

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

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of Earliest Event Reported) – May 25, 2011

ALLETE, Inc.

(Exact name of registrant as specified in its charter)

Minnesota
(State or other jurisdiction of
incorporation or organization)

1-3548
(Commission File Number)

41-0418150
(IRS Employer
Identification No.)

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

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

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

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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SECTION 7 – REGULATION FD

Item 7.01

A copy of the press release dated May 24, 2011, for the long-term power purchase agreement described under Item 8.01 is furnished as Exhibit 99 to this Current Report on Form 8-K.

SECTION 8 – OTHER EVENTS

Item 8.01 Other Events

2010 Rate Case. On May 24, 2011, the Minnesota Public Utilities Commission's (MPUC) issued its Order authorizing Minnesota Power (the Company) to implement final rates in its 2010 rate case. By the terms of the Order, the Company's \$53.5 million annual rate increase is effective June 1, 2011, with the MPUC approving the Company's compliance filing regarding the class revenue apportionment, rate design and rate structures on a prorated basis for service rendered on and after June 1, 2011.

Patient Protection and Affordable Care Act of 2010 (PPACA). On May 24, 2011, the MPUC also issued an order approving the Company's request to defer a portion of the \$4.0 million non-recurring tax charge taken in 2010 resulting from PPACA. As a result, the Company will be able to defer \$2.9 million (after-tax) and seek recovery in its next rate case.

Power Purchase Agreement. On May 19, 2011, Minnesota Power and Manitoba Hydro-Electric Board (Manitoba Hydro) signed a long-term power purchase agreement (Agreement). The Agreement, subject to regulatory approval, calls for Manitoba Hydro to sell 250 megawatts of electricity to Minnesota Power for 15 years beginning in 2020.

SECTION 9 – FINANCIAL STATEMENTS AND EXHIBITS

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

Exhibit Number

99 Minnesota Power's press release dated May 24, 2011. **(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.)**

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

ALLETE Form 8-K dated May 25, 2011

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

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

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

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

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

ALLETE Form 8-K dated May 25, 2011

SIGNATURES

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

ALLETE, Inc.

May 25, 2011

/s/ Deborah A. Amberg

Deborah A. Amberg
Senior Vice President, General Counsel and Secretary

ALLETE Form 8-K dated May 25, 2011



For
Release: May 24, 2011
Contact: Amy Rutledge
Communications
Manager
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NEWS

Hydropower purchase agreement will trim carbon emissions, bolster transmission system and allow Minnesota Power to ‘store’ wind energy

Duluth, Minn.—Minnesota Power and Manitoba Hydro have signed a long-term power purchase agreement that will reduce carbon emissions for the utility division of ALLETE (NYSE: ALE), provide the lowest-cost energy resource for consumers and introduce a unique way to “store” premier wind energy generated in North Dakota through hydroelectric reserves.

Manitoba Hydro, a Canadian Crown Corporation owned by the Province of Manitoba and based in Winnipeg, produces most of its power from hydroelectric stations in the northern reaches of the province. For Minnesota Power, the purchase fits the Duluth-based utility’s strategy of lessening its dependence on carbon-based generation. Buying hydroelectric power from Manitoba Hydro is the lowest-cost option for meeting the electric demands of its customers in the 2020 timeframe.

The agreement, subject to regulatory approval, calls for Manitoba Hydro to sell 250 megawatts (MW) of electricity to Minnesota Power for 15 years beginning in 2020. A unique aspect of the power purchase agreement is the inclusion of a “wind storage” provision that entitles Minnesota Power to transmit electric energy northward from its wind farms in North Dakota when wind production is high or electric loads are low.

When Minnesota Power transmits power northward, Manitoba Hydro will absorb it into its system – in essence storing the wind power, using the Manitoba system as a rechargeable battery. This wind storage provision will allow Minnesota Power to balance its energy position and maximize the value of its wind resources. The company, which will complete the second phase of its 82MW Bison 1 Wind Energy Center this fall, recently announced its intent to build Bison II, an additional 105MW, \$170 million wind farm in North Dakota.

“This innovative agreement aligns well with our long-term resource strategy to provide our customers with a flexible and diverse energy supply at the lowest cost possible,” said ALLETE President and CEO Alan R. Hodnik. “Our partnership with Manitoba Hydro is an example of two organizations reaching across geographic boundaries to bolster transmission system capacity while further transforming North America’s energy landscape.”

The agreement provides for construction of additional transmission capacity between Manitoba and the U.S. Investing in transmission infrastructure is a key strategic element for ALLETE, which has an eight percent ownership interest in the American Transmission Company and is actively involved in the CapX2020 transmission initiative in the Upper Midwest.

“The Canada-U.S. transmission addition will provide a vital link to renewable resources in both countries,” Hodnik said, “and increase the value of wind and hydro power in an innovative way.”

As part of the overall arrangement, Minnesota Power has primary rights to new transmission with Manitoba Hydro for the delivery of the capacity and energy under the purchase agreement. Discussions on various transmission configurations are underway between the two utilities and the Midwest Independent System Operator (MISO).

International energy cooperation between Minnesota Power and Manitoba Hydro is nothing new. Since the 1970s, the two energy providers have capitalized on joint projects involving energy, capacity and electric transmission. In 2006, the two utilities began discussing the next stage of hydroelectric development on the Nelson River in northern Manitoba, the carbon-free capacity it represents, and the options for moving new energy southward to the U.S.

Manitoba Hydro plans to construct two new hydroelectric stations on the upper Nelson River near Hudson Bay: the Keeyask and the Conawapa installations. These new hydropower facilities would add another 1,930MW of electricity to the Manitoba Hydro system.

ALLETE is an energy company and its principal operating division Minnesota Power provides retail electric service within a 26,000-square-mile area in northeastern Minnesota to 144,000 customers and wholesale electric service to 16 municipalities. More information can be found at www.mnpower.com.

The statements contained in this release and statements that ALLETE may make orally in connection with this release that are not historical facts, are forward-looking statements. Actual results may differ materially from those projected in the forward-looking statements. These forward-looking statements involve risks and uncertainties and investors are directed to the risks discussed in documents filed by ALLETE with the Securities and Exchange Commission.