

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2021

or

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

For the transition period from _____ to _____

Commission File Number 1-3548

ALLETE, Inc.

(Exact name of registrant as specified in its charter)

Minnesota

(State or other jurisdiction of incorporation or organization)

41-0418150

(IRS Employer Identification No.)

30 West Superior Street

Duluth, Minnesota 55802-2093

(Address of principal executive offices)

(Zip Code)

(218) 279-5000

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading symbol	Name of each exchange on which registered
Common Stock, without par value	ALE	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer Accelerated Filer
Non-Accelerated Filer Smaller Reporting Company
Emerging Growth Company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Common Stock, without par value,
52,268,119 shares outstanding
as of June 30, 2021

Index

Definitions	3
Forward-Looking Statements	5
Part I. Financial Information	
Item 1. Consolidated Financial Statements - Unaudited	6
Consolidated Balance Sheet	6
Consolidated Statement of Income	7
Consolidated Statement of Comprehensive Income	8
Consolidated Statement of Cash Flows	9
Consolidated Statement of Equity	10
Notes to Consolidated Financial Statements	11
Note 1. Operations and Significant Accounting Policies	11
Note 2. Regulatory Matters	13
Note 3. Equity Investments	16
Note 4. Fair Value	17
Note 5. Short-Term and Long-Term Debt	19
Note 6. Commitments, Guarantees and Contingencies	20
Note 7. Earnings Per Share and Common Stock	25
Note 8. Income Tax Expense	25
Note 9. Pension and Other Postretirement Benefit Plans	27
Note 10. Business Segments	27
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	29
Comparison of the Quarters Ended	31
Comparison of the Six Months Ended	34
Critical Accounting Policies	37
Outlook	38
Liquidity and Capital Resources	46
Other	48
Item 3. Quantitative and Qualitative Disclosures about Market Risk	48
Item 4. Controls and Procedures	49
Part II. Other Information	
Item 1. Legal Proceedings	49
Item 1A. Risk Factors	50
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	50
Item 3. Defaults Upon Senior Securities	50
Item 4. Mine Safety Disclosures	50
Item 5. Other Information	51
Item 6. Exhibits	52
Signatures	53

Definitions

The following abbreviations or acronyms are used in the text. References in this report to “we,” “us” and “our” are to ALLETE, Inc., and its subsidiaries, collectively.

<u>Abbreviation or Acronym</u>	<u>Term</u>
AFUDC	Allowance for Funds Used During Construction – the cost of both debt and equity funds used to finance regulated utility plant additions during construction periods
ALLETE	ALLETE, Inc.
ALLETE Clean Energy	ALLETE Clean Energy, Inc. and its subsidiaries
ALLETE Properties	ALLETE Properties, LLC and its subsidiaries
ALLETE South Wind	ALLETE South Wind, LLC
ALLETE Transmission Holdings	ALLETE Transmission Holdings, Inc.
ArcelorMittal	ArcelorMittal S.A.
ATC	American Transmission Company LLC
Bison	Bison Wind Energy Center
BNI Energy	BNI Energy, Inc. and its subsidiary
Boswell	Boswell Energy Center
Camp Ripley	Camp Ripley Solar Array
Cliffs	Cleveland-Cliffs Inc.
Company	ALLETE, Inc. and its subsidiaries
COVID-19	2019 novel coronavirus
CSAPR	Cross-State Air Pollution Rule
DC	Direct Current
EIS	Environmental Impact Statement
EPA	United States Environmental Protection Agency
ESOP	Employee Stock Ownership Plan
FERC	Federal Energy Regulatory Commission
Form 10-K	ALLETE Annual Report on Form 10-K
Form 10-Q	ALLETE Quarterly Report on Form 10-Q
GAAP	Generally Accepted Accounting Principles in the United States of America
GHG	Greenhouse Gases
GNTL	Great Northern Transmission Line
Hibbing Taconite	Hibbing Taconite Co.
Husky Energy	Husky Energy Inc.
Invest Direct	ALLETE’s Direct Stock Purchase and Dividend Reinvestment Plan
IRP	Integrated Resource Plan
Item ____	Item ____ of this Form 10-Q
kV	Kilovolt(s)
kW / kWh	Kilowatt(s) / Kilowatt-hour(s)
Laskin	Laskin Energy Center
Lampert Capital Markets	Lampert Capital Markets, Inc.
Manitoba Hydro	Manitoba Hydro-Electric Board
Minnesota Power	An operating division of ALLETE, Inc.
Minnkota Power	Minnkota Power Cooperative, Inc.
MISO	Midcontinent Independent System Operator, Inc.
MMTP	Manitoba-Minnesota Transmission Project
Moody’s	Moody’s Investors Service, Inc.
MPCA	Minnesota Pollution Control Agency

<u>Abbreviation or Acronym</u>	<u>Term</u>
MPUC	Minnesota Public Utilities Commission
MW / MWh	Megawatt(s) / Megawatt-hour(s)
NAAQS	National Ambient Air Quality Standards
NDPSC	North Dakota Public Service Commission
Nobles 2	Nobles 2 Power Partners, LLC
NOL	Net Operating Loss
NO _x	Nitrogen Oxides
Northshore Mining	Northshore Mining Company, a wholly-owned subsidiary of Cleveland-Cliffs Inc.
Note ____	Note ____ to the Consolidated Financial Statements in this Form 10-Q
NPDES	National Pollutant Discharge Elimination System
NTEC	Nemadji Trail Energy Center
Oliver Wind I	Oliver Wind I Energy Center
Oliver Wind II	Oliver Wind II Energy Center
PolyMet	PolyMet Mining Corp.
PPA / PSA	Power Purchase Agreement / Power Sales Agreement
PPACA	Patient Protection and Affordable Care Act of 2010
PSCW	Public Service Commission of Wisconsin
SEC	Securities and Exchange Commission
Silver Bay Power	Silver Bay Power Company, a wholly-owned subsidiary of Cleveland-Cliffs Inc.
SO ₂	Sulfur Dioxide
Square Butte	Square Butte Electric Cooperative, a North Dakota cooperative corporation
SWL&P	Superior Water, Light and Power Company
Taconite Harbor	Taconite Harbor Energy Center
Town Center District	Town Center at Palm Coast Community Development District in Florida
U.S.	United States of America
USS Corporation	United States Steel Corporation
WTG	Wind Turbine Generator

Forward-Looking Statements

Statements in this report that are not statements of historical facts are 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 can be 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,” “likely,” “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 providing this cautionary statement to identify important factors that could cause our actual results to differ materially from those indicated in forward-looking statements made by or on behalf of ALLETE in this Form 10-Q, 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 that could cause our actual results to differ materially from those indicated in the forward-looking statements:

- our ability to successfully implement our strategic objectives;
- global and domestic economic conditions affecting us or our customers;
- changes in and compliance with laws and regulations;
- changes in tax rates or policies or in rates of inflation;
- the outcome of legal and administrative proceedings (whether civil or criminal) and settlements;
- weather conditions, natural disasters and pandemic diseases, including the ongoing COVID-19 pandemic;
- our ability to access capital markets, bank financing and other financing sources;
- changes in interest rates and the performance of the financial markets;
- project delays or changes in project costs;
- changes in operating expenses and capital expenditures and our ability to raise revenues from our customers;
- the impacts of commodity prices on ALLETE and our customers;
- our ability to attract and retain qualified, skilled and experienced personnel;
- effects of emerging technology;
- war, acts of terrorism and cybersecurity attacks;
- our ability to manage expansion and integrate acquisitions;
- population growth rates and demographic patterns;
- wholesale power market conditions;
- federal and state regulatory and legislative actions that impact regulated utility economics, including our allowed rates of return, capital structure, ability to secure financing, industry and rate structure, acquisition and disposal of assets and facilities, operation and construction of plant facilities and utility infrastructure, recovery of purchased power, capital investments and other expenses, including present or prospective environmental matters;
- effects of competition, including competition for retail and wholesale customers;
- effects of restructuring initiatives in the electric industry;
- the impacts on our businesses of climate change and future regulation to restrict the emissions of GHG;
- effects of increased deployment of distributed low-carbon electricity generation resources;
- the impacts of laws and regulations related to renewable and distributed generation;
- pricing, availability and transportation of fuel and other commodities and the ability to recover the costs of such commodities;
- our current and potential industrial and municipal customers’ ability to execute announced expansion plans;
- real estate market conditions where our legacy Florida real estate investment is located may not improve; and
- the success of efforts to realize value from, invest in, and develop new opportunities.

Additional disclosures regarding factors that could cause our results or performance to differ from those anticipated by this report are discussed in Part I, Item 1A. Risk Factors of our 2020 Form 10-K and Part II, Item 1A. Risk Factors of this Form 10-Q. 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 ALLETE in this Form 10-Q and in other reports filed with the SEC that attempt to identify the risks and uncertainties that may affect ALLETE’s business.

PART I. FINANCIAL INFORMATION

ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

**ALLETE
CONSOLIDATED BALANCE SHEET
Unaudited**

	June 30, 2021	December 31, 2020
Millions		
Assets		
Current Assets		
Cash and Cash Equivalents	\$62.5	\$44.3
Accounts Receivable (Less Allowance of \$2.7 and \$2.5)	105.2	111.9
Inventories – Net	88.1	74.2
Prepayments and Other	23.5	24.5
Total Current Assets	279.3	254.9
Property, Plant and Equipment – Net	5,021.6	4,840.8
Regulatory Assets	491.9	480.9
Equity Investments	317.8	301.2
Other Non-Current Assets	182.7	206.8
Total Assets	\$6,293.3	\$6,084.6
Liabilities and Equity		
Liabilities		
Current Liabilities		
Accounts Payable	\$100.0	\$110.0
Accrued Taxes	53.0	59.4
Accrued Interest	19.5	19.8
Long-Term Debt Due Within One Year	362.6	203.7
Other	60.4	66.7
Total Current Liabilities	595.5	459.6
Long-Term Debt	1,664.6	1,593.2
Deferred Income Taxes	188.7	195.7
Regulatory Liabilities	514.9	524.8
Defined Benefit Pension and Other Postretirement Benefit Plans	210.7	225.8
Other Non-Current Liabilities	277.0	285.3
Total Liabilities	3,451.4	3,284.4
Commitments, Guarantees and Contingencies (Note 6)		
Equity		
ALLETE Equity		
Common Stock Without Par Value, 80.0 Shares Authorized, 52.3 and 52.1 Shares Issued and Outstanding	1,474.1	1,460.9
Accumulated Other Comprehensive Loss	(30.3)	(31.1)
Retained Earnings	878.8	864.8
Total ALLETE Equity	2,322.6	2,294.6
Non-Controlling Interest in Subsidiaries	519.3	505.6
Total Equity	2,841.9	2,800.2
Total Liabilities and Equity	\$6,293.3	\$6,084.6

The accompanying notes are an integral part of these statements.

ALLETE
CONSOLIDATED STATEMENT OF INCOME
Unaudited

	Quarter Ended		Six Months Ended	
	June 30,		June 30,	
	2021	2020	2021	2020
Millions Except Per Share Amounts				
Operating Revenue				
Contracts with Customers – Utility	\$290.4	\$200.8	\$583.4	\$466.1
Contracts with Customers – Non-utility	42.3	39.6	85.7	83.1
Other – Non-utility	2.9	2.8	5.7	5.6
Total Operating Revenue	335.6	243.2	674.8	554.8
Operating Expenses				
Fuel, Purchased Power and Gas – Utility	128.9	69.3	249.3	158.3
Transmission Services – Utility	19.2	16.4	36.9	34.9
Cost of Sales – Non-utility	15.8	16.3	32.6	33.2
Operating and Maintenance	67.1	59.0	133.4	120.0
Depreciation and Amortization	57.9	54.5	115.9	107.9
Taxes Other than Income Taxes	18.5	15.0	36.5	27.6
Total Operating Expenses	307.4	230.5	604.6	481.9
Operating Income	28.2	12.7	70.2	72.9
Other Income (Expense)				
Interest Expense	(17.4)	(15.9)	(34.5)	(31.6)
Equity Earnings	5.1	6.4	9.9	11.6
Other	1.8	5.2	5.1	6.2
Total Other Expense	(10.5)	(4.3)	(19.5)	(13.8)
Income Before Income Taxes	17.7	8.4	50.7	59.1
Income Tax Benefit	(4.0)	(8.5)	(14.4)	(22.3)
Net Income	21.7	16.9	65.1	81.4
Net Loss Attributable to Non-Controlling Interest	(6.2)	(3.2)	(14.6)	(5.0)
Net Income Attributable to ALLETE	\$27.9	\$20.1	\$79.7	\$86.4
Average Shares of Common Stock				
Basic	52.2	51.8	52.2	51.8
Diluted	52.3	51.9	52.2	51.8
Basic Earnings Per Share of Common Stock	\$0.53	\$0.39	\$1.53	\$1.67
Diluted Earnings Per Share of Common Stock	\$0.53	\$0.39	\$1.53	\$1.67

The accompanying notes are an integral part of these statements.

ALLETE
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Unaudited

	Quarter Ended		Six Months Ended	
	June 30,		June 30,	
	2021	2020	2021	2020
Millions				
Net Income	\$21.7	\$16.9	\$65.1	\$81.4
Other Comprehensive Income				
Unrealized Gain on Securities				
Net of Income Tax Expense of \$-, \$0.1, \$- and \$-	—	0.4	—	—
Defined Benefit Pension and Other Postretirement Benefit Plans				
Net of Income Tax Expense of \$0.2, \$-, \$0.3 and \$0.1	0.4	0.1	0.8	0.3
Total Other Comprehensive Income	0.4	0.5	0.8	0.3
Total Comprehensive Income	22.1	17.4	65.9	81.7
Net Loss Attributable to Non-Controlling Interest	(6.2)	(3.2)	(14.6)	(5.0)
Total Comprehensive Income Attributable to ALLETE	\$28.3	\$20.6	\$80.5	\$86.7

The accompanying notes are an integral part of these statements.

ALLETE
CONSOLIDATED STATEMENT OF CASH FLOWS
Unaudited

Six Months Ended
June 30,
2021 **2020**

Millions		
Operating Activities		
Net Income	\$65.1	\$81.4
AFUDC – Equity	(1.1)	(1.4)
Income from Equity Investments – Net of Dividends	1.1	(2.2)
Realized and Unrealized (Gain) Loss on Investments and Property, Plant and Equipment	(0.7)	1.1
Depreciation Expense	115.8	107.9
Amortization of PSAs	(5.7)	(5.6)
Amortization of Other Intangible Assets and Other Assets	5.1	4.6
Deferred Income Tax Benefit	(14.4)	(22.3)
Share-Based and ESOP Compensation Expense	3.1	3.1
Defined Benefit Pension and Postretirement Benefit Expense	2.2	—
Provision for Interim Rate Refund	—	11.7
Payments for Tax Reform Refund	—	(0.1)
Bad Debt Expense	0.6	1.1
Changes in Operating Assets and Liabilities		
Accounts Receivable	5.7	9.5
Inventories	(13.9)	(9.3)
Prepayments and Other	1.7	3.3
Accounts Payable	(1.2)	(11.6)
Other Current Liabilities	(13.0)	(8.5)
Cash Contributions to Defined Benefit Pension Plans	(10.3)	(10.7)
Changes in Regulatory and Other Non-Current Assets	(25.6)	(16.8)
Changes in Regulatory and Other Non-Current Liabilities	(8.8)	8.1
Cash from Operating Activities	105.7	143.3
Investing Activities		
Proceeds from Sale of Available-for-sale Securities	2.6	2.1
Payments for Purchase of Available-for-sale Securities	(2.0)	(2.3)
Payments for Equity Method Investments	(17.1)	(66.6)
Additions to Property, Plant and Equipment	(293.4)	(419.9)
Other Investing Activities	4.2	0.5
Cash for Investing Activities	(305.7)	(486.2)
Financing Activities		
Proceeds from Issuance of Common Stock	10.1	7.9
Proceeds from Issuance of Short-Term and Long-Term Debt	379.0	297.4
Repayments of Short-Term and Long-Term Debt	(149.3)	(20.9)
Proceeds from Non-Controlling Interest in Subsidiaries	28.9	67.8
Dividends on Common Stock	(65.7)	(63.9)
Other Financing Activities	(0.9)	(0.5)
Cash from Financing Activities	202.1	287.8
Change in Cash, Cash Equivalents and Restricted Cash	2.1	(55.1)
Cash, Cash Equivalents and Restricted Cash at Beginning of Period	65.2	92.5
Cash, Cash Equivalents and Restricted Cash at End of Period	\$67.3	\$37.4

The accompanying notes are an integral part of these statements.

ALLETE
CONSOLIDATED STATEMENT OF EQUITY
Unaudited

	Quarter Ended		Six Months Ended	
	2021	2020	2021	2020
Millions Except Per Share Amounts				
Common Stock				
Balance, Beginning of Period	\$1,467.6	\$1,441.7	\$1,460.9	\$1,436.7
Common Stock Issued	6.5	6.0	13.2	11.0
Balance, End of Period	1,474.1	1,447.7	1,474.1	1,447.7
Accumulated Other Comprehensive Loss				
Balance, Beginning of Period	(30.7)	(23.8)	(31.1)	(23.6)
Other Comprehensive Income - Net of Income Taxes				
Unrealized Gain on Debt Securities	—	0.4	—	—
Defined Benefit Pension and Other Postretirement Plans	0.4	0.1	0.8	0.3
Balance, End of Period	(30.3)	(23.3)	(30.3)	(23.3)
Retained Earnings				
Balance, Beginning of Period	883.8	853.2	864.8	818.8
Net Income Attributable to ALLETE	27.9	20.1	79.7	86.4
Common Stock Dividends	(32.9)	(32.0)	(65.7)	(63.9)
Balance, End of Period	878.8	841.3	878.8	841.3
Non-Controlling Interest in Subsidiaries				
Balance, Beginning of Period	525.7	101.9	505.6	103.7
Proceeds from Non-Controlling Interest in Subsidiaries	—	67.8	28.9	67.8
Net Loss Attributable to Non-Controlling Interest	(6.2)	(3.2)	(14.6)	(5.0)
Distributions to Non-Controlling Interest	(0.2)	—	(0.6)	—
Balance, End of Period	519.3	166.5	519.3	166.5
Total Equity	\$2,841.9	\$2,432.2	\$2,841.9	\$2,432.2
Dividends Per Share of Common Stock	\$0.63	\$0.6175	\$1.26	\$1.235

The accompanying notes are an integral part of these statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – UNAUDITED

The accompanying unaudited Consolidated Financial Statements have been prepared in accordance with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X, and do not include all of the information and notes required by GAAP for complete financial statements. Similarly, the December 31, 2020, Consolidated Balance Sheet was derived from audited financial statements, but does not include all disclosures required by GAAP. In management's opinion, these unaudited financial statements include all adjustments necessary for a fair statement of financial results. All adjustments are of a normal, recurring nature, except as otherwise disclosed. Operating results for the six months ended June 30, 2021, are not necessarily indicative of results that may be expected for any other interim period or for the year ending December 31, 2021. For further information, refer to the Consolidated Financial Statements and notes included in our 2020 Form 10-K.

NOTE 1. OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Cash, Cash Equivalents and Restricted Cash. We consider all investments purchased with original maturities of three months or less to be cash equivalents. As of June 30, 2021, restricted cash amounts included in Prepayments and Other on the Consolidated Balance Sheet include collateral deposits required under an ALLETE Clean Energy loan agreement. The restricted cash amounts included in Other Non-Current Assets represent collateral deposits required under ALLETE Clean Energy loan and tax equity financing agreements as well as PSAs. The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the Consolidated Balance Sheet that aggregate to the amounts presented in the Consolidated Statement of Cash Flows.

Cash, Cash Equivalents and Restricted Cash	June 30, 2021	December 31, 2020	June 30, 2020	December 31, 2019
Millions				
Cash and Cash Equivalents	\$62.5	\$44.3	\$25.7	\$69.3
Restricted Cash included in Prepayments and Other	1.6	0.8	7.3	2.8
Restricted Cash included in Other Non-Current Assets	3.2	20.1	4.4	20.4
Cash, Cash Equivalents and Restricted Cash on the Consolidated Statement of Cash Flows	\$67.3	\$65.2	\$37.4	\$92.5

Inventories – Net. Inventories are stated at the lower of cost or net realizable value. Inventories in our Regulated Operations segment are carried at an average cost or first-in, first-out basis. Inventories in our ALLETE Clean Energy segment and Corporate and Other businesses are carried at an average cost, first-in, first-out or specific identification basis.

Inventories – Net	June 30, 2021	December 31, 2020
Millions		
Fuel (a)	\$17.2	\$23.1
Materials and Supplies	53.7	51.1
Construction of Wind Energy Facilities (b)	17.2	—
Total Inventories – Net	\$88.1	\$74.2

(a) Fuel consists primarily of coal inventory at Minnesota Power.

(b) Project costs related to ALLETE Clean Energy's Northern Wind and Red Barn wind projects which are expected to be sold in late 2022. (See Outlook – ALLETE Clean Energy.)

NOTE 1. OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other Non-Current Assets	June 30, 2021	December 31, 2020
Millions		
Contract Assets (a)	\$24.1	\$25.5
Operating Lease Right-of-use Assets	18.9	22.4
ALLETE Properties	18.3	18.2
Restricted Cash	3.2	20.1
Other Postretirement Benefit Plans	35.2	34.2
Other	83.0	86.4
Total Other Non-Current Assets	\$182.7	\$206.8

(a) Contract Assets consist of payments made to customers as an incentive to execute or extend service agreements. The contract payments are being amortized over the term of the respective agreements as a reduction to revenue.

Other Current Liabilities	June 30, 2021	December 31, 2020
Millions		
As	\$12.6	\$12.5
Level Adjustment Clause	3.7	3.7
Operating Lease Liabilities	5.6	5.9
Other	38.5	44.6
Total Other Current Liabilities	\$60.4	\$66.7

Other Non-Current Liabilities	June 30, 2021	December 31, 2020
Millions		
Asset Retirement Obligation (a)	\$170.6	\$166.6
PSAs	45.8	52.1
Operating Lease Liabilities	13.4	16.5
Other	47.2	50.1
Total Other Non-Current Liabilities	\$277.0	\$285.3

(a) The asset retirement obligation is primarily related to our Regulated Operations and is funded through customer rates over the life of the related assets. Additionally, BNI Energy funds its obligation through its cost-plus coal supply agreements for which BNI Energy has recorded a receivable of \$25.0 million in Other Non-Current Assets on the Consolidated Balance Sheet as of June 30, 2021 and December 31, 2020.

Other Income	2021	2020
Six Months Ended June 30,		
Millions		
Pension and Other Postretirement Benefit Plan Non-Service Credits (a)	\$2.8	\$4.8
Interest and Investment Income (Loss)	1.8	(0.5)
AFUDC - Equity	1.1	1.4
Other	(0.6)	0.5
Total Other Income	\$5.1	\$6.2

(a) These are components of net periodic pension and other postretirement benefit cost other than service cost. (See Note 9. Pension and Other Postretirement Benefit Plans.)

NOTE 1. OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)**Supplemental Statement of Cash Flows Information.**

Six Months Ended June 30,	2021	2020
Millions		
Cash Paid for Interest – Net of Amounts Capitalized	\$33.8	\$30.9
Noncash Investing and Financing Activities		
Increase in Accounts Payable for Capital Additions to Property, Plant and Equipment	\$(8.8)	\$(67.5)
Capitalized Asset Retirement Costs	\$3.5	\$2.1
AFUDC–Equity	\$1.1	\$1.4

Non-Controlling Interest in Subsidiaries. Non-controlling interest in subsidiaries on the Consolidated Balance Sheet and net loss attributable to non-controlling interest on the Consolidated Statement of Income represent the portion of equity ownership and earnings, respectively, of subsidiaries that are not attributable to equity holders of ALLETE. These amounts are primarily related to the tax equity financing structures for ALLETE Clean Energy’s 106 MW Glen Ullin, 80 MW South Peak and 303 MW Diamond Spring wind energy facilities as well as ALLETE’s equity investment in the 250 MW Nobles 2 wind energy facility.

Subsequent Events. The Company performed an evaluation of subsequent events for potential recognition and disclosure through the date of the financial statements issuance.

NOTE 2. REGULATORY MATTERS

Regulatory matters are summarized in Note 4. Regulatory Matters to the Consolidated Financial Statements in our 2020 Form 10-K, with additional disclosure provided in the following paragraphs.

Electric Rates. Entities within our Regulated Operations segment file for periodic rate revisions with the MPUC, PSCW or FERC. As authorized by the MPUC, Minnesota Power also recognizes revenue under cost recovery riders for transmission, renewable, and environmental investments and expenditures. Revenue from cost recovery riders was \$22.1 million for the six months ended June 30, 2021 (\$14.9 million for the six months ended June 30, 2020).

2020 Minnesota General Rate Case. In November 2019, Minnesota Power filed a retail rate increase request with the MPUC seeking an average increase of approximately 10.6 percent for retail customers. The rate filing sought a return on equity of 10.05 percent and a 53.81 percent equity ratio. On an annualized basis, the requested final rate increase would have generated approximately \$66 million in additional revenue. In December 2019 orders, the MPUC accepted the filing as complete and authorized an annual interim rate increase of \$36.1 million beginning January 1, 2020.

In April 2020, Minnesota Power filed a request with the MPUC that proposed a resolution of Minnesota Power’s 2020 general rate case. Key components of our proposal included removing the power marketing margin credit in base rates and reflecting actual power marketing margins in the fuel adjustment clause effective May 1, 2020; refunding to customers interim rates collected through April 2020; increasing customer rates 4.1 percent compared to the 5.8 percent increase reflected in interim rates; and a provision that Minnesota Power would not file another rate case until at least November 1, 2021, unless certain events occur. In a June 2020 order, the MPUC approved Minnesota Power’s petition and proposal to resolve and withdraw the general rate case. Effective May 1, 2020, customer rates were set at an increase of 4.1 percent with the removal of the power marketing margin credit from base rates. Actual power marketing margins will be reflected in the fuel adjustment clause. Reserves for interim rates of \$11.7 million were recorded in the second quarter of 2020 and refunded in the third and fourth quarters of 2020.

Environmental Improvement Rider. Minnesota Power has an approved environmental improvement rider for investments and expenditures related to the implementation of the Boswell Unit 4 mercury emissions reduction plan completed in 2015. Updated customer billing rates for the environmental improvement rider were approved by the MPUC in a November 2018 order. On January 19, 2021, Minnesota Power filed a petition seeking MPUC approval to end the environmental improvement rider, which was approved in an order dated April 20, 2021.

NOTE 2. REGULATORY MATTERS (Continued)

Electric Rates (Continued)

Solar Cost Recovery Rider. In June 2020, Minnesota Power filed a petition seeking MPUC approval of a customer billing rate for solar costs related to investments and expenditures for meeting the state of Minnesota's solar energy standard, which was approved by the MPUC in an order dated April 20, 2021. New customer billing rates for the solar cost recovery rider were implemented on June 1, 2021.

Electric Vehicle Charging Infrastructure Petition. On April 8, 2021, Minnesota Power filed a petition seeking approval to install and own DC fast charger stations for electric vehicles across its service territory, implement accompanying rates for those stations, and track and recover investments and expenses for the project.

COVID-19 Related Deferred Accounting. In an order dated March 24, 2020, the PSCW authorized public utilities, including SWL&P, to defer expenditures incurred by the utility resulting from its compliance with state government or regulator orders during Wisconsin's declared public health emergency for COVID-19. On April 20, 2020, Minnesota Power along with other regulated electric and natural gas service providers in Minnesota filed a joint petition to request MPUC authorization to track incremental costs and expenses incurred as a result of the COVID-19 pandemic, and to defer and record such costs as a regulatory asset, subject to recovery in a future proceeding. In an order dated May 22, 2020, the MPUC approved the joint petition requiring the joint petitioners to track cost and revenue impacts resulting from the COVID-19 pandemic with review for recovery in a future rate proceeding. As of June 30, 2021, Minnesota Power has not deferred any costs or lost revenue, and SWL&P has deferred an immaterial amount of costs.

Minnesota Power submitted a petition in November 2020 to the MPUC requesting authority to track and record as a regulatory asset lost large industrial customer revenue resulting from the idling of USS Corporation's Keetac plant and Verso Corporation's paper mill in Duluth, Minnesota. Keetac and Verso Corporation represent revenue of approximately \$30 million annually, net of associated expense savings such as fuel costs. Minnesota Power proposed in this petition to defer any lost revenue related to the idling of the Keetac facility and the Verso Corporation paper mill to its next general rate case or other proceeding for review for recovery by the MPUC. In an order dated May 13, 2021, the MPUC denied Minnesota Power's request.

Fuel Adjustment Clause. In March 2020, Minnesota Power filed its fuel adjustment clause report covering the period July 2018 through December 2019. In a September 2020 order, the MPUC referred the review of Minnesota Power's forced outage costs during the period of the report, which totaled approximately \$8 million, to an administrative law judge for a contested case hearing to recommend to the MPUC if any of those costs should be returned to customers. A recommendation by the administrative law judge is expected in the third quarter of 2021. We cannot predict the outcome of this proceeding.

Conservation Improvement Program. On April 1, 2021, Minnesota Power submitted its 2020 consolidated filing detailing Minnesota Power's CIP program results and requesting a CIP financial incentive of \$2.4 million based upon MPUC procedures. CIP financial incentives are recognized in the period in which the MPUC approves the filing.

2021 Integrated Resource Plan. On February 1, 2021, Minnesota Power filed its latest IRP with the MPUC, which outlines its clean-energy transition plans through 2035. These plans include expanding its renewable energy supply, achieving coal-free operations at its facilities by 2035, and investing in a resilient and flexible transmission and distribution grid. As part of these plans, Minnesota Power anticipates adding approximately 400 MW of new wind and solar energy resources, retiring Boswell Unit 3 by 2030 and transforming Boswell Unit 4 to be coal-free by 2035. Minnesota Power's plans recognize that advances in technology will play a significant role in completing its transition to carbon-free energy supply, reliably and affordably. A final decision on the IRP is expected in early 2022.

NOTE 2. REGULATORY MATTERS (Continued)

Nemadji Trail Energy Center. In 2017, Minnesota Power submitted a resource package to the MPUC which included requesting approval of a 250 MW natural gas capacity dedication and other affiliated-interest agreements for NTEC, a proposed 525 MW to 550 MW combined-cycle natural gas-fired generating facility which will be jointly owned by Dairyland Power Cooperative and a subsidiary of ALLETE. Minnesota Power would purchase approximately 50 percent of the facility's output starting in 2025. In a January 2019 order, the MPUC approved Minnesota Power's request for approval of the NTEC natural gas capacity dedication and other affiliated-interest agreements. In 2019, the Minnesota Court of Appeals reversed and remanded the MPUC's decision to approve certain affiliated-interest agreements. The MPUC was ordered to determine whether NTEC may have the potential for significant environmental effects and, if so, to prepare an environmental assessment before reassessing the agreements. On January 22, 2020, Minnesota Power filed a petition for further review with the Minnesota Supreme Court requesting that it review and overturn the Minnesota Court of Appeals decision. On April 21, 2021, the Minnesota Supreme Court reversed the Minnesota Court of Appeal's decision by ruling that the MPUC is not required to conduct a review under the Minnesota Environmental Policy Act before approving affiliated-interest agreements that govern construction and operation of a Wisconsin power plant by a Minnesota utility, and remanded the case back to the Minnesota Court of Appeals for review of remaining issues on appeal. In January 2019, an application for a certificate of public convenience and necessity for NTEC was submitted to the PSCW, which was approved by the PSCW at a hearing in January 2020. Construction of NTEC is subject to obtaining additional permits from local, state and federal authorities. The total project cost is estimated to be approximately \$700 million, of which ALLETE's portion is expected to be approximately \$350 million. ALLETE's portion of NTEC project costs incurred through June 30, 2021, is approximately \$15 million.

Regulatory Assets and Liabilities. Our regulated utility operations are subject to accounting guidance for the effect of certain types of regulation. Regulatory assets represent incurred costs that have been deferred as they are probable for recovery in customer rates. Regulatory liabilities represent obligations to make refunds to customers and amounts collected in rates for which the related costs have not yet been incurred. The Company assesses quarterly whether regulatory assets and liabilities meet the criteria for probability of future recovery or deferral. With the exception of the regulatory asset for Boswell Units 1 and 2 net plant and equipment, no other regulatory assets are currently earning a return. The recovery, refund or credit to rates for these regulatory assets and liabilities will occur over the periods either specified by the applicable regulatory authority or over the corresponding period related to the asset or liability.

NOTE 2. REGULATORY MATTERS (Continued)**Regulatory Assets and Liabilities (Continued)**

Regulatory Assets and Liabilities	June 30, 2021	December 31, 2020
Millions		
Non-Current Regulatory Assets		
Defined Benefit Pension and Other Postretirement Benefit Plans	\$252.0	\$259.7
Income Taxes	109.4	113.7
Cost Recovery Riders	63.2	54.0
Asset Retirement Obligations	31.4	31.6
Manufactured Gas Plant	6.0	8.8
Fuel Adjustment Clause	18.3	—
PPACA Income Tax Deferral	4.5	4.5
Boswell Units 1 and 2 Net Plant and Equipment	2.2	5.0
Other	4.9	3.6
Total Non-Current Regulatory Assets	\$491.9	\$480.9
Current Regulatory Liabilities (a)		
Fuel Adjustment Clause	\$3.7	\$3.7
Transmission Formula Rates Refund	2.4	2.9
Other	0.1	1.0
Total Current Regulatory Liabilities	6.2	7.6
Non-Current Regulatory Liabilities		
Income Taxes	364.5	375.3
Wholesale and Retail Contra AFUDC	85.1	86.6
Plant Removal Obligations	45.5	41.2
Defined Benefit Pension and Other Postretirement Benefit Plans	2.4	4.4
North Dakota Investment Tax Credits	12.4	12.0
Conservation Improvement Program	1.3	1.5
Other	3.7	3.8
Total Non-Current Regulatory Liabilities	514.9	524.8
Total Regulatory Liabilities	\$521.1	\$532.4

(a) Current regulatory liabilities are presented within Other Current Liabilities on the Consolidated Balance Sheet.

NOTE 3. EQUITY INVESTMENTS

Investment in ATC. Our wholly-owned subsidiary, ALLETE Transmission Holdings, owns approximately 8 percent of ATC, a Wisconsin-based utility that owns and maintains electric transmission assets in portions of Wisconsin, Michigan, Minnesota and Illinois. We account for our investment in ATC under the equity method of accounting. We expect to make cash investments of approximately \$2.0 million in 2021.

ALLETE's Investment in ATC

Millions	
Equity Investment Balance as of December 31, 2020	\$149.0
Equity in ATC Earnings	10.5
Distributed ATC Earnings	(8.5)
Amortization of the Remeasurement of Deferred Income Taxes	0.6
Equity Investment Balance as of June 30, 2021	\$151.6

ATC's authorized return on equity is 10.02 percent, or 10.52 percent including an incentive adder for participation in a regional transmission organization, based on a May 2020 FERC order that granted rehearing of a 2019 FERC order.

NOTE 3. EQUITY INVESTMENTS (Continued)

Investment in Nobles 2. Our subsidiary, ALLETE South Wind, owns 49 percent of Nobles 2, the entity that owns and operates the 250 MW wind energy facility in southwestern Minnesota pursuant to a 20-year PPA with Minnesota Power. We account for our investment in Nobles 2 under the equity method of accounting.

ALLETE's Investment in Nobles 2

Millions	
Equity Investment Balance as of December 31, 2020	\$152.2
Cash Investments	17.1
Equity in Nobles 2 Earnings (a)	(0.6)
Distributed Nobles 2 Earnings	(2.5)
Equity Investment Balance as of June 30, 2021	\$166.2

(a) The Company also recorded net loss attributable to non-controlling interest of \$3.4 million related to its investment in Nobles 2.

NOTE 4. FAIR VALUE

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). We utilize market data or assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated or generally unobservable. We primarily apply the market approach for recurring fair value measurements and endeavor to utilize the best available information. Accordingly, we utilize valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. These inputs, which are used to measure fair value, are prioritized through the fair value hierarchy. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement). Descriptions of the three levels of the fair value hierarchy are discussed in Note 6. Fair Value to the Consolidated Financial Statements in our 2020 Form 10-K.

The following tables set forth, by level within the fair value hierarchy, our assets and liabilities that were accounted for at fair value on a recurring basis as of June 30, 2021, and December 31, 2020. Each asset and liability is classified based on the lowest level of input that is significant to the fair value measurement. Our assessment of the significance of a particular input to the fair value measurement requires judgment, which may affect the valuation of these assets and liabilities and their placement within the fair value hierarchy levels. The estimated fair value of Cash and Cash Equivalents listed on the Consolidated Balance Sheet approximates the carrying amount and therefore is excluded from the recurring fair value measures in the following tables.

NOTE 4. FAIR VALUE (Continued)

Recurring Fair Value Measures	Fair Value as of June 30, 2021			Total
	Level 1	Level 2	Level 3	
Millions				
Assets				
Investments (a)				
Available-for-sale – Equity Securities	\$9.1	—	—	\$9.1
Available-for-sale – Corporate and Governmental Debt Securities (b)	—	\$8.5	—	8.5
Cash Equivalents	1.9	—	—	1.9
Total Fair Value of Assets	\$11.0	\$8.5	—	\$19.5
Liabilities				
Deferred Compensation (c)	—	\$22.1	—	\$22.1
Total Fair Value of Liabilities	—	\$22.1	—	\$22.1
Total Net Fair Value of Assets (Liabilities)	\$11.0	\$(13.6)	—	\$(2.6)

Recurring Fair Value Measures	Fair Value as of December 31, 2020			Total
	Level 1	Level 2	Level 3	
Millions				
Assets				
Investments (a)				
Available-for-sale – Equity Securities	\$7.2	—	—	\$7.2
Available-for-sale – Corporate and Governmental Debt Securities	—	\$10.4	—	10.4
Cash Equivalents	5.5	—	—	5.5
Total Fair Value of Assets	\$12.7	\$10.4	—	\$23.1
Liabilities				
Deferred Compensation (c)	—	\$21.0	—	\$21.0
Total Fair Value of Liabilities	—	\$21.0	—	\$21.0
Total Net Fair Value of Assets (Liabilities)	\$12.7	\$(10.6)	—	\$2.1

(a) Included in Other Non-Current Assets on the Consolidated Balance Sheet.

(b) As of June 30, 2021, the aggregate amount of available-for-sale corporate and governmental debt securities maturing in one year or less was \$2.0 million, in one year to less than three years was \$2.6 million, in three years to less than five years was \$3.6 million and in five or more years was \$0.3 million.

(c) Included in Other Non-Current Liabilities on the Consolidated Balance Sheet.

Fair Value of Financial Instruments. With the exception of the item listed in the following table, the estimated fair value of all financial instruments approximates the carrying amount. The fair value of the item listed in the following table was based on quoted market prices for the same or similar instruments (Level 2).

Financial Instruments	Carrying Amount	Fair Value
Millions		
Short-Term and Long-Term Debt (a)		
June 30, 2021	\$2,036.1	\$2,271.7
December 31, 2020	\$1,806.4	\$2,122.0

(a) Excludes unamortized debt issuance costs.

Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis. Non-financial assets such as equity method investments, land inventory, and property, plant and equipment are measured at fair value when there is an indicator of impairment and recorded at fair value only when an impairment is recognized. For the quarter and six months ended June 30, 2021, and the year ended December 31, 2020, there were no indicators of impairment for these non-financial assets.

We continue to monitor changes in the broader energy markets that could indicate impairment at ALLETE Clean Energy wind energy facilities upon contract expirations. A continued decline in energy prices could result in a future impairment.

NOTE 5. SHORT-TERM AND LONG-TERM DEBT

The following tables present the Company's short-term and long-term debt as of June 30, 2021, and December 31, 2020:

June 30, 2021	Principal	Unamortized Debt Issuance Costs	Total
Millions			
Short-Term Debt	\$362.8	\$(0.2)	\$362.6
Long-Term Debt	1,673.3	(8.7)	1,664.6
Total Debt	\$2,036.1	\$(8.9)	\$2,027.2

December 31, 2020	Principal	Unamortized Debt Issuance Costs	Total
Millions			
Short-Term Debt	\$204.0	\$(0.3)	\$203.7
Long-Term Debt	1,602.4	(9.2)	1,593.2
Total Debt	\$1,806.4	\$(9.5)	\$1,796.9

We had \$18.7 million outstanding in standby letters of credit and \$63.8 million outstanding draws under our lines of credit as of June 30, 2021 (\$22.3 million in standby letters of credit and no outstanding draws as of December 31, 2020).

On March 25, 2021, ALLETE entered into a \$150 million unsecured term loan agreement (Term Loan) of which we have borrowed the full amount as of June 30, 2021. An additional draw of \$35 million through the exercise of an accordion feature was made during the second quarter of 2021. The Term Loan is due March 24, 2022, and may be repaid at any time. Interest is payable monthly at a rate per annum equal to LIBOR plus 0.75 percent. Proceeds from the Term Loan were used for general corporate purposes.

On April 21, 2021, ALLETE agreed to sell \$100 million of its First Mortgage Bonds (Bonds) to certain institutional buyers in the private placement market. The Bonds, which will be issued on or before September 1, 2021, will bear interest at 2.79 percent. The Bonds will mature in September 2031 and pay interest semi-annually in March and September of each year, commencing on March 1, 2022. ALLETE has the option to prepay all or a portion of the Bonds at its discretion, subject to a make-whole provision. The Bonds are subject to additional terms and conditions which are customary for these types of transactions. ALLETE intends to use the proceeds from the sale of the Bonds to fund utility capital investment and for general corporate purposes. The Bonds were sold in reliance on an exemption from registration under Section 4(a)(2) of the Securities Act of 1933, as amended, to institutional accredited investors.

Financial Covenants. Our long-term debt arrangements contain customary covenants. In addition, our lines of credit and letters of credit supporting certain long-term debt arrangements contain financial covenants. Our compliance with financial covenants is not dependent on debt ratings. The most restrictive financial covenant requires ALLETE to maintain a ratio of indebtedness to total capitalization (as the amounts are calculated in accordance with the respective long-term debt arrangements) of less than or equal to 0.65 to 1.00, measured quarterly. As of June 30, 2021, our ratio was approximately 0.43 to 1.00. Failure to meet this covenant would give rise to an event of default if not cured after notice from the lender, in which event ALLETE may need to pursue alternative sources of funding. Some of ALLETE's debt arrangements contain "cross-default" provisions that would result in an event of default if there is a failure under other financing arrangements to meet payment terms or to observe other covenants that would result in an acceleration of payments due. ALLETE has no significant restrictions on its ability to pay dividends from retained earnings or net income. As of June 30, 2021, ALLETE was in compliance with its financial covenants.

NOTE 6. COMMITMENTS, GUARANTEES AND CONTINGENCIES

Power Purchase and Sale Agreements. Our long-term PPAs have been evaluated under the accounting guidance for variable interest entities. We have determined that either we have no variable interest in the PPAs or, where we do have variable interests, we are not the primary beneficiary; therefore, consolidation is not required. These conclusions are based on the fact that we do not have both control over activities that are most significant to the entity and an obligation to absorb losses or receive benefits from the entity's performance. Our financial exposure relating to these PPAs is limited to our capacity and energy payments.

Our PPAs are summarized in Note 8. Commitments, Guarantees and Contingencies to the Consolidated Financial Statements in our 2020 Form 10-K, with additional disclosure provided in the following paragraphs.

Square Butte PPA. As of June 30, 2021, Square Butte had total debt outstanding of \$261.2 million. Fuel expenses are recoverable through Minnesota Power's fuel adjustment clause and include the cost of coal purchased from BNI Energy under a long-term contract. Minnesota Power's cost of power purchased from Square Butte during the six months ended June 30, 2021, was \$39.8 million (\$40.8 million for the same period in 2020). This reflects Minnesota Power's pro rata share of total Square Butte costs based on the 50 percent output entitlement. Included in this amount was Minnesota Power's pro rata share of interest expense of \$2.9 million (\$3.7 million for the same period in 2020). Minnesota Power's payments to Square Butte are approved as a purchased power expense for ratemaking purposes by both the MPUC and the FERC.

Minnkota Power PSA. Minnesota Power has a PSA with Minnkota Power, which commenced in 2014. Under the PSA, Minnesota Power is selling a portion of its entitlement from Square Butte to Minnkota Power, resulting in Minnkota Power's net entitlement increasing and Minnesota Power's net entitlement decreasing until Minnesota Power's share is eliminated at the end of 2025. Of Minnesota Power's 50 percent output entitlement, it sold to Minnkota Power approximately 28 percent in 2021 and in 2020.

Coal, Rail and Shipping Contracts. Minnesota Power has coal supply agreements providing for the purchase of a significant portion of its coal requirements through December 2021. Minnesota Power also has coal transportation agreements in place for the delivery of a significant portion of its coal requirements through December 2021. The costs of fuel and related transportation costs for Minnesota Power's generation are recoverable from Minnesota Power's retail and municipal utility customers through the fuel adjustment clause.

Environmental Matters.

Our businesses are subject to regulation of environmental matters by various federal, state and local authorities. A number of regulatory changes to the Clean Air Act, the Clean Water Act and various waste management requirements have been promulgated by both the EPA and state authorities over the past several years. Minnesota Power's facilities are subject to additional requirements under many of these regulations. Minnesota Power is reshaping its generation portfolio, over time, to reduce its reliance on coal, has installed cost-effective emission control technology, and advocates for sound science and policy during rulemaking implementation.

We consider our businesses to be in substantial compliance with currently applicable environmental regulations and believe all necessary permits have been obtained. We anticipate that with many state and federal environmental regulations and requirements finalized, or to be finalized in the near future, potential expenditures for future environmental matters may be material and require significant capital investments. Minnesota Power has evaluated various environmental compliance scenarios using possible outcomes of environmental regulations to project power supply trends and impacts on customers.

We review environmental matters on a quarterly basis. Accruals for environmental matters are recorded when it is probable that a liability has been incurred and the amount of the liability can be reasonably estimated based on current law and existing technologies. Accruals are adjusted as assessment and remediation efforts progress, or as additional technical or legal information becomes available. Accruals for environmental liabilities are included in the Consolidated Balance Sheet at undiscounted amounts and exclude claims for recoveries from insurance or other third parties. Costs related to environmental contamination treatment and cleanup are expensed unless recoverable in rates from customers.

Air. The electric utility industry is regulated both at the federal and state level to address air emissions. Minnesota Power's thermal generating facilities mainly burn low-sulfur western sub-bituminous coal. All of Minnesota Power's coal-fired generating facilities are equipped with pollution control equipment such as scrubbers, baghouses and low NO_x technologies. Under currently applicable environmental regulations, these facilities are substantially compliant with emission requirements.

NOTE 6. COMMITMENTS, GUARANTEES AND CONTINGENCIES (Continued)

Environmental Matters (Continued)

Cross-State Air Pollution Rule (CSAPR). The CSAPR requires certain states in the eastern half of the U.S., including Minnesota, to reduce power plant emissions that contribute to ozone or fine particulate pollution in other states. The CSAPR does not require installation of controls but does require facilities have sufficient allowances to cover their emissions on an annual basis. These allowances are allocated to facilities from each state's annual budget, and can be bought and sold. Based on our review of the NO_x and SO₂ allowances issued and pending issuance, we currently expect generation levels and emission rates will result in continued compliance with the CSAPR. The EPA's CSAPR Update Rule issued on March 15, 2021 to revise the 2016 CSAPR Update does not apply to the state of Minnesota and is therefore not currently projected to affect Minnesota Power's CSAPR compliance. The State of Minnesota has not been identified in litigation as a culpable upwind emission source to downwind states, and previous EPA air quality modeling has demonstrated that Minnesota is not a significant contributor to downwind air quality attainment challenges. Minnesota Power will continue to monitor ongoing CSAPR rulemakings and compliance implementation.

National Ambient Air Quality Standards (NAAQS). The EPA is required to review the NAAQS every five years. If the EPA determines that a state's air quality is not in compliance with the NAAQS, the state is required to adopt plans describing how it will reduce emissions to attain the NAAQS. Minnesota Power actively monitors NAAQS developments and compliance costs for existing standards or proposed NAAQS revisions are not currently expected to be material. The EPA is currently reviewing the secondary NAAQS for NO_x and SO₂, as well as particulate matter. On June 10, 2021, the EPA announced it will reconsider the December 2020 final rule retaining the 2012 NAAQS, with a proposed rulemaking anticipated in mid-2022. The EPA has not stated its intent with regard to the 2020 Ozone NAAQS rule finalized in December 2020.

Climate Change. The scientific community generally accepts that emissions of GHG are linked to global climate change which creates physical and financial risks. Physical risks could include, but are not limited to: increased or decreased precipitation and water levels in lakes and rivers; increased or other changes in temperatures; and changes in the intensity and frequency of extreme weather events. These all have the potential to affect the Company's business and operations. We are addressing climate change by taking the following steps that also ensure reliable and environmentally compliant generation resources to meet our customers' requirements:

- Expanding renewable power supply for both our operations and the operations of others;
- Providing energy conservation initiatives for our customers and engaging in other demand side management efforts;
- Improving efficiency of our generating facilities;
- Supporting research of technologies to reduce carbon emissions from generating facilities and carbon sequestration efforts;
- Evaluating and developing less carbon intensive future generating assets such as efficient and flexible natural gas-fired generating facilities;
- Managing vegetation on right-of-way corridors to reduce potential wildfire or storm damage risks; and
- Practicing sound forestry management in our service territories to create landscapes more resilient to disruption from climate-related changes, including planting and managing long-lived conifer species.

EPA Regulation of GHG Emissions. In 2019, the EPA finalized several separate rulemakings regarding regulating carbon emissions from electric utility generating units. These rulemakings included repealing the Clean Power Plan (CPP) and adopting the Affordable Clean Energy Rule under Section 111(d) of the Clean Air Act (CAA) to regulate CO₂ emissions at existing coal-fired power plants. The CPP was first announced as a proposed rule under Section 111(d) of the CAA for existing power plants entitled "Carbon Pollution Emission Guidelines for Existing Stationary Sources: Electric Generating Units". The Affordable Clean Energy Rule established emissions guidelines for states to use when developing plans to limit CO₂ coal-fired power plants. The EPA also published regulations for the state implementation of the Affordable Clean Energy Rule and other Section 111(d) rules. Affected facilities for Minnesota Power included Boswell Units 3 and 4, and Taconite Harbor Units 1 and 2, which are currently economically idled.

On January 19, 2021, the D.C. Circuit issued an opinion vacating the Affordable Clean Energy Rule and remanded the Affordable Clean Energy Rule back to the EPA for further consideration, consistent with the D.C. Circuit's finding that the EPA erred in interpreting the CAA, pending rehearing or appeal. The EPA has indicated that it is working on a new set of emission guidelines to establish a Best System of Emissions Reduction for existing fossil fuel-fired electric generating units to direct states in regulating GHGs within their borders; however, no timeline has been disclosed. Minnesota Power will continue to monitor any related guidelines and rulemakings issued by the EPA or state regulatory authorities.

NOTE 6. COMMITMENTS, GUARANTEES AND CONTINGENCIES (Continued)

Environmental Matters (Continued)

On April 22, 2021, the Biden Administration announced a goal to reach 100 percent carbon pollution-free electricity by 2035 as part of the U.S.'s Nationally Determined Contributions pledge, which is part of an international effort to limit global warming. At this time, no specific regulatory pathway to achieve these reductions has been proposed. Minnesota Power will continue to monitor these developments.

Minnesota had already initiated several measures consistent with those called for under the now repealed CPP and vacated Affordable Clean Energy Rule. Minnesota Power continues implementing its EnergyForward strategic plan that provides for significant emission reductions and diversifying its electricity generation mix to include more renewable and natural gas energy. We are unable to predict the GHG emission compliance costs we might incur as a result of a replacement for the Affordable Clean Energy Rule or other future laws, regulations or administrative policies; however, the costs could be material. Minnesota Power would seek recovery of additional costs through a rate proceeding.

Additionally on January 13, 2021, the EPA issued a rulemaking to apply CO₂ emission New Source Performance Standards (NSPS) to new, modified and reconstructed fossil fuel-fired electric generating units under Section 111(b) of the CAA. Minnesota Power is monitoring the NSPS final rule and any further Section 111(b) developments including their potential impact to the Company. The Company's proposed combined-cycle natural gas-fired generating facility, NTEC, is expected to meet these NSPS requirements.

Water. The Clean Water Act requires NPDES permits be obtained from the EPA (or, when delegated, from individual state pollution control agencies) for any wastewater discharged into navigable waters. We have obtained all necessary NPDES permits, including NPDES storm water permits for applicable facilities, to conduct our operations.

Steam Electric Power Generating Effluent Limitations Guidelines. In 2015, the EPA issued revised federal effluent limitation guidelines (ELG) for steam electric power generating stations under the Clean Water Act. It set effluent limits and prescribed BACT for several wastewater streams, including flue gas desulphurization (FGD) water, bottom ash transport water and coal combustion landfill leachate. In 2017, the EPA announced a two-year postponement of the ELG compliance date of November 1, 2018, to November 1, 2020, while the agency reconsidered the bottom ash transport water and FGD wastewater provisions. On April 12, 2019, the U.S. Court of Appeals for the Fifth Circuit vacated and remanded back to the EPA portions of the ELG that allowed for continued discharge of legacy wastewater and leachate. On October 13, 2020, the EPA published a final ELG Rule allowing re-use of bottom ash transport water in FGD scrubber systems with limited discharges related to maintaining system water balance. The rule sets technology standards and numerical pollutant limits for discharges of bottom ash transport water and FGD wastewater. Compliance deadlines depend on subcategory, with compliance generally required as soon as possible, beginning after October 13, 2021, but no later than December 31, 2025, or December 31, 2028, in some specific cases. The rule also establishes new subcategories for retiring high-flow and low-utilization units, and establishes a voluntary incentives program for FGD wastewater.

The ELG's potential impact on Minnesota Power operations is primarily at Boswell. Boswell currently discharges bottom ash contact water through its NPDES permit, and also has a closed-loop FGD system that does not discharge to surface waters, but may do so in the future. With Boswell's planned conversion to dry FGD handling and storage, ongoing FGD water generation will be reduced, and the majority of FGD waters will be legacy waters to be dewatered from existing impoundments. Re-use and onsite consumption for the majority of FGD waters is planned at Boswell.

Under the new ELG rule, most bottom ash transport water discharge to surface waters must cease no later than December 31, 2025, except for small discharges needed to retain water balance. The majority of bottom ash transport water will either need to be re-used in a closed-loop process or routed to a FGD scrubber. At Boswell, the bottom ash handling systems are planned to be converted to a dry process, which will eliminate the discharge of bottom ash transport water.

The EPA's additional reconsideration of legacy wastewater discharge requirements has the potential to reduce timelines for dewatering Boswell's existing ponds. The timing of a draft rule addressing legacy wastewater and leachate is currently unknown. Additionally, in accordance with Executive Order 13990, the EPA has also announced it is reviewing the October 2020 ELG Rule for potential revisions, but has not disclosed a timeframe for any additional or replacement rulemaking.

NOTE 6. COMMITMENTS, GUARANTEES AND CONTINGENCIES (Continued)

Environmental Matters (Continued)

At this time, we estimate that the planned dry conversion of bottom ash handling and storage at Boswell in response to the CCR revisions requiring closure of clay-lined impoundments, as well as other water re-use practices, will reduce or eliminate the need for additional significant compliance costs for ELG bottom ash water and FGD requirements. Compliance costs we might incur related to other ELG waste streams (e.g. legacy leachate) or other potential future water discharge regulations cannot be estimated; however, the costs could be material, including costs associated with wastewater treatment and re-use. Minnesota Power would seek recovery of additional costs through a rate proceeding.

Permitted Water Discharges – Sulfate. In 2017, the MPCA released a draft water quality standard in an attempt to update Minnesota's existing 10 mg/L sulfate limit for waters used for the production of wild rice with the proposed rulemaking heard before an administrative law judge (ALJ). In 2018, the ALJ rejected significant portions of the proposed rulemaking and the MPCA subsequently withdrew the rulemaking. The existing 10 mg/L limit remains in place, but the MPCA is currently prohibited under state law from listing wild rice waters as impaired or requiring sulfate reduction technology.

In April 2021, the MPCA's proposed list of impaired waters submitted pursuant to the Clean Water Act was partially rejected by the EPA due to the absence of wild rice waters listed for sulfate impairment. The EPA subsequently proposed a list of 30 wild rice waters in a separate listing process on April 29, 2021, with a public comment period extended through June 30, 2021. A final impaired waters listing is expected to follow the public comment period, which could subsequently be used to set sulfate limits in discharge permits for power generation facilities and municipal and industrial customers, including paper and pulp facilities, and mining operations. At this time we are unable to determine the specific impacts these developments may have on Minnesota Power operations, if any. Minnesota Power would seek recovery of additional costs through a rate proceeding.

Solid and Hazardous Waste. The Resource Conservation and Recovery Act of 1976 regulates the management and disposal of solid and hazardous wastes. We are required to notify the EPA of hazardous waste activity and, consequently, routinely submit reports to the EPA.

Coal Ash Management Facilities. Minnesota Power produces the majority of its coal ash at Boswell, with small amounts of ash generated at Hibbard Renewable Energy Center. Ash storage and disposal methods include storing ash in clay-lined onsite impoundments (ash ponds), disposing of dry ash in a lined dry ash landfill, applying ash to land as an approved beneficial use, and trucking ash to state permitted landfills.

Coal Combustion Residuals from Electric Utilities (CCR). In 2015, the EPA published the final rule regulating CCR as nonhazardous waste under Subtitle D of the Resource Conservation and Recovery Act (RCRA) in the Federal Register. The rule includes additional requirements for new landfill and impoundment construction as well as closure activities related to certain existing impoundments. Costs of compliance for Boswell and Laskin are expected to be incurred primarily over the next 15 years and be between approximately \$65 million and \$120 million. Compliance costs for CCR at Taconite Harbor are not expected to be material. Minnesota Power would seek recovery of additional costs through a rate proceeding.

Minnesota Power continues to work on minimizing costs through evaluation of beneficial re-use and recycling of CCR and CCR-related waters. In 2017, the EPA announced its intention to formally reconsider the CCR rule under Subtitle D of the RCRA. In March 2018, the EPA published the first phase of the proposed rule revisions in the Federal Register. In 2018, the EPA finalized revisions to elements of the CCR rule, including extending certain deadlines by two years, the establishment of alternative groundwater protection standards for certain constituents and the potential for risk-based management options at facilities based on site characteristics. In 2018, a U.S. District Court for the District of Columbia decision vacated specific provisions of the CCR rule. The court decision resulted in a change to the status of three existing clay-lined impoundments at Boswell that must now be considered unlined. The EPA proposed additional rule revisions in 2019 to address outstanding issues from litigation and closure timelines for unlined impoundments, respectively. The first of these rules, CCR Part A Rule, was finalized in September 2020. The Part A Rule revision requires unlined impoundments to cease disposal of waste as soon as technically feasible but no later than April 11, 2021, which tolls forward if the EPA does not make a determination on a variance application by that date. Minnesota Power sought EPA approval to extend the closure date for the two active Boswell impoundments in November 2020 through a variance application, and continues to operate the impoundments pending a final determination by the EPA. Additionally, the EPA released a proposed Part B rulemaking in February 2020 that addressed options for beneficial reuse of CCR materials, alternative liner demonstrations, and other CCR regulatory revisions. Portions of the Part B Rule addressing alternative liner equivalency standards were finalized in November 2020. According to the EPA's current regulatory agenda, the remainder of the proposed Part B Rule is expected to be finalized in mid-2021. Expected compliance costs at Boswell due to the court decision and subsequent rule revisions are reflected in our estimate of compliance costs for the CCR rule noted previously. Minnesota Power would seek recovery of additional costs through a rate proceeding.

NOTE 6. COMMITMENTS, GUARANTEES AND CONTINGENCIES (Continued)

Other Environmental Matters

Manufactured Gas Plant Site. We are reviewing and addressing environmental conditions at a former manufactured gas plant site located in Superior, Wisconsin, and formerly operated by SWL&P. SWL&P has been working with the Wisconsin Department of Natural Resources (WDNR) in determining the extent and location of contamination at the site and surrounding properties. In January 2021, SWL&P submitted a final remedial actions options report to the WDNR with remedial site design expected to be completed in 2021. As of June 30, 2021, we have recorded a liability of approximately \$7 million for remediation costs at this site (approximately \$7 million as of December 31, 2020); however, SWL&P continues to work with the WDNR on the extent of contamination which may result in additional remediation costs being identified. SWL&P has also recorded an associated regulatory asset as we expect recovery of these remediation costs to be allowed by the PSCW. Remediation costs are expected to be incurred through 2023.

Other Matters.

Letters of Credit and Surety Bonds.

We have multiple credit facility agreements in place that provide the ability to issue standby letters of credit to satisfy contractual security requirements across our businesses. As of June 30, 2021, we had \$113.4 million of outstanding letters of credit issued, including those issued under our revolving credit facility.

Regulated Operations. As of June 30, 2021, we had \$28.8 million outstanding in standby letters of credit at our Regulated Operations which are pledged as security to MISO and a state agency as well as energy facilities under development.

ALLETE Clean Energy. ALLETE Clean Energy's wind energy facilities have PSAs in place for their entire output and expire in various years between 2022 and 2039. As of June 30, 2021, ALLETE Clean Energy has \$70.8 million outstanding in standby letters of credit, the majority of which are pledged as security under these PSAs and PSAs for wind energy facilities under development. ALLETE Clean Energy does not believe it is likely that any of these outstanding letters of credit will be drawn upon.

Corporate and Other.

Investment in Nobles 2. The Nobles 2 wind energy facility requires standby letters of credit as security for certain contractual obligations. As of June 30, 2021, ALLETE South Wind has \$13.8 million outstanding in standby letters of credit, related to its portion of the security requirements relative to its ownership in Nobles 2. We do not believe it is likely that any of these outstanding letters of credit will be drawn upon.

BNI Energy. As of June 30, 2021, BNI Energy had surety bonds outstanding of \$71.2 million related to the reclamation liability for closing costs associated with its mine and mine facilities. Although its coal supply agreements obligate the customers to provide for the closing costs, additional assurance is required by federal and state regulations. BNI Energy's total reclamation liability is currently estimated at \$70.7 million. BNI Energy does not believe it is likely that any of these outstanding surety bonds will be drawn upon.

ALLETE Properties. As of June 30, 2021, ALLETE Properties had surety bonds outstanding and letters of credit to governmental entities totaling \$2.0 million primarily related to development and maintenance obligations for various projects. The estimated cost of the remaining development work is \$1.0 million. ALLETE Properties does not believe it is likely that any of these outstanding surety bonds or letters of credit will be drawn upon.

Community Development District Obligations. As of June 30, 2021, we owned 48 percent of the assessable land in the Town Center District (48 percent as of December 31, 2020). As of June 30, 2021, ownership levels, our annual assessments related to capital improvement and special assessment bonds for the ALLETE Properties project within the district is approximately \$1.8 million. As we sell property at this project, the obligation to pay special assessments will pass to the new landowners. In accordance with accounting guidance, these bonds are not reflected as debt on our Consolidated Balance Sheet.

NOTE 6. COMMITMENTS, GUARANTEES AND CONTINGENCIES (Continued)
Other Matters (Continued)

Legal Proceedings.

We are involved in litigation arising in the normal course of business. Also in the normal course of business, we are involved in tax, regulatory and other governmental audits, inspections, investigations and other proceedings that involve state and federal taxes, safety, and compliance with regulations, rate base and cost of service issues, among other things. We do not expect the outcome of these matters to have a material effect on our financial position, results of operations or cash flows.

NOTE 7. EARNINGS PER SHARE AND COMMON STOCK

We compute basic earnings per share using the weighted average number of shares of common stock outstanding during each period. The difference between basic and diluted earnings per share, if any, arises from non-vested restricted stock units and performance share awards granted under our Executive Long-Term Incentive Compensation Plan.

Reconciliation of Basic and Diluted Earnings Per Share	2021			2020		
	Basic	Dilutive Securities	Diluted	Basic	Dilutive Securities	Diluted
Millions Except Per Share Amounts						
Quarter ended June 30,						
Net Income Attributable to ALLETE	\$27.9		\$27.9	\$20.1		\$20.1
Average Common Shares	52.2	0.1	52.3	51.8	0.1	51.9
Earnings Per Share	\$0.53		\$0.53	\$0.39		\$0.39
Six Months Ended June 30,						
Net Income Attributable to ALLETE	\$79.7		\$79.7	\$86.4		\$86.4
Average Common Shares	52.2	—	52.2	51.8	—	51.8
Earnings Per Share	\$1.53		\$1.53	\$1.67		\$1.67

NOTE 8. INCOME TAX EXPENSE

Millions	Quarter Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Current Income Tax Expense (a)				
Federal	—	—	—	—
State	—	—	—	—
Total Current Income Tax Expense	—	—	—	—
Deferred Income Tax Expense (Benefit)				
Federal (b)	\$(6.4)	\$(8.6)	\$(20.5)	\$(26.2)
State	2.5	0.2	6.4	4.2
Investment Tax Credit Amortization	(0.1)	(0.1)	(0.3)	(0.3)
Total Deferred Income Tax Benefit	\$(4.0)	\$(8.5)	\$(14.4)	\$(22.3)
Total Income Tax Benefit	\$(4.0)	\$(8.5)	\$(14.4)	\$(22.3)

(a) For each of the six months ended June 30, 2021 and 2020, the federal and state current tax expense was minimal due to NOLs which resulted from the bonus depreciation provisions of certain tax legislation. Federal and state NOLs are being carried forward to offset current and future taxable income.

(b) For each of the six months ended June 30, 2021 and 2020, the federal income tax benefit is primarily due to production tax credits.

NOTE 8. INCOME TAX EXPENSE (Continued)

The Company's tax provision for interim periods is determined using an estimate of its annual effective tax rate, adjusted for discrete items arising in that quarter. In each quarter, the Company updates its estimate of the annual effective tax rate and if the estimated annual effective tax rate changes, the Company would make a cumulative adjustment in that quarter.

Reconciliation of Taxes from Federal Statutory Rate to Total Income Tax Expense	Quarter Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Millions				
Income Before Income Taxes	\$17.7	\$8.4	\$50.7	\$59.1
Statutory Federal Income Tax Rate	21 %	21 %	21 %	21 %
Income Taxes Computed at Statutory Federal Rate	\$3.7	\$1.7	\$10.6	\$12.4
Increase (Decrease) in Income Tax Due to:				
State Income Taxes – Net of Federal Income Tax Benefit	2.0	0.1	5.1	3.3
Production Tax Credits	(8.5)	(9.6)	(27.1)	(33.4)
Regulatory Differences – Excess Deferred Tax	(1.4)	(0.9)	(4.6)	(5.3)
Non-Controlling Interest in Subsidiaries	1.3	0.7	3.1	1.1
Share-Based Compensation	—	—	0.5	(0.1)
Other	(1.1)	(0.5)	(2.0)	(0.3)
Total Income Tax Benefit	\$(4.0)	\$(8.5)	\$(14.4)	\$(22.3)

For the six months ended June 30, 2021, the effective tax rate was a benefit of 28.4 percent (benefit of 37.8 percent for the six months ended June 30, 2020). The effective tax rate for 2021 and 2020 was primarily impacted by production tax credits.

Uncertain Tax Positions. As of June 30, 2021, we had gross unrecognized tax benefits of \$1.5 million (\$1.4 million as of December 31, 2020). Of the total gross unrecognized tax benefits, \$0.6 million represents the amount of unrecognized tax benefits included on the Consolidated Balance Sheet that, if recognized, would favorably impact the effective income tax rate. The unrecognized tax benefit amounts have been presented as reductions to the tax benefits associated with NOL and tax credit carryforwards on the Consolidated Balance Sheet.

ALLETE and its subsidiaries file a consolidated federal income tax return as well as combined and separate state income tax returns in various jurisdictions. ALLETE has no open federal or state audits, and is no longer subject to federal examination for years before 2017, or state examination for years before 2016.

NOTE 9. PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS

Components of Net Periodic Benefit Cost (Credit)	Pension		Other Postretirement	
	2021	2020	2021	2020
Millions				
Quarter Ended June 30,				
Service Cost	\$2.8	\$2.7	\$0.9	\$0.9
Non-Service Cost Components (a)				
Interest Cost	6.2	7.0	1.1	1.2
Expected Return on Plan Assets	(10.9)	(10.7)	(2.5)	(2.4)
Amortization of Prior Service Credits	(0.1)	(0.1)	(1.9)	(2.0)
Amortization of Net Loss	4.7	3.2	0.8	0.2
Net Periodic Benefit Cost (Credit)	\$2.7	\$2.1	\$(1.6)	\$(2.1)
Six Months Ended June 30,				
Service Cost	\$5.5	\$5.3	\$1.8	\$1.7
Non-Service Cost Components (a)				
Interest Cost	12.3	14.0	2.2	2.5
Expected Return on Plan Assets	(21.7)	(21.4)	(4.9)	(4.9)
Amortization of Prior Service Credits	(0.1)	(0.1)	(3.8)	(4.0)
Amortization of Net Loss	9.4	6.4	1.5	0.5
Net Periodic Benefit Cost (Credit)	\$5.4	\$4.2	\$(3.2)	\$(4.2)

(a) These components of net periodic benefit cost (credit) are included in the line item "Other" under Other Income (Expense) on the Consolidated Statement of Income.

Employer Contributions. For the six months ended June 30, 2021, we contributed \$10.3 million in cash to the defined benefit pension plans (\$10.7 million for the six months ended June 30, 2020); we do not expect to make additional contributions to our defined benefit pension plans in 2021. For the six months ended June 30, 2021 and 2020, we made no contributions to our other postretirement benefit plans; we do not expect to make any contributions to our other postretirement benefit plans in 2021.

NOTE 10. BUSINESS SEGMENTS

We present two reportable segments: Regulated Operations and ALLETE Clean Energy. We measure performance of our operations through budgeting and monitoring of contributions to consolidated net income by each business segment.

Regulated Operations includes three operating segments which consist of our regulated utilities, Minnesota Power and SWL&P, as well as our investment in ATC. ALLETE Clean Energy is our business focused on developing, acquiring and operating clean and renewable energy projects. We also present Corporate and Other which includes two operating segments, BNI Energy, our coal mining operations in North Dakota, and ALLETE Properties, our legacy Florida real estate investment, along with our investment in Nobles 2, other business development and corporate expenditures, unallocated interest expense, a small amount of non-rate base generation, approximately 4,000 acres of land in Minnesota, and earnings on cash and investments.

NOTE 10. BUSINESS SEGMENTS (Continued)

	Quarter Ended		Six Months Ended	
	June 30,		June 30,	
	2021	2020	2021	2020
Millions				
Operating Revenue				
Regulated Operations				
Residential	\$35.4	\$27.4	\$81.0	\$68.3
Commercial	40.7	28.8	80.4	66.1
Municipal	11.5	9.0	24.1	19.3
Industrial	139.1	88.0	268.1	206.8
Other Power Suppliers	37.3	27.4	75.7	65.7
Other	26.4	20.2	54.1	39.9
Total Regulated Operations	290.4	200.8	583.4	466.1
ALLETE Clean Energy				
Long-term PSA	18.7	14.8	36.8	32.1
Other	2.9	2.8	5.7	5.6
Total ALLETE Clean Energy	21.6	17.6	42.5	37.7
Corporate and Other				
Long-term Contract	21.4	22.5	43.1	44.9
Other	2.2	2.3	5.8	6.1
Total Corporate and Other	23.6	24.8	48.9	51.0
Total Operating Revenue	\$335.6	\$243.2	\$674.8	\$554.8
Net Income Attributable to ALLETE				
Regulated Operations	\$21.5	\$11.1	\$66.5	\$68.6
ALLETE Clean Energy	5.1	4.0	12.5	15.7
Corporate and Other	1.3	5.0	0.7	2.1
Total Net Income Attributable to ALLETE	\$27.9	\$20.1	\$79.7	\$86.4

	June 30, 2021	December 31, 2020
Millions		
Assets		
Regulated Operations	\$4,200.1	\$4,196.8
ALLETE Clean Energy	1,653.5	1,483.3
Corporate and Other	439.7	404.5
Total Assets	\$6,293.3	\$6,084.6

ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OVERVIEW

The following discussion should be read in conjunction with our Consolidated Financial Statements and notes to those statements, Management’s Discussion and Analysis of Financial Condition and Results of Operations from our 2020 Form 10-K, and the other financial information appearing elsewhere in this report. In addition to historical information, the following discussion and other parts of this Form 10-Q contain forward-looking information that involves risks and uncertainties. Readers are cautioned that forward-looking statements should be read in conjunction with our disclosures in this Form 10-Q, including Part II, Item 1A Risk Factors, and our 2020 Form 10-K under the headings: “Forward-Looking Statements” located on page 6 and “Risk Factors” located in Part I, Item 1A, beginning on page 23 of our 2020 Form 10-K. The risks and uncertainties described in this Form 10-Q and our 2020 Form 10-K are not the only risks facing our Company. Additional risks and uncertainties that we are not presently aware of, or that we currently consider immaterial, may also affect our business operations. Our business, financial condition or results of operations could suffer if the risks are realized.

The COVID-19 pandemic has had widespread impacts on the global economy and on our employees, customers, contractors, and suppliers. Additional disclosures regarding the impacts of the COVID-19 pandemic are located in our 2020 Form 10-K located in Outlook – Regulated Operations – Industrial Customers and Prospective Additional Load, Liquidity and Capital Resources – Liquidity Position and Part I, Item 1A. Risk Factors.

Regulated Operations includes our regulated utilities, Minnesota Power and SWL&P, as well as our investment in ATC, a Wisconsin-based regulated utility that owns and maintains electric transmission assets in portions of Wisconsin, Michigan, Minnesota and Illinois. Minnesota Power provides regulated utility electric service in northeastern Minnesota to approximately 145,000 retail customers. Minnesota Power also has 15 non-affiliated municipal customers in Minnesota. SWL&P is a Wisconsin utility and a wholesale customer of Minnesota Power. SWL&P provides regulated utility electric, natural gas and water service in northwestern Wisconsin to approximately 15,000 electric customers, 13,000 natural gas customers and 10,000 water customers. Our regulated utility operations include retail and wholesale activities under the jurisdiction of state and federal regulatory authorities. (See Note 2. Regulatory Matters.)

ALLETE Clean Energy focuses on developing, acquiring, and operating clean and renewable energy projects. ALLETE Clean Energy currently owns and operates, in seven states, more than 1,000 MW of nameplate capacity wind energy generation that is contracted under PSAs of various durations. In addition, ALLETE Clean Energy currently has approximately 300 MW of wind energy facilities under construction. ALLETE Clean Energy also engages in the development of wind energy facilities to operate under long-term PSAs or for sale to others upon completion.

Corporate and Other is comprised of BNI Energy, our coal mining operations in North Dakota; our investment in Nobles 2, an entity that owns and operates a 250 MW wind energy facility in southwestern Minnesota; ALLETE Properties, our legacy Florida real estate investment; other business development and corporate expenditures; unallocated interest expense; a small amount of non-rate base generation; approximately 4,000 acres of land in Minnesota, and earnings on cash and investments.

ALLETE is incorporated under the laws of Minnesota. Our corporate headquarters are in Duluth, Minnesota. Statistical information is presented as of June 30, 2021, unless otherwise indicated. All subsidiaries are wholly-owned unless otherwise specifically indicated. References in this report to “we,” “us” and “our” are to ALLETE and its subsidiaries, collectively.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)

Financial Overview

The following net income discussion summarizes a comparison of the six months ended June 30, 2021, to the six months ended June 30, 2020.

Net income attributable to ALLETE for the six months ended June 30, 2021, was \$79.7 million, or \$1.53 per diluted share, compared to \$86.4 million, or \$1.67 per diluted share, for the same period in 2020. Net income in 2021 included an approximately \$5 million after-tax, or \$0.10 per share, negative impact related to ALLETE Clean Energy's Diamond Spring wind energy facility due to an extreme winter storm event in the southwest United States in February 2021. This winter storm event caused volatility in power prices in the regional power market resulting in losses being incurred under one of the facility's power sales agreements during portions of the winter storm event. Net income in 2020 included margins of \$10.2 million after-tax, or \$0.20 per share, in Regulated Operations for sales under a 100 MW PSA which expired in April 2020. Net income in 2020 also included reserves for interim rates of \$8.3 million after-tax, or \$0.16 per share, for the refund of interim rates collected between January 1, 2020 and April 30, 2020.

Regulated Operations net income attributable to ALLETE was \$66.5 million for the six months ended June 30, 2021, compared to \$68.6 million for the same period in 2020. Net income at Minnesota Power was lower than 2020 primarily due to: lower margins from Other Power Suppliers resulting from the expiration of a PSA; and higher operating and maintenance, property tax and depreciation expenses. These negative impacts were partially offset by increased earnings related to the GNTL; higher kWh sales to residential, commercial, and municipal customers; and the timing of income taxes. Net income in 2020 also included reserves for interim rates of \$8.3 million after-tax for the refund of interim rates collected between January 1, 2020 and April 30, 2020. Net income at SWL&P was similar to 2020. Our after-tax equity earnings in ATC were lower compared to 2020 primarily due to period over period changes in ATC's estimate of a refund liability related to the FERC decision on MISO return on equity complaints in 2020.

ALLETE Clean Energy net income attributable to ALLETE was \$12.5 million for the six months ended June 30, 2021, compared to \$15.7 million for the same period in 2020. Net income in 2021 included an approximately \$5 million after-tax negative impact related to ALLETE Clean Energy's Diamond Spring wind energy facility due to an extreme winter storm event in the southwest United States in February 2021 as well as a lower wind resources at other wind energy facilities.

Corporate and Other net income attributable to ALLETE was \$0.7 million for the six months ended June 30, 2021, compared to net income of \$2.1 million for the same period in 2020. Net income in 2021 included higher interest and income tax expenses, partially offset by earnings from our investment in Nobles 2 which commenced operations in December 2020.

COMPARISON OF THE QUARTER ENDED JUNE 30, 2021 AND 2020

(See Note 10. Business Segments for financial results by segment.)

Regulated Operations

Quarter Ended June 30,	2021	2020
Millions		
Operating Revenue – Utility	\$290.4	\$200.8
Fuel, Purchased Power and Gas – Utility	128.9	69.3
Transmission Services – Utility	19.2	16.4
Operating and Maintenance	55.3	48.0
Depreciation and Amortization	42.6	41.9
Taxes Other than Income Taxes	15.9	13.3
Operating Income	28.5	11.9
Interest Expense	(14.4)	(14.7)
Equity Earnings	5.2	6.4
Other Income	0.7	3.3
Income Before Income Taxes	20.0	6.9
Income Tax Benefit	(1.5)	(4.2)
Net Income Attributable to ALLETE	\$21.5	\$11.1

Operating Revenue – Utility increased \$89.6 million from 2020 primarily due to higher fuel adjustment clause recoveries, higher kWh sales, higher cost recovery rider revenue and increased transmission revenue related to the GNTL. Revenue in 2020 also included reserves for the refund of interim rates collected between January 1, 2020 and April 30, 2020.

Fuel adjustment clause revenue increased \$38.6 million due to higher fuel and purchased power costs attributable to retail and municipal customers. (See *Fuel, Purchased Power and Gas – Utility*.)

Revenue from kWh sales increased \$19.7 million from 2020 reflecting higher sales to residential, commercial, industrial and municipal customers as well as other power suppliers. These increases were partially offset by lower revenue related to the expiration of a 100 MW PSA in April 2020. Sales to commercial and industrial customers increased primarily due to improving business conditions related to the COVID-19 pandemic and its impact on customer operations. Many commercial and industrial customers operated at reduced levels or were temporarily closed or idled during the second quarter of 2020 as a result of the COVID-19 pandemic and related governmental responses while business conditions have improved in 2021. These higher sales to commercial and industrial customers were partially offset by lower sales to Verso Corporation which indefinitely idled its paper mill in Duluth, Minnesota, beginning in June 2020. (See Outlook – Regulated Operations – Industrial Customers and Prospective Additional Load.) Sales to residential and municipal customers increased from 2020 primarily due to warmer weather in the second quarter of 2021 compared to 2020. Sales to other power suppliers, which are sold at market-based prices into the MISO market on a daily basis or through PSAs of various durations, increased primarily due to additional kWh sales made to mitigate the uncertainty of customers’ energy needs and potential load loss due to the COVID-19 pandemic.

Quarter Ended June 30,		2021	2020	Variance	
				Quantity	%
Millions					
Regulated Utility					
Retail and Municipal					
	Residential	247	246	1	0.4 %
	Commercial	317	286	31	10.8 %
	Industrial	1,775	1,235	540	43.7 %
	Municipal	138	131	7	5.3 %
	Total Retail and Municipal	2,477	1,898	579	30.5 %
	Other Power Suppliers	1,194	706	488	69.1 %
	Total Regulated Utility Kilowatt-hours Sold	3,671	2,604	1,067	41.0 %

COMPARISON OF THE QUARTER ENDED JUNE 30, 2021 AND 2020 (Continued)

Regulated Operations (Continued)

Revenue from electric sales to taconite customers accounted for 34 percent of regulated operating revenue in 2021 (28 percent in 2020). Revenue from electric sales to paper, pulp and secondary wood product customers accounted for 5 percent of regulated operating revenue in 2021 (7 percent in 2020). Revenue from electric sales to pipelines and other industrial customers accounted for 9 percent of regulated operating revenue in 2021 (9 percent in 2020).

Revenue in 2020 included reserves of \$11.7 million for the refund of interim rates collected between January 1, 2020 and April 30, 2020. (See Note 2. Regulatory Matters.)

Cost recovery rider revenue increased \$7.1 million primarily due to fewer production tax credits recognized by Minnesota Power. If production tax credits are recognized at a level below those assumed in Minnesota Power's base rates, an increase in cost recovery rider revenue is recognized to offset the impact of lower production tax credits on income tax expense.

Transmission revenue related to GNTL increased \$5.5 million primarily due to recovery of related expenses resulting from the GNTL being placed into service in June 2020.

Operating Expenses increased \$73.0 million, or 39 percent, from 2020.

Fuel, Purchased Power and Gas – Utility expense increased \$59.6 million, or 86 percent, from 2020 primarily due to higher kWh sales and higher purchased power prices. Fuel and purchased power expense related to our retail and municipal customers is recovered through the fuel adjustment clause.

Transmission Services – Utility expense increased \$2.8 million, or 17 percent, from 2020 primarily due to higher MISO-related expense.

Operating and Maintenance expense increased \$7.3 million, or 15 percent, from 2020 primarily due to an increase in contract and professional services for planned maintenance at generation facilities and higher vegetation management expenses. In addition, 2021 included higher labor and benefit expenses as well as increased conservation improvement program expenses as compared to 2020.

Taxes Other than Income Taxes increased \$2.6 million, or 20 percent, from 2020 primarily due to higher property tax expense resulting from the GNTL being placed into service in June 2020.

Equity Earnings decreased \$1.2 million, or 19 percent, from 2020 primarily due to period over period changes in ATC's estimate of a refund liability related to the FERC decision on MISO return on equity complaints in 2020.

Income Tax Benefit decreased \$2.7 million from 2020 primarily due to lower production tax credits and higher pre-tax income, partially offset by the timing of income taxes in 2021 compared to 2020. The income tax benefit in 2020 included additional income tax expense recorded in 2020 as GAAP requires the recognition of income taxes at the estimated annual effective tax rate.

We expect our annual effective tax rate in 2021 to be a lower income tax benefit than in 2020 primarily due to lower production tax credits.

COMPARISON OF THE QUARTER ENDED JUNE 30, 2021 AND 2020 (Continued)

ALLETE Clean Energy

Quarter Ended June 30,	2021	2020
Millions		
Operating Revenue		
Contracts with Customers – Non-utility	\$18.7	\$14.8
Other – Non-utility (a)	2.9	2.8
Operating and Maintenance	9.2	7.8
Depreciation and Amortization	12.2	8.9
Taxes and Other	1.6	0.9
Operating Income (Loss)	(1.4)	—
Interest Expense	(0.4)	(0.5)
Other Income	0.1	—
Loss Before Income Taxes	(1.7)	(0.5)
Income Tax Benefit	(2.6)	(1.3)
Net Income	0.9	0.8
Net Loss Attributable to Non-Controlling Interest	(4.2)	(3.2)
Net Income Attributable to ALLETE	\$5.1	\$4.0

(a) Represents non-cash amortization of differences between contract prices and estimated market prices on assumed PSAs.

Operating Revenue increased \$4.0 million, or 23 percent, from 2020 primarily due to revenue from the Diamond Spring wind energy facility which commenced operations in December 2020.

Production and Operating Revenue	Quarter Ended June 30,			
	2021		2020	
	kWh	Revenue	kWh	Revenue
Millions				
Wind Energy Regions				
East	47.9	\$4.3	57.1	\$5.1
Midwest	221.5	8.1	207.4	7.7
South	237.4	4.2	—	—
West	167.7	5.0	202.5	4.8
Total Production and Operating Revenue	674.5	\$21.6	467.0	\$17.6

Operating and Maintenance expense increased \$1.4 million, or 18 percent, from 2020 primarily due to operating and maintenance expenses related to the Diamond Spring wind energy facility.

Depreciation and Amortization expense increased \$3.3 million, or 37 percent, from 2020 primarily due to additional property, plant and equipment in service related to the Diamond Spring wind energy facility.

Income Tax Benefit increased \$1.3 million from 2020 primarily due to the timing of income taxes in 2021 compared to 2020. The income tax benefit in 2021 included additional income tax benefit recorded as GAAP requires the recognition of income taxes at the estimated annual effective tax rate.

Net Loss Attributable to Non-Controlling Interest increased \$1.0 million from 2020 reflecting net losses attributable to non-controlling interest for the Diamond Spring wind energy facility.

Corporate and Other

Operating Revenue decreased \$1.2 million, or 5 percent, from 2020 primarily due to lower revenue at BNI Energy, which operates under cost-plus fixed fee contracts, as a result of lower expenses and fewer tons sold in 2021 compared to 2020.

COMPARISON OF THE QUARTER ENDED JUNE 30, 2021 AND 2020 (Continued)
Corporate and Other (Continued)

Net Income Attributable to ALLETE decreased \$3.7 million from 2020 primarily due to lower earnings from marketable equity securities held in benefit trusts as well as additional income tax expense recorded in 2021 as GAAP requires the recognition of income taxes at the estimated annual effective tax rate. These decreases were partially offset by earnings from our investment in Nobles 2 which commenced operations in December 2020. Net income at BNI Energy was \$1.8 million in 2021 compared to \$2.5 million in 2020 reflecting lower earnings from marketable equity securities held in benefit trusts in 2021. The net loss at ALLETE Properties was \$0.4 million in 2021 compared to a net loss of \$0.5 million in 2020.

Income Taxes – Consolidated

For the quarter ended June 30, 2021, the effective tax rate was a benefit of 22.6 percent (benefit of 102.4 percent for the quarter ended June 30, 2020). The effective tax rate for 2021 was a lower benefit primarily due to lower production tax credits.

We expect our annual effective tax rate in 2021 to be a lower income tax benefit than in 2020 primarily due to lower production tax credits. The estimated annual effective tax rate can differ from what a quarterly effective tax rate would otherwise be on a standalone basis, and this may cause quarter to quarter differences in the timing of income taxes.

COMPARISON OF THE SIX MONTHS ENDED JUNE 30, 2021 AND 2020

(See Note 10. Business Segments for financial results by segment.)

Regulated Operations

Six Months Ended June 30,	2021	2020
Millions		
Operating Revenue – Utility	\$583.4	\$466.1
Fuel, Purchased Power and Gas – Utility	249.3	158.3
Transmission Services – Utility	36.9	34.9
Operating and Maintenance	105.7	97.3
Depreciation and Amortization	85.6	83.6
Taxes Other than Income Taxes	31.6	24.6
Operating Income	74.3	67.4
Interest Expense	(28.6)	(29.3)
Equity Earnings	10.5	11.6
Other Income	3.1	6.7
Income Before Income Taxes	59.3	56.4
Income Tax Benefit	(7.2)	(12.2)
Net Income Attributable to ALLETE	\$66.5	\$68.6

Operating Revenue – Utility increased \$117.3 million from 2020 primarily due to higher fuel adjustment clause recoveries, higher kWh sales, increased transmission revenue related to the GNTL, higher cost recovery rider revenue, higher FERC formula-based rates and increased gas sales. Revenue in 2020 also included reserves for the refund of interim rates collected between January 1, 2020 and April 30, 2020.

Fuel adjustment clause revenue increased \$56.2 million due to higher fuel and purchased power costs attributable to retail and municipal customers. (See *Fuel, Purchased Power and Gas – Utility*.)

COMPARISON OF THE SIX MONTHS ENDED JUNE 30, 2021 AND 2020 (Continued)
Regulated Operations (Continued)

Revenue from kWh sales increased \$19.1 million from 2020 reflecting higher sales to residential, commercial, industrial and municipal customers as well as other power suppliers. These increases were partially offset by lower revenue related to the expiration of a 100 MW PSA in April 2020. Sales to commercial and industrial customers increased primarily due to improving business conditions related to the COVID-19 pandemic and its impact on customer operations. Many commercial and industrial customers operated at reduced levels or were temporarily closed or idled during 2020 as a result of the COVID-19 pandemic and related governmental responses while business conditions have improved in 2021. These higher sales to commercial and industrial customers were partially offset by lower sales and demand revenue from Verso Corporation which indefinitely idled its paper mill in Duluth, Minnesota, beginning in June 2020. (See Outlook – Regulated Operations – Industrial Customers and Prospective Additional Load.) Sales to residential and municipal customers increased from 2020 primarily due to more favorable weather conditions in 2021 compared to 2020. Sales to other power suppliers, which are sold at market-based prices into the MISO market on a daily basis or through PSAs of various durations, increased primarily due to additional kWh sales made to mitigate the uncertainty of customers’ energy needs and potential load loss due to the COVID-19 pandemic.

Kilowatt-hours Sold	Variance			
Six Months Ended June 30,	2021	2020	Quantity	%
Millions				
Regulated Utility				
Retail and Municipal				
Residential	578	567	11	1.9 %
Commercial	658	638	20	3.1 %
Industrial	3,573	3,137	436	13.9 %
Municipal	298	287	11	3.8 %
Total Retail and Municipal	5,107	4,629	478	10.3 %
Other Power Suppliers	2,442	1,528	914	59.8 %
Total Regulated Utility Kilowatt-hours Sold	7,549	6,157	1,392	22.6 %

Revenue from electric sales to taconite customers accounted for 32 percent of regulated operating revenue in 2021 (29 percent in 2020). Revenue from electric sales to paper, pulp and secondary wood product customers accounted for 4 percent of regulated operating revenue in 2021 (6 percent in 2020). Revenue from electric sales to pipelines and other industrial customers accounted for 9 percent of regulated operating revenue in 2021 (9 percent in 2020).

Revenue in 2020 included reserves of \$11.7 million for the refund of interim rates collected between January 1, 2020 and April 30, 2020. (See Note 2. Regulatory Matters.)

Transmission revenue related to GNTL increased \$13.9 million primarily due to recovery of related expenses resulting from the GNTL being placed into service in June 2020 and additional expenditures for property, plant and equipment.

Cost recovery rider revenue increased \$7.2 million primarily due to fewer production tax credits recognized by Minnesota Power. If production tax credits are recognized at a level below those assumed in Minnesota Power’s base rates, an increase in cost recovery rider revenue is recognized to offset the impact of lower production tax credits on income tax expense.

Revenue from wholesale customers under FERC formula-based rates increased \$3.2 million primarily due to higher rates.

Gas sales at SWL&P increased \$2.8 million as a result of colder weather in the first quarter of 2021 and higher gas prices in 2021 compared to 2020. (See *Fuel, Purchased Power and Gas – Utility*.)

Operating Expenses increased \$110.4 million, or 28 percent, from 2020.

Fuel, Purchased Power and Gas – Utility expense increased \$91.0 million, or 57 percent, from 2020 primarily due to higher purchased power prices, kWh sales and fuel costs as well as increased gas sales and higher gas prices at SWL&P. Fuel and purchased power expense related to our retail and municipal customers is recovered through the fuel adjustment clause.

COMPARISON OF THE SIX MONTHS ENDED JUNE 30, 2021 AND 2020 (Continued)
Regulated Operations (Continued)

Transmission Services – Utility expense increased \$2.0 million, or 6 percent, from 2020 primarily due to higher MISO-related expense.

Operating and Maintenance expense increased \$8.4 million, or 9 percent, from 2020 primarily due to an increase in contract and professional services for planned maintenance at generation facilities and higher vegetation management expenses. In addition, 2021 included higher labor and benefit expenses as compared to 2020.

Depreciation and Amortization expense increased \$2.0 million, or 2 percent, from 2020 primarily due to additional property, plant and equipment in service resulting from the GNTL being placed into service in June 2020.

Taxes Other than Income Taxes increased \$7.0 million, or 28 percent, from 2020 primarily due to higher property tax expense resulting from the GNTL being placed into service in June 2020.

Equity Earnings decreased \$1.1 million, or 9 percent, from 2020 primarily due to period over period changes in ATC’s estimate of a refund liability related to the FERC decision on MISO return on equity complaints in 2020.

Income Tax Benefit decreased \$5.0 million from 2020 primarily due to lower production tax credits, partially offset by the timing of income taxes in 2021 compared to 2020. The income tax benefit in 2021 included additional income tax benefit recorded in 2021 as GAAP requires the recognition of income taxes at the estimated annual effective tax rate.

We expect the annual effective tax rate for Regulated Operations in 2021 to be a lower income tax benefit than in 2020 primarily due to lower production tax credits.

ALLETE Clean Energy

Six Months Ended June 30,	2021	2020
Millions		
Operating Revenue		
Contracts with Customers – Non-utility	\$36.8	\$32.1
Other – Non-utility (a)	5.7	5.6
Operating and Maintenance	21.4	16.0
Depreciation and Amortization	24.3	17.1
Taxes Other than Income Taxes	3.5	1.6
Operating Income (Loss)	(6.7)	3.0
Interest Expense	(0.8)	(1.0)
Other Income	0.3	0.2
Income (Loss) Before Income Taxes	(7.2)	2.2
Income Tax Benefit	(8.5)	(8.5)
Net Income	1.3	10.7
Net Loss Attributable to Non-Controlling Interest	(11.2)	(5.0)
Net Income Attributable to ALLETE	\$12.5	\$15.7

(a) Represents non-cash amortization of differences between contract prices and estimated market prices on assumed PSAs.

Operating Revenue increased \$4.8 million, or 13 percent, from 2020 primarily due to revenue from the South Peak and Diamond Spring wind energy facilities which commenced operations in April 2020 and December 2020, respectively, partially offset by the negative impact related to ALLETE Clean Energy’s Diamond Spring wind energy facility due to an extreme winter storm event in the southwest United States in February 2021.

COMPARISON OF THE SIX MONTHS ENDED JUNE 30, 2021 AND 2020 (Continued)
ALLETE Clean Energy (Continued)

Production and Operating Revenue	Six Months Ended June 30,			
	2021		2020	
	kWh	Revenue	kWh	Revenue
Millions				
Wind Energy Regions				
East	127.3	\$11.5	135.7	\$12.2
Midwest	461.6	16.5	451.8	16.2
South	513.8	3.4	—	—
West	389.5	11.1	344.3	9.3
Total Production and Operating Revenue	1,492.2	\$42.5	931.8	\$37.7

Operating and Maintenance expense increased \$5.4 million, or 34 percent, from 2020 primarily due to operating and maintenance expenses related to the South Peak and Diamond Spring wind energy facilities.

Depreciation and Amortization expense increased \$7.2 million, or 42 percent, from 2020 primarily due to additional property, plant and equipment in service related to the South Peak and Diamond Spring wind energy facilities.

Taxes Other than Income Taxes increased \$1.9 million from 2020 primarily due to higher property tax expense related to the South Peak and Diamond Spring wind energy facilities.

Net Loss Attributable to Non-Controlling Interest increased \$6.2 million from 2020 primarily due to net losses attributable to non-controlling interest for the Diamond Spring wind energy facility.

Corporate and Other

Operating Revenue decreased \$2.1 million, or 4 percent, from 2020 primarily due to lower revenue at BNI Energy, which operates under cost-plus fixed fee contracts, as a result of lower expenses and fewer tons sold in 2021 compared to 2020 as well as lower land sales at ALLETE Properties.

Net Income Attributable to ALLETE was \$0.7 million in 2021 compared to net income of \$2.1 million in 2020. Net income in 2021 included higher interest and income tax expenses, partially offset by earnings from our investment in Nobles 2 which commenced operations in December 2020. Net income at BNI Energy was \$3.4 million in 2021 compared to net income of \$3.2 million in 2020. The net loss at ALLETE Properties was \$1.0 million in 2021 and in 2020.

Income Taxes – Consolidated

For the six months ended June 30, 2021, the effective tax rate was a benefit of 28.4 percent (benefit of 37.8 percent for the six months ended June 30, 2020). The effective tax rate for 2021 was a lower benefit primarily due to higher non-controlling interest and lower production tax credits.

We expect our annual effective tax rate in 2021 to be a lower benefit as compared to 2020 primarily due to higher pre-tax income. The effective rate deviated from the combined statutory rate of approximately 28 percent primarily due to higher non-controlling interest and lower production tax credits. (See Note 8. Income Tax Expense.)

CRITICAL ACCOUNTING POLICIES

Certain accounting measurements under GAAP involve management's judgment about subjective factors and estimates, the effects of which are inherently uncertain. Accounting measurements that we believe are most critical to our reported results of operations and financial condition include: regulatory accounting, pension and postretirement health and life actuarial assumptions, impairment of long-lived assets, and taxation. These policies are reviewed with the Audit Committee of our Board of Directors on a regular basis and summarized in Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations of our 2020 Form 10-K.

OUTLOOK

For additional information see our 2020 Form 10-K.

ALLETE is an energy company committed to earning a financial return that rewards our shareholders, allows for reinvestment in our businesses, and sustains growth. The Company has a long-term objective of achieving consolidated average annual earnings per share growth of 5 percent to 7 percent; with a Regulated Operations growth objective of 4 percent to 5 percent, and an ALLETE Clean Energy and Corporate and Other businesses growth objective of at least 15 percent over the long-term. We have made steady progress over the past several quarters in the evolution of our ALLETE Clean Energy strategy as we position the business to provide more comprehensive clean energy solutions. We believe that the renewable energy industry continues to have tremendous potential driven by societal demands for climate action and fulfilling ESG commitments. ALLETE Clean Energy's existing platform provides a strong foundation for growth as we seek to expand our product offerings, further diversify our portfolio and deliver financial returns within our expected criteria over the long-term. Our current projection of ALLETE's consolidated average annual earnings per share growth rate, using 2019 as a base year, is in line with our stated long-term (5-year) growth objective of 5 percent to 7 percent; with a Regulated Operations growth projection of approximately 3 percent, and an ALLETE Clean Energy and Corporate and Other businesses growth projection of approximately 30 percent to 40 percent.

Portions of our ALLETE Clean Energy business are experiencing return pressures that are impacting our earnings per share growth from increased competition, and lower forward price curves, as a growing amount of investment capital is being directed into wind generation opportunities. In addition, current and potential new project developments can be negatively affected by a lower ALLETE stock price, which may result in such projects not being accretive, or otherwise unable to satisfy our financial objectives criteria to proceed. In response to these market pressures, we are actively evaluating additional growth opportunities to deliver more comprehensive clean energy solutions for customers at ALLETE Clean Energy, which may include solar, storage solutions, and related energy infrastructure investments and services. We believe that the renewable energy industry is entering a new phase of growth and that we are well-positioned to serve customers and drive future growth at ALLETE. ALLETE Clean Energy will continue to optimize its existing wind energy facility portfolio, seek development of its remaining safe harbor inventory of tax credit qualified turbines, and explore other renewable energy opportunities to expand its service offerings to further enhance its growth and profitability.

ALLETE is predominately a regulated utility through Minnesota Power, SWL&P, and an investment in ATC. ALLETE's strategy is to remain predominately a regulated utility while investing in ALLETE Clean Energy and its Corporate and Other businesses to complement its regulated businesses, balance exposure to the utility's industrial customers, and provide potential long-term earnings growth. ALLETE expects net income from Regulated Operations to be approximately 80 percent of total consolidated net income in 2021. Over the next several years, the contribution of ALLETE Clean Energy and our Corporate and Other businesses to net income is expected to increase as ALLETE grows these operations. ALLETE expects its businesses to provide regulated, contracted or recurring revenues, and to support sustained growth in net income and cash flow.

Regulated Operations. Minnesota Power's long-term strategy is to be the leading electric energy provider in northeastern Minnesota by providing safe, reliable and cost-competitive electric energy, while complying with environmental permit conditions and renewable energy requirements. Keeping the cost of energy production competitive enables Minnesota Power to effectively compete in the wholesale power markets and minimizes retail rate increases to help maintain customer viability. As part of maintaining cost competitiveness, Minnesota Power intends to reduce its exposure to possible future carbon and GHG legislation by reshaping its generation portfolio, over time, to reduce its reliance on coal. Minnesota Power has a goal of delivering 100 percent carbon-free energy by 2050. (See *EnergyForward*.) We will monitor and review proposed environmental regulations and may challenge those that add considerable cost with limited environmental benefit. Minnesota Power will continue to pursue customer growth opportunities and cost recovery rider approvals for transmission, renewable and environmental investments, as well as work with regulators to earn a fair rate of return. Minnesota Power anticipates filing a general rate case in November 2021 with a 2022 test year.

Minnesota Power also submitted its IRP with the MPUC on February 1, 2021. The outcome of this IRP is likely to be instrumental in the evolution of our *EnergyForward* strategic plan that provides for significant emission reductions and diversifying our electricity generation mix to include more renewables, and is expected to provide potential earnings growth over the long-term. (See *EnergyForward*.)

Regulatory Matters. Entities within our Regulated Operations segment are under the jurisdiction of the MPUC, FERC, PSCW and NDPS. See Note 2. Regulatory Matters for discussion of regulatory matters within these jurisdictions.

OUTLOOK (Continued)

Industrial Customers and Prospective Additional Load.

Industrial Customers. Electric power is one of several key inputs in the taconite mining, paper, pulp and secondary wood products, pipeline and other industries. Approximately 47 percent of our regulated utility kWh sales in the six months ended June 30, 2021, were made to our industrial customers (51 percent in the six months ended June 30, 2020).

Taconite. Minnesota Power's taconite customers are capable of producing up to approximately 41 million tons of taconite pellets annually. Taconite pellets produced in Minnesota are primarily shipped to North American steel making facilities that are part of the integrated steel industry, which continue to lead the world in environmental performance among steelmaking countries. According to the U.S. Department of Energy, steel production in the U.S. is the most energy efficient of any major steel producing country. Steel produced from these North American facilities is used primarily in the manufacture of automobiles, appliances, tubular applications for all industries, and in the construction industry. Steel is also a critical component of the clean energy transformation underway today. Meeting the demand for more renewable energy and the need for additional infrastructure to transport green energy from the point of generation to the end user both require steel. Historically, less than 10 percent of Minnesota taconite production has been exported outside of North America.

There has been a general historical correlation between U.S. steel production and Minnesota taconite production. The American Iron and Steel Institute, an association of North American steel producers, reported that U.S. raw steel production operated at approximately 79 percent of capacity during the first six months of 2021 compared to 68 percent in the first six months of 2020. The World Steel Association, an association of steel producers, national and regional steel industry associations, and steel research institutes representing approximately 85 percent of world steel production, projected in April 2021 that U.S. steel consumption will increase in 2021 by approximately 8 percent compared to 2020.

Minnesota Power's taconite customers may experience annual variations in production levels due to such factors as economic conditions, short-term demand changes or maintenance outages. We estimate that a one million ton change in Minnesota Power's taconite customers' production would impact our annual earnings per share by approximately \$0.04, net of expected power marketing sales at current prices. Changes in wholesale electric prices or customer contractual demand nominations could impact this estimate. Minnesota Power proactively sells power in the wholesale power markets that is temporarily not required by industrial customers to optimize the value of its generating facilities. Long-term reductions in taconite production or a permanent shut down of a taconite customer may lead Minnesota Power to file a general rate case to recover lost revenue.

Northshore Mining. Cliffs completed construction of a hot briquetted iron production plant in Toledo, Ohio, in 2020, which utilizes direct reduced-grade pellets from Northshore Mining. In April 2020, Cliffs announced that, based on market conditions, it would be temporarily idling Northshore Mining. Cliffs idled production at Northshore Mining in April 2020 and resumed normal production at the facility in August 2020. Northshore Mining has the capability to produce approximately 6 million tons annually. Minnesota Power has a PSA through 2031 with Silver Bay Power, which provides the majority of the electric service requirements for Northshore Mining. (See *Silver Bay Power*.)

Silver Bay Power. In 2016, Minnesota Power and Silver Bay Power entered into a PSA through 2031. Silver Bay Power supplies approximately 90 MW of load to Northshore Mining, an affiliate of Silver Bay Power, which had previously been served predominately through self-generation by Silver Bay Power. Starting in 2016, Minnesota Power supplied Silver Bay Power with at least 50 MW of energy and Silver Bay Power had the option to purchase additional energy from Minnesota Power as it transitioned away from self-generation. In the third quarter of 2019, Silver Bay Power ceased self-generation and Minnesota Power began supplying the full energy requirements for Silver Bay Power.

USS Corporation. In April 2020, USS Corporation stated it would idle its Keetac facility in Keewatin, Minnesota, in response to the sudden and dramatic decline in business conditions resulting from the COVID-19 pandemic. In addition, in May 2020, USS Corporation announced that production was expected to be temporarily reduced at its Minntac Plant in Mountain Iron, Minnesota. USS Corporation resumed normal production at its Minntac Plant beginning in late July 2020 and resumed operations at its Keetac facility in December 2020. USS Corporation has the capability to produce approximately 15 million and 5 million tons annually at its Minntac and Keetac plants, respectively.

OUTLOOK (Continued)

Industrial Customers and Prospective Additional Load (Continued)

Hibbing Taconite. In April 2020, ArcelorMittal announced that Hibbing Taconite in Hibbing, Minnesota, would idle production due to the COVID-19 pandemic. Hibbing Taconite resumed normal production in August 2020. Hibbing Taconite's current mineable ore reserves are expected to be exhausted in 2025. Cliffs, which in December 2020 became majority owner and resumed management of Hibbing Taconite, has stated that it has a plan to extend the mine life of Hibbing Taconite with ore reserves already under control of Cliffs. There are ample ore reserves in northeastern Minnesota that could supply operations for decades to come, and Minnesota Power's taconite customers routinely develop and extend their mine plans to optimize assets. Hibbing Taconite has the capability to produce approximately 8 million tons annually.

Cliffs Acquisition. In December 2020, Cliffs announced that it had completed the previously announced acquisition of substantially all of the operations of ArcelorMittal USA LLC and its subsidiaries. Cliffs had stated that upon closure of the acquisition Cliffs would be the largest flat-rolled steel producer and the largest iron ore pellet producer in North America. The acquisition included ArcelorMittal's Minorca mine in Virginia, Minnesota, and its ownership share of Hibbing Taconite in Hibbing, Minnesota, which are both large industrial customers of Minnesota Power. Cliffs is now Minnesota Power's largest customer. The acquisition has increased customer concentration risk for the Company and could lead to further capacity consolidation for both steel blast furnaces and the related Minnesota iron ore production.

Minnesota Sulfate Wild Rice Water Quality Standard. On April 29, 2021, the EPA identified rivers and lakes in Minnesota in which wild rice grows that have sulfate levels that exceed Minnesota's sulfate limit for wild rice waters. The EPA directed the MPCA to add these rivers and lakes to its list of impaired waters which can be used to set limits in discharge permits for industrial activities such as mining. Minnesota Power's taconite customers could be adversely impacted if they are required to significantly reduce sulfate discharges.

Paper, Pulp and Secondary Wood Products. The North American paper and pulp industry faces declining demand due to the impact of electronic substitution for print and changing customer needs. As a result, certain paper and pulp customers have reduced their existing operations in recent years and have pursued or are pursuing product changes in response to the declining demand. We expect operating levels in 2021 at the four major paper and pulp mills we serve to be lower than 2020 primarily due to the indefinite idling of Verso Corporation's paper mill in Duluth, Minnesota. (See *Verso Corporation*.)

Verso Corporation. In June 2020, Verso Corporation indefinitely idled its paper mill in Duluth, Minnesota (Duluth Mill). Verso Corporation stated the decision was due to the accelerated decline in graphic paper demand resulting from the COVID-19 pandemic and has disclosed it is considering options for the Duluth Mill, including marketing for a sale. On January 29, 2021, Verso Corporation provided notice of termination for its contract effective in January 2025, with no demand charge expected after February 2023 (minimal demand charge through January 2023). On May 17, 2021, Verso Corporation announced the completion of the sale of the Duluth Mill to ST Paper LLC. At that time, ST Paper LLC stated it plans to convert the Duluth Mill to produce tissue.

Pipeline and Other Industries.

Husky Energy. In 2018, a fire at Husky Energy's refinery in Superior, Wisconsin, disrupted operations at the facility. Under normal operating conditions, SWL&P provides approximately 14 MW of average monthly demand to Husky Energy in addition to water service. In 2019, Husky Energy announced that it had received the required permit approvals to begin reconstruction. In June 2020, Husky Energy announced that rebuild construction at the refinery had resumed following a suspension in March 2020 due to the COVID-19 pandemic. The facility remains at minimal operations, and the refinery is not expected to resume normal operations until 2023. In October 2020, Husky Energy announced a transaction to combine with Cenovus Energy Inc., which closed in the first quarter of 2021.

Prospective Additional Load. Minnesota Power is pursuing new wholesale and retail loads in and around its service territory. Currently, several companies in northeastern Minnesota continue to progress in the development of natural resource-based projects that represent long-term growth potential and load diversity for Minnesota Power. We cannot predict the outcome of these projects.

OUTLOOK (Continued)

Industrial Customers and Prospective Additional Load (Continued)

PolyMet. PolyMet is planning to start a new copper-nickel and precious metal (non-ferrous) mining operation in northeastern Minnesota. In 2015, PolyMet announced the completion of the final EIS by state and federal agencies, which was subsequently published in the Federal Register and Minnesota Environmental Quality Board Monitor. The Minnesota Department of Natural Resources (DNR) and the U.S. Army Corps of Engineers have both issued final Records of Decision, finding the final EIS adequate.

PolyMet was issued all necessary permits to construct and operate its new mining operation; however, in early 2020, the Minnesota Court of Appeals reversed decisions granting PolyMet's permit to mine, dam-safety permits and air permits. PolyMet filed petitions for further review with the Minnesota Supreme Court seeking to overturn the Minnesota Court of Appeals decisions. In February 2021, the Minnesota Supreme Court overturned a decision by the Minnesota Court of Appeals that had remanded the air permit back to the MPCA and returned the case to the Minnesota Court of Appeals. On July 19, 2021, the Minnesota Court of Appeals remanded PolyMet's air permit to the MPCA seeking additional explanation supporting the MPCA's permitting decision. On March 8, 2021, the U.S. District Court of Minnesota granted an EPA request to conduct a 90-day review of downstream water quality under Section 401(a)(2) of the Clean Water Act. Given the EPA's downstream water quality determination is necessary for PolyMet's federal Section 404 wetlands permit, on March 17, 2021, the U.S. Army Corps of Engineers notified PolyMet it had suspended the permit for the duration of the EPA's review. On April 28, 2021, the Minnesota Supreme Court reversed the Minnesota Court of Appeals decision on the dam-safety permits while also upholding its decision on PolyMet's permit to mine. The decision requires the DNR to hold a contested case hearing regarding the effectiveness of bentonite clay capping for eventual closure of PolyMet's planned tailings basin and to also determine a fixed term for the permit to mine. Minnesota Power could supply between 45 MW and 50 MW of load under a 10-year power supply contract with PolyMet that would begin upon start-up of operations.

EnergyForward. Minnesota Power is executing *EnergyForward*, its strategy assuring reliability, protecting affordability and further improving environmental performance. The plan includes completed and planned investments in wind, solar, natural gas and hydroelectric power, construction of additional transmission capacity, the installation of emissions control technology and the idling and retirement of certain coal-fired generating facilities. Minnesota Power has a vision to deliver 100 percent carbon-free energy to customers by 2050, continuing its commitment to climate, customers and communities through its *EnergyForward* strategy. This vision builds on Minnesota Power's recent achievement of now providing 50 percent renewable energy to its customers.

2021 Integrated Resource Plan. On February 1, 2021, Minnesota Power filed its latest IRP with the MPUC, which outlines its clean-energy transition plans through 2035. These plans include expanding its renewable energy supply to 70 percent by 2030, achieving coal-free operations at its facilities by 2035, and investing in a resilient and flexible transmission and distribution grid. Minnesota Power has also set a target to achieve an 80 percent reduction in carbon emissions by 2035 compared to 2005 levels. As part of these plans, Minnesota Power anticipates adding approximately 400 MW of new wind and solar energy resources, retiring Boswell Unit 3 by 2030 and transforming Boswell Unit 4 to be coal-free by 2035. Minnesota Power's plans recognize that advances in technology will play a significant role in completing its transition to carbon-free energy supply, reliably and affordably. A final decision on the IRP is expected in early 2022.

In recent years, Minnesota Power has transformed its energy supply from more than a 95 percent reliance on coal to become a leader in the nation's clean-energy transformation. Since 2013, the company has closed or converted seven of its nine coal-fired units and added nearly 900 megawatts of renewable energy sources. Additionally, Minnesota Power has been a leader in energy conservation, surpassing the state's conservation goals each year for the past decade.

OUTLOOK (Continued)
EnergyForward (Continued)

Nemadji Trail Energy Center. In 2017, Minnesota Power submitted a resource package to the MPUC which included requesting approval of a 250 MW natural gas capacity dedication and other affiliated-interest agreements for NTEC, a proposed 525 MW to 550 MW combined-cycle natural gas-fired generating facility which will be jointly owned by Dairyland Power Cooperative and a subsidiary of ALLETE. Minnesota Power would purchase approximately 50 percent of the facility's output starting in 2025. In a January 2019 order, the MPUC approved Minnesota Power's request for approval of the NTEC natural gas capacity dedication and other affiliated-interest agreements. In 2019, the Minnesota Court of Appeals reversed and remanded the MPUC's decision to approve certain affiliated-interest agreements. The MPUC was ordered to determine whether NTEC may have the potential for significant environmental effects and, if so, to prepare an environmental assessment before reassessing the agreements. On January 22, 2020, Minnesota Power filed a petition for further review with the Minnesota Supreme Court requesting that it review and overturn the Minnesota Court of Appeals decision. On April 21, 2021, the Minnesota Supreme Court reversed the Minnesota Court of Appeal's decision by ruling that the MPUC is not required to conduct a review under the Minnesota Environmental Policy Act before approving affiliated-interest agreements that govern construction and operation of a Wisconsin power plant by a Minnesota utility, and remanded the case back to the Minnesota Court of Appeals for review of remaining issues on appeal. In January 2019, an application for a certificate of public convenience and necessity for NTEC was submitted to the PSCW, which was approved by the PSCW at a hearing in January 2020. Construction of NTEC is subject to obtaining additional permits from local, state and federal authorities. The total project cost is estimated to be approximately \$700 million, of which ALLETE's portion is expected to be approximately \$350 million. ALLETE's portion of NTEC project costs incurred through June 30, 2021, is approximately \$15 million.

Renewable Energy. Minnesota Power continues to execute its renewable energy strategy and expects approximately 50 percent of its energy will be supplied by renewable energy sources in 2021. Minnesota Power also has a goal of delivering 100 percent carbon-free energy by 2050. (See *EnergyForward*.)

Wind Energy. Minnesota Power's wind energy facilities consist of Bison (497 MW) located in North Dakota, and Taconite Ridge (25 MW) located in northeastern Minnesota. Minnesota Power also has two long-term wind energy PPAs with an affiliate of NextEra Energy, Inc. to purchase the output from Oliver Wind I (50 MW) and Oliver Wind II (48 MW) located in North Dakota.

Minnesota Power uses the 465-mile, 250-kV DC transmission line that runs from Center, North Dakota, to Duluth, Minnesota, to transport wind energy from North Dakota while gradually phasing out coal-based electricity delivered to its system over this transmission line from Square Butte's lignite coal-fired generating unit. Minnesota Power is currently pursuing a modernization and capacity upgrade of its DC transmission system to continue providing reliable operations and additional system capabilities.

Minnesota Power has an approved cost recovery rider for certain renewable investments and expenditures. The cost recovery rider allows Minnesota Power to charge retail customers on a current basis for the costs of certain renewable investments plus a return on the capital invested. Updated customer billing rates were approved by the MPUC in an order dated December 10, 2020.

Nobles 2 PPA. Minnesota Power has a long-term PPA with Nobles 2 that provides for Minnesota Power to purchase the energy and associated capacity from a 250 MW wind energy facility in southwestern Minnesota through 2040. The agreement provides for the purchase of output from the facility at fixed energy prices. There are no fixed capacity charges, and Minnesota Power will only pay for energy as it is delivered. (See *Corporate and Other – Investment in Nobles 2*.)

Manitoba Hydro. Minnesota Power has three long-term PPAs with Manitoba Hydro. Under the first PPA, Minnesota Power is purchasing surplus energy through April 2022. This energy-only agreement primarily consists of surplus hydro energy on Manitoba Hydro's system that is delivered to Minnesota Power on a non-firm basis. Under this agreement, Minnesota Power will purchase at least one million MWh of energy over the contract term. The second PPA provides for Minnesota Power to purchase 250 MW of capacity and energy from Manitoba Hydro through May 2035. The third PPA provides for Minnesota Power to purchase up to 133 MW of energy from Manitoba Hydro through June 2040.

Solar Energy. Minnesota Power's solar energy supply consists of Camp Ripley, a 10 MW solar energy facility at the Camp Ripley Minnesota Army National Guard base and training facility near Little Falls, Minnesota, and a community solar garden in northeastern Minnesota, which is comprised of a 1 MW solar array owned and operated by a third party with the output purchased by Minnesota Power and a 40 kW solar array that is owned and operated by Minnesota Power. SWL&P also plans to construct a 470 kW solar array as part of a community solar garden in Superior, Wisconsin, which was approved by the PSCW in October 2020.

OUTLOOK (Continued)

EnergyForward (Continued)

In June 2020, Minnesota Power filed a proposal with the MPUC to accelerate plans for solar energy with an estimated \$40 million investment in approximately 20 MW of solar energy projects in Minnesota which was approved in an order dated June 29, 2021.

Minnesota Power has approval for current cost recovery of investments and expenditures related to compliance with the Minnesota Solar Energy Standard. In June 2020, Minnesota Power filed a petition seeking MPUC approval of a customer billing rate for solar costs related to investments and expenditures for meeting the state of Minnesota's solar energy standard, which were approved by the MPUC at a hearing on April 14, 2021. New customer billing rates for the solar cost recovery rider were implemented on June 1, 2021.

Transmission. We continue to make investments in transmission opportunities that strengthen or enhance the transmission grid or take advantage of our geographical location between sources of renewable energy and end users. These include the GNTL, investments to enhance our own transmission facilities, investments in other transmission assets (individually or in combination with others) and our investment in ATC.

Great Northern Transmission Line. As a condition of the 250 MW long-term PPA entered into with Manitoba Hydro, construction of additional transmission capacity was required. As a result, Minnesota Power constructed the GNTL, an approximately 220-mile 500-kV transmission line between Manitoba and Minnesota's Iron Range that was proposed by Minnesota Power and Manitoba Hydro in order to strengthen the electric grid, enhance regional reliability and promote a greater exchange of sustainable energy. In June 2020, Minnesota Power placed the GNTL into service with project costs of approximately \$310 million incurred by Minnesota Power. Total project costs, including those costs contributed by a subsidiary of Manitoba Hydro, totaled approximately \$660 million. Also in June 2020, Manitoba Hydro placed the MMTP into service. The 250 MW PPA with Manitoba Hydro commenced when the GNTL was placed into service.

Investment in ATC. Our wholly-owned subsidiary, ALLETE Transmission Holdings, owns approximately 8 percent of ATC, a Wisconsin-based utility that owns and maintains electric transmission assets in portions of Wisconsin, Michigan, Minnesota and Illinois. We account for our investment in ATC under the equity method of accounting. (See Note 3. Equity Investments.) As of June 30, 2021, our equity investment in ATC was \$151.6 million (\$149.0 million as of December 31, 2020).

ATC's authorized return on equity is 10.02 percent, or 10.52 percent including an incentive adder for participation in a regional transmission organization, based on a May 2020 FERC order that granted rehearing of a 2019 FERC order.

ATC's 10-year transmission assessment, which covers the years 2020 through 2029, identifies a need for between \$2.9 billion and \$3.5 billion in transmission system investments. These investments by ATC, if undertaken, are expected to be funded through a combination of internally generated cash, debt and investor contributions. As opportunities arise, we plan to make additional investments in ATC through capital calls based upon our pro rata ownership interest in ATC.

ALLETE Clean Energy.

ALLETE Clean Energy focuses on developing, acquiring, and operating clean and renewable energy projects. ALLETE Clean Energy currently owns and operates, in seven states, more than 1,000 MW of nameplate capacity wind energy generation that is contracted under PSAs of various durations. In addition, ALLETE Clean Energy currently has approximately 300 MW of wind energy facilities under construction. ALLETE Clean Energy also engages in the development of wind energy facilities to operate under long-term PSAs or for sale to others upon completion.

ALLETE Clean Energy believes the market for renewable energy in North America is robust, driven by several factors including environmental regulation, tax incentives such as the extension of production tax credit and investment tax credits, societal expectations and continual technology advances. State renewable portfolio standards, state or federal regulations to limit GHG emissions and the extension of production tax credit and investment tax credits are examples of environmental regulation or public policy that we believe will drive renewable energy development.

ALLETE Clean Energy's strategy includes the safe, reliable, optimal and profitable operation of its existing facilities. This includes a strong safety culture, the continuous pursuit of operational efficiencies at existing facilities and cost controls. ALLETE Clean Energy generally acquires facilities in liquid power markets and its strategy includes the exploration of PSA extensions upon expiration of existing contracts, production tax credit requalification of existing facilities or the sale of facilities.

OUTLOOK (Continued)
ALLETE Clean Energy (Continued)

ALLETE Clean Energy will pursue growth through acquisitions or project development. ALLETE Clean Energy is targeting acquisitions of existing operating portfolios which have a mix of long-term PSAs in place and/or available for repowering and recontracting. Further, ALLETE Clean Energy will evaluate actions that will lead to the addition of complimentary clean energy products and services. At this time, ALLETE Clean Energy expects acquisitions or development of new facilities will be primarily wind, solar, energy storage or storage ready facilities across North America. ALLETE Clean Energy is also targeting the development of new facilities up to 300 MW each, which will have long-term PSAs in place for the output or may be sold upon completion.

Federal production tax credit qualification is important to the economics of project development, and ALLETE Clean Energy has invested in equipment to meet production tax credit safe harbor provisions which provides an opportunity to seek development of its remaining safe harbor production tax credit qualified equipment through 2025 based on the most recent PTC safe harbor extension by the IRS. ALLETE Clean Energy has completed its investment of approximately \$80 million for production tax credit requalification of approximately 470 WTGs at its Storm Lake I, Storm Lake II, Lake Benton and Condon wind energy facilities. We anticipate annual production tax credits relating to these projects of approximately \$20 million annually through 2027 and decreasing thereafter through 2030. Disruptions in our supply chains or a lack of available financing resulting from the ongoing COVID-19 pandemic, if they occur, could jeopardize our ability to complete certain capital projects in time to qualify them for production tax credits. To date we have not experienced disruptions in our supply chains related to the COVID-19 pandemic.

In March 2020, ALLETE Clean Energy acquired the rights to the approximately 300 MW Caddo wind development project in Oklahoma from Apex Clean Energy. The Caddo wind project is fully contracted to sell wind power under long-term power sales agreements. Construction is expected to be completed in late 2021.

On February 4, 2021, ALLETE Clean Energy entered into a purchase and sale agreement with a subsidiary of Xcel Energy Inc. to sell a 120 MW wind energy facility for approximately \$210 million. ALLETE Clean Energy will repower and expand its Northern Wind project, consisting of its 98 MW Chanarambie and Viking wind energy facilities located in southwest Minnesota, as part of the transaction. Construction is expected to begin in late 2021 with the Northern Wind project expected to continue operating until early 2022. At a hearing on June 10, 2021, the MPUC approved the sale, which is expected to close in late 2022, subject to receipt of permits.

On May 5, 2021, ALLETE Clean Energy announced it has acquired the rights to the approximately 92 MW Red Barn wind development project and the approximately 68 MW Whitetail renewable development project in southwestern Wisconsin. ALLETE Clean Energy also signed an asset sale agreement for the completed Red Barn wind project with Wisconsin Public Service Corporation and Madison Gas and Electric Company. Construction and sale of the Red Barn wind project is expected to be completed in late 2022, subject to receipt of regulatory approvals and permits.

OUTLOOK (Continued)
ALLETE Clean Energy (Continued)

ALLETE Clean Energy manages risk by having a diverse portfolio of assets, which includes PSA expiration, technology and geographic diversity. The current operating portfolio is subject to typical variations in seasonal wind with higher wind resources typically available in the winter months. The majority of its planned maintenance leverages this seasonality and is performed during lower wind periods. ALLETE Clean Energy's current operating portfolio is as follows:

Region	Wind Energy Facility	Capacity MW	PSA MW	PSA Expiration
East	Armenia Mountain	101	100%	2024
Midwest	Chanarambie/Viking (a)	98		
	PSA 1		12%	2023
	PSA 2		88%	2023
	Lake Benton	104	100%	2028
	Storm Lake I	108	100%	2027
	Storm Lake II	77		
	PSA 1		90%	2022
	PSA 2		10%	2032
	Other	17	100%	2028
South	Diamond Spring	303		
	PSA 1		58%	2035
	PSA 2		25%	2032
	PSA 3		16%	2035
West	Condon	50	100%	2022
	Glen Ullin	106	100%	2039
	South Peak	80	100%	2035

(a) Under contract for sale to a subsidiary of Xcel Energy Inc. The sale is expected to close in late 2022, subject to receipt of permits. ALLETE Clean Energy will repower and expand the wind energy facilities as part of the transaction.

Corporate and Other.

BNI Energy. BNI Energy anticipates selling 3.6 million tons of lignite coal in 2021 (4.2 million tons were sold in 2020) and has sold 1.9 million tons for the six months ended June 30, 2021 (2.1 million tons were sold for the six months ended June 30, 2020). BNI Energy operates under cost-plus fixed fee agreements extending through December 31, 2037.

Investment in Nobles 2. Our subsidiary, ALLETE South Wind, owns a 49 percent equity interest in Nobles 2, the entity that owns and operates the 250 MW wind energy facility in southwestern Minnesota pursuant to a 20-year PPA with Minnesota Power. We account for our investment in Nobles 2 under the equity method of accounting. (See Note 3. Equity Investments.) As of June 30, 2021, our equity investment in Nobles 2 was \$166.2 million (\$152.2 million at December 31, 2020).

ALLETE Properties. ALLETE Properties represents our legacy Florida real estate investment. ALLETE Properties' primary project in Florida is Town Center at Palm Coast, with approximately 600 acres of land available for sale. In addition to this project, ALLETE Properties has approximately 600 acres of other land available for sale. Market conditions can impact land sales and could result in our inability to cover our cost basis and operating expenses including fixed carrying costs such as community development district assessments and property taxes.

Our strategy incorporates the possibility of a bulk sale of the entire ALLETE Properties portfolio. Proceeds from a bulk sale would be strategically deployed to support growth initiatives at our Regulated Operations and ALLETE Clean Energy. ALLETE Properties also continues to pursue sales of individual parcels over time and will continue to maintain key entitlements and infrastructure.

OUTLOOK (Continued)

Income Taxes.

ALLETE's aggregate federal and multi-state statutory tax rate is approximately 28 percent for 2021. ALLETE also has tax credits and other tax adjustments that reduce the combined statutory rate to the effective tax rate. These tax credits and adjustments historically have included items such as investment tax credits, production tax credits, AFUDC-Equity, depletion, as well as other items. The annual effective rate can also be impacted by such items as changes in income before income taxes, state and federal tax law changes that become effective during the year, business combinations, tax planning initiatives and resolution of prior years' tax matters. We expect our effective tax rate to be a benefit of approximately 25 to 30 percent for 2021 primarily due to federal production tax credits as a result of wind energy generation. We also expect that our effective tax rate will be lower than the combined statutory rate over the next 10 years due to production tax credits attributable to our wind energy generation.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity Position. ALLETE is well-positioned to meet the Company's liquidity needs. As of June 30, 2021, we had cash and cash equivalents of \$62.5 million, \$349.5 million in available consolidated lines of credit, 2.9 million original issue shares of common stock available for issuance through a distribution agreement with Lampert Capital Markets and a debt-to-capital ratio of 42 percent. (See *Working Capital*.)

Capital Structure. ALLETE's capital structure is as follows:

	June 30, 2021	%	December 31, 2020	%
Millions				
ALLETE Equity	\$2,322.6	47	\$2,294.6	50
Non-Controlling Interest in Subsidiaries	519.3	11	505.6	11
Short-Term and Long-Term Debt (a)	2,036.1	42	1,806.4	39
	\$4,878.0	100	\$4,606.6	100

(a) Excludes unamortized debt issuance costs.

Cash Flows. Selected information from the Consolidated Statement of Cash Flows is as follows:

For the Six Months Ended June 30,	2021	2020
Millions		
Cash, Cash Equivalents and Restricted Cash at Beginning of Period	\$65.2	\$92.5
Cash Flows from (used for)		
Operating Activities	105.7	143.3
Investing Activities	(305.7)	(486.2)
Financing Activities	202.1	287.8
Change in Cash, Cash Equivalents and Restricted Cash	2.1	(55.1)
Cash, Cash Equivalents and Restricted Cash at End of Period	\$67.3	\$37.4

Operating Activities. Cash from operating activities was lower in 2021 compared to 2020. Cash from operating activities in 2021 included lower net income compared to 2020, higher payments for inventories and timing in recovery and refund of the fuel adjustment clause. Cash from operating activities in 2020 included provision of payments for interim rates collected as part of the 2020 general rate case.

Investing Activities. Cash used for investing activities was lower in 2021 compared to 2020. Cash used for investing activities in 2021 reflected lower additions to property, plant and equipment and fewer payments for equity method investments compared to 2020.

Financing Activities. Cash from financing activities was lower in 2021 compared to 2020 primarily due to higher repayments of short-term and long-term debt, and lower proceeds from non-controlling interest in subsidiaries in 2021. These decreases were partially offset by higher proceeds from the issuance of short-term and long-term debt in 2021.

LIQUIDITY AND CAPITAL RESOURCES (Continued)

Working Capital. Additional working capital, if and when needed, generally is provided by consolidated bank lines of credit and the issuance of securities, including long-term debt, common stock and commercial paper. As of June 30, 2021, we had consolidated bank lines of credit aggregating \$432.0 million (\$407.0 million as of December 31, 2020), the majority of which expire in January 2024. We had \$18.7 million outstanding in standby letters of credit and \$63.8 million outstanding draws under our lines of credit as of June 30, 2021 (\$22.3 million in standby letters of credit and no outstanding draws as of December 31, 2020). We also have other credit facility agreements in place that provide the ability to issue up to \$100.0 million in standby letters of credit. As of June 30, 2021, we had \$82.7 million outstanding in standby letters of credit under these agreements.

In addition, as of June 30, 2021, we had 3.2 million original issue shares of our common stock available for issuance through Invest Direct, our direct stock purchase and dividend reinvestment plan, and 2.9 million original issue shares of common stock available for issuance through a distribution agreement with Lampert Capital Markets, as amended most recently in May 2020. The amount and timing of future sales of our securities will depend upon market conditions and our specific needs. In 2019, we filed Registration Statement No. 333-232905, pursuant to which the remaining shares under this agreement will continue to be offered for sale, from time to time.

Securities. During the six months ended June 30, 2021, we issued 0.2 million shares of common stock through Invest Direct, the Employee Stock Purchase Plan, and the Retirement Savings and Stock Ownership Plan, resulting in net proceeds of \$10.1 million (0.2 million shares were issued for the six months ended June 30, 2020, resulting in net proceeds of \$7.9 million). These shares of common stock were registered under Registration Statement Nos. 333-231030, 333-183051 and 333-162890.

Financial Covenants. See Note 5. Short-Term and Long-Term Debt for information regarding our financial covenants.

Pension and Other Postretirement Benefit Plans. Management considers various factors when making funding decisions, such as regulatory requirements, actuarially determined minimum contribution requirements and contributions required to avoid benefit restrictions for the defined benefit pension plans. (See Note 9. Pension and Other Postretirement Benefit Plans.)

Off-Balance Sheet Arrangements. Off-balance sheet arrangements are summarized in our 2020 Form 10-K, with additional disclosure in Note 6. Commitments, Guarantees and Contingencies.

Credit Ratings. Access to reasonably priced capital markets is dependent in part on credit and ratings. Our securities have been rated by S&P Global Ratings and by Moody's. Rating agencies use both quantitative and qualitative measures in determining a company's credit rating. These measures include business risk, liquidity risk, competitive position, capital mix, financial condition, predictability of cash flows, management strength and future direction. Some of the quantitative measures can be analyzed through a few key financial ratios, while the qualitative ones are more subjective. Our current credit ratings are listed in the following table:

Credit Ratings	S&P Global Ratings	Moody's
Issuer Credit Rating	BBB	Baa1
Commercial Paper	A-2	P-2
First Mortgage Bonds	(a)	A2

(a) Not rated by S&P Global Ratings.

The disclosure of these credit ratings is not a recommendation to buy, sell or hold our securities. Ratings are subject to revision or withdrawal at any time by the assigning rating organization. Each rating should be evaluated independently of any other rating.

Capital Requirements. Our capital expenditures for 2021 are expected to be approximately \$500 million. For the six months ended June 30, 2021, capital expenditures totaled \$288.3 million (\$356.1 million for the six months ended June 30, 2020). The expenditures were primarily made in the ALLETE Clean Energy segment.

OTHER

Environmental Matters.

Our businesses are subject to regulation of environmental matters by various federal, state and local authorities. A number of regulatory changes to the Clean Air Act, the Clean Water Act and various waste management requirements have been promulgated by both the EPA and state authorities over the past several years. Minnesota Power's facilities are subject to additional requirements under many of these regulations. Minnesota Power is reshaping its generation portfolio, over time, to reduce its reliance on coal, has installed cost-effective emission control technology, and advocates for sound science and policy during rulemaking implementation. (See Note 6. Commitments, Guarantees and Contingencies.)

Employees.

As of June 30, 2021, ALLETE had 1,356 employees, of which 1,331 were full-time.

Minnesota Power and SWL&P have an aggregate of 459 employees covered under collective bargaining agreements, of which most are members of International Brotherhood of Electrical Workers (IBEW) Local 31. The current labor agreements with IBEW Local 31 expire on April 30, 2023, for Minnesota Power and on January 31, 2022, for SWL&P.

BNI Energy has 184 employees, of which 135 are subject to a labor agreement with IBEW Local 1593. The current labor agreement with IBEW Local 1593 expires on March 31, 2023.

NEW ACCOUNTING PRONOUNCEMENTS

New accounting pronouncements are discussed in Note 1. Operations and Significant Accounting Policies.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

SECURITIES INVESTMENTS

Available-for-Sale Securities. As of June 30, 2021, our available-for-sale securities portfolio consisted primarily of securities held in other postretirement plans to fund employee benefits.

COMMODITY PRICE RISK

Our regulated utility operations incur costs for power and fuel (primarily coal and related transportation) in Minnesota, and power and natural gas purchased for resale in our regulated service territory in Wisconsin. Minnesota Power's exposure to price risk for these commodities is significantly mitigated by the current ratemaking process and regulatory framework, which allows recovery of fuel costs in excess of those included in base rates or distribution of savings in fuel costs to ratepayers. SWL&P's exposure to price risk for natural gas is significantly mitigated by the current ratemaking process and regulatory framework, which allows the commodity cost to be passed through to customers. We seek to prudently manage our customers' exposure to price risk by entering into contracts of various durations and terms for the purchase of power and coal and related transportation costs (Minnesota Power), and natural gas (SWL&P).

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK (Continued)

POWER MARKETING

Minnesota Power's power marketing activities consist of: (1) purchasing energy in the wholesale market to serve its regulated service territory when energy requirements exceed generation output; and (2) selling excess available energy and purchased power. From time to time, Minnesota Power may have excess energy that is temporarily not required by retail and municipal customers in our regulated service territory. Minnesota Power actively sells any excess energy to the wholesale market to optimize the value of its generating facilities.

We are exposed to credit risk primarily through our power marketing activities. We use credit policies to manage credit risk, which includes utilizing an established credit approval process and monitoring counterparty limits.

INTEREST RATE RISK

We are exposed to risks resulting from changes in interest rates as a result of our issuance of variable rate debt. We manage our interest rate risk by varying the issuance and maturity dates of our fixed rate debt, limiting the amount of variable rate debt, and continually monitoring the effects of market changes in interest rates. We may also enter into derivative financial instruments, such as interest rate swaps, to mitigate interest rate exposure. Interest rates on variable rate long-term debt are reset on a periodic basis reflecting prevailing market conditions. Based on the variable rate debt outstanding as of June 30, 2021, an increase of 100 basis points in interest rates would impact the amount of pre-tax interest expense by \$3.8 million. This amount was determined by considering the impact of a hypothetical 100 basis point increase to the average variable interest rate on the variable rate debt outstanding as of June 30, 2021.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures. As of June 30, 2021, evaluations were performed, under the supervision and with the participation of management, including our principal executive officer and principal financial officer, on the effectiveness of the design and operation of ALLETE's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934 (Exchange Act)). Based upon those evaluations, our principal executive officer and principal financial officer have concluded that such disclosure controls and procedures are effective to provide assurance that information required to be disclosed in ALLETE's reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, to allow timely decisions regarding required disclosure.

Changes in Internal Controls. There has been no change in our internal control over financial reporting that occurred during our most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

For information regarding material legal and regulatory proceedings, see Note 4. Regulatory Matters and Note 8. Commitments, Guarantees and Contingencies to the Consolidated Financial Statements in our 2020 Form 10-K and Note 2. Regulatory Matters and Note 6. Commitments, Guarantees and Contingencies herein. Such information is incorporated herein by reference.

ITEM 1A. RISK FACTORS

Our 2020 Form 10-K includes a detailed discussion of our risk factors. The information presented below updates, and should be read in conjunction with, the risk factors disclosed in Part I, Item 1A. Risk Factors of our 2020 Form 10-K.

ALLETE Clean Energy / Corporate and Other Risks

The price of electricity may be volatile, which may impact results of operations at ALLETE Clean Energy wind energy facilities under contracts with customer and industrial (C&I) customers.

Unusual, adverse weather conditions or other natural events can cause volatility in market prices for electricity and adversely affect our financial position, results of operations and cash flows. ALLETE Clean Energy's power sales agreements with its three C&I customers at its Diamond Spring wind energy facility are contracts for differences where power is delivered to the market, and a fixed price is paid by the customers to ALLETE Clean Energy, and differences between the market price and the fixed price are paid to or received from the customers. One of these power sales agreements settles with the customer based on day-ahead electricity prices, while deliveries to the market are settled based on real-time electricity prices. This settlement provision can result in an adverse impact to the Company when market prices are extremely volatile as happened in February 2021 during an extreme winter weather event in the southwest United States. This winter weather event caused extreme volatility, with large differences in the day-ahead and real-time market prices; the settlement provision resulted in an approximately \$5 million after-tax negative impact related to the Diamond Spring wind energy facility.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

The Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) requires issuers to include in periodic reports filed with the SEC certain information relating to citations or orders for violations of standards under the Federal Mine Safety and Health Act of 1977 (Mine Safety Act). Information concerning mine safety violations or other regulatory matters required by Section 1503(a) of the Dodd-Frank Act and this Item are included in Exhibit 95 to this Form 10-Q.

ITEM 5. OTHER INFORMATION

The proxy statement for ALLETE's 2021 Annual Meeting of Shareholders, which was filed with the SEC on March 25, 2021, contained typographical errors in the section entitled "Other Business—Shareholder Proposals for the 2022 Annual Meeting" related to the dates by which a shareholder must (a) submit a shareholder proposal to be considered for inclusion in the proxy materials for ALLETE's 2022 annual meeting of shareholders (2022 Annual Meeting) and (b) provide notice to ALLETE if a shareholder would like to bring business before the 2022 Annual Meeting. The corrected information is set forth below:

Shareholder Proposals for the 2022 Annual Meeting

All proposals from shareholders submitted pursuant to SEC Rule 14a-8 under the Exchange Act to be considered for inclusion in the proxy statement relating to the 2022 Annual Meeting scheduled for May 10, 2022, must be received by the Secretary of ALLETE at 30 West Superior Street, Duluth, MN 55802-2093 not later than November 25, 2021.

In addition, ALLETE's Bylaws provide that for proposals, other than those described in the preceding paragraph, including nominations for director and other shareholder proposals to be properly brought before an annual meeting by a shareholder, the shareholder must have delivered timely notice to ALLETE's Secretary. To be timely, notice for business to be brought before an annual meeting of shareholders generally must be received not less than 90 days nor more than 120 days prior to the anniversary of the immediately preceding annual meeting. Therefore, for the 2022 Annual Meeting scheduled for May 10, 2022, ALLETE must receive notice between January 11, 2022 and February 10, 2022. Notice must also comply with the applicable informational and other requirements set forth in ALLETE's Bylaws.

The persons to be named as proxies in the proxy card relating to the 2022 Annual Meeting may have the discretion to vote their proxies in accordance with their judgment on any matter as to which ALLETE did not have advance notice in accordance with the notice provisions in ALLETE's Bylaws, without discussion of such matter in the proxy statement relating to the 2022 Annual Meeting of shareholders.

ITEM 6. EXHIBITS

Exhibit Number

4(a)	Fourteenth Supplemental Indenture, dated as of June 14, 2021, between Superior Water, Light and Power Company and U.S. Bank National Association, as trustee.
4(b)	Fifteenth Supplemental Indenture, dated as of June 14, 2021, between Superior Water, Light and Power Company and U.S. Bank National Association, as trustee.
31(a)	Rule 13a-14(a)/15d-14(a) Certification by the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31(b)	Rule 13a-14(a)/15d-14(a) Certification by the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32	Section 1350 Certification of Periodic Report by the Chief Executive Officer and the Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
95	Mine Safety.
99	ALLETE News Release dated August 4, 2021, announcing 2021 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.)
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	XBRL Schema
101.CAL	XBRL Calculation
101.DEF	XBRL Definition
101.LAB	XBRL Label
101.PRE	XBRL Presentation
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

ALLETE agrees to furnish to the SEC upon request any instrument with respect to long-term debt that ALLETE has not filed as an exhibit pursuant to the exemption provided by Item 601(b)(4)(iii)(A) of Regulation S-K.

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.

August 4, 2021

/s/ Robert J. Adams

Robert J. Adams
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)

August 4, 2021

/s/ Steven W. Morris

Steven W. Morris
Vice President, Controller and Chief Accounting Officer
(Principal Accounting Officer)

Execution Copy

SUPERIOR WATER, LIGHT AND POWER COMPANY
2915 Hill Avenue, Superior, WI 54880

To

U.S. BANK NATIONAL ASSOCIATION
(formerly First Bank (N.A.))

As Trustee Under Superior Water, Light
and Power Company's Mortgage and Deed of Trust,
Dated as of March 1, 1943

FOURTEENTH SUPPLEMENTAL INDENTURE

Dated as of June 14, 2021

This instrument drafted by
Chapman and Cutler LLP
Chicago, IL

TABLE OF CONTENTS

Section	Heading	Page
	Parties	<u>1</u>
	Recitals	<u>1</u>
ARTICLE I	BONDS OF THE THIRTEENTH SERIES	<u>8</u>
Section 1.1.		<u>8</u>
ARTICLE II	COVENANTS AND RESTRICTIONS	<u>11</u>
Section 2.1.		<u>11</u>
Section 2.2.		<u>11</u>
Section 2.3.		<u>11</u>
Section 2.4.		<u>12</u>
Section 2.5.		<u>12</u>
ARTICLE III	MISCELLANEOUS PROVISIONS	<u>12</u>
Section 3.1.		<u>12</u>
Section 3.2.		<u>17</u>
Section 3.3.		<u>17</u>
Section 3.4.		<u>17</u>
Section 3.5.		<u>17</u>
Section 3.6.		<u>18</u>
Section 3.7.		<u>18</u>
	Signature	<u>19</u>

ATTACHMENTS TO SUPPLEMENTAL INDENTURE:

EXHIBIT A - Form of Bond of the Thirteenth Series

EXHIBIT B - Assignment and Irrevocable Bond Power

1. FOURTEENTH SUPPLEMENTAL INDENTURE

This FOURTEENTH[?] SUPPLEMENTAL INDENTURE, dated as of the 14th day of June, 2021, made and entered into by and between SUPERIOR WATER, LIGHT AND POWER COMPANY, a corporation of the State of Wisconsin, whose address is 2915 Hill Avenue, Superior, Wisconsin 54880 (the “Company”) and U.S. BANK NATIONAL ASSOCIATION (successor to Chemical Bank, as Corporate Trustee, and Peter Morse, as Co-Trustee), a national banking association, whose principal trust office at the date hereof is in Milwaukee, Wisconsin (the “Trustee”), as Trustee under the Mortgage and Deed of Trust dated as of March 1, 1943 (hereinafter called the “Mortgage”), which Mortgage was executed and delivered by the Company to secure the payment of bonds issued or to be issued under and in accordance with the provisions of the Mortgage, reference to which Mortgage is hereby made, this Fourteenth Supplemental Indenture (the “*Fourteenth Supplemental Indenture*”) being supplemental thereto;

WHEREAS, said Mortgage was recorded in the office of the Register of Deeds in and for Douglas County, Wisconsin, on May 3, 1943, in Volume 191 of Mortgages at page 1, Document No. 362844; and

WHEREAS, an instrument dated as of September 15, 1949, was executed by the Company appointing Russell H. Sherman as Co-Trustee in succession to said Howard B. Smith, resigned, under said Mortgage, and by Russell H. Sherman accepting the appointment as Co-Trustee under said Mortgage in succession to the said Howard B. Smith, which instrument was recorded in the office of the Register of Deeds in and for Douglas County, Wisconsin, on October 8, 1949, in Volume 196 of Mortgages at page 510, Document No. 398649; and

WHEREAS, by the Mortgage, the Company covenanted that it would execute and deliver such supplemental indenture or indentures and such further instruments and do such further acts as might be necessary or proper to carry out more effectively the purposes of the Mortgage and to make subject to the lien of the Mortgage any property acquired after the date of the execution of the Mortgage and intended to be subject to the lien thereof; and

WHEREAS, the Company executed and delivered its First Supplemental Indenture, dated as of March 1, 1951 (hereinafter called its “*First Supplemental Indenture*”), which was recorded in the office of the Register of Deeds in and for Douglas County, Wisconsin, on March 30, 1951, in Volume 205 of Mortgages at page 73, Document No. 405297; and

WHEREAS, an instrument dated as of May 16, 1961, was executed by the Company appointing Richard G. Pintard as Co-Trustee in succession to said Russell H. Sherman, resigned, under said Mortgage and by Richard G. Pintard accepting the appointment as Co-Trustee under said Mortgage in succession to said Russell H. Sherman, which instrument was recorded in the office of the Register of Deeds in and for Douglas County, Wisconsin, on May 31, 1961, in Volume 256 of Mortgages at page 423, Document No. 453857; and

WHEREAS, the Company executed and delivered its Second Supplemental Indenture, dated as of March 1, 1962 (hereinafter called its “*Second Supplemental Indenture*”), which was recorded in the office of the Register of Deeds in and for Douglas County, Wisconsin, on March 26, 1962, in Volume 261 of Mortgages at page 81, Document No. 457662; and

WHEREAS, an instrument dated as of June 23, 1976, was executed by the Company appointing Steven F. Lasher as Co-Trustee in succession to said Richard G. Pintard, resigned, under said Mortgage and by Steven F. Lasher accepting the appointment as Co-Trustee under said Mortgage in succession to said Richard G. Pintard, which instrument was recorded in the office of the Register of Deeds in and for Douglas County, Wisconsin, on July 16, 1976, in Volume 353 of Records at page 274, Document No. 532495; and

WHEREAS, the Company executed and delivered its Third Supplemental Indenture, dated as of July 1, 1976 (hereinafter called its “*Third Supplemental Indenture*”), which was recorded in the office of the Register of

Deeds in and for Douglas County, Wisconsin, on October 1, 1976, in Volume 355 of Records at page 683, Document No. 534332; and

WHEREAS, an instrument dated as of December 30, 1977, was executed by the Company appointing C. G. Martens as Co-Trustee in succession, to said Steven F. Lasher, resigned, under said Mortgage and by C. G. Martens accepting the appointment as Co-Trustee under said Mortgage in succession to said Steven F. Lasher, which instrument was recorded in the office of the Register of Deeds in and for Douglas County, Wisconsin, on February 13, 1985, in Volume 436 of Records at page 264, Document No. 589308; and

WHEREAS, the Company executed and delivered its Fourth Supplemental Indenture, dated as of March 1, 1985 (hereinafter called its "*Fourth Supplemental Indenture*"), which was recorded in the office of the Register of Deeds in and for Douglas County, Wisconsin, on March 19, 1985, in Volume 436 of Records at page 910, Document No. 589776; and

WHEREAS, an instrument dated as of October 26, 1992, was executed by the Company appointing Peter Morse as Co-Trustee in succession to said C. G. Martens, resigned, under said Mortgage and by Peter Morse accepting the appointment as Co-Trustee under said Mortgage in succession to said C. G. Martens, which instrument was recorded in the office of the Register of Deeds in and for Douglas County, Wisconsin, on November 13, 1992, in Volume 539 of Records at page 9, Document No. 649056; and

WHEREAS, the Company executed and delivered its Fifth Supplemental Indenture, dated as of December 1, 1992, (hereinafter called its "*Fifth Supplemental Indenture*"), which was recorded in the office of the Register of Deeds in and for Douglas County, Wisconsin, on December 28, 1992, in Volume 541 of Records at page 229, Document No. 650104; and

WHEREAS, the Company executed and delivered its Sixth Supplemental Indenture, dated as of March 24, 1994 (hereinafter called its "*Sixth Supplemental Indenture*"), which was recorded in the office of the Register of Deeds in and for Douglas County, Wisconsin, on March 29, 1994, in Volume 568 of Records at page 757, Document No. 662228; and

WHEREAS, the Company executed and delivered its Seventh Supplemental Indenture, dated as of November 1, 1994 (hereinafter called its "*Seventh Supplemental Indenture*"), which was recorded in the office of the Register of Deeds in and for Douglas County, Wisconsin, on January 18, 1995, in Volume 583 of Records at page 242, Document No. 669350; and

WHEREAS, an instrument dated as of January 20, 1995, was executed by The Prudential Insurance Company pursuant to Section 102 of the Mortgage appointing First Bank (N.A.) as Trustee in succession to Chemical Bank as Corporate Trustee and Peter Morse as Co-Trustee under said Mortgage and by First Bank (N.A.) (U.S. Bank National Association, successor) accepting the appointment as Trustee under such Mortgage in succession to said Chemical Bank and said Peter Morse, which instrument was recorded in the Office of the Register of Deeds in and for Douglas County, Wisconsin on April 6, 1995 in Volume 585 of Records at page 953, Document No. 670717; and

WHEREAS, the Company executed and delivered its Eighth Supplemental Indenture, dated as of January 1, 1997 (hereinafter called its "*Eighth Supplemental Indenture*"), which was recorded in the office of the Register of Deeds in and for Douglas County, Wisconsin, on January 7, 1997, in Volume 617 of Records at page 536, Document No. 685699; and

WHEREAS, the Company executed and delivered its Ninth Supplemental Indenture, dated as of October 1, 2007 (hereinafter called its "*Ninth Supplemental Indenture*"), which was recorded in the office of the Register of Deeds in and for Douglas County, Wisconsin, on September 27, 2007, as Document No. 810920; and

WHEREAS, the Company executed and delivered its Tenth Supplemental Indenture, dated as of October 1, 2007 (hereinafter called its “*Tenth Supplemental Indenture*”), which was recorded in the office of the Register of Deeds in and for Douglas County, Wisconsin, on September 27, 2007, as Document No. 810921; and;

WHEREAS, the Company executed and delivered its Eleventh Supplemental Indenture, dated as of December 1, 2008 (hereinafter called its “*Eleventh Supplemental Indenture*”), which was recorded in the office of the Register of Deeds in and for Douglas County, Wisconsin, on December 12, 2008, as Document No. 821566; and

WHEREAS, the Company executed and delivered its Twelfth Supplemental Indenture, dated as of December 2, 2013 (hereinafter called its “*Twelfth Supplemental Indenture*”), which was recorded in the office of the Register of Deeds in and for Douglas County, Wisconsin, on December 5, 2013, as Document No. 863990; and

WHEREAS, the Company executed and delivered its Thirteenth Supplemental Indenture, dated as of May 21, 2018 (hereinafter called its “*Thirteenth Supplemental Indenture*”), which was recorded in the office of the Register of Deeds in and for Douglas County, Wisconsin, on May 22, 2018, as Document No. 896257; and

WHEREAS, in addition to the property described in the Mortgage, as heretofore supplemented, the Company has acquired certain other property, rights and interests in property; and

WHEREAS, the Company has heretofore issued, in accordance with the provisions of the Mortgage, bonds of a series entitled and designated First Mortgage Bonds, 3 3/8% Series due 1973 (the “*Bonds of the First Series*”), in the aggregate principal amount of Two Million Five Hundred Thousand Dollars (\$2,500,000), none of which Bonds of the First Series are now Outstanding; bonds of a series entitled and designated First Mortgage Bonds, 3 1/10% Series due 1981 (the “*Bonds of the Second Series*”), in the aggregate principal amount of Five Million Dollars (\$5,000,000), none of which Bonds of the Second Series are now outstanding; bonds of a series entitled and designated First Mortgage Bonds, 5% Series due 1992 (the “*Bonds of the Third Series*”), in the aggregate principal amount of Two Million Seven Hundred Thousand Dollars (\$2,700,000), none of which Bonds of the Third Series are now outstanding; bonds of a series entitled and designated First Mortgage Bonds, 9 5/8% Series due 2001 (the “*Bonds of the Fourth Series*”), the interest rate for which bonds was modified to 6.10% by the Sixth Supplemental Indenture, in the aggregate principal amount of Three Million Dollars (\$3,000,000), none of which bonds of the Fourth Series are now outstanding; bonds of a series entitled and designated First Mortgage Bonds, 12 1/2% Series due 1992 (the “*Bonds of the Fifth Series*”), in the aggregate principal amount of Three Million Five Hundred Thousand Dollars (\$3,500,000), none of which Bonds of the Fifth Series are now outstanding; Bonds of a series entitled and designated First Mortgage Bonds, 7.91% Series due 2013 (the “*Bonds of the Sixth Series*”), in the aggregate principal amount of Five Million Dollars (\$5,000,000), none of which Bonds of the Sixth Series is now outstanding; Bonds of a series entitled and designated First Mortgage Bonds, 7.27% Series due December 15, 2008 (the “*Bonds of the Seventh Series*”), in the aggregate principal amount of Six Million Dollars (\$6,000,000), none of which Bonds of the Seventh Series remains outstanding; Bonds of a series entitled and designated First Mortgage Bonds, 5.375% Series due 2021 (the “*Bonds of the Eighth Series*”), in the aggregate principal amount of Six Million Three Hundred Seventy Thousand Dollars (\$6,370,000), the full amount of which remains outstanding; Bonds of a series entitled and designated First Mortgage Bonds, 5.75% Series due November 1, 2037 (the “*Bonds of the Ninth Series*”), in the aggregate principal amount of Six Million One Hundred Thirty Thousand Dollars (\$6,130,000), the full amount of which remains outstanding; Bonds of a series entitled and designated First Mortgage Bonds, 7.25% Series due December 15, 2013 (the “*Bonds of the Tenth Series*”), in the aggregate principal amount of Ten Million Dollars (\$10,000,000), none of which Bonds of the Tenth Series are now outstanding; and Bonds of a series entitled and designated First Mortgage Bonds, 4.15% Series due December 15, 2028 (the “*Bonds of the Eleventh Series*”), in the aggregate principal amount of Fifteen Million Dollars (\$15,000,000), the full amount of which remains outstanding; and bonds of a series entitled and designated First Mortgage Bonds, 4.14% Series due May 29, 2048 (the “*Bonds of the Twelfth Series*”), in the aggregate principal amount of Twelve Million Dollars (\$12,000,000), the full amount of which remains outstanding; and

WHEREAS, Section 8 of the Mortgage provides that the form of each series of bonds (other than Bonds of the First Series) issued thereunder shall be established by Resolution of the Board of Directors of the Company and

that the form of such series, as established by said Board of Directors, shall specify the descriptive title of the bonds and various other terms thereof, and may also contain such provisions not inconsistent with the provisions of the Mortgage as the Board of Directors may, in its discretion, cause to be inserted therein; and

WHEREAS, Section 120 of the Mortgage provides, among other things, that the Company may enter into any further covenants, limitations or restrictions for the benefit of any one or more series of bonds issued thereunder, or the Company may establish the terms and provisions of any series of bonds other than said Bonds of the First Series, by an instrument in writing executed and acknowledged by the Company in such manner as would be necessary to entitle a conveyance of real estate to be of record in all of the states in which any property at the time subject to the lien of the Mortgage shall be situated; and

WHEREAS, the Company now desires to create a new series of bonds and to add to the covenants, limitations or restrictions contained in the Mortgage certain other covenants, limitations or restrictions to be observed by it and to amend the Mortgage; and

WHEREAS, the execution and delivery by the Company of this Fourteenth Supplemental Indenture, and the terms of the Bonds of the Thirteenth Series hereinafter referred to, have been duly authorized by the Board of Directors of the Company by appropriate resolutions of said Board of Directors;

NOW, THEREFORE, THIS INDENTURE WITNESSETH: That Superior Water, Light and Power Company, in consideration of the premises and of One Dollar (\$1) to it duly paid by the Trustee at or before the ensealing and delivery of these presents, the receipt whereof is hereby acknowledged, and in further evidence of assurance of the estate, title and rights of the Trustee and in order further to secure the payment both of the principal of and interest and premium, if any, on the bonds from time to time issued under the Mortgage, according to their tenor and effect, and the performance of all the provisions of the Mortgage (including any instruments supplemental thereto and any modification made as in the Mortgage provided) and of said bonds, hereby grants, bargains, sells, releases, conveys, assigns, transfers, mortgages, pledges, sets over and confirms (subject, however, to Excepted Encumbrances as defined in Section 6 of the Mortgage) unto U.S. Bank National Association, as Trustee under the Mortgage, and to its successor or successors in said trust, and to said Trustee and its successors and assigns forever, all and singular the permits, franchises, rights, privileges, grants and property, real, personal and mixed, now owned or which may be hereafter acquired by the Company (except any of the character herein or in the Mortgage expressly excepted), including (but not limited to) its electric light and power works, gas works, water works, buildings, structures, machinery, equipment, mains, pipes, lines, poles, wires, easements, rights of way, permits, franchises, rights, privileges, grants and all property of every kind and description, situated in the City of Superior, Douglas County, Wisconsin, or elsewhere in Douglas County, Wisconsin, in Washburn County, Wisconsin, or in any other place or places now owned by the Company, or that may be hereafter acquired by it, including, but not limited to, the following described properties of the Company--that is to say:

All Lands and Rights and Interests in Lands of the Company (except any such property as may have been released from the lien of the Mortgage), including, but not limited to, all such property acquired by the Company under the following deed which is referred to for more particular description thereof, to wit:

Deed dated September 18, 2020, from the County of Douglas, in the State of Wisconsin, to the Company, which deed was recorded in the office of the Register of Deeds of the County of Douglas, State of Wisconsin, on September 22, 2020, as Document No. 914069; and

Deed dated October 19, 2020, from the City of Superior, Wisconsin, to the Company, which deed was recorded in the office of the Register of Deeds of the County of Douglas, State of Wisconsin, on October 28, 2020 as Document No. 915192; and

Deed dated January 29, 2021, from Superior Refining Company LLC, to the Company, which deed was recorded in the office of the Register of Deeds of the County of Douglas, State of Wisconsin, on February 2, 2021 as Document No. 917851; and

All other property, real, personal and mixed, acquired by the Company after the date of the execution and delivery of the Mortgage (except any herein or in the Mortgage, as heretofore supplemented, expressly excepted), now owned or hereafter acquired by the Company and wheresoever situated, including (without in any wise limiting or impairing by the enumeration of the same the scope and intent of the foregoing or of any general description contained in this Fourteenth Supplemental Indenture) all lands, power sites, flowage rights, water rights, water franchises, water locations, water appropriations, ditches, flumes, reservoirs, reservoir sites, canals, raceways, dams, dam sites, aqueducts, and all other rights or means for appropriating, conveying, storing and supplying water; all rights of way and roads; all plants, works, reservoirs and tanks for the pumping and purification of water; all water works; all plants for the generation of electricity by water, steam and/or other power; all power houses, gas plants, street lighting systems, standards and other equipment incidental thereto, telephone, radio and television systems, air-conditioning systems and equipment incidental thereto, water systems, steam heat and hot water plants, substations, lines, service and supply systems, bridges, culverts, tracks, street and interurban railway systems, offices, buildings and other structures and the equipment thereof; all machinery, engines, boilers, dynamos, water, electric, gas and other machines, regulators, meters, transformers, generators, motors, water, electrical, gas and mechanical appliances, conduits, cables, water, steam, heat, gas or other mains and pipes, service pipes, fittings, valves and connections, pole and transmission lines, wires, cables, tools, implements, apparatus, furniture, chattels and choses in action; all municipal and other franchises, consents or permits; all lines for the transmission and distribution of water, electric current, gas, steam heat or hot water for any purpose, including towers, poles, wires, cables, pipes, conduits, ducts and all apparatus for use in connection therewith; all real estate, lands, easements, servitudes, licenses, permits, franchises, privileges, rights of way and other rights in or relating to real estate or the occupancy of the same and (except as herein or in the Mortgage, as heretofore supplemented, expressly excepted) all the right, title and interest of the Company in and to all other property of any kind or nature appertaining to and/or used and/or occupied and/or enjoyed in connection with any property hereinbefore or in the Mortgage, as heretofore supplemented, described.

Together with all and singular the tenements, hereditaments and appurtenances belonging or in any wise appertaining to the aforesaid property or any part thereof, with the reversion and reversions, remainder and remainders and (subject to the provisions of Section 57 of the Mortgage) the tolls, rents, revenues, issues, earnings, income, product and profits thereof, and all the estate, right, title and interest and claim whatsoever, at law as well as in equity, which the Company now has or may hereafter acquire in and to the aforesaid property and franchises and every part and parcel thereof.

It is hereby agreed by the Company that all the property, rights and franchises acquired by the Company after the date hereof (except any herein or in the Mortgage, as heretofore supplemented, expressly excepted) shall be and are as fully granted and conveyed hereby and as fully embraced within the lien of the Mortgage as if such property, rights and franchises were now owned by the Company and were specifically described herein and conveyed hereby.

Provided that the following are not and are not intended to be now or hereafter granted, bargained, sold, released, conveyed, assigned, transferred, mortgaged, pledged, set over or confirmed hereunder and are hereby expressly excepted from the lien and operation of the Mortgage, viz: (1) cash, shares of stock, bonds, notes and other obligations and other securities not hereafter specifically pledged, paid, deposited, delivered or held under the Mortgage or covenanted so to be; (2) merchandise, equipment, materials or supplies held for the purpose of sale in the usual course of business and fuel, oil and similar materials and supplies consumable in the operation of any properties of the Company; rolling stock, buses, motor coaches, automobiles and other vehicles; (3) bills, notes and accounts receivable, and all contracts, leases and operating agreements not specifically pledged under the Mortgage or covenanted so to be; the last day of the term of any lease or leasehold which may heretofore have or hereafter may become subject to the lien of the Mortgage; (4) water, electric energy, gas, ice and other materials or products pumped, stored, generated, manufactured, produced or purchased by the Company for sale, distribution or use in the ordinary course of its business; (5) the Company's franchise to be a corporation; and (6) all permits, franchises, rights, privileges, grants and property in the state of Minnesota now owned or hereafter acquired unless such permits, franchises, rights, privileges, grants and property in the state of Minnesota shall have been subjected to the lien of the Mortgage by an indenture or indentures supplemental to the Mortgage, pursuant to authorization of the

Board of Directors of the Company, whereupon all the permits, franchises, rights, privileges, grants and property then owned or thereafter acquired by the Company in the state of Minnesota (except property of the character expressly excepted from the lien of the Mortgage in clauses (1) to (5) above, inclusive), shall become and be subject to the lien of the Mortgage as part of the Mortgaged and Pledged Property and may be released, funded and otherwise dealt with on the same terms and subject to the same conditions and restrictions as though not theretofore excepted from the lien of the Mortgage; *provided, however*, that the property and rights expressly excepted from the lien and operation of the Mortgage in the above subdivisions (2) and (3) shall (to the extent permitted by law) cease to be so excepted in the event and as of the date that the Trustee or a receiver or trustee shall enter upon and take possession of the Mortgaged and Pledged Property in the manner provided in Article XIII of the Mortgage by reason of the occurrence of a Default as defined in Section 65 of the Mortgage.

To have and to hold all such properties, real, personal and mixed, granted, bargained, sold, released, conveyed, assigned, transferred, mortgaged, pledged, set over or confirmed by the Company as aforesaid, or intended so to be, unto U.S. Bank National Association as Trustee, and its successors and assigns forever.

In trust nevertheless, for the same purposes and upon the same terms, trusts and conditions and subject to and with the same provisos and covenants as are set forth in the Mortgage, as heretofore supplemented, this Fourteenth Supplemental Indenture being supplemental thereto.

And it is hereby covenanted by the Company that all the terms, conditions, provisos, covenants and provisions contained in the Mortgage, as heretofore supplemented, shall affect and apply to the property hereinbefore described and conveyed and to the estate, rights, obligations and duties of the Company and the Trustee and the beneficiaries of the trust with respect to said property, and to the Trustee and its successors as Trustee of said property, in the same manner and with the same effect as if said property had been owned by the Company at the time of the execution of the Mortgage, and had been specifically and at length described in and conveyed to the Trustee by the Mortgage as part of the property therein stated to be conveyed.

The Company further covenants and agrees to and with the Trustee and its successors in said trust under the Mortgage as follows:

ARTICLE I BONDS OF THE THIRTEENTH SERIES

Section 1.1. There shall be a Thirteenth Series of bonds designated "*First Mortgage Bonds, 2.16% Series due July 17, 2031*" (the "*Bonds of the Thirteenth Series*"), which shall be limited to \$8,750,000 aggregate principal amount, and shall be issued as fully registered bonds without coupons in the denominations of \$1,000 or any multiple thereof. The Bonds of the Thirteenth Series shall be dated on the date of issuance thereof, mature on the date determined as set forth on Schedule C hereto or upon earlier acceleration or redemption, and shall bear interest (computed on the basis of a 360day year of twelve 30 day months) on the unpaid principal balance thereof at the Applicable Interest Rate determined as set forth on Schedule C hereto (such rate being referred to herein as the "*Applicable Interest Rate*") from the date of issuance, payable semi-annually, on the interest payment dates determined as set forth on Schedule C hereto (each such date being referred to herein as an "*Interest Payment Date*"), until such principal amount shall have become due and payable, and, to the extent permitted by applicable law, on any overdue payment of interest and, during the continuance of an Event of Default, on such unpaid balance and on any overdue payment of any Make-Whole Amount, at a rate per annum from time to time equal to the applicable Default Rate, payable semi-annually on each Interest Payment Date as aforesaid. The Maturity Date of the Bonds of the Thirteenth Series shall be determined as set forth in Schedule C hereto (such date being referred to herein as the "*Maturity Date*"). The Bonds of the Thirteenth Series shall be numbered R1 and upward and otherwise shall be substantially in the form attached hereto as Exhibit A. Except as hereinafter provided, the principal of, and the premium, if any, and the interest on each said bond to be payable at the office of the Company in Superior, Wisconsin or agency of the Company in the City of St. Paul, Minnesota, in such coin or currency of the United States of America as at the time of payment is legal tender for public and private debts.

Notwithstanding any provision to the contrary in the Mortgage or the Bonds of the Thirteenth Series, the first paragraph of Section 9 of the Bond Purchase Agreement shall govern the method of payment of principal, premium, if any, and interest on the Bonds of the Thirteenth Series to the holders thereof; *provided, however*, that the Trustee shall have no obligation to comply with the provisions of Section 9 of the Bond Purchase Agreement with respect to any transferee of the Purchaser or any other holder of the Bonds of the Thirteenth Series until such transferee or holder shall have made the agreement described in Section 9 of the Bond Purchase Agreement. Subject to such proviso, the Trustee hereby consents to the method of payment described in Section 9 of the Bond Purchase Agreement. The Trustee shall not be liable or responsible to any holder of Bonds of the Thirteenth Series entitled to the benefits of Section 9 of the Bond Purchase Agreement or to any transferee thereof or to the Company for any act or omission to act on the part of the Company or any such holder of Bonds of the Thirteenth Series in connection with Section 9 of the Bond Purchase Agreement. The Company hereby indemnifies the Trustee against all liabilities, if any, resulting from acts or omissions on its part or on the part of the Company in connection with Section 9 of the Bond Purchase Agreement.

The Bonds of the Thirteenth Series shall be dated as of the date of authentication thereof by the Trustee (except that if any Bond of the Thirteenth Series shall be authenticated on an interest payment date for the Bonds of the Thirteenth Series to which interest has been paid, such Bond shall be dated as of the day following) and shall bear interest from the Interest Payment Date next preceding the date of such Bond to which interest has been paid; *provided, however*, that with respect to the first Interest Payment Date, such Bond shall bear interest from the date of the original issue of the Bonds of the Thirteenth Series; and *provided further* that if the Company shall at the time of the authentication of any Bond of the Thirteenth Series be in default in the payment of interest upon the Bonds of the Thirteenth Series, such Bond shall be dated as of, and shall bear interest from, the date of the beginning of the period for which such interest is so in default.

Upon notice as provided in the following paragraph, the Bonds of the Thirteenth Series may be redeemed prior to maturity, in whole at any time or in part (in multiples of \$500,000) from time to time, at the option of the Company, or by the application (either at the option of the Company or pursuant to the requirements of the Mortgage) of cash delivered to or deposited with the Trustee pursuant to the provisions of Section 39, Section 55, Section 61, Section 64 or Section 118 of the Mortgage or with the Proceeds of Released Property, in any such case at 100% of the principal amount of the Bonds being redeemed plus interest accrued thereon to the date of redemption, together with a premium equal to the Make-Whole Amount, if any, with respect to the Bonds of the Thirteenth Series being redeemed determined five Business Days prior to the date of such redemption.

Notice of any redemption of the Bonds of the Thirteenth Series shall be given by the Company by mail, postage prepaid, at least 30 but not more than 60 days prior to the date of redemption, to the registered owners of all Bonds of the Thirteenth Series to be so redeemed at their respective addresses appearing on the books maintained by the Company pursuant to Section 13 of the Mortgage. Any notice which is mailed as herein provided shall be conclusively presumed to have been properly and sufficiently given on the date of such mailing, whether or not the registered owner receives the notice. In any case, failure to give notice by mail, or any defect in such notice, to the registered owner of any Bond of the Thirteenth Series designated for redemption in whole or in part shall not affect the validity of the proceedings for the redemption of any other Bond of the Thirteenth Series. Two Business Days prior to the redemption date specified in such notice, the Company shall provide each registered owner of Bonds of the Thirteenth Series to be redeemed with written notice of the premium, if any, payable with respect thereto and a reasonably detailed computation of the Make-Whole Amount.

All partial redemptions of Bonds of the Thirteenth Series shall be made ratably among all registered owners thereof in the proportion which the principal amount of the Bonds held by each registered owner bears to the aggregate principal amount of all Bonds of the Thirteenth Series then outstanding, computed to the nearest \$1,000 principal amount of the Bonds of the Thirteenth Series.

In the event that the principal amount of the Bonds of the Thirteenth Series is declared due and payable upon the occurrence of a Default or becomes due and payable pursuant to Section 73 of the Mortgage, there shall then become due and payable, together with the principal amount of the Bonds of the Thirteenth Series and interest

accrued thereon, a premium equal to the amount of the Make-Whole Amount which would have been payable with respect to such Bonds of the Thirteenth Series, if they had been redeemed at the option of the Company pursuant to Section 1.1 in this Fourteenth Supplemental Indenture on the date on which the Bonds of the Thirteenth Series became due and payable; *provided* that such premium, if any, with respect to the Bonds of the Thirteenth Series shall become due and payable only if such Default is, or such sale is made following a Default, other than one specified in subsections (e) or (f) of Section 65 of the Mortgage.

Any Bonds of the Thirteenth Series shall be transferable by the registered owner thereof in person, or by its attorney duly authorized in writing, at the office or agency of the Company in the City of St. Paul, Minnesota, or the office of the Company in Superior, Wisconsin, upon surrender thereof for cancellation, together with a written instrument of transfer in form approved by the Company duly executed by such registered owner or by its duly authorized attorney. Upon any such transfer, a new Bond or Bonds of the Thirteenth Series for the same aggregate principal amount will be issued to the transferee in exchange therefor. Any Bond of the Thirteenth Series may, at the option of the registered owner thereof and upon surrender thereof for cancellation at such office or agency, be exchanged as prescribed in the Mortgage for another Bond or Bonds of the Thirteenth Series of other authorized denominations having the same aggregate principal amount. In the event any written instrument of transfer is required in connection with any transfer or exchange of any Bond of the Thirteenth Series, an instrument in the form attached hereto as Exhibit B is hereby approved by the Company for the purposes of Section 12 of the Mortgage.

Notwithstanding any provision of Section 12 or Section 16 of the Mortgage, (a) no charge will be made by the Company for any transfer or exchange of any Bond of the Thirteenth Series or, in the case of any lost, destroyed or mutilated Bond, the issuance, authentication and delivery of a new Bond of the Thirteenth Series in substitution thereof, whether for any stamp tax or other governmental charge, if any, applicable thereto or otherwise, and the Company shall reimburse the Trustee for all expenses incurred in connection therewith and (b) in the event of any loss, destruction or mutilation of any Bond of the Thirteenth Series, and a request by the holder for issuance of a new Bond of the Thirteenth Series in substitution therefor, the holder's unsecured indemnity agreement shall be deemed to be satisfactory to the Company and the Trustee for purposes of Section 16 of the Mortgage.

Notwithstanding any provision of Section 15 of the Mortgage, Bonds of the Thirteenth Series shall be authenticated, issued and delivered only as definitive bonds. Bonds of the Thirteenth Series so authenticated, issued and delivered may be in the form of fully engraved bonds, bonds printed or lithographed on engraved borders, bonds printed or bonds typewritten.

ARTICLE II COVENANTS AND RESTRICTIONS

Section 2.1. The Company covenants that, so long as any Bonds of the Thirteenth Series are outstanding, it will not merge or consolidate with any other Person or sell, lease or transfer or otherwise dispose (a "*Disposition*") of all or a Substantial Part of its assets, or assets which shall have contributed a Substantial Part of net income of the Company for any of the three fiscal years then most recently ended, to any Person; *provided, however*, that the Company may merge or consolidate with, or sell or transfer all or substantially all of its assets to, Allete, but only if (a) in the event that Allete is the continuing or surviving corporation or the acquiring corporation, Allete shall be a solvent corporation and shall expressly assume in writing all of the obligations of the Company under the Mortgage, this Fourteenth Supplemental Indenture, the Bonds of the Thirteenth Series and the Bond Purchase Agreement, including all covenants therein and herein contained, and Allete shall succeed to and be substituted for the Company with the same effect as if it had been named herein as a party hereto, and (b) the Company as the continuing or surviving corporation or Allete as the continuing or surviving corporation or acquiring corporation, as the case may be, shall not, immediately after such merger or consolidation, or such sale or other disposition, be in default under any of such obligations. Notwithstanding the foregoing, the Company may make a Disposition and the assets subject to such Disposition shall not be included in the determination of Substantial Part to the extent that an amount equal to the net proceeds from such Disposition are, within 365 days of such Disposition (A) reinvested in assets of a similar nature of at least equivalent value to be used in the existing business of the Company, and/or (B) applied to the payment or prepayment of the Bonds of the Thirteenth Series.

For purposes of the foregoing clause (B), the net proceeds from such Disposition shall be used to prepay (not less than 30 or more than 60 days following such offer) the Bonds of the Thirteenth Series at a price of 100% of the principal amount of the Bonds of the Thirteenth Series to be prepaid (without any Make-Whole Amount) together with interest accrued to the date of prepayment; provided that if any holder of the Bonds of the Thirteenth Series declines such offer, the amount that would have been paid to such holder shall be offered pro rata to the other holders of the Bonds of the Thirteenth Series that have accepted the offer. A failure by a holder of Bonds of the Thirteenth Series to respond in writing not later than 10 Business Days prior to the proposed prepayment date to an offer to prepay made pursuant to this Section 2.1 shall be deemed to constitute a rejection of such offer by such holder.

Section 2.2. The Company covenants that, so long as any Bonds of the Thirteenth Series shall remain outstanding, the Company will not issue, sell or otherwise dispose of any of its shares of capital stock to any Person other than Allete.

Section 2.3. The Company covenants that, so long as the Company is subject to any covenant in any other debt instrument prohibiting it from owning Subsidiaries, the Company shall not have any Subsidiaries.

Section 2.4. The Company will not at any time permit any Subsidiary to, directly or indirectly, create, incur, assume, guarantee, have outstanding, or otherwise become or remain directly or indirectly liable with respect to, any Debt other than:

(a) Debt of a Subsidiary owed to the Company;

(b) Debt of a Subsidiary outstanding at the time such Subsidiary becomes a Subsidiary, *provided* that (i) such Debt shall not have been incurred in contemplation of such Subsidiary becoming a Subsidiary and (ii) immediately after such Subsidiary becomes a Subsidiary no Default or Potential Default shall exist, and *provided, further*, that such Debt may not be extended, renewed or refunded except as otherwise permitted by this Agreement; and

(c) Debt of a Subsidiary in addition to that otherwise permitted by the foregoing provisions of this Section 2.4, *provided* that on the date the Subsidiary incurs or otherwise becomes liable with respect to any such additional Debt and immediately after giving effect thereto and the concurrent retirement of any other Debt,

(i) no Default or Potential Default exists, and

(ii) simultaneously with the incurrence thereof, the Company delivers a Net Earnings Certificate showing, on the date of issuance of such Debt by such Subsidiary, the Company's Adjusted Net Earnings to be as required by Section 27 of the Indenture to issue at least \$1.00 of additional bonds under the Indenture.

Section 2.5. A default by the Company in the observance of any covenant or agreement contained in Sections 2.1 through 2.4, inclusive, of this Fourteenth Supplemental Indenture or the occurrence of an Event of Default (as defined herein) shall be deemed to constitute an additional and independent Default under, and defined in, Section 65 of the Mortgage. None of the additional Defaults provided for pursuant to this Section 2.5 are intended or shall be deemed to limit any of the Defaults currently expressed in the Mortgage and none of the Defaults currently expressed in the Mortgage are intended or shall be deemed to limit any of the additional Defaults provided for pursuant to this Section 2.5.

**ARTICLE III
MISCELLANEOUS PROVISIONS**

Section 3.1. For purposes of this Fourteenth Supplemental Indenture, the following terms have the following meanings indicated below:

“*Allete*” shall mean ALLETE, Inc., a Minnesota corporation, or any successor to Allete, Inc.

“*Bond Purchase Agreement*” shall mean the Bond Purchase Agreement dated as of June 28, 2021, between the Company and the Purchaser.

“*Business Day*” shall mean any day other than a Saturday, Sunday or a day on which commercial banks in Chicago, Illinois, or Milwaukee, Wisconsin, are required or authorized to be closed.

“*Capitalized Lease Obligation*” shall mean with respect to any Person any rental obligation which, under generally accepted accounting principles, would be required to be capitalized on the books of such Person, taken at the amount thereof accounted for as indebtedness (net of interest expense) in accordance with such principles.

“*Consolidated Net Worth*” shall mean the net worth of the Company and its Subsidiaries determined on a consolidated basis in accordance with GAAP.

“*Debt*” means, with respect to any Person, without duplication,

(a) its liabilities for borrowed money;

(b) its liabilities for the deferred purchase price of property acquired by such Person (excluding accounts payable arising in the ordinary course of business but including, without limitation, all liabilities created or arising under any conditional sale or other title retention agreement with respect to any such property);

(c) its Capital Lease Obligations;

(d) all liabilities for borrowed money secured by any lien with respect to any property owned by such Person (whether or not it has assumed or otherwise become liable for such liabilities); and

(e) any guaranty of such Person with respect to liabilities of a type described in any of clauses (a) through (d) hereof.

Debt of any Person shall include all obligations of such Person of the character described in clauses (a) through (e) to the extent such Person remains legally liable in respect thereof notwithstanding that any such obligation is deemed to be extinguished under GAAP.

“*Disposition*” shall have the meaning set forth for such term in Section 2.1.

“*Event of Default*” shall mean any of the following events which shall occur and be continuing for any reason whatsoever at any time when any of the Bonds of the Thirteenth Series shall be outstanding (and whether such occurrence shall be voluntary or involuntary or come about or be effected by operation of law or otherwise):

(i) the Company defaults in the payment of any principal or premium, if any, payable with respect to any Bond of the Thirteenth Series when the same shall become due, either by the terms thereof or

otherwise as provided in the Mortgage, this Fourteenth Supplemental Indenture or the Bond Purchase Agreement; or

(ii) the Company defaults in the payment of any interest on any Bond of the Thirteenth Series for more than 5 days after the due date; or

(iii) the Company defaults (whether as primary obligor or as guarantor or other surety) in any payment of principal of or interest on any other obligation for money borrowed (or any Capitalized Lease Obligation, any obligation under a conditional sale or other title retention agreement, any obligation issued or assumed as full or partial payment for property whether or not secured by a purchase money mortgage or any obligation under notes payable or drafts accepted representing extensions of credit) beyond any period of grace provided with respect thereto and as a result, the aggregate principal amount of all such defaulted obligations exceeds \$100,000 or the Company fails to perform or observe any other agreement, term or condition contained in any agreement under which any such obligations are created (or if any other event thereunder or under any such agreement shall occur and be continuing) and the effect of such failure or other event is to cause, or to permit the holder or holders of such obligations (or a trustee on behalf of such holder or holders) to cause, such obligations in the aggregate principal amount in excess of \$100,000 to become due (or to be repurchased by the Company) prior to any stated maturity; or

(iv) any representation or warranty made by the Company in this Fourteenth Supplemental Indenture or the Bond Purchase Agreement or by the Company or any of its officers in any writing furnished in connection with or pursuant to this Fourteenth Supplemental Indenture or the Bond Purchase Agreement shall be false in any material respect on the date as of which made; or

(v) the Company fails to perform or observe any agreement, term or condition contained in the Mortgage, this Fourteenth Supplemental Indenture or the Bond Purchase Agreement; or

(vi) the Company makes an assignment for the benefit of creditors or is generally not paying its debts as such debts become due; or

(vii) any decree or order for relief in respect of the Company is entered under any bankruptcy, reorganization, compromise, arrangement, insolvency, readjustment of debt, dissolution or liquidation or similar law, whether now or hereafter in effect (herein called the Bankruptcy Law), of any jurisdiction; or

(viii) the Company petitions or applies to any tribunal for, or consents to, the appointment of, or taking possession by, a trustee, receiver, custodian, liquidator or similar official of the Company or of any Substantial Part of the assets of the Company or commences a voluntary case under the Bankruptcy Law of the United States or any proceedings relating to the Company under the Bankruptcy Law of any other jurisdiction; or

(ix) any such petition or application is filed, or any such proceedings are commenced, against the Company, and the Company by any act indicates its approval thereof, consent thereto or acquiescence therein, or an order, judgment or decree is entered appointing any such trustee, receiver, custodian, liquidator or similar official, or approving the petition in any such proceedings; or

(x) any order, judgment or decree is entered in any proceedings against the Company decreeing the dissolution of the Company and such order, judgment or decree remains unstayed and in effect for more than 60 days; or

(xi) any order, judgment or decree is entered in any proceedings against the Company decreeing a split-up of the Company which requires the divestiture of assets representing a Substantial Part of the assets of the Company or which requires the divestiture of assets which shall have contributed a

Substantial Part of the net income of the Company for any of the three fiscal years then most recently ended, and such order, judgment or decree remains unstayed and in effect for more than 60 days; or

(xii) a final judgment in an amount in excess of \$100,000 is rendered against the Company and, within 60 days after entry thereof, such judgment is not discharged or execution thereof stayed pending appeal, or within 60 days after the expiration of any such stay, such judgment is not discharged; or

(xiii) Allete shall cease to own of record and beneficially 100% of the outstanding shares of capital stock of the Company.

“GAAP” means generally accepted accounting principles as in effect from time to time in the United States of America.

“*Interest Payment Date*” means the dates identified for the payment of interest determined as set forth on Schedule C hereto.

“*Make-Whole Amount*” means, with respect to any Bond of the Thirteenth Series, an amount equal to the excess, if any, of the Discounted Value of the Remaining Scheduled Payments with respect to the Called Principal of such Bond of the Thirteenth Series over the amount of such Called Principal, *provided* that the Make-Whole Amount may in no event be less than zero. For the purposes of determining the Make-Whole Amount, the following terms have the following meanings:

“*Called Principal*” means, with respect to any Bond of the Thirteenth Series, the principal of such Bond of the Thirteenth Series that is to be prepaid or has become or is declared to be immediately due and payable, as the context requires.

“*Discounted Value*” means, with respect to the Called Principal of any Bond of the Thirteenth Series, the amount obtained by discounting all Remaining Scheduled Payments with respect to such Called Principal from their respective scheduled due dates to the Settlement Date with respect to such Called Principal, in accordance with accepted financial practice and at a discount factor (applied on the same periodic basis as that on which interest on the Bond of the Thirteenth Series is payable) equal to the Reinvestment Yield with respect to such Called Principal.

“*Reinvestment Yield*” means, with respect to the Called Principal of any Bond of the Thirteenth Series, the yield to maturity implied by (i) the yields reported as of 10:00 a.m. (New York City time) on the second Business Day preceding the Settlement Date with respect to such Called Principal, on the display designated as “Page PX1” (or such other display as may replace Page PX1) on Bloomberg Financial Markets for the most recently issued actively traded on the run U.S. Treasury securities having a maturity equal to the Remaining Average Life of such Called Principal as of such Settlement Date, or (ii) if such yields are not reported as of such time or the yields reported as of such time are not ascertainable (including by way of interpolation), the Treasury Constant Maturity Series Yields reported, for the latest day for which such yields have been so reported as of the second Business Day preceding the Settlement Date with respect to such Called Principal, in Federal Reserve Statistical Release H.15 (or any comparable successor publication) for U.S. Treasury securities having a constant maturity equal to the Remaining Average Life of such Called Principal as of such Settlement Date.

In the case of each determination under clause (i) or clause (ii), as the case may be, of the preceding paragraph, such implied yield will be determined, if necessary, by (a) converting U.S. Treasury bill quotations to bond equivalent yields in accordance with accepted financial practice and (b) interpolating linearly between (1) the applicable U.S. Treasury security with the maturity closest to and greater than such Remaining Average Life and (2) the applicable U.S. Treasury security with the maturity

closest to and less than such Remaining Average Life. The Reinvestment Yield shall be rounded to the number of decimal places as appears in the interest rate of the applicable Bond of the Thirteenth Series.

“*Remaining Average Life*” means, with respect to any Called Principal, the number of years (calculated to the nearest one-twelfth year) obtained by dividing (i) such Called Principal into (ii) the sum of the products obtained by multiplying (a) the principal component of each Remaining Scheduled Payment with respect to such Called Principal by (b) the number of years (calculated to the nearest one-twelfth year) that will elapse between the Settlement Date with respect to such Called Principal and the scheduled due date of such Remaining Scheduled Payment.

“*Remaining Scheduled Payments*” means, with respect to the Called Principal of any Bond of the Thirteenth Series, all payments of such Called Principal and interest thereon that would be due after the Settlement Date with respect to such Called Principal if no payment of such Called Principal were made prior to its scheduled due date, *provided* that if such Settlement Date is not a date on which interest payments are due to be made under the terms of the Bond of the Thirteenth Series, then the amount of the next succeeding scheduled interest payment will be reduced by the amount of interest accrued to such Settlement Date and required to be paid on such Settlement Date.

“*Settlement Date*” means, with respect to the Called Principal of any Bond of the Thirteenth Series, the date on which such Called Principal is to be prepaid or has become or is declared to be immediately due and payable, as the context requires.

“*Person*” shall mean and include an individual, a partnership, a joint venture, a corporation, a limited liability company, a trust, an unincorporated organization and a government or any department or agency thereof.

“*Proceeds of Released Property*” shall mean the aggregate of the cash deposited with or received by the Corporate Trustee pursuant to the provisions of Section 59, Section 60, Section 61 (except such cash as is to be paid over to the Company under the provisions of Section 61), or Section 62 of the Mortgage.

“*Purchaser*” means Thrivent Financial for Lutherans.

“*Subsidiary*” means, as to any Person, any other Person in which such first Person or one or more of its Subsidiaries or such first Person and one or more of its Subsidiaries owns sufficient equity or voting interests to enable it or them (as a group) ordinarily, in the absence of contingencies, to elect a majority of the directors (or Persons performing similar functions) of such second Person, and any partnership or joint venture if more than a 50% interest in the profits or capital thereof is owned by such first Person or one or more of its Subsidiaries or such first Person and one or more of its Subsidiaries (unless such partnership or joint venture can and does ordinarily take major business actions without the prior approval of such Person or one or more of its Subsidiaries). Unless the context otherwise clearly requires, any reference to a “Subsidiary” is a reference to a Subsidiary of the Company.

“*Substantial Part*” shall mean when used with respect to assets or net income 15% or more of such assets or net income, respectively.

Section 3.2. The terms defined in the Mortgage, as heretofore supplemented, shall for all purposes of this Fourteenth Supplemental Indenture have the meanings specified in the Mortgage, as heretofore supplemented.

Section 3.3. The Trustee hereby accepts the trust herein declared, provided and created and agrees to perform the same upon the terms and conditions herein and in the Mortgage, as heretofore supplemented, set forth and upon the following terms and conditions.

Section 3.4. The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Fourteenth Supplemental Indenture or for or in respect of the recitals contained herein,

all of which recitals are made by the Company solely. In general, each and every term and condition contained in Article XVII of the Mortgage shall apply to and form part of this Fourteenth Supplemental Indenture with the same force and effect as if the same were herein set forth in full, with such omissions, variations and insertions, if any, as may be appropriate to make the same conform to the provisions of this Fourteenth Supplemental Indenture.

Section 3.5. Subject to the provisions of Article XVI and Article XVII of the Mortgage, whenever in this Fourteenth Supplemental Indenture any of the parties hereto is named or referred to, this shall be deemed to include the successors or assigns of such party, and all the covenants and agreements in this Fourteenth Supplemental Indenture contained by or on behalf of the Company or by or on behalf of the Trustee shall bind and inure to the benefit of the respective successors and assigns of such parties whether so expressed or not.

Section 3.6. Nothing in this Fourteenth Supplemental Indenture, express or implied, is intended, or shall be construed, to confer upon, or to give to, any person, firm or corporation, other than the parties hereto and the holders of the bonds Outstanding under the Mortgage, any right, remedy or claim under or by reason of this Fourteenth Supplemental Indenture or any covenant, condition, stipulation, promise or agreement hereof, and all the covenants, conditions, stipulations, promises and agreements of this Fourteenth Supplemental Indenture contained by or on behalf of the Company shall be for the sole and exclusive benefit of the parties hereto, and of the holders of the bonds and of the coupons Outstanding under the Mortgage.

Section 3.7. This Fourteenth Supplemental Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, Superior Water, Light and Power Company has caused its corporate name to be hereunto affixed, and this instrument to be signed and sealed by its President or one of its Vice Presidents, its Treasurer or one of its Assistant Treasurers, and its corporate seal to be attested by its Secretary or one of its Assistant Secretaries for and in its behalf, and U.S. Bank National Association has caused its corporate name to be hereunto affixed, and this instrument to be signed by its President and to be attested by its Secretary, all as of the 14th day of June, 2021.

SUPERIOR WATER, LIGHT AND POWER COMPANY

By: Robert P. Sandstrom
President

By: Paul M. Holt
Treasurer

ATTEST:

Joscelyn A. Skandel
Secretary

Executed, sealed and delivered by
Superior Water, Light and Power
Company in the presence of:

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By:

ATTEST:

STATE OF WISCONSIN)
) SS.
COUNTY OF DOUGLAS)

Personally came before me this ____ day of June, 2021, Robert P. Sandstrom, to me known to be the President, Paul M. Holt, to me known to be the Treasurer, and Joscelyn A. Skandel, to me known to be the Secretary of the above-named SUPERIOR WATER, LIGHT AND POWER COMPANY, the corporation described in and which executed the foregoing instrument, and to me personally known to be the persons who as such officers executed the foregoing instrument in the name and behalf of said corporation, who, being by me duly sworn, did depose and say and acknowledge that they are respectively the President and Secretary of said corporation, that the seal affixed to said instrument is the corporate seal of said corporation, and that they signed, sealed and delivered said instrument in the name and on behalf of said corporation by authority of its Board of Directors, and said President and Secretary, then and there acknowledged said instrument to be the free act and deed of said corporation and that such corporation executed the same.

Given under my hand and notarial seal this ____ day of _____, 2021.

Notary Public, State of Wisconsin
My Commission _____

STATE OF WISCONSIN)
) SS.
COUNTY OF MILWAUKEE)

Personally came before me this ____ day of June, 2021, Steven F. Posto, to me known to be the Vice President, and _____, to me known to be the _____, of the above-named U.S. BANK NATIONAL ASSOCIATION, the corporation described in and which executed the foregoing instrument, and to me personally known to be the persons who as such officers executed the foregoing instrument in the name and behalf of said corporation, who, being by me duly sworn, did depose and say and acknowledge that he is the Vice President of said corporation, and that he signed and delivered said instrument in the name and on behalf of said corporation by authority of its Board of Directors, and said Vice President then and there acknowledged said instrument to be the free act and deed of said corporation and that such corporation executed the same.

Given under my hand and notarial seal this ____day of June, 2021.

Notary Public, State of Wisconsin
My Commission _____

EXHIBIT A

[FORM OF BOND OF THE THIRTEENTH SERIES]

SUPERIOR WATER, LIGHT AND POWER COMPANY
FIRST MORTGAGE BOND

2.16% Series due July 17, 2031

No. R-____ \$_____

SUPERIOR WATER, LIGHT AND POWER COMPANY, a corporation of the State of Wisconsin (hereinafter called the "*Company*"), for value received, hereby promises to pay to _____, or registered assigns, on July 17, 2031, _____ DOLLARS (\$____) in such coin or currency of the United States of America as at the time of payment is legal tender for public and private debts, and to pay to the registered owner hereof interest thereon in like coin or currency (computed on the basis of a 360day year of twelve 30day months) at the rate of two and sixteen-hundredths percent (2.16%) per annum semiannually on _____ and _____ of each year commencing _____, 202_ until the principal thereof shall have become due and payable and at the rate of four and sixteen hundredths percent (4.16%) per annum on any overdue payment of principal or premium, if any, and, to the extent enforceable under applicable law, on any overdue payment of interest. The principal hereof (and premium, if any) and interest hereon shall be paid at the office or agency of the Company in the City of St. Paul, Minnesota, or the office of the Company in Superior, Wisconsin or as shall be otherwise agreed to pursuant to the provisions of the Fourteenth Supplemental Indenture hereinafter referred to.

This bond is one of an issue of bonds of the Company issuable in series and is one of a series designated the First Mortgage Bonds 2.16% Series due July 17, 2031 (the "*Bonds of the Thirteenth Series*") created by the Fourteenth Supplemental Indenture dated as of June 14, 2021 executed by the Company to U.S. Bank National Association (successor Trustee to Chemical Bank and Peter Morse), as Trustee, all bonds of all series being issued and to be issued under and equally secured by a Mortgage and Deed of Trust (herein, together with any indentures supplemental thereto, called the "*Mortgage*"), dated as of March 1, 1943, executed by the Company to Chemical Bank & Trust Company and Howard B. Smith, as Trustees (U.S. Bank National Association, successor Trustee). Reference is made to the Mortgage for a description of the property mortgaged and pledged, the nature and extent of the security, the rights of the holders of the bonds and of the Trustee in respect thereof, the duties and immunities of the Trustee and terms and conditions upon which the bonds are and are to be secured and the circumstances under which additional bonds may be issued.

With the consent of the Company and to the extent permitted by and as provided in the Mortgage, the rights and obligations of the Company and/or the rights of the holders of the bonds and/or coupons and/or the terms and provisions of the Mortgage may be modified or altered by affirmative vote of the holders of at least seventy per centum (70%) in principal amount of the bonds then outstanding under the Mortgage and, if the rights of the holders of one or more, but less than all, series of bonds then outstanding are to be affected, then also by affirmative vote of the holders of at least seventy per centum (70%) in principal amount of the bonds then outstanding of each series of bonds so to be affected (excluding in any case bonds disqualified from voting by reason of the Company's interest therein as provided in the Mortgage); provided that, without the consent of the holder hereof, no such modification or alteration shall, among other things, impair or affect the right of the holder to receive payment of the principal of (and premium, if any) and interest on this bond, on or after the respective due dates and at the places and in the respective amounts expressed herein, or permit the creation of any lien equal or prior to the lien of the Mortgage or deprive the holder of the benefit of a lien on the mortgaged and pledged property, or give any bond or bonds secured by the Mortgage any preference over any other bond or bonds so secured, or reduce the percentage in principal amount of the bonds required to authorize or consent to any such modification or alteration of the Mortgage.

The Bonds of the Thirteenth Series may be redeemed prior to maturity, in whole at any time or in part (in multiples of \$500,000) from time to time, at the option of the Company, or by the application (either at the option of the Company or pursuant to the requirements of the Mortgage) of cash delivered to or deposited with the Trustee pursuant to the provisions of Section 39, Section 55, Section 61, Section 64 or Section 118 of the Mortgage or with the Proceeds of Released Property (as defined in said Fourteenth Supplemental Indenture), in any such case at 100% of the principal amount to be so redeemed, plus accrued interest thereon to the redemption date together with a premium equal to the MakeWhole Amount (as defined in said Fourteenth Supplemental Indenture), if any, with respect to the Bonds of the Thirteenth Series, being redeemed.

Notice of any redemption of the Bonds of the Thirteenth Series shall be given by mail at least 30 days prior to the redemption date, all as more fully provided in said Fourteenth Supplemental Indenture and the Mortgage. Notice of redemption having been duly given, the Bonds of the Thirteenth Series called for redemption shall become due and payable upon the redemption date, and if the redemption price shall have been deposited with the Trustee, interest thereon shall cease to accrue on and after the redemption date (unless such bonds shall have been properly presented for payment on, or within one year after, the redemption date and shall not have been paid) and on the redemption date or whenever thereafter the redemption price thereof shall have been deposited with the Trustee such bonds shall no longer be entitled to the lien of the Mortgage.

The principal hereof may be declared or may become due prior to the maturity date hereinbefore named on the conditions, in the manner and at the time set forth in the Mortgage, upon the occurrence of a default as in the Mortgage provided.

This bond is transferable as prescribed in the Mortgage by the registered owner hereof in person, or by its duly authorized attorney, at the office or agency of the Company in the City of St. Paul, Minnesota or the office of the Company in Superior, Wisconsin upon surrender hereof for cancellation, together with a written instrument of transfer in form approved by the Company duly executed by the registered owner hereof or by its duly authorized attorney, and thereupon a new fully registered bond or bonds of the same series for a like principal amount will be issued to the transferee in exchange herefor as provided in the Mortgage. This bond may, at the option of the registered owner hereof and upon surrender hereof for cancellation at such office or agency, be exchanged as prescribed in the Mortgage for other registered bonds of the same series of other authorized denominations having a like aggregate principal amount. No charge will be made by the Company for any transfer or exchange of this bond or, in case this bond shall be lost, destroyed or mutilated, the issuance, authentication and delivery of a new bond in substitution hereof. The Company and the Trustee may deem and treat the person in whose name this bond is registered as the absolute owner hereof for the purpose of receiving payment and for all other purposes and neither the Company nor the Trustee shall be affected by any notice to the contrary.

As provided in the Mortgage, the Company shall not be required to make transfers or exchanges of bonds of any series for a period of ten (10) days next preceding any interest payment date for bonds of said series, or next preceding any designation of bonds of said series to be redeemed, and the Company shall not be required to make transfers or exchanges of any bonds designated in whole or in part for redemption.

No recourse shall be had for the payment of the principal of or interest on this bond against any incorporator or any past, present or future subscriber to the capital stock, stockholder, officer, or director of the Company or of any predecessor or successor corporation, as such, either directly or through the Company or any predecessor of successor corporation, under any rule of law, statute, or constitution or by the enforcement of any assessment or otherwise, all such liability of incorporators, subscribers, stockholders, officers, and directors being released by the holder or owner hereof by the acceptance of this bond and being likewise waived and released by the terms of the Mortgage.

This bond shall not become obligatory until U.S. Bank National Association, the Trustee under the Mortgage, or its successor thereunder, shall have signed the form of authentication certificate endorsed hereon.

IN WITNESS WHEREOF, SUPERIOR WATER, LIGHT AND POWER COMPANY has caused this bond to be signed in its corporate name by its President or one of its Vice-Presidents and its Treasurer and its corporate seal to be impressed or imprinted hereon and attested by its Secretary or one of its Assistant Secretaries on _____, 20____.

SUPERIOR WATER, LIGHT AND POWER
COMPANY

By _____
President

By _____
Treasurer

ATTEST:

Secretary

[FORM OF TRUSTEE'S AUTHENTICATION CERTIFICATE]

This bond is one of the bonds, of the series herein designated, described or provided for in the within-mentioned Mortgage.

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By
Authorized Officer

EXHIBIT B

ASSIGNMENT AND IRREVOCABLE BOND POWER
FOR
SUPERIOR WATER, LIGHT AND POWER COMPANY
FIRST MORTGAGE BOND
2.16% SERIES DUE JULY 17, 2031

FOR VALUE RECEIVED, _____ do hereby sell, assign and transfer unto _____ one First Mortgage Bond 2.16% Series due July 17, 2031 of Superior Water, Light and Power Company (the "Company") for _____ dollars (\$ _____), No. _____, standing in _____ name _____ on the books of the Company and do hereby irrevocably constitute and appoint _____ attorney to transfer the said bond on the books of the Company, with full power of substitution in the premises.

IN WITNESS WHEREOF, _____ ha hereunto set _____ hand _____ [and seal _____] at _____ this _____ day of _____, 20_____.

_____ [SEAL]

_____ [SEAL]

STATE OF _____)
) SS.
COUNTY OF _____)

I, _____, a notary public in and for said County, in the State aforesaid, do hereby certify, that _____

who _____ personally known to me to be the same person whose name _____ subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that _____ signed, sealed and delivered the said instrument as _____ free and voluntary act for the use and purposes therein set forth.

Given under my hand and official seal this _____ day of _____, 20_____.

Notary Public
My Commission Expires _____

Execution Copy

SUPERIOR WATER, LIGHT AND POWER COMPANY
2915 Hill Avenue, Superior, WI 54880

To

U.S. BANK NATIONAL ASSOCIATION
(formerly First Bank (N.A.))

As Trustee Under Superior Water, Light
and Power Company's Mortgage and Deed of Trust,
Dated as of March 1, 1943

FIFTEENTH SUPPLEMENTAL INDENTURE

Dated as of June 14, 2021

This instrument drafted by
Chapman and Cutler LLP
Chicago, IL

TABLE OF CONTENTS

Section	Heading	Page
	Parties	<u>1</u>
	Recitals	<u>1</u>
ARTICLE I	BONDS OF THE FOURTEENTH SERIES	<u>8</u>
Section 1.1.		<u>8</u>
ARTICLE II	COVENANTS AND RESTRICTIONS	<u>10</u>
Section 2.1.		<u>10</u>
Section 2.2.		<u>11</u>
Section 2.3.		<u>11</u>
Section 2.4.		<u>11</u>
Section 2.5.		<u>12</u>
ARTICLE III	MISCELLANEOUS PROVISIONS	<u>12</u>
Section 3.1.		<u>12</u>
Section 3.2.		<u>17</u>
Section 3.3.		<u>17</u>
Section 3.4.		<u>17</u>
Section 3.5.		<u>17</u>
Section 3.6.		<u>17</u>
Section 3.7.		<u>18</u>
	Signature	<u>18</u>

ATTACHMENTS TO SUPPLEMENTAL INDENTURE:

EXHIBIT A - Form of Bond of the Fourteenth Series

EXHIBIT B - Assignment and Irrevocable Bond Power

SCHEDULE C - Maturity Dates, Interest Payment Dates and Applicable
Interest Rates for the Bonds of the Fourteenth Series

1. FIFTEENTH SUPPLEMENTAL INDENTURE

This FIFTEENTH [?] SUPPLEMENTAL INDENTURE, dated as of the 14th day of June, 2021, made and entered into by and between SUPERIOR WATER, LIGHT AND POWER COMPANY, a corporation of the State of Wisconsin, whose address is 2915 Hill Avenue, Superior, Wisconsin 54880 (the “Company”) and U.S. BANK NATIONAL ASSOCIATION (successor to Chemical Bank, as Corporate Trustee, and Peter Morse, as Co-Trustee), a national banking association, whose principal trust office at the date hereof is in Milwaukee, Wisconsin (the “Trustee”), as Trustee under the Mortgage and Deed of Trust dated as of March 1, 1943 (hereinafter called the “Mortgage”), which Mortgage was executed and delivered by the Company to secure the payment of bonds issued or to be issued under and in accordance with the provisions of the Mortgage, reference to which Mortgage is hereby made, this Fifteenth Supplemental Indenture (the “*Fifteenth Supplemental Indenture*”) being supplemental thereto;

WHEREAS, said Mortgage was recorded in the office of the Register of Deeds in and for Douglas County, Wisconsin, on May 3, 1943, in Volume 191 of Mortgages at page 1, Document No. 362844; and

WHEREAS, an instrument dated as of September 15, 1949, was executed by the Company appointing Russell H. Sherman as Co-Trustee in succession to said Howard B. Smith, resigned, under said Mortgage, and by Russell H. Sherman accepting the appointment as Co-Trustee under said Mortgage in succession to the said Howard B. Smith, which instrument was recorded in the office of the Register of Deeds in and for Douglas County, Wisconsin, on October 8, 1949, in Volume 196 of Mortgages at page 510, Document No. 398649; and

WHEREAS, by the Mortgage, the Company covenanted that it would execute and deliver such supplemental indenture or indentures and such further instruments and do such further acts as might be necessary or proper to carry out more effectively the purposes of the Mortgage and to make subject to the lien of the Mortgage any property acquired after the date of the execution of the Mortgage and intended to be subject to the lien thereof; and

WHEREAS, the Company executed and delivered its First Supplemental Indenture, dated as of March 1, 1951 (hereinafter called its “*First Supplemental Indenture*”), which was recorded in the office of the Register of Deeds in and for Douglas County, Wisconsin, on March 30, 1951, in Volume 205 of Mortgages at page 73, Document No. 405297; and

WHEREAS, an instrument dated as of May 16, 1961, was executed by the Company appointing Richard G. Pintard as Co-Trustee in succession to said Russell H. Sherman, resigned, under said Mortgage and by Richard G. Pintard accepting the appointment as Co-Trustee under said Mortgage in succession to said Russell H. Sherman, which instrument was recorded in the office of the Register of Deeds in and for Douglas County, Wisconsin, on May 31, 1961, in Volume 256 of Mortgages at page 423, Document No. 453857; and

WHEREAS, the Company executed and delivered its Second Supplemental Indenture, dated as of March 1, 1962 (hereinafter called its “*Second Supplemental Indenture*”), which was recorded in the office of the Register of Deeds in and for Douglas County, Wisconsin, on March 26, 1962, in Volume 261 of Mortgages at page 81, Document No. 457662; and

WHEREAS, an instrument dated as of June 23, 1976, was executed by the Company appointing Steven F. Lasher as Co-Trustee in succession to said Richard G. Pintard, resigned, under said Mortgage and by Steven F. Lasher accepting the appointment as Co-Trustee under said Mortgage in succession to said Richard G. Pintard, which instrument was recorded in the office of the Register of Deeds in and for Douglas County, Wisconsin, on July 16, 1976, in Volume 353 of Records at page 274, Document No. 532495; and

WHEREAS, the Company executed and delivered its Third Supplemental Indenture, dated as of July 1, 1976 (hereinafter called its “*Third Supplemental Indenture*”), which was recorded in the office of the Register of

Deeds in and for Douglas County, Wisconsin, on October 1, 1976, in Volume 355 of Records at page 683, Document No. 534332; and

WHEREAS, an instrument dated as of December 30, 1977, was executed by the Company appointing C. G. Martens as Co-Trustee in succession, to said Steven F. Lasher, resigned, under said Mortgage and by C. G. Martens accepting the appointment as Co-Trustee under said Mortgage in succession to said Steven F. Lasher, which instrument was recorded in the office of the Register of Deeds in and for Douglas County, Wisconsin, on February 13, 1985, in Volume 436 of Records at page 264, Document No. 589308; and

WHEREAS, the Company executed and delivered its Fourth Supplemental Indenture, dated as of March 1, 1985 (hereinafter called its "*Fourth Supplemental Indenture*"), which was recorded in the office of the Register of Deeds in and for Douglas County, Wisconsin, on March 19, 1985, in Volume 436 of Records at page 910, Document No. 589776; and

WHEREAS, an instrument dated as of October 26, 1992, was executed by the Company appointing Peter Morse as Co-Trustee in succession to said C. G. Martens, resigned, under said Mortgage and by Peter Morse accepting the appointment as Co-Trustee under said Mortgage in succession to said C. G. Martens, which instrument was recorded in the office of the Register of Deeds in and for Douglas County, Wisconsin, on November 13, 1992, in Volume 539 of Records at page 9, Document No. 649056; and

WHEREAS, the Company executed and delivered its Fifth Supplemental Indenture, dated as of December 1, 1992, (hereinafter called its "*Fifth Supplemental Indenture*"), which was recorded in the office of the Register of Deeds in and for Douglas County, Wisconsin, on December 28, 1992, in Volume 541 of Records at page 229, Document No. 650104; and

WHEREAS, the Company executed and delivered its Sixth Supplemental Indenture, dated as of March 24, 1994 (hereinafter called its "*Sixth Supplemental Indenture*"), which was recorded in the office of the Register of Deeds in and for Douglas County, Wisconsin, on March 29, 1994, in Volume 568 of Records at page 757, Document No. 662228; and

WHEREAS, the Company executed and delivered its Seventh Supplemental Indenture, dated as of November 1, 1994 (hereinafter called its "*Seventh Supplemental Indenture*"), which was recorded in the office of the Register of Deeds in and for Douglas County, Wisconsin, on January 18, 1995, in Volume 583 of Records at page 242, Document No. 669350; and

WHEREAS, an instrument dated as of January 20, 1995, was executed by The Prudential Insurance Company pursuant to Section 102 of the Mortgage appointing First Bank (N.A.) as Trustee in succession to Chemical Bank as Corporate Trustee and Peter Morse as Co-Trustee under said Mortgage and by First Bank (N.A.) (U.S. Bank National Association, successor) accepting the appointment as Trustee under such Mortgage in succession to said Chemical Bank and said Peter Morse, which instrument was recorded in the Office of the Register of Deeds in and for Douglas County, Wisconsin on April 6, 1995 in Volume 585 of Records at page 953, Document No. 670717; and

WHEREAS, the Company executed and delivered its Eighth Supplemental Indenture, dated as of January 1, 1997 (hereinafter called its "*Eighth Supplemental Indenture*"), which was recorded in the office of the Register of Deeds in and for Douglas County, Wisconsin, on January 7, 1997, in Volume 617 of Records at page 536, Document No. 685699; and

WHEREAS, the Company executed and delivered its Ninth Supplemental Indenture, dated as of October 1, 2007 (hereinafter called its "*Ninth Supplemental Indenture*"), which was recorded in the office of the Register of Deeds in and for Douglas County, Wisconsin, on September 27, 2007, as Document No. 810920; and

WHEREAS, the Company executed and delivered its Tenth Supplemental Indenture, dated as of October 1, 2007 (hereinafter called its “*Tenth Supplemental Indenture*”), which was recorded in the office of the Register of Deeds in and for Douglas County, Wisconsin, on September 27, 2007, as Document No. 810921; and;

WHEREAS, the Company executed and delivered its Eleventh Supplemental Indenture, dated as of December 1, 2008 (hereinafter called its “*Eleventh Supplemental Indenture*”), which was recorded in the office of the Register of Deeds in and for Douglas County, Wisconsin, on December 12, 2008, as Document No. 821566; and

WHEREAS, the Company executed and delivered its Twelfth Supplemental Indenture, dated as of December 2, 2013 (hereinafter called its “*Twelfth Supplemental Indenture*”), which was recorded in the office of the Register of Deeds in and for Douglas County, Wisconsin, on December 5, 2013, as Document No. 863990; and

WHEREAS, the Company executed and delivered its Thirteenth Supplemental Indenture, dated as of May 21, 2018 (hereinafter called its “*Thirteenth Supplemental Indenture*”), which was recorded in the office of the Register of Deeds in and for Douglas County, Wisconsin, on May 22, 2018, as Document No. 896257;

WHEREAS, the Company executed and delivered its Fourteenth Supplemental Indenture, dated as of June 14, 2021 (hereinafter called its “*Fourteenth Supplemental Indenture*”), which will be recorded contemporaneously with this instrument;

WHEREAS, in addition to the property described in the Mortgage, as heretofore supplemented, the Company has acquired certain other property, rights and interests in property; and

WHEREAS, the Company has heretofore issued, in accordance with the provisions of the Mortgage, bonds of a series entitled and designated First Mortgage Bonds, 3 3/8% Series due 1973 (the “*Bonds of the First Series*”), in the aggregate principal amount of Two Million Five Hundred Thousand Dollars (\$2,500,000), none of which Bonds of the First Series are now Outstanding; bonds of a series entitled and designated First Mortgage Bonds, 3 1/10% Series due 1981 (the “*Bonds of the Second Series*”), in the aggregate principal amount of Five Million Dollars (\$5,000,000), none of which Bonds of the Second Series are now outstanding; bonds of a series entitled and designated First Mortgage Bonds, 5% Series due 1992 (the “*Bonds of the Third Series*”), in the aggregate principal amount of Two Million Seven Hundred Thousand Dollars (\$2,700,000), none of which Bonds of the Third Series are now outstanding; bonds of a series entitled and designated First Mortgage Bonds, 9 5/8% Series due 2001 (the “*Bonds of the Fourth Series*”), the interest rate for which bonds was modified to 6.10% by the Sixth Supplemental Indenture, in the aggregate principal amount of Three Million Dollars (\$3,000,000), none of which bonds of the Fourth Series are now outstanding; bonds of a series entitled and designated First Mortgage Bonds, 12 1/2% Series due 1992 (the “*Bonds of the Fifth Series*”), in the aggregate principal amount of Three Million Five Hundred Thousand Dollars (\$3,500,000), none of which Bonds of the Fifth Series are now outstanding; Bonds of a series entitled and designated First Mortgage Bonds, 7.91% Series due 2013 (the “*Bonds of the Sixth Series*”), in the aggregate principal amount of Five Million Dollars (\$5,000,000), none of which Bonds of the Sixth Series is now outstanding; Bonds of a series entitled and designated First Mortgage Bonds, 7.27% Series due December 15, 2008 (the “*Bonds of the Seventh Series*”), in the aggregate principal amount of Six Million Dollars (\$6,000,000), none of which Bonds of the Seventh Series remains outstanding; Bonds of a series entitled and designated First Mortgage Bonds, 5.375% Series due 2021 (the “*Bonds of the Eighth Series*”), in the aggregate principal amount of Six Million Three Hundred Seventy Thousand Dollars (\$6,370,000), the full amount of which remains outstanding; Bonds of a series entitled and designated First Mortgage Bonds, 5.75% Series due November 1, 2037 (the “*Bonds of the Ninth Series*”), in the aggregate principal amount of Six Million One Hundred Thirty Thousand Dollars (\$6,130,000), the full amount of which remains outstanding; Bonds of a series entitled and designated First Mortgage Bonds, 7.25% Series due December 15, 2013 (the “*Bonds of the Tenth Series*”), in the aggregate principal amount of Ten Million Dollars (\$10,000,000), none of which Bonds of the Tenth Series are now outstanding; and Bonds of a series entitled and designated First Mortgage Bonds, 4.15% Series due December 15, 2028 (the “*Bonds of the Eleventh Series*”), in the aggregate principal amount of Fifteen Million Dollars (\$15,000,000), the full amount of which remains outstanding; bonds of a series entitled and designated First Mortgage Bonds, 4.14% Series due May 29, 2048 (the “*Bonds of the Twelfth Series*”), in the aggregate principal amount of Twelve Million Dollars (\$12,000,000), the full

amount of which remains outstanding; and bonds of a series entitled and designated First Mortgage Bonds, 2.16% Series due July 17, 2031 (the “*Bonds of the Thirteenth Series*”), in the aggregate principal amount of Eight Million, Seven Hundred Fifty Thousand Dollars (\$8,750,000), the full amount of which remains outstanding; and

WHEREAS, Section 8 of the Mortgage provides that the form of each series of bonds (other than Bonds of the First Series) issued thereunder shall be established by Resolution of the Board of Directors of the Company and that the form of such series, as established by said Board of Directors, shall specify the descriptive title of the bonds and various other terms thereof, and may also contain such provisions not inconsistent with the provisions of the Mortgage as the Board of Directors may, in its discretion, cause to be inserted therein; and

WHEREAS, Section 120 of the Mortgage provides, among other things, that the Company may enter into any further covenants, limitations or restrictions for the benefit of any one or more series of bonds issued thereunder, or the Company may establish the terms and provisions of any series of bonds other than said Bonds of the First Series, by an instrument in writing executed and acknowledged by the Company in such manner as would be necessary to entitle a conveyance of real estate to be of record in all of the states in which any property at the time subject to the lien of the Mortgage shall be situated; and

WHEREAS, the Company now desires to create a new series of bonds and to add to the covenants, limitations or restrictions contained in the Mortgage certain other covenants, limitations or restrictions to be observed by it and to amend the Mortgage; and

WHEREAS, the execution and delivery by the Company of this Fifteenth Supplemental Indenture, and the terms of the Bonds of the Fourteenth Series hereinafter referred to, have been duly authorized by the Board of Directors of the Company by appropriate resolutions of said Board of Directors;

NOW, THEREFORE, THIS INDENTURE WITNESSETH: That Superior Water, Light and Power Company, in consideration of the premises and of One Dollar (\$1) to it duly paid by the Trustee at or before the ensealing and delivery of these presents, the receipt whereof is hereby acknowledged, and in further evidence of assurance of the estate, title and rights of the Trustee and in order further to secure the payment both of the principal of and interest and premium, if any, on the bonds from time to time issued under the Mortgage, according to their tenor and effect, and the performance of all the provisions of the Mortgage (including any instruments supplemental thereto and any modification made as in the Mortgage provided) and of said bonds, hereby grants, bargains, sells, releases, conveys, assigns, transfers, mortgages, pledges, sets over and confirms (subject, however, to Excepted Encumbrances as defined in Section 6 of the Mortgage) unto U.S. Bank National Association, as Trustee under the Mortgage, and to its successor or successors in said trust, and to said Trustee and its successors and assigns forever, all and singular the permits, franchises, rights, privileges, grants and property, real, personal and mixed, now owned or which may be hereafter acquired by the Company (except any of the character herein or in the Mortgage expressly excepted), including (but not limited to) its electric light and power works, gas works, water works, buildings, structures, machinery, equipment, mains, pipes, lines, poles, wires, easements, rights of way, permits, franchises, rights, privileges, grants and all property of every kind and description, situated in the City of Superior, Douglas County, Wisconsin, or elsewhere in Douglas County, Wisconsin, in Washburn County, Wisconsin, or in any other place or places now owned by the Company, or that may be hereafter acquired by it, including, but not limited to, the following described properties of the Company--that is to say:

All Lands and Rights and Interests in Lands of the Company (except any such property as may have been released from the lien of the Mortgage), and

All other property, real, personal and mixed, acquired by the Company after the date of the execution and delivery of the Mortgage (except any herein or in the Mortgage, as heretofore supplemented, expressly excepted), now owned or hereafter acquired by the Company and wheresoever situated, including (without in any wise limiting or impairing by the enumeration of the same the scope and intent of the foregoing or of any general description contained in this Fifteenth Supplemental Indenture) all lands, power sites, flowage rights, water rights, water franchises, water locations, water appropriations, ditches, flumes, reservoirs, reservoir sites, canals, raceways, dams,

dam sites, aqueducts, and all other rights or means for appropriating, conveying, storing and supplying water; all rights of way and roads; all plants, works, reservoirs and tanks for the pumping and purification of water; all water works; all plants for the generation of electricity by water, steam and/or other power; all power houses, gas plants, street lighting systems, standards and other equipment incidental thereto, telephone, radio and television systems, air-conditioning systems and equipment incidental thereto, water systems, steam heat and hot water plants, substations, lines, service and supply systems, bridges, culverts, tracks, street and interurban railway systems, offices, buildings and other structures and the equipment thereof; all machinery, engines, boilers, dynamos, water, electric, gas and other machines, regulators, meters, transformers, generators, motors, water, electrical, gas and mechanical appliances, conduits, cables, water, steam, heat, gas or other mains and pipes, service pipes, fittings, valves and connections, pole and transmission lines, wires, cables, tools, implements, apparatus, furniture, chattels and choses in action; all municipal and other franchises, consents or permits; all lines for the transmission and distribution of water, electric current, gas, steam heat or hot water for any purpose, including towers, poles, wires, cables, pipes, conduits, ducts and all apparatus for use in connection therewith; all real estate, lands, easements, servitudes, licenses, permits, franchises, privileges, rights of way and other rights in or relating to real estate or the occupancy of the same and (except as herein or in the Mortgage, as heretofore supplemented, expressly excepted) all the right, title and interest of the Company in and to all other property of any kind or nature appertaining to and/or used and/or occupied and/or enjoyed in connection with any property hereinbefore or in the Mortgage, as heretofore supplemented, described.

Together with all and singular the tenements, hereditaments and appurtenances belonging or in any wise appertaining to the aforesaid property or any part thereof, with the reversion and reversions, remainder and remainders and (subject to the provisions of Section 57 of the Mortgage) the tolls, rents, revenues, issues, earnings, income, product and profits thereof, and all the estate, right, title and interest and claim whatsoever, at law as well as in equity, which the Company now has or may hereafter acquire in and to the aforesaid property and franchises and every part and parcel thereof.

It is hereby agreed by the Company that all the property, rights and franchises acquired by the Company after the date hereof (except any herein or in the Mortgage, as heretofore supplemented, expressly excepted) shall be and are as fully granted and conveyed hereby and as fully embraced within the lien of the Mortgage as if such property, rights and franchises were now owned by the Company and were specifically described herein and conveyed hereby.

Provided that the following are not and are not intended to be now or hereafter granted, bargained, sold, released, conveyed, assigned, transferred, mortgaged, pledged, set over or confirmed hereunder and are hereby expressly excepted from the lien and operation of the Mortgage, viz: (1) cash, shares of stock, bonds, notes and other obligations and other securities not hereafter specifically pledged, paid, deposited, delivered or held under the Mortgage or covenanted so to be; (2) merchandise, equipment, materials or supplies held for the purpose of sale in the usual course of business and fuel, oil and similar materials and supplies consumable in the operation of any properties of the Company; rolling stock, buses, motor coaches, automobiles and other vehicles; (3) bills, notes and accounts receivable, and all contracts, leases and operating agreements not specifically pledged under the Mortgage or covenanted so to be; the last day of the term of any lease or leasehold which may heretofore have or hereafter may become subject to the lien of the Mortgage; (4) water, electric energy, gas, ice and other materials or products pumped, stored, generated, manufactured, produced or purchased by the Company for sale, distribution or use in the ordinary course of its business; (5) the Company's franchise to be a corporation; and (6) all permits, franchises, rights, privileges, grants and property in the state of Minnesota now owned or hereafter acquired unless such permits, franchises, rights, privileges, grants and property in the state of Minnesota shall have been subjected to the lien of the Mortgage by an indenture or indentures supplemental to the Mortgage, pursuant to authorization of the Board of Directors of the Company, whereupon all the permits, franchises, rights, privileges, grants and property then owned or thereafter acquired by the Company in the state of Minnesota (except property of the character expressly excepted from the lien of the Mortgage in clauses (1) to (5) above, inclusive), shall become and be subject to the lien of the Mortgage as part of the Mortgaged and Pledged Property and may be released, funded and otherwise dealt with on the same terms and subject to the same conditions and restrictions as though not theretofore excepted from the lien of the Mortgage; *provided, however*, that the property and rights expressly excepted from the

lien and operation of the Mortgage in the above subdivisions (2) and (3) shall (to the extent permitted by law) cease to be so excepted in the event and as of the date that the Trustee or a receiver or trustee shall enter upon and take possession of the Mortgaged and Pledged Property in the manner provided in Article XIII of the Mortgage by reason of the occurrence of a Default as defined in Section 65 of the Mortgage.

To have and to hold all such properties, real, personal and mixed, granted, bargained, sold, released, conveyed, assigned, transferred, mortgaged, pledged, set over or confirmed by the Company as aforesaid, or intended so to be, unto U.S. Bank National Association as Trustee, and its successors and assigns forever.

In trust nevertheless, for the same purposes and upon the same terms, trusts and conditions and subject to and with the same provisos and covenants as are set forth in the Mortgage, as heretofore supplemented, this Fifteenth Supplemental Indenture being supplemental thereto.

And it is hereby covenanted by the Company that all the terms, conditions, provisos, covenants and provisions contained in the Mortgage, as heretofore supplemented, shall affect and apply to the property hereinbefore described and conveyed and to the estate, rights, obligations and duties of the Company and the Trustee and the beneficiaries of the trust with respect to said property, and to the Trustee and its successors as Trustee of said property, in the same manner and with the same effect as if said property had been owned by the Company at the time of the execution of the Mortgage, and had been specifically and at length described in and conveyed to the Trustee by the Mortgage as part of the property therein stated to be conveyed.

The Company further covenants and agrees to and with the Trustee and its successors in said trust under the Mortgage as follows:

ARTICLE I BONDS OF THE FOURTEENTH SERIES

Section 1.1. There shall be a Fourteenth Series of bonds designated “*First Mortgage Bonds, 3.18% Series due July 17, 2051*” (the “*Bonds of the Fourteenth Series*”), which shall be limited to \$8,750,000 aggregate principal amount, and shall be issued as fully registered bonds without coupons in the denominations of \$1,000 or any multiple thereof. The Bonds of the Fourteenth Series shall be dated on the date of issuance thereof, mature on the date determined as set forth on Schedule C hereto or upon earlier acceleration or redemption, and shall bear interest (computed on the basis of a 360day year of twelve 30 day months) on the unpaid principal balance thereof at the Applicable Interest Rate determined as set forth on Schedule C hereto (such rate being referred to herein as the “*Applicable Interest Rate*”) from the date of issuance, payable semi-annually, on the interest payment dates determined as set forth on Schedule C hereto (each such date being referred to herein as an “*Interest Payment Date*”), until such principal amount shall have become due and payable, and, to the extent permitted by applicable law, on any overdue payment of interest and, during the continuance of an Event of Default, on such unpaid balance and on any overdue payment of any Make-Whole Amount, at a rate per annum from time to time equal to the applicable Default Rate, payable semi-annually on each Interest Payment Date as aforesaid. The Maturity Date of the Bonds of the Fourteenth Series shall be determined as set forth in Schedule C hereto (such date being referred to herein as the “*Maturity Date*”). The Bonds of the Fourteenth Series shall be numbered R1 and upward and otherwise shall be substantially in the form attached hereto as Exhibit A. Except as hereinafter provided, the principal of, and the premium, if any, and the interest on each said bond to be payable at the office of the Company in Superior, Wisconsin or agency of the Company in the City of St. Paul, Minnesota, in such coin or currency of the United States of America as at the time of payment is legal tender for public and private debts.

Notwithstanding any provision to the contrary in the Mortgage or the Bonds of the Fourteenth Series, the first paragraph of Section 9 of the Bond Purchase Agreement shall govern the method of payment of principal, premium, if any, and interest on the Bonds of the Fourteenth Series to the holders thereof; *provided, however*, that the Trustee shall have no obligation to comply with the provisions of Section 9 of the Bond Purchase Agreement with respect to any transferee of the Purchaser or any other holder of the Bonds of the Fourteenth Series until such

transferee or holder shall have made the agreement described in Section 9 of the Bond Purchase Agreement. Subject to such proviso, the Trustee hereby consents to the method of payment described in Section 9 of the Bond Purchase Agreement. The Trustee shall not be liable or responsible to any holder of Bonds of the Fourteenth Series entitled to the benefits of Section 9 of the Bond Purchase Agreement or to any transferee thereof or to the Company for any act or omission to act on the part of the Company or any such holder of Bonds of the Fourteenth Series in connection with Section 9 of the Bond Purchase Agreement. The Company hereby indemnifies the Trustee against all liabilities, if any, resulting from acts or omissions on its part or on the part of the Company in connection with Section 9 of the Bond Purchase Agreement.

The Bonds of the Fourteenth Series shall be dated as of the date of authentication thereof by the Trustee (except that if any Bond of the Fourteenth Series shall be authenticated on an interest payment date for the Bonds of the Fourteenth Series to which interest has been paid, such Bond shall be dated as of the day following) and shall bear interest from the Interest Payment Date next preceding the date of such Bond to which interest has been paid; *provided, however*, that with respect to the first Interest Payment Date, such Bond shall bear interest from the date of the original issue of the Bonds of the Fourteenth Series; and *provided further* that if the Company shall at the time of the authentication of any Bond of the Fourteenth Series be in default in the payment of interest upon the Bonds of the Fourteenth Series, such Bond shall be dated as of, and shall bear interest from, the date of the beginning of the period for which such interest is so in default.

Upon notice as provided in the following paragraph, the Bonds of the Fourteenth Series may be redeemed prior to maturity, in whole at any time or in part (in multiples of \$500,000) from time to time, at the option of the Company, or by the application (either at the option of the Company or pursuant to the requirements of the Mortgage) of cash delivered to or deposited with the Trustee pursuant to the provisions of Section 39, Section 55, Section 61, Section 64 or Section 118 of the Mortgage or with the Proceeds of Released Property, in any such case at 100% of the principal amount of the Bonds being redeemed plus interest accrued thereon to the date of redemption, together with a premium equal to the Make-Whole Amount, if any, with respect to the Bonds of the Fourteenth Series being redeemed determined five Business Days prior to the date of such redemption.

Notice of any redemption of the Bonds of the Fourteenth Series shall be given by the Company by mail, postage prepaid, at least 30 but not more than 60 days prior to the date of redemption, to the registered owners of all Bonds of the Fourteenth Series to be so redeemed at their respective addresses appearing on the books maintained by the Company pursuant to Section 13 of the Mortgage. Any notice which is mailed as herein provided shall be conclusively presumed to have been properly and sufficiently given on the date of such mailing, whether or not the registered owner receives the notice. In any case, failure to give notice by mail, or any defect in such notice, to the registered owner of any Bond of the Fourteenth Series designated for redemption in whole or in part shall not affect the validity of the proceedings for the redemption of any other Bond of the Fourteenth Series. Two Business Days prior to the redemption date specified in such notice, the Company shall provide each registered owner of Bonds of the Fourteenth Series to be redeemed with written notice of the premium, if any, payable with respect thereto and a reasonably detailed computation of the Make-Whole Amount.

All partial redemptions of Bonds of the Fourteenth Series shall be made ratably among all registered owners thereof in the proportion which the principal amount of the Bonds held by each registered owner bears to the aggregate principal amount of all Bonds of the Fourteenth Series then outstanding, computed to the nearest \$1,000 principal amount of the Bonds of the Fourteenth Series.

In the event that the principal amount of the Bonds of the Fourteenth Series is declared due and payable upon the occurrence of a Default or becomes due and payable pursuant to Section 73 of the Mortgage, there shall then become due and payable, together with the principal amount of the Bonds of the Fourteenth Series and interest accrued thereon, a premium equal to the amount of the Make-Whole Amount which would have been payable with respect to such Bonds of the Fourteenth Series, if they had been redeemed at the option of the Company pursuant to Section 1.1 in this Fifteenth Supplemental Indenture on the date on which the Bonds of the Fourteenth Series became due and payable; *provided* that such premium, if any, with respect to the Bonds of the Fourteenth Series

shall become due and payable only if such Default is, or such sale is made following a Default, other than one specified in subsections (e) or (f) of Section 65 of the Mortgage.

Any Bonds of the Fourteenth Series shall be transferable by the registered owner thereof in person, or by its attorney duly authorized in writing, at the office or agency of the Company in the City of St. Paul, Minnesota, or the office of the Company in Superior, Wisconsin, upon surrender thereof for cancellation, together with a written instrument of transfer in form approved by the Company duly executed by such registered owner or by its duly authorized attorney. Upon any such transfer, a new Bond or Bonds of the Fourteenth Series for the same aggregate principal amount will be issued to the transferee in exchange therefor. Any Bond of the Fourteenth Series may, at the option of the registered owner thereof and upon surrender thereof for cancellation at such office or agency, be exchanged as prescribed in the Mortgage for another Bond or Bonds of the Fourteenth Series of other authorized denominations having the same aggregate principal amount. In the event any written instrument of transfer is required in connection with any transfer or exchange of any Bond of the Fourteenth Series, an instrument in the form attached hereto as Exhibit B is hereby approved by the Company for the purposes of Section 12 of the Mortgage.

Notwithstanding any provision of Section 12 or Section 16 of the Mortgage, (a) no charge will be made by the Company for any transfer or exchange of any Bond of the Fourteenth Series or, in the case of any lost, destroyed or mutilated Bond, the issuance, authentication and delivery of a new Bond of the Fourteenth Series in substitution thereof, whether for any stamp tax or other governmental charge, if any, applicable thereto or otherwise, and the Company shall reimburse the Trustee for all expenses incurred in connection therewith and (b) in the event of any loss, destruction or mutilation of any Bond of the Fourteenth Series, and a request by the holder for issuance of a new Bond of the Fourteenth Series in substitution therefor, the holder's unsecured indemnity agreement shall be deemed to be satisfactory to the Company and the Trustee for purposes of Section 16 of the Mortgage.

Notwithstanding any provision of Section 15 of the Mortgage, Bonds of the Fourteenth Series shall be authenticated, issued and delivered only as definitive bonds. Bonds of the Fourteenth Series so authenticated, issued and delivered may be in the form of fully engraved bonds, bonds printed or lithographed on engraved borders, bonds printed or bonds typewritten.

ARTICLE II COVENANTS AND RESTRICTIONS

Section 2.1. The Company covenants that, so long as any Bonds of the Fourteenth Series are outstanding, it will not merge or consolidate with any other Person or sell, lease or transfer or otherwise dispose (a "*Disposition*") of all or a Substantial Part of its assets, or assets which shall have contributed a Substantial Part of net income of the Company for any of the three fiscal years then most recently ended, to any Person; *provided, however*, that the Company may merge or consolidate with, or sell or transfer all or substantially all of its assets to, Allete, but only if (a) in the event that Allete is the continuing or surviving corporation or the acquiring corporation, Allete shall be a solvent corporation and shall expressly assume in writing all of the obligations of the Company under the Mortgage, this Fifteenth Supplemental Indenture, the Bonds of the Fourteenth Series and the Bond Purchase Agreement, including all covenants therein and herein contained, and Allete shall succeed to and be substituted for the Company with the same effect as if it had been named herein as a party hereto, and (b) the Company as the continuing or surviving corporation or Allete as the continuing or surviving corporation or acquiring corporation, as the case may be, shall not, immediately after such merger or consolidation, or such sale or other disposition, be in default under any of such obligations. Notwithstanding the foregoing, the Company may make a Disposition and the assets subject to such Disposition shall not be included in the determination of Substantial Part to the extent that an amount equal to the net proceeds from such Disposition are, within 365 days of such Disposition (A) reinvested in assets of a similar nature of at least equivalent value to be used in the existing business of the Company, and/or (B) applied to the payment or prepayment of the Bonds of the Fourteenth Series. For purposes of the foregoing clause (B), the net proceeds from such Disposition shall be used to prepay (not less than 30 or more than 60 days following such offer) the Bonds of the Fourteenth Series at a price of 100% of the principal amount of the Bonds of the Fourteenth Series to be prepaid (without any Make-Whole Amount) together with interest accrued to the date of prepayment; provided that if any holder of the Bonds of the Fourteenth Series

declines such offer, the amount that would have been paid to such holder shall be offered pro rata to the other holders of the Bonds of the Fourteenth Series that have accepted the offer. A failure by a holder of Bonds of the Fourteenth Series to respond in writing not later than 10 Business Days prior to the proposed prepayment date to an offer to prepay made pursuant to this Section 2.1 shall be deemed to constitute a rejection of such offer by such holder.

Section 2.2. The Company covenants that, so long as any Bonds of the Fourteenth Series shall remain outstanding, the Company will not issue, sell or otherwise dispose of any of its shares of capital stock to any Person other than Allele.

Section 2.3. The Company covenants that, so long as the Company is subject to any covenant in any other debt instrument prohibiting it from owning Subsidiaries, the Company shall not have any Subsidiaries.

Section 2.4. The Company will not at any time permit any Subsidiary to, directly or indirectly, create, incur, assume, guarantee, have outstanding, or otherwise become or remain directly or indirectly liable with respect to, any Debt other than:

(a) Debt of a Subsidiary owed to the Company;

(b) Debt of a Subsidiary outstanding at the time such Subsidiary becomes a Subsidiary, *provided* that (i) such Debt shall not have been incurred in contemplation of such Subsidiary becoming a Subsidiary and (ii) immediately after such Subsidiary becomes a Subsidiary no Default or Potential Default shall exist, and *provided, further*, that such Debt may not be extended, renewed or refunded except as otherwise permitted by this Agreement; and

(c) Debt of a Subsidiary in addition to that otherwise permitted by the foregoing provisions of this Section 2.4, *provided* that on the date the Subsidiary incurs or otherwise becomes liable with respect to any such additional Debt and immediately after giving effect thereto and the concurrent retirement of any other Debt,

(i) no Default or Potential Default exists, and

(ii) simultaneously with the incurrence thereof, the Company delivers a Net Earnings Certificate showing, on the date of issuance of such Debt by such Subsidiary, the Company's Adjusted Net Earnings to be as required by Section 27 of the Indenture to issue at least \$1.00 of additional bonds under the Indenture.

Section 2.5. A default by the Company in the observance of any covenant or agreement contained in Sections 2.1 through 2.4, inclusive, of this Fifteenth Supplemental Indenture or the occurrence of an Event of Default (as defined herein) shall be deemed to constitute an additional and independent Default under, and defined in, Section 65 of the Mortgage. None of the additional Defaults provided for pursuant to this Section 2.5 are intended or shall be deemed to limit any of the Defaults currently expressed in the Mortgage and none of the Defaults currently expressed in the Mortgage are intended or shall be deemed to limit any of the additional Defaults provided for pursuant to this Section 2.5.

ARTICLE III MISCELLANEOUS PROVISIONS

Section 3.1. For purposes of this Fifteenth Supplemental Indenture, the following terms have the following meanings indicated below:

“*Allete*” shall mean ALLETE, Inc., a Minnesota corporation, or any successor to Allete, Inc.

“*Bond Purchase Agreement*” shall mean the Bond Purchase Agreement dated as of June 28th, 2021, between the Company and the Purchaser.

“*Business Day*” shall mean any day other than a Saturday, Sunday or a day on which commercial banks in Chicago, Illinois, or Milwaukee, Wisconsin, are required or authorized to be closed.

“*Capitalized Lease Obligation*” shall mean with respect to any Person any rental obligation which, under generally accepted accounting principles, would be required to be capitalized on the books of such Person, taken at the amount thereof accounted for as indebtedness (net of interest expense) in accordance with such principles.

“*Consolidated Net Worth*” shall mean the net worth of the Company and its Subsidiaries determined on a consolidated basis in accordance with GAAP.

“*Debt*” means, with respect to any Person, without duplication,

- (a) its liabilities for borrowed money;
- (b) its liabilities for the deferred purchase price of property acquired by such Person (excluding accounts payable arising in the ordinary course of business but including, without limitation, all liabilities created or arising under any conditional sale or other title retention agreement with respect to any such property);
- (c) its Capital Lease Obligations;
- (d) all liabilities for borrowed money secured by any lien with respect to any property owned by such Person (whether or not it has assumed or otherwise become liable for such liabilities); and
- (e) any guaranty of such Person with respect to liabilities of a type described in any of clauses (a) through (d) hereof.

Debt of any Person shall include all obligations of such Person of the character described in clauses (a) through (e) to the extent such Person remains legally liable in respect thereof notwithstanding that any such obligation is deemed to be extinguished under GAAP.

“*Disposition*” shall have the meaning set forth for such term in Section 2.1.

“*Event of Default*” shall mean any of the following events which shall occur and be continuing for any reason whatsoever at any time when any of the Bonds of the Fourteenth Series shall be outstanding (and whether such occurrence shall be voluntary or involuntary or come about or be effected by operation of law or otherwise):

- (i) the Company defaults in the payment of any principal or premium, if any, payable with respect to any Bond of the Fourteenth Series when the same shall become due, either by the terms thereof or otherwise as provided in the Mortgage, this Fifteenth Supplemental Indenture or the Bond Purchase Agreement; or
- (ii) the Company defaults in the payment of any interest on any Bond of the Fourteenth Series for more than 5 days after the due date; or

(iii) the Company defaults (whether as primary obligor or as guarantor or other surety) in any payment of principal of or interest on any other obligation for money borrowed (or any Capitalized Lease Obligation, any obligation under a conditional sale or other title retention agreement, any obligation issued or assumed as full or partial payment for property whether or not secured by a purchase money mortgage or any obligation under notes payable or drafts accepted representing extensions of credit) beyond any period of grace provided with respect thereto and as a result, the aggregate principal amount of all such defaulted obligations exceeds \$100,000 or the Company fails to perform or observe any other agreement, term or condition contained in any agreement under which any such obligations are created (or if any other event thereunder or under any such agreement shall occur and be continuing) and the effect of such failure or other event is to cause, or to permit the holder or holders of such obligations (or a trustee on behalf of such holder or holders) to cause, such obligations in the aggregate principal amount in excess of \$100,000 to become due (or to be repurchased by the Company) prior to any stated maturity; or

(iv) any representation or warranty made by the Company in this Fifteenth Supplemental Indenture or the Bond Purchase Agreement or by the Company or any of its officers in any writing furnished in connection with or pursuant to this Fifteenth Supplemental Indenture or the Bond Purchase Agreement shall be false in any material respect on the date as of which made; or

(v) the Company fails to perform or observe any agreement, term or condition contained in the Mortgage, this Fifteenth Supplemental Indenture or the Bond Purchase Agreement; or

(vi) the Company makes an assignment for the benefit of creditors or is generally not paying its debts as such debts become due; or

(vii) any decree or order for relief in respect of the Company is entered under any bankruptcy, reorganization, compromise, arrangement, insolvency, readjustment of debt, dissolution or liquidation or similar law, whether now or hereafter in effect (herein called the Bankruptcy Law), of any jurisdiction; or

(viii) the Company petitions or applies to any tribunal for, or consents to, the appointment of, or taking possession by, a trustee, receiver, custodian, liquidator or similar official of the Company or of any Substantial Part of the assets of the Company or commences a voluntary case under the Bankruptcy Law of the United States or any proceedings relating to the Company under the Bankruptcy Law of any other jurisdiction; or

(ix) any such petition or application is filed, or any such proceedings are commenced, against the Company, and the Company by any act indicates its approval thereof, consent thereto or acquiescence therein, or an order, judgment or decree is entered appointing any such trustee, receiver, custodian, liquidator or similar official, or approving the petition in any such proceedings; or

(x) any order, judgment or decree is entered in any proceedings against the Company decreeing the dissolution of the Company and such order, judgment or decree remains unstayed and in effect for more than 60 days; or

(xi) any order, judgment or decree is entered in any proceedings against the Company decreeing a split-up of the Company which requires the divestiture of assets representing a Substantial Part of the assets of the Company or which requires the divestiture of assets which shall have contributed a Substantial Part of the net income of the Company for any of the three fiscal years then most recently ended, and such order, judgment or decree remains unstayed and in effect for more than 60 days; or

(xii) a final judgment in an amount in excess of \$100,000 is rendered against the Company and, within 60 days after entry thereof, such judgment is not discharged or execution thereof stayed pending appeal, or within 60 days after the expiration of any such stay, such judgment is not discharged; or

(xiii) Allote shall cease to own of record and beneficially 100% of the outstanding shares of capital stock of the Company.

“GAAP” means generally accepted accounting principles as in effect from time to time in the United States of America.

“*Interest Payment Date*” means the dates identified for the payment of interest determined as set forth on Schedule C hereto.

“*Make-Whole Amount*” means, with respect to any Bond of the Fourteenth Series, an amount equal to the excess, if any, of the Discounted Value of the Remaining Scheduled Payments with respect to the Called Principal of such Bond of the Fourteenth Series over the amount of such Called Principal, *provided* that the Make-Whole Amount may in no event be less than zero. For the purposes of determining the Make-Whole Amount, the following terms have the following meanings:

“*Called Principal*” means, with respect to any Bond of the Fourteenth Series, the principal of such Bond of the Fourteenth Series that is to be prepaid or has become or is declared to be immediately due and payable, as the context requires.

“*Discounted Value*” means, with respect to the Called Principal of any Bond of the Fourteenth Series, the amount obtained by discounting all Remaining Scheduled Payments with respect to such Called Principal from their respective scheduled due dates to the Settlement Date with respect to such Called Principal, in accordance with accepted financial practice and at a discount factor (applied on the same periodic basis as that on which interest on the Bond of the Fourteenth Series is payable) equal to the Reinvestment Yield with respect to such Called Principal.

“*Reinvestment Yield*” means, with respect to the Called Principal of any Bond of the Fourteenth Series, the yield to maturity implied by (i) the yields reported as of 10:00 a.m. (New York City time) on the second Business Day preceding the Settlement Date with respect to such Called Principal, on the display designated as “Page PX1” (or such other display as may replace Page PX1) on Bloomberg Financial Markets for the most recently issued actively traded on the run U.S. Treasury securities having a maturity equal to the Remaining Average Life of such Called Principal as of such Settlement Date, or (ii) if such yields are not reported as of such time or the yields reported as of such time are not ascertainable (including by way of interpolation), the Treasury Constant Maturity Series Yields reported, for the latest day for which such yields have been so reported as of the second Business Day preceding the Settlement Date with respect to such Called Principal, in Federal Reserve Statistical Release H.15 (or any comparable successor publication) for U.S. Treasury securities having a constant maturity equal to the Remaining Average Life of such Called Principal as of such Settlement Date.

In the case of each determination under clause (i) or clause (ii), as the case may be, of the preceding paragraph, such implied yield will be determined, if necessary, by (a) converting U.S. Treasury bill quotations to bond equivalent yields in accordance with accepted financial practice and (b) interpolating linearly between (1) the applicable U.S. Treasury security with the maturity closest to and greater than such Remaining Average Life and (2) the applicable U.S. Treasury security with the maturity closest to and less than such Remaining Average Life. The Reinvestment Yield shall be rounded to the number of decimal places as appears in the interest rate of the applicable Bond of the Fourteenth Series.

“*Remaining Average Life*” means, with respect to any Called Principal, the number of years (calculated to the nearest one-twelfth year) obtained by dividing (i) such Called Principal into (ii) the sum of the products obtained by multiplying (a) the principal component of each Remaining Scheduled Payment with respect to such Called Principal by (b) the number of years (calculated to the nearest one-twelfth year)

that will elapse between the Settlement Date with respect to such Called Principal and the scheduled due date of such Remaining Scheduled Payment.

“*Remaining Scheduled Payments*” means, with respect to the Called Principal of any Bond of the Fourteenth Series, all payments of such Called Principal and interest thereon that would be due after the Settlement Date with respect to such Called Principal if no payment of such Called Principal were made prior to its scheduled due date, *provided* that if such Settlement Date is not a date on which interest payments are due to be made under the terms of the Bond of the Fourteenth Series, then the amount of the next succeeding scheduled interest payment will be reduced by the amount of interest accrued to such Settlement Date and required to be paid on such Settlement Date.

“*Settlement Date*” means, with respect to the Called Principal of any Bond of the Fourteenth Series, the date on which such Called Principal is to be prepaid or has become or is declared to be immediately due and payable, as the context requires.

“*Person*” shall mean and include an individual, a partnership, a joint venture, a corporation, a limited liability company, a trust, an unincorporated organization and a government or any department or agency thereof.

“*Proceeds of Released Property*” shall mean the aggregate of the cash deposited with or received by the Corporate Trustee pursuant to the provisions of Section 59, Section 60, Section 61 (except such cash as is to be paid over to the Company under the provisions of Section 61), or Section 62 of the Mortgage.

“*Purchaser*” means Thrivent Financial for Lutherans.

“*Subsidiary*” means, as to any Person, any other Person in which such first Person or one or more of its Subsidiaries or such first Person and one or more of its Subsidiaries owns sufficient equity or voting interests to enable it or them (as a group) ordinarily, in the absence of contingencies, to elect a majority of the directors (or Persons performing similar functions) of such second Person, and any partnership or joint venture if more than a 50% interest in the profits or capital thereof is owned by such first Person or one or more of its Subsidiaries or such first Person and one or more of its Subsidiaries (unless such partnership or joint venture can and does ordinarily take major business actions without the prior approval of such Person or one or more of its Subsidiaries). Unless the context otherwise clearly requires, any reference to a “Subsidiary” is a reference to a Subsidiary of the Company.

“*Substantial Part*” shall mean when used with respect to assets or net income 15% or more of such assets or net income, respectively.

Section 3.2. The terms defined in the Mortgage, as heretofore supplemented, shall for all purposes of this Fifteenth Supplemental Indenture have the meanings specified in the Mortgage, as heretofore supplemented.

Section 3.3. The Trustee hereby accepts the trust herein declared, provided and created and agrees to perform the same upon the terms and conditions herein and in the Mortgage, as heretofore supplemented, set forth and upon the following terms and conditions.

Section 3.4. The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Fifteenth Supplemental Indenture or for or in respect of the recitals contained herein, all of which recitals are made by the Company solely. In general, each and every term and condition contained in Article XVII of the Mortgage shall apply to and form part of this Fifteenth Supplemental Indenture with the same force and effect as if the same were herein set forth in full, with such omissions, variations and insertions, if any, as may be appropriate to make the same conform to the provisions of this Fifteenth Supplemental Indenture.

Section 3.5. Subject to the provisions of Article XVI and Article XVII of the Mortgage, whenever in this Fifteenth Supplemental Indenture any of the parties hereto is named or referred to, this shall be deemed to

include the successors or assigns of such party, and all the covenants and agreements in this Fifteenth Supplemental Indenture contained by or on behalf of the Company or by or on behalf of the Trustee shall bind and inure to the benefit of the respective successors and assigns of such parties whether so expressed or not.

Section 3.6. Nothing in this Fifteenth Supplemental Indenture, express or implied, is intended, or shall be construed, to confer upon, or to give to, any person, firm or corporation, other than the parties hereto and the holders of the bonds Outstanding under the Mortgage, any right, remedy or claim under or by reason of this Fifteenth Supplemental Indenture or any covenant, condition, stipulation, promise or agreement hereof, and all the covenants, conditions, stipulations, promises and agreements of this Fifteenth Supplemental Indenture contained by or on behalf of the Company shall be for the sole and exclusive benefit of the parties hereto, and of the holders of the bonds and of the coupons Outstanding under the Mortgage.

Section 3.7. This Fifteenth Supplemental Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, Superior Water, Light and Power Company has caused its corporate name to be hereunto affixed, and this instrument to be signed and sealed by its President or one of its Vice Presidents, its Treasurer or one of its Assistant Treasurers, and its corporate seal to be attested by its Secretary or one of its Assistant Secretaries for and in its behalf, and U.S. Bank National Association has caused its corporate name to be hereunto affixed, and this instrument to be signed by its President and to be attested by its Secretary, all as of the 14th day of June, 2021.

SUPERIOR WATER, LIGHT AND POWER COMPANY

By: Robert P. Sandstrom
President

By: Paul M. Holt
Treasurer

ATTEST:

Joscelyn A. Skandel
Secretary

Executed, sealed and delivered by
Superior Water, Light and Power
Company in the presence of:

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By:

ATTEST:

STATE OF WISCONSIN)
) SS.
COUNTY OF DOUGLAS)

Personally came before me this ____ day of June, 2021, Robert P. Sandstrom, to me known to be the President, Paul M. Holt, to me known to be the Treasurer, and Joscelyn A. Skandel, to me known to be the Secretary of the above-named SUPERIOR WATER, LIGHT AND POWER COMPANY, the corporation described in and which executed the foregoing instrument, and to me personally known to be the persons who as such officers executed the foregoing instrument in the name and behalf of said corporation, who, being by me duly sworn, did depose and say and acknowledge that they are respectively the President, Treasurer and Secretary of said corporation, that the seal affixed to said instrument is the corporate seal of said corporation, and that they signed, sealed and delivered said instrument in the name and on behalf of said corporation by authority of its Board of Directors, and said President, Treasurer and Secretary, then and there acknowledged said instrument to be the free act and deed of said corporation and that such corporation executed the same.

Given under my hand and notarial seal this ____ day of June, 2021.

Notary Public, State of Wisconsin
My Commission _____

STATE OF WISCONSIN)
) SS.
COUNTY OF MILWAUKEE)

Personally came before me this ____ day of June, 2021, Steven F. Posto, to me known to be the Vice President, and _____, to me known to be the _____, of the above-named U.S. BANK NATIONAL ASSOCIATION, the corporation described in and which executed the foregoing instrument, and to me personally known to be the persons who as such officers executed the foregoing instrument in the name and behalf of said corporation, who, being by me duly sworn, did depose and say and acknowledge that he is the Vice President of said corporation, and that he signed and delivered said instrument in the name and on behalf of said corporation by authority of its Board of Directors, and said Vice President then and there acknowledged said instrument to be the free act and deed of said corporation and that such corporation executed the same.

Given under my hand and notarial seal this ____ day of June, 2021.

Notary Public, State of Wisconsin
My Commission _____

[FORM OF BOND OF THE FOURTEENTH SERIES]

SUPERIOR WATER, LIGHT AND POWER COMPANY
FIRST MORTGAGE BOND

3.18% Series due July 17, 2051

No. R-____ \$_____

SUPERIOR WATER, LIGHT AND POWER COMPANY, a corporation of the State of Wisconsin (hereinafter called the "Company"), for value received, hereby promises to pay to _____, or registered assigns, on July 17, 2051, _____ DOLLARS (\$____) in such coin or currency of the United States of America as at the time of payment is legal tender for public and private debts, and to pay to the registered owner hereof interest thereon in like coin or currency (computed on the basis of a 360day year of twelve 30day months) at the rate of three and eighteen-hundredths percent (3.18%) per annum semiannually on _____ and _____ of each year commencing _____, 202_ until the principal thereof shall have become due and payable and at the rate of five and eighteen-hundredths percent (5.18%) per annum on any overdue payment of principal or premium, if any, and, to the extent enforceable under applicable law, on any overdue payment of interest. The principal hereof (and premium, if any) and interest hereon shall be paid at the office or agency of the Company in the City of St. Paul, Minnesota, or the office of the Company in Superior, Wisconsin or as shall be otherwise agreed to pursuant to the provisions of the Fifteenth Supplemental Indenture hereinafter referred to.

This bond is one of an issue of bonds of the Company issuable in series and is one of a series designated the First Mortgage Bonds, 3.18% Series due July 17, 2051 (the "Bonds of the Fourteenth Series") created by the Fifteenth Supplemental Indenture dated as of June 14, 2021 executed by the Company to U.S. Bank National Association (successor Trustee to Chemical Bank and Peter Morse), as Trustee, all bonds of all series being issued and to be issued under and equally secured by a Mortgage and Deed of Trust (herein, together with any indentures supplemental thereto, called the "Mortgage"), dated as of March 1, 1943, executed by the Company to Chemical Bank & Trust Company and Howard B. Smith, as Trustees (U.S. Bank National Association, successor Trustee). Reference is made to the Mortgage for a description of the property mortgaged and pledged, the nature and extent of the security, the rights of the holders of the bonds and of the Trustee in respect thereof, the duties and immunities of the Trustee and terms and conditions upon which the bonds are and are to be secured and the circumstances under which additional bonds may be issued.

With the consent of the Company and to the extent permitted by and as provided in the Mortgage, the rights and obligations of the Company and/or the rights of the holders of the bonds and/or coupons and/or the terms and provisions of the Mortgage may be modified or altered by affirmative vote of the holders of at least seventy per centum (70%) in principal amount of the bonds then outstanding under the Mortgage and, if the rights of the holders of one or more, but less than all, series of bonds then outstanding are to be affected, then also by affirmative vote of the holders of at least seventy per centum (70%) in principal amount of the bonds then outstanding of each series of bonds so to be affected (excluding in any case bonds disqualified from voting by reason of the Company's interest therein as provided in the Mortgage); provided that, without the consent of the holder hereof, no such modification or alteration shall, among other things, impair or affect the right of the holder to receive payment of the principal of (and premium, if any) and interest on this bond, on or after the respective due dates and at the places and in the respective amounts expressed herein, or permit the creation of any lien equal or prior to the lien of the Mortgage or deprive the holder of the benefit of a lien on the mortgaged and pledged property, or give any bond or bonds secured by the Mortgage any preference over any other bond or bonds so secured, or reduce the percentage in principal amount of the bonds required to authorize or consent to any such modification or alteration of the Mortgage.

The Bonds of the Fourteenth Series may be redeemed prior to maturity, in whole at any time or in part (in multiples of \$500,000) from time to time, at the option of the Company, or by the application (either at the option of the Company or pursuant to the requirements of the Mortgage) of cash delivered to or deposited with the Trustee pursuant to the provisions of Section 39, Section 55, Section 61, Section 64 or Section 118 of the Mortgage or with the Proceeds of Released Property (as defined in said Fifteenth Supplemental Indenture), in any such case at 100% of the principal amount to be so redeemed, plus accrued interest thereon to the redemption date together with a premium equal to the MakeWhole Amount (as defined in said Fifteenth Supplemental Indenture), if any, with respect to the Bonds of the Fourteenth Series, being redeemed.

Notice of any redemption of the Bonds of the Fourteenth Series shall be given by mail at least 30 days prior to the redemption date, all as more fully provided in said Fifteenth Supplemental Indenture and the Mortgage. Notice of redemption having been duly given, the Bonds of the Fourteenth Series called for redemption shall become due and payable upon the redemption date, and if the redemption price shall have been deposited with the Trustee, interest thereon shall cease to accrue on and after the redemption date (unless such bonds shall have been properly presented for payment on, or within one year after, the redemption date and shall not have been paid) and on the redemption date or whenever thereafter the redemption price thereof shall have been deposited with the Trustee such bonds shall no longer be entitled to the lien of the Mortgage.

The principal hereof may be declared or may become due prior to the maturity date hereinbefore named on the conditions, in the manner and at the time set forth in the Mortgage, upon the occurrence of a default as in the Mortgage provided.

This bond is transferable as prescribed in the Mortgage by the registered owner hereof in person, or by its duly authorized attorney, at the office or agency of the Company in the City of St. Paul, Minnesota or the office of the Company in Superior, Wisconsin upon surrender hereof for cancellation, together with a written instrument of transfer in form approved by the Company duly executed by the registered owner hereof or by its duly authorized attorney, and thereupon a new fully registered bond or bonds of the same series for a like principal amount will be issued to the transferee in exchange herefor as provided in the Mortgage. This bond may, at the option of the registered owner hereof and upon surrender hereof for cancellation at such office or agency, be exchanged as prescribed in the Mortgage for other registered bonds of the same series of other authorized denominations having a like aggregate principal amount. No charge will be made by the Company for any transfer or exchange of this bond or, in case this bond shall be lost, destroyed or mutilated, the issuance, authentication and delivery of a new bond in substitution hereof. The Company and the Trustee may deem and treat the person in whose name this bond is registered as the absolute owner hereof for the purpose of receiving payment and for all other purposes and neither the Company nor the Trustee shall be affected by any notice to the contrary.

As provided in the Mortgage, the Company shall not be required to make transfers or exchanges of bonds of any series for a period of ten (10) days next preceding any interest payment date for bonds of said series, or next preceding any designation of bonds of said series to be redeemed, and the Company shall not be required to make transfers or exchanges of any bonds designated in whole or in part for redemption.

No recourse shall be had for the payment of the principal of or interest on this bond against any incorporator or any past, present or future subscriber to the capital stock, stockholder, officer, or director of the Company or of any predecessor or successor corporation, as such, either directly or through the Company or any predecessor of successor corporation, under any rule of law, statute, or constitution or by the enforcement of any assessment or otherwise, all such liability of incorporators, subscribers, stockholders, officers, and directors being released by the holder or owner hereof by the acceptance of this bond and being likewise waived and released by the terms of the Mortgage.

This bond shall not become obligatory until U.S. Bank National Association, the Trustee under the Mortgage, or its successor thereunder, shall have signed the form of authentication certificate endorsed hereon.

IN WITNESS WHEREOF, SUPERIOR WATER, LIGHT AND POWER COMPANY has caused this bond to be signed in its corporate name by its President or one of its Vice-Presidents and its Treasurer and its corporate seal to be impressed or imprinted hereon and attested by its Secretary or one of its Assistant Secretaries on _____, 20____.

SUPERIOR WATER, LIGHT AND POWER
COMPANY

By _____
President

By _____
Treasurer

ATTEST:

Secretary

[FORM OF TRUSTEE'S AUTHENTICATION CERTIFICATE]

This bond is one of the bonds, of the series herein designated, described or provided for in the within-mentioned Mortgage.

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By
Authorized Officer

EXHIBIT B

**ASSIGNMENT AND IRREVOCABLE BOND POWER
FOR
SUPERIOR WATER, LIGHT AND POWER COMPANY
FIRST MORTGAGE BOND
3.18% SERIES DUE JULY 17, 2051**

FOR VALUE RECEIVED, _____ do hereby sell, assign and transfer unto _____ one First Mortgage Bond 3.18% Series due July 17, 2051 of Superior Water, Light and Power Company (the "Company") for _____ dollars (\$ _____), No. _____, standing in _____ name _____ on the books of the Company and do hereby irrevocably constitute and appoint _____ attorney to transfer the said bond on the books of the Company, with full power of substitution in the premises.

IN WITNESS WHEREOF, _____ ha hereunto set _____ hand _____ [and seal _____] at _____ this _____ day of _____, 20_____.

[SEAL]

[SEAL]

STATE OF _____)
) SS.
COUNTY OF _____)

I, _____, a notary public in and for said County, in the State aforesaid, do hereby certify, that _____

who _____ personally known to me to be the same person whose name _____ subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that _____ signed, sealed and delivered the said instrument as _____ free and voluntary act for the use and purposes therein set forth.

Given under my hand and official seal this _____ day of _____, 20_____.

Notary Public
My Commission Expires _____

**Rule 13a-14(a)/15d-14(a) Certification by the Chief Executive Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Bethany M. Owen, of ALLETE, Inc. (ALLETE), certify that:

1. I have reviewed this quarterly report on Form 10-Q for the period ended June 30, 2021, of ALLETE;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

August 4, 2021

/s/ Bethany M. Owen

Bethany M. Owen

Chair, President and Chief Executive Officer

**Rule 13a-14(a)/15d-14(a) Certification by the Chief Financial Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Robert J. Adams, of ALLETE, Inc. (ALLETE), certify that:

1. I have reviewed this quarterly report on Form 10-Q for the period ended June 30, 2021, of ALLETE;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

August 4, 2021

/s/ Robert J. Adams

Robert J. Adams

Senior Vice President and Chief Financial Officer

**Section 1350 Certification of Periodic Report
By the Chief Executive Officer and Chief Financial Officer
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, each of the undersigned officers of ALLETE, Inc. (ALLETE), does hereby certify that:

1. The Quarterly Report on Form 10-Q of ALLETE for the period ended June 30, 2021, (Report) fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78m); and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of ALLETE.

August 4, 2021

/s/ Bethany M. Owen
Bethany M. Owen
Chair, President and Chief Executive Officer

August 4, 2021

/s/ Robert J. Adams
Robert J. Adams
Senior Vice President and Chief Financial Officer

This certification shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to liability pursuant to that section. Such certification shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent that ALLETE specifically incorporates it by reference.

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to ALLETE and will be retained by ALLETE and furnished to the Securities and Exchange Commission or its staff upon request.

Mine Safety Disclosure

Mine or Operating Name/MSHA Identification Number	Section 104 S&S Citations (#)	Section 104(b) Orders (#)	Section 104(d) Citations and Orders (#)	Section 110(b)(2) Violations (#)	Section 107(a) Orders (#)	Total Dollar Value of MSHA Assessments Proposed (\$)	Total Number of Mining Related Fatalities (#)	Received Notice of Pattern of Violation Under Section 104(e) (yes/no)	Received Notice of Potential to Have Pattern Under Section 104(e) (yes/no)	Legal Actions Pending as of Last Day of Period (#)	Legal Actions Initiated During Period (#)	Legal Actions Resolved During Period (#)
Center Mine / 3200218	—	—	—	—	—	—	—	No	No	—	—	—

For the six months ended June 30, 2021, BNI Energy, owner of Center Mine, received five citations under Section 104(a) of the Mine Safety Act, none were significant and substantial (S&S) citations. For the six months ended June 30, 2021, BNI Energy paid \$416 in penalties for citations closed during the period. For the six months ended June 30, 2021, there were no citations, orders, violations or notices under Sections 104(b), 104(d), 107(a), 104(e) or 110(b)(2) of the Mine Safety Act and there were no fatalities.



NEWS

Exhibit 99

For Release: August 4, 2021

Investor Contact: Vince Meyer
218-723-3952
vmeyer@allete.com

ALLETE, Inc. reports second quarter earnings of 53 cents per share

DULUTH, Minn. - ALLETE, Inc. (NYSE: ALE) today reported second quarter 2021 earnings of 53 cents per share on net income of \$27.9 million. Last year's results were 39 cents per share on net income of \$20.1 million. Results in the second quarter of 2020 included an \$8.3 million after tax-charge, or 16 cents per share, for the Minnesota Power rate case resolution.

"We are encouraged by the healthy production rebound of Minnesota Power's taconite customers," said ALLETE Chair, President and CEO Bethany Owen. "Electric sales to these industrial customers have been robust so far in 2021, and we anticipate continued strength through the remainder of the year, as evidenced by the positive steel industry outlook. Our other businesses generally performed within expectations for the quarter."

ALLETE's Regulated Operations segment, which includes Minnesota Power, Superior Water, Light and Power and the Company's investment in the American Transmission Co., recorded net income of \$21.5 million, compared to \$11.1 million in the second quarter of 2020 which included the rate case resolution impact. Second quarter 2021 earnings reflect higher net income at Minnesota Power primarily due to higher kilowatt-hour sales to commercial and municipal customers, higher cost recovery rider revenue and positive income tax expense timing impacts. These increases were offset by lower power market sales due to the expiration of a related contract, higher operating and maintenance expense and higher property tax expense.

ALLETE Clean Energy recorded second quarter 2021 net income of \$5.1 million compared to \$4.0 million in 2020. Net income in 2021 reflects earnings from the Diamond Spring wind energy facility which commenced operations in December 2020.

Corporate and Other businesses, which include BNI Energy and ALLETE Properties, recorded net income of \$1.3 million in 2021 compared to net income of \$5.0 million in 2020. Net income in 2021 included lower earnings from marketable equity securities held in certain benefit trusts and additional income tax expense which varies quarter to quarter based on an estimated annual effective tax rate. These decreases were partially offset by earnings from our investment in Nobles 2 which commenced operations in December 2020.

"For the quarter, our consolidated financial results are similar to those in 2020, excluding the 2020 second quarter rate case resolution impact," said ALLETE Senior Vice President and Chief Financial Officer Bob Adams. "ALLETE's 2021 full year results are expected to be in the range of \$3.00 to \$3.30 per share, on a consolidated basis. As expressed earlier this year, we view the current year as transitional, with key growth positioning initiatives underway in support of higher earnings in 2022 and beyond."

Live Webcast on August 4, 2021; conference call slides posted on company website

ALLETE's earnings conference call will be at 10:00 a.m. (EST), August 4, 2021, at which time management will discuss the second quarter of 2021 financial results. Interested parties may listen live by calling 877-303-5852, pass code 9589033, ten minutes prior to the start time, or may listen to the live audio-only webcast and view supporting slides, which will be available on ALLETE's Investor Relations website <http://investor.allete.com/events->

[presentations](#). A replay of the call will be available through August 11, 2021 by calling (855) 859-2056, pass code 9589033. The webcast will be accessible for one year at www.allete.com.

ALLETE is an energy company headquartered in Duluth, Minn. 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 Bismarck, N.D., and has an eight 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. 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

	Quarter Ended		Six Months Ended	
	June 30,		June 30,	
	2021	2020	2021	2020
Operating Revenue				
Contracts with Customers – Utility	\$290.4	\$200.8	\$583.4	\$466.1
Contracts with Customers – Non-utility	42.3	39.6	85.7	83.1
Other – Non-utility	2.9	2.8	5.7	5.6
Total Operating Revenue	335.6	243.2	674.8	554.8
Operating Expenses				
Fuel, Purchased Power and Gas – Utility	128.9	69.3	249.3	158.3
Transmission Services – Utility	19.2	16.4	36.9	34.9
Cost of Sales – Non-utility	15.8	16.3	32.6	33.2
Operating and Maintenance	67.1	59.0	133.4	120.0
Depreciation and Amortization	57.9	54.5	115.9	107.9
Taxes Other than Income Taxes	18.5	15.0	36.5	27.6
Total Operating Expenses	307.4	230.5	604.6	481.9
Operating Income	28.2	12.7	70.2	72.9
Other Income (Expense)				
Interest Expense	(17.4)	(15.9)	(34.5)	(31.6)
Equity Earnings	5.1	6.4	9.9	11.6
Other	1.8	5.2	5.1	6.2
Total Other Expense	(10.5)	(4.3)	(19.5)	(13.8)
Income Before Income Taxes	17.7	8.4	50.7	59.1
Income Tax Benefit	(4.0)	(8.5)	(14.4)	(22.3)
Net Income	21.7	16.9	65.1	81.4
Net Loss Attributable to Non-Controlling Interest	(6.2)	(3.2)	(14.6)	(5.0)
Net Income Attributable to ALLETE	\$27.9	\$20.1	\$79.7	\$86.4
Average Shares of Common Stock				
Basic	52.2	51.8	52.2	51.8
Diluted	52.3	51.9	52.2	51.8
Basic Earnings Per Share of Common Stock	\$0.53	\$0.39	\$1.53	\$1.67
Diluted Earnings Per Share of Common Stock	\$0.53	\$0.39	\$1.53	\$1.67
Dividends Per Share of Common Stock	\$0.63	\$0.6175	\$1.26	\$1.235

Consolidated Balance Sheet					
Millions - Unaudited					
	Jun. 30	Dec. 31,		Jun. 30	Dec. 31,
	2021	2020		2021	2020
Assets			Liabilities and Equity		
Cash and Cash Equivalents	\$62.5	\$44.3	Current Liabilities	\$595.5	\$459.6
Other Current Assets	216.8	210.6	Long-Term Debt	1,664.6	1,593.2
Property, Plant and Equipment – Net	5,021.6	4,840.8	Deferred Income Taxes	188.7	195.7
Regulatory Assets	491.9	480.9	Regulatory Liabilities	514.9	524.8
Equity Investments	317.8	301.2	Defined Benefit Pension and Other Postretirement Benefit Plans	210.7	225.8
Other Non-Current Assets	182.7	206.8	Other Non-Current Liabilities	277.0	285.3
			Equity	2,841.9	2,800.2
Total Assets	\$6,293.3	\$6,084.6	Total Liabilities and Equity	\$6,293.3	\$6,084.6

ALLETE, Inc. Income (Loss)	Quarter Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Millions				
Regulated Operations	\$21.5	\$11.1	\$66.5	\$68.6
ALLETE Clean Energy	5.1	4.0	12.5	15.7
Corporate and Other	1.3	5.0	0.7	2.1
Net Income Attributable to ALLETE	\$27.9	\$20.1	\$79.7	\$86.4
Diluted Earnings Per Share	\$0.53	\$0.39	\$1.53	\$1.67

Statistical Data

Corporate				
Common Stock				
High	\$72.60	\$64.90	\$72.60	\$84.71
Low	\$66.43	\$48.22	\$58.90	\$48.22
Close	\$69.98	\$54.61	\$69.98	\$54.61
Book Value	\$44.44	\$43.67	\$44.44	\$43.67

Kilowatt-hours Sold

Millions				
Regulated Utility				
Retail and Municipal				
Residential	247	246	578	567
Commercial	317	286	658	638
Industrial	1,775	1,235	3,573	3,137
Municipal	138	131	298	287
Total Retail and Municipal	2,477	1,898	5,107	4,629
Other Power Suppliers	1,194	706	2,442	1,528
Total Regulated Utility Kilowatt-hours Sold	3,671	2,604	7,549	6,157

Regulated Utility Revenue

Millions				
Regulated Utility Revenue				
Retail and Municipal Electric Revenue				
Residential	\$32.0	\$24.7	\$72.5	\$61.1
Commercial	39.2	27.7	76.4	63.0
Industrial	138.8	87.7	266.5	205.7
Municipal	11.5	9.0	24.1	19.3
Total Retail and Municipal Electric Revenue	221.5	149.1	439.5	349.1
Other Power Suppliers	37.3	27.4	75.7	65.7
Other (Includes Water and Gas Revenue)	31.6	24.3	68.2	51.3
Total Regulated Utility Revenue	\$290.4	\$200.8	\$583.4	\$466.1

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.