Minnesota Power requests rate increase for retail customers

DULUTH, Minn. - Minnesota Power, an ALLETE company (NYSE: ALE), today filed a rate adjustment request with the Minnesota Public Utilities Commission (MPUC), seeking an increase of $45 million in the electric rates charged to its retail customers.

With MPUC approval, interim rates would take effect July 1, 2008. The company expects the MPUC would approve final rates by mid-2009. Minnesota Power has not asked for a retail rate adjustment since 1994.

"This adjustment in our rates would acknowledge how the cost of providing service to our retail electric customers has increased in the last 14 years," said Don Shippar, ALLETE Chairman, President and CEO. "In addition to higher expenses for general operation and maintenance, the costs of complying with regulatory changes and legislative mandates have also risen."

The electric rates paid by Minnesota Power retail customers have historically been the lowest in the region and among the lowest in the United States. In the most recent published rankings of the Edison Electric Institute, Minnesota Power's retail rates per kilowatt-hour were the lowest in Minnesota, the lowest in the six-state West North Central region and the tenth-lowest of 175 utilities surveyed in the U.S.

Minnesota Power provides electricity in a 26,000-mile region of northern Minnesota to 141,000 retail customers, 16 municipalities and some of the largest industrial customers in the United States.

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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