reports filed with the SEC that attempt to advise interested parties of the factors that may affect our business.

ALLETE Form 8-K dated July 29, 2011

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

**ALLETE, Inc.**

July 29, 2011

/s/ Steven Q. DeVinck

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Steven Q. DeVinck  
Controller and Vice President – Business Support

ALLETE Form 8-K dated July 29, 2011



For Release: July 29, 2011

Investor

Contact: Tim Thorp  
218-723-3953  
tthorp@allete.com

# NEWS

## ALLETE reports second quarter 2011 financial results; reaffirms earnings guidance

ALLETE, Inc. (NYSE: ALE) today reported second quarter 2011 earnings of 48 cents per share and net income of \$17 million, compared to earnings of 57 cents per share and net income of \$19.4 million in last year's second quarter. Revenue for the quarter increased four percent to \$219.9 million from \$211.2 million a year ago.

Income from ALLETE's **Regulated Operations** segment was similar to last year's second quarter at \$18.3 million, and reflected a \$2.9 million, or eight cents per share, income tax benefit. This non-recurring benefit resulted from the Minnesota Public Utilities Commission's approval of our request to defer the retail portion of last year's tax charge for the Patient Protection and Affordable Care Act (PPACA).

Regulated Operations income for the quarter also included a \$2.6 million benefit from the implementation of final electric rates and cost recovery rider revenue, and a \$1.5 million impact from higher retail and municipal electric sales.

Operating and maintenance expenses for the segment increased by \$7.9 million, compared to the same period a year ago. The second quarter of 2011 also recorded higher depreciation and interest expenses related to the company's recent investments in environmental improvements, renewable energy production and transmission assets.

"Results for the quarter were consistent with our expectations," said ALLETE Chairman, President and CEO Alan R. Hodnik. "It is important to note that the year-to-date increase in operating and maintenance expenses was anticipated, and was primarily related to scheduled maintenance projects at Minnesota Power's generating stations. For the full year, however, we expect operations and maintenance expenses to be comparable to those in 2010."

In the **Investments and Other** segment, ALLETE recorded a net loss of \$1.3 million in the second quarter of 2011, compared to income of \$1.2 million in the year-ago period. Last year's quarterly income included a \$1.1 million benefit from the successful resolution of a state income tax audit. Income from BNI Coal was about the same as in 2010. ALLETE Properties recorded no sales during the period, but reduced its operating expenses compared to last year. Quarterly results for this segment also included an increase in investment-related expenses for 2011.

An increase in the average number of common shares outstanding, with proceeds used to fund the company's capital investment program, had a dilutive impact of two cents per share for the quarter.

"I'm pleased with our progress this year, both financially and operationally, and ALLETE is in great position to meet its 2011 earnings guidance of between \$2.40 and \$2.60 per share, excluding the tax benefit related to the PPACA," Hodnik said.

“Since the beginning of the year, we’ve made significant strides in executing a strategy that will build value over the long term. We’ve signed a long-term power purchase agreement with Manitoba Hydro; announced plans to build the Bison 2 and 3 wind energy projects; signed new wholesale electric service contracts with 16 municipal customers through at least 2019; participated in negotiations resulting in a long-term electric service contract between Essar Steel Minnesota and one of our municipal customers, the City of Nashwauk; and launched a new business, ALLETE Clean Energy. It is an exciting time for ALLETE.”

The company will host a conference call and webcast at 10:00 a.m. Eastern time today to discuss details of its performance for the year. Interested parties may listen live by calling (877) 303-5852, or by accessing the webcast at [www.allete.com](http://www.allete.com). A replay of the call will be available through August 2, 2011 by dialing (800) 642-1687, pass code 78840521.

ALLETE’s corporate headquarters are in Duluth, Minn. In addition to its electric utilities, Minnesota Power and Superior Water, Light & Power Co. of Wisconsin, ALLETE owns BNI Coal in Center, N.D., ALLETE Clean Energy, also based in Duluth, and has an eight percent equity interest in the American Transmission Co. More information about the company is available at [www.allete.com](http://www.allete.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.*

*ALLETE’s press releases and other communications may include certain non-Generally Accepted Accounting Principles (GAAP) financial measures. A “non-GAAP financial measure” is defined as a numerical measure of a company’s financial performance, financial position or cash flows that excludes (or includes) amounts that are included in (or excluded from) the most directly comparable measure calculated and presented in accordance with GAAP in the company’s financial statements.*

*Non-GAAP financial measures utilized by the Company include presentations of earnings (loss) per share. ALLETE’s management believes that these non-GAAP financial measures provide useful information to investors by removing the effect of variances in GAAP reported results of operations that are not indicative of changes in the fundamental earnings power of the Company’s operations. Management believes that the presentation of the non-GAAP financial measures is appropriate and enables investors and analysts to more accurately compare the company’s ongoing financial performance over the periods presented.*

ALLETE, Inc.

**Consolidated Statement of Income**  
Millions Except Per Share Amounts – Unaudited

	<b>Quarter Ended</b>		<b>Six Months</b>	
	<b>June 30,</b>		<b>Ended</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
<b>Operating Revenue</b>	\$219.9	\$211.2	\$462.1	\$444.8
<b>Operating Expenses</b>				
Fuel and Purchased Power	76.0	74.3	155.0	154.1
Operating and Maintenance	95.7	85.4	185.8	173.1
Depreciation	22.1	19.8	44.4	39.8
<b>Total Operating Expenses</b>	<b>193.8</b>	<b>179.5</b>	<b>385.2</b>	<b>367.0</b>
<b>Operating Income</b>	<b>26.1</b>	<b>31.7</b>	<b>76.9</b>	<b>77.8</b>
<b>Other Income (Expense)</b>				
Interest Expense	(11.0)	(9.5)	(21.7)	(18.4)
Equity Earnings in ATC	4.6	4.4	9.0	8.9
Other	1.0	2.2	1.8	3.2
<b>Total Other Expense</b>	<b>(5.4)</b>	<b>(2.9)</b>	<b>(10.9)</b>	<b>(6.3)</b>
<b>Income Before Non-Controlling Interest and Income Taxes</b>	<b>20.7</b>	<b>28.8</b>	<b>66.0</b>	<b>71.5</b>
<b>Income Tax Expense</b>	<b>3.8</b>	<b>9.4</b>	<b>12.0</b>	<b>29.3</b>
<b>Net Income</b>	<b>16.9</b>	<b>19.4</b>	<b>54.0</b>	<b>42.2</b>
Less: Non-Controlling Interest in Subsidiaries	(0.1)	–	(0.2)	(0.2)
<b>Net Income Attributable to ALLETE</b>	<b>\$17.0</b>	<b>\$19.4</b>	<b>\$54.2</b>	<b>\$42.4</b>
<b>Average Shares of Common Stock</b>				
Basic	35.0	34.1	34.8	34.0
Diluted	35.1	34.2	34.9	34.1
<b>Basic Earnings Per Share of Common Stock</b>	<b>\$0.49</b>	<b>\$0.57</b>	<b>\$1.56</b>	<b>\$1.25</b>
<b>Diluted Earnings Per Share of Common Stock</b>	<b>\$0.48</b>	<b>\$0.57</b>	<b>\$1.55</b>	<b>\$1.25</b>
<b>Dividends Per Share of Common Stock</b>	<b>\$0.445</b>	<b>\$0.44</b>	<b>\$0.89</b>	<b>\$0.88</b>

**Consolidated Balance Sheet**

Millions – Unaudited

	<b>Jun. 30, Dec. 31,</b>		<b>Jun. 30, Dec. 31,</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
<b>Assets</b>			<b>Liabilities and Shareholders' Equity</b>	
Cash and Short-Term Investments	\$79.4	\$51.6	Current Liabilities	\$116.0 \$158.9
Other Current Assets	153.8	188.1	Long-Term Debt	770.7 771.6
Property, Plant and Equipment	1,861.1	1,805.6	Other Liabilities	323.8 324.8
Regulatory Assets	290.2	310.2	Regulatory Liabilities	43.4 43.6
Investment in ATC	96.3	93.3	Deferred Income Taxes & Investment Tax Credits	353.8 325.2
Investments	129.0	126.0	Shareholders' Equity	1,037.8 985.0
Other	35.7	34.3		
<b>Total Assets</b>	<b>\$2,645.5</b>	<b>\$2,609.1</b>	<b>Total Liabilities and Shareholders' Equity</b>	<b>\$2,645.5 \$2,609.1</b>



**ALLETE**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
Millions – Unaudited

**Six Months  
Ended  
June 30,  
2011    2010**

**Operating Activities**

Net Income	\$54.0	\$42.2
Allowance for Funds Used During Construction	(1.1)	(2.1)
Income from Equity Investments, Net of Dividends	(0.9)	(1.4)
Gain on Sale of Assets	(0.7)	(0.7)
Depreciation Expense	44.4	39.8
Amortization of Debt Issuance Costs	0.5	0.5
Deferred Income Tax Expense	11.8	23.1
Share-Based Compensation Expense	1.1	1.1
ESOP Compensation Expense	3.6	3.5
Bad Debt Expense	0.5	0.5
Changes in Operating Assets and Liabilities		
Accounts Receivable	27.2	10.1
Inventories	(1.3)	(0.1)
Prepayments and Other	8.0	2.4
Accounts Payable	(17.7)	(10.4)
Other Current Liabilities	(10.1)	(3.7)
Changes in Regulatory and Other Non-Current Assets	(2.5)	5.1
Changes in Defined Benefit Pension and Other Postretirement Benefit Plans	(8.5)	(0.4)
Changes in Regulatory and Other Non-Current Liabilities	21.7	(1.0)
Cash from Operating Activities	130.0	108.5

**Investing Activities**

Proceeds from Sale of Available-for-sale Securities	7.2	0.5
Payments for Purchase of Available-for-sale Securities	(1.2)	(1.4)
Investment in ATC	(1.4)	(1.2)
Changes to Other Investments	(1.4)	(0.6)
Additions to Property, Plant and Equipment	(91.6)	(79.5)
Proceeds from Sale of Assets	1.4	–
Cash for Investing Activities	(87.0)	(82.2)

**Financing Activities**

Proceeds from Issuance of Common Stock	22.9	15.2
Proceeds from Issuance of Long-Term Debt	–	80.0
Payments on Long-Term Debt	(1.5)	(69.9)
Debt Issuance Costs	–	(0.7)
Dividends on Common Stock	(31.4)	(30.8)
Changes in Notes Payable	1.5	(0.5)
Cash for Financing Activities	(8.5)	(6.7)

**Change in Cash and Cash Equivalents**

34.5    19.6

**Cash and Cash Equivalents at Beginning of Period**

44.9    25.7

**Cash and Cash Equivalents at End of Period**

\$79.4    \$45.3

ALLETE, Inc. Income (Loss)	Quarter Ended		Year to Date	
	2011	2010	2011	2010
Millions				
Regulated Operations	\$18.3	\$18.2	\$56.7	\$43.1
Investments and Other	(1.3)	1.2	(2.5)	(0.7)
Net Income Attributable to ALLETE	\$17.0	\$19.4	\$54.2	\$42.4

#### Statistical Data

Corporate				
Common Stock				
High	\$41.43	\$37.87	\$41.43	\$37.87
Low	\$37.87	\$32.90	\$36.33	\$29.99
Close	\$41.04	\$34.24	\$41.04	\$34.24
Book Value	\$28.23	\$26.97	\$28.23	\$26.97

#### Kilowatt-hours Sold

Millions				
Regulated Utility				
Retail and Municipals				
Residential	238	229	600	586
Commercial	328	327	704	699
Municipals	230	228	499	493
Industrial	1,782	1,728	3,620	3,157
Total Retail and Municipal	2,578	2,512	5,423	4,935
Other Power Suppliers	614	736	1,154	1,539
Total Regulated Utility	3,192	3,248	6,577	6,474
Non-regulated Energy Operations	25	28	51	60
Total Kilowatt-hours Sold	3,217	3,276	6,628	6,534

Regulated Operations includes our regulated utilities, Minnesota Power and SWL&P, as well as our investment in ATC, a Wisconsin-based utility that owns and maintains electric transmission assets in parts of Wisconsin, Michigan, Minnesota, and Illinois. Investments and Other is comprised primarily of BNI Coal, our coal mining operations in North Dakota, and ALLETE Properties, our Florida real estate investment. This segment also includes a small amount of non-rate base generation, land available-for-sale in Minnesota and earnings on cash and short-term investments.

	<b>Regulated Investments Consolidated Operations and Other</b>		
<b>Millions</b>			
<b>For the Quarter Ended June 30, 2011</b>			
Operating Revenue	\$219.9	\$201.8	\$18.1
Fuel and Purchased Power Expense	76.0	76.0	–
Operating and Maintenance Expense	95.7	77.2	18.5
Depreciation Expense	22.1	20.9	1.2
Operating Income (Loss)	26.1	27.7	(1.6)
Interest Expense	(11.0)	(9.1)	(1.9)
Equity Earnings in ATC	4.6	4.6	–
Other Income	1.0	0.6	0.4
Income (Loss) Before Non-Controlling Interest and Income			
Taxes	20.7	23.8	(3.1)
Income Tax Expense (Benefit)	3.8	5.5	(1.7)
Net Income (Loss)	16.9	18.3	(1.4)
Less: Non-Controlling Interest in Subsidiaries	(0.1)	–	(0.1)
Net Income (Loss) Attributable to ALLETE	\$17.0	\$18.3	\$(1.3)

	<b>Regulated Investments Consolidated Operations and Other</b>		
<b>Millions</b>			
<b>For the Quarter Ended June 30, 2010</b>			
Operating Revenue	\$211.2	\$194.1	\$17.1
Fuel and Purchased Power Expense	74.3	74.3	–
Operating and Maintenance Expense	85.4	69.3	16.1
Depreciation Expense	19.8	18.7	1.1
Operating Income (Loss)	31.7	31.8	(0.1)
Interest Expense	(9.5)	(7.7)	(1.8)
Equity Earnings in ATC	4.4	4.4	–
Other Income	2.2	1.1	1.1
Income (Loss) Before Non-Controlling Interest and Income			
Taxes	28.8	29.6	(0.8)
Income Tax Expense (Benefit)	9.4	11.4	(2.0)
Net Income	19.4	18.2	1.2
Less: Non-Controlling Interest in Subsidiaries	–	–	–
Net Income Attributable to ALLETE	\$19.4	\$18.2	\$1.2

**Regulated Investments  
Consolidated Operations and Other**

**Millions**

**For the Six Months Ended June 30, 2011**

Operating Revenue	\$462.1	\$424.8	\$37.3
Fuel and Purchased Power Expense	155.0	155.0	-
Operating and Maintenance Expense	185.8	148.4	37.4
Depreciation Expense	44.4	42.1	2.3
Operating Income (Loss)	76.9	79.3	(2.4)
Interest Expense	(21.7)	(17.7)	(4.0)
Equity Earnings in ATC	9.0	9.0	-
Other Income	1.8	1.2	0.6
Income (Loss) Before Non-Controlling Interest and Income Taxes			
Taxes	66.0	71.8	(5.8)
Income Tax Expense (Benefit)	12.0	15.1	(3.1)
Net Income (Loss)	54.0	56.7	(2.7)
Less: Non-Controlling Interest in Subsidiaries	(0.2)	-	(0.2)
Net Income (Loss) Attributable to ALLETE	\$54.2	\$56.7	\$(2.5)

**As of June 30, 2011**

Total Assets	\$2,645.5	\$2,381.6	\$263.9
Property, Plant and Equipment – Net	\$1,861.1	\$1,808.9	\$52.2
Accumulated Depreciation	\$1,062.6	\$1,011.3	\$51.3
Capital Additions	\$79.7	\$69.3	\$10.4

**Regulated Investments  
Consolidated Operations and Other**

**Millions**

**For the Six Months Ended June 30, 2010**

Operating Revenue	\$444.8	\$410.2	\$34.6
Fuel and Purchased Power Expense	154.1	154.1	-
Operating and Maintenance Expense	173.1	139.1	34.0
Depreciation Expense	39.8	37.7	2.1
Operating Income (Loss)	77.8	79.3	(1.5)
Interest Expense	(18.4)	(15.3)	(3.1)
Equity Earnings in ATC	8.9	8.9	-
Other Income	3.2	2.3	0.9
Income (Loss) Before Non-Controlling Interest and Income Taxes	71.5	75.2	(3.7)
Income Tax Expense (Benefit)	29.3	32.1	(2.8)
Net Income (Loss)	42.2	43.1	(0.9)
Less: Non-Controlling Interest in Subsidiaries	(0.2)	-	(0.2)
Net Income (Loss) Attributable to ALLETE	\$42.4	\$43.1	\$(0.7)

**As of June 30, 2010**

Total Assets	\$2,447.8	\$2,211.2	\$236.6
Property, Plant and Equipment – Net	\$1,671.7	\$1,627.4	\$44.3
Accumulated Depreciation	\$1,007.5	\$959.4	\$48.1
Capital Additions	\$85.1	\$85.0	\$0.1

Our capital expenditures for 2011 are expected to be approximately \$280 million. For the six months ended June 30, 2011, capital expenditures totaled \$79.7 million (\$85.1 million for the six months ended June 30, 2010). The expenditures were primarily made in the Regulated Operations segment.

ALLETE's projected capital expenditures for the years 2011 through 2015 are presented in the table below. Actual capital expenditures may vary from the estimates due to changes in forecasted plant maintenance, regulatory decisions or approvals, future environmental requirements, base load growth, capital market conditions or executions of new business strategies.

<b>Capital Expenditures</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>Total</b>
<b>Millions</b>						
Regulated Utility Operations						
Base and Other	\$107	\$97	\$92	\$94	\$99	\$489
Current Cost Recovery (a)						
Renewable (b)	124	291	4	8	1	428
Transmission (c)	26	26	32	20	11	115
Total Current Cost Recovery	150	317	36	28	12	543
Regulated Utility Capital Expenditures	257	414	128	122	111	1,032
Other	21	25	14	8	8	76
<b>Total Capital Expenditures</b>	<b>\$278</b>	<b>\$439</b>	<b>\$142</b>	<b>\$130</b>	<b>\$119</b>	<b>\$1,108</b>

(a) Estimated current capital expenditures recoverable outside of a rate case.

(b) Renewable riders include Bison 1, Bison 2, Bison 3 and Hibbard Projects.

(c) Transmission capital expenditures include CapX2020 projects.

Pending environmental regulations could result in significant capital expenditures in the future that are not included in the table above. Currently, future CapX2020 transmission projects are under discussions. Minnesota Power may elect to participate on a project-by-project basis.

**This exhibit has been furnished and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, except as shall be expressly set forth by specific reference in such filing.**

