

EXCERPT FROM THE MINUTES OF A
BOARD OF DIRECTORS' MEETING OF
ALLETE, INC.

HELD
January 31, 2019

I, Margaret A. Thickens, Secretary of ALLETE, Inc., a corporation organized under the laws of the State of Minnesota, hereby certify that the following is a true and correct copy of a resolution duly adopted at a meeting of the Board of Directors of said Company held on January 31, 2019, at which meeting a quorum was present and voting throughout, and that the same is in full force and effect as of the date hereof:

MINNESOTA PUBLIC UTILITIES COMMISSION CAPITAL STRUCTURE PETITION

RESOLVED, that the officers of the Company be and each of them hereby is authorized to take any and all action deemed necessary or desirable by the officer taking such action with respect to the approval by the Minnesota Public Utilities Commission ("MPUC") of the Company's authorized capital structure, so that the issuance and sale of securities shall be deemed authorized by the MPUC.

IN WITNESS WHEREOF, I have hereunto set my hand this 18th day of February, 2019.


Secretary



February 18, 2019

ALLETE, Inc.
30 West Superior Street
Duluth, MN 55802

Attention: Patrick Cutshall
Treasurer

I am an attorney in good standing and admitted to practice before the Supreme Court of the State of Minnesota, and, as Secretary and Chief Legal Officer of the Company, render the following opinion concerning the Petition to be filed by Minnesota Power on or about February 19, 2019 (Petition), with the Minnesota Public Utilities Commission (Commission) for an order approving the Company's consolidated capital structure for the Authorization Period requested therein. The Petition describes the Company's expected and potential issuances during the Authorization Period of Common Stock, warrants, long-term debt, guarantees, short-term unsecured debt, tax equity financing, all of which are hereafter collectively called "Securities" or individually, "Security."

I.

All requisite action necessary to make valid the proposed issuance or sale of Securities will be taken when:

- (a) An order or orders have been entered by the Commission under the provisions of the Minnesota Public Utilities Act approving the Company's capital structure for purposes of the issuance of the Securities in accordance with Company's Petition;
- (b) The Company's respective Registration Statement pertaining to each respective Security, if any, as required pursuant to the Securities Act of 1933, is filed with the Securities and Exchange Commission pursuant to the aforementioned Act and a listing application is made with the appropriate stock exchange;
- (c) Each of the Securities has been issued pursuant to the terms and conditions of the necessary approvals;
- (d) The resolutions, if necessary, approving the issuance, sale, and pricing of each of the Securities are adopted by the Board of Directors of the Company, or, if permitted under state law, by the Executive Committee of the Board of Directors;
- (e) With respect to any new public offering of Common Stock, the passage of a resolution, if necessary, of the Company's Board of Directors indicating that new Common Stock is authorized to be issued;

(f) With respect to any exchange of Common Stock for the assets or capital stock of certain businesses, when any regulatory agency having jurisdiction over such business authorizes the acquisition; and

(g) The necessary filings have been accomplished under relevant state "blue sky laws" with regard to the offering and issuance of the Securities.

II.

No commission or agency other than those alluded to or mentioned above currently has jurisdiction to authorize or approve the proposed issuance or sale of Securities as described above. However, the proposed issuance or sale of Securities is or may be subject to the broad discretionary powers vested in various securities commissions and/or other administrative bodies or officials, which may authorize, among other things, the withdrawal of exempt status accorded to particular classes of Securities or certain transactions therein, and which may have imposed or may in the future impose special requirements with respect to any offering of such Securities.

III.

The Company is a corporation validly organized and existing under the laws of the State of Minnesota and duly qualified and in good standing to do business and is doing business in that state.

IV.

Each of the Securities, when issued in accordance with the approved agreements and terms and conditions against receipt of the proceeds thereof, will be a valid and binding obligation of the Company in accordance with their terms and the terms of all necessary agreements, except as limited by bankruptcy, insolvency, reorganization, and other laws affecting the enforcement of creditors' rights.

V.

When the steps outlined above have been taken with respect to each of the Securities, the proposed transactions will not violate the legal rights of any class of investors in the Securities of the Company.

Sincerely,



Margaret A. Thickens

ALLETE, Inc.
CONSOLIDATED BALANCE SHEET
DECEMBER 31, 2018 AND PRO FORMA
Thousands - Unaudited

	<u>December 31, 2018</u>	<u>Adjustments</u>	<u>Pro Forma</u>
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$69,091		\$69,091
Accounts Receivable (Less Allowance)	144,434		144,434
Inventories - Net	86,737		86,737
Prepayments and Other	34,055		34,055
Total Current Assets	<u>334,317</u>		<u>334,317</u>
Property, Plant and Equipment - Net	3,904,429		3,904,429
Investments	210,215		210,215
Other Assets	716,053		716,053
Sub Total Assets	<u>5,165,014</u>		<u>5,165,014</u>
Net Change in Assets		827,021	827,021
TOTAL ASSETS	<u><u>\$5,165,014</u></u>	<u><u>\$827,021</u></u>	<u><u>\$5,992,035</u></u>
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES			
Current Liabilities			
Accounts Payable	\$149,843		\$149,843
Accrued Taxes	51,434		51,434
Accrued Interest	17,877		17,877
Long-Term Debt Due Within One Year	57,538		57,538
Other Current Liabilities	128,487		128,487
Total Current Liabilities	<u>405,179</u>		<u>405,179</u>
Long-Term Debt	1,428,489	587,000	2,015,489
Deferred Income Taxes	223,561		223,561
Other Liabilities	952,009		952,009
Total Liabilities	<u>3,009,238</u>	<u>587,000</u>	<u>3,596,238</u>
SHAREHOLDERS' EQUITY			
Common Stock	1,428,535	270,000	1,698,535
Accumulated Other Comprehensive Loss	(27,343)		(27,343)
Retained Earnings	754,584	(29,979)	724,605
Total Shareholders' Equity	<u>2,155,776</u>	<u>240,021</u>	<u>2,395,797</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u><u>\$5,165,014</u></u>	<u><u>\$827,021</u></u>	<u><u>\$5,992,035</u></u>

ALLETE, Inc.
Entries Giving Effect To The Proposed
Transactions On The Balance Sheet

	Thousands	
Asset Additions	\$827,021	
Cash		\$827,021
To record the increase in asset additions.		
Cash	\$270,000	
Common stock		\$270,000
To record the sale of an estimated 3,857,143 shares of common stock at \$70.00 per share.		
Retained earnings	\$9,064	
Cash		\$9,064
To record additional dividends on common stock at the current annual rate of \$2.35.		
Cash	\$587,000	
Long-term debt		\$587,000
To record the sale of \$587,000,000 of long-term debt, consisting of long-term bonds and bank loans at an estimated rate of 5.00%.		
Retained earnings	\$20,915	
Cash		\$20,915
To record the decrease in net income by the adjustments shown on the income statement.		

Note: Any interest or dividend rate expressed in the pro forma data is for illustrative purposes only and is NOT intended to represent the actual dividend or interest rate that Company's Securities will bear when issued.

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ALLETE, Inc.
FUNDED DEBT
As of DECEMBER 31, 2018

Class and Series	Date of Issue	Date of Maturity	Par Value	Secured By	Rate (%)	12 Months Ended Interest	Amount Outstanding
First Mortgage Bonds							
Series due 08/01/20	08/01/05	08/01/20	\$35,000,000	MP Utility Property	5.28	\$1,848,000	\$35,000,000
Series due 03/01/36	03/01/06	03/01/36	50,000,000	MP Utility Property	5.69	2,845,000	50,000,000
Series due 02/01/27	02/01/07	02/01/27	60,000,000	MP Utility Property	5.99	3,594,000	60,000,000
Series due 05/01/23	05/14/08	05/01/23	75,000,000	MP Utility Property	6.02	4,515,000	75,000,000
Series due 01/15/19	01/15/09	01/15/19	42,000,000	MP Utility Property	8.17	3,431,400	42,000,000
Series due 04/15/21	02/17/10	04/15/21	15,000,000	MP Utility Property	4.85	727,500	15,000,000
Series due 04/15/25	02/17/10	04/15/25	30,000,000	MP Utility Property	5.10	1,530,000	30,000,000
Series due 04/15/40	02/17/10	04/15/40	35,000,000	MP Utility Property	6.00	2,100,000	35,000,000
Series due 10/15/25	08/17/10	10/15/25	30,000,000	MP Utility Property	4.90	1,470,000	30,000,000
Series due 04/15/40	08/17/10	04/15/40	45,000,000	MP Utility Property	5.82	2,619,000	45,000,000
Series due 07/15/26	07/02/12	07/15/26	75,000,000	MP Utility Property	3.20	2,400,000	75,000,000
Series due 07/15/42	07/02/12	07/15/42	85,000,000	MP Utility Property	4.08	3,468,000	85,000,000
Series due 04/15/18	04/02/13	04/15/18	50,000,000	MP Utility Property	1.83	266,875	0
Series due 10/15/28	04/02/13	10/15/28	40,000,000	MP Utility Property	3.30	1,320,000	40,000,000
Series due 10/15/43	04/02/13	10/15/43	60,000,000	MP Utility Property	4.21	2,526,000	60,000,000
Series due 03/15/24	03/04/14	03/15/24	60,000,000	MP Utility Property	3.69	2,214,000	60,000,000
Series due 03/15/44	03/04/14	03/15/44	40,000,000	MP Utility Property	4.95	1,980,000	40,000,000
Series due 07/15/44	06/26/14	07/15/44	40,000,000	MP Utility Property	5.05	2,020,000	40,000,000
Series due 07/15/22	06/26/14	07/15/22	75,000,000	MP Utility Property	3.40	2,550,000	75,000,000
Series due 09/15/21	09/16/14	09/15/21	60,000,000	MP Utility Property	3.02	1,812,000	60,000,000
Series due 09/15/29	09/16/14	09/15/29	50,000,000	MP Utility Property	3.74	1,870,000	50,000,000
Series due 09/15/44	09/16/14	09/15/44	50,000,000	MP Utility Property	4.39	2,195,000	50,000,000
Series due 09/15/20	09/24/15	09/15/20	40,000,000	MP Utility Property	2.80	1,120,000	40,000,000
Series due 09/16/30	09/24/15	09/16/30	60,000,000	MP Utility Property	3.86	2,316,000	60,000,000
Series due 04/16/48	04/16/18	04/16/48	60,000,000	MP Utility Property	4.07	1,729,750	60,000,000
Variable Demand Revenue Refunding Bonds							
Series 1997 A due 06/01/20	06/24/97	6/01/20	13,500,000	Unsecured	Variable	206,354	13,500,000
Industrial Revenue Bonds							
Collier County	07/05/06	10/1/25	27,800,000	Unsecured	Variable	407,936	27,800,000
Senior Unsecured							
Series due 06/01/27	06/01/17	06/01/27	80,000,000	Unsecured	3.11	2,488,000	80,000,000
Term Loan	08/25/17	08/25/20	40,000,000	Unsecured	Variable	937,808	10,000,000
Subsidiary and Other Obligations						5,022,129	142,726,929
Total Funded Debt - Continuing Operations						\$63,529,753	\$1,486,026,929
Total Interest Paid January 1, 2018 to December 31, 2018 ¹						\$65,964,757	-

¹ Different from amount above due to timing of interest payments.

BRIEF DESCRIPTION OF COMPANY'S MORTGAGE AND DEED OF TRUST,
INCLUDING THE FIRST THROUGH THIRTY-NINTH SUPPLEMENTAL INDENTURES:

Company's Mortgage and Deed of Trust was executed on September 20, 1945, as of September 1, 1945, by and between Minnesota Power & Light Company and The Bank of New York Mellon (formerly the Irving Trust Company), the corporate trustee, and Richard H. West, the individual trustee (J. A. Austin, E. J. McCabe, D. W. May, J. A. Vaughn, W. T. Cunningham, Douglas J. MacInnes, Ming Ryan, Philip L. Watson, and Andres Serrano respective successor trustees).

The Mortgage and Deed of Trust has been supplemented and amended by the First through Thirty-ninth Supplemental Indentures (collectively the "Mortgage"). The First Supplemental Indenture was dated as of March 1, 1949, the Second Supplemental Indenture was dated as of July 1, 1951, the Third Supplemental Indenture was dated as of March 1, 1957, the Fourth Supplemental Indenture was dated as of January 1, 1968, the Fifth Supplemental Indenture was dated as of April 1, 1971, the Sixth Supplemental Indenture was dated as of August 1, 1975, the Seventh Supplemental Indenture was dated as of September 1, 1976, the Eighth Supplemental Indenture was dated as of August 1, 1977, the Ninth Supplemental Indenture was dated as of April 1, 1978, the Tenth Supplemental Indenture was dated as of August 1, 1978, the Eleventh Supplemental Indenture was dated as of December 1, 1982, the Twelfth Supplemental Indenture was dated as of April 1, 1987, the Thirteenth Supplemental Indenture was dated as of March 1, 1992, the Fourteenth Supplemental Indenture was dated as of June 1, 1992, the Fifteenth Supplemental Indenture was dated as of July 1, 1992, the Sixteenth Supplemental Indenture was dated as of July 1, 1992, the Seventeenth Supplemental Indenture was dated as of February 1, 1993, the Eighteenth Supplemental Indenture was dated as of July 1, 1993, the Nineteenth Supplemental Indenture was dated as of February 1, 1997, the Twentieth Supplemental Indenture was dated as of November 1, 1997, the Twenty-first Supplemental Indenture was dated as of October 1, 2000, the Twenty-second Supplemental Indenture was dated as of July 1, 2003; the Twenty-third Supplemental Indenture was dated as of August 1, 2004, the Twenty-fourth Supplemental Indenture was dated as of March 1, 2005, the Twenty-fifth Supplemental Indenture was dated as of December 1, 2005; the Twenty-sixth Supplemental Indenture was dated as of October 1, 2006; the Twenty-seventh Supplemental Indenture was dated as of February 1, 2008, the Twenty-eighth Supplemental Indenture was dated as of May 1, 2008, the Twenty-ninth Supplemental Indenture was dated as of November 1, 2008, the Thirtieth Supplemental Indenture was dated as of January 1, 2009, the Thirty-first Supplemental Indenture was dated as of February 1, 2010, the Thirty-second Supplemental Indenture was dated as of August 1, 2010, the Thirty-third Supplemental Indenture was dated as of July 1, 2012, the Thirty-fourth supplemental indenture was dated as of April 1, 2013, the Thirty-fifth Supplemental Indenture was dated as of March 1, 2014, the Thirty-sixth Supplemental Indenture was dated as of June 1, 2014, the Thirty-seventh Supplemental Indenture was dated as of September 1, 2014, the Thirty-eighth Supplemental Indenture was dated as of September 1, 2015 and Thirty-ninth Supplemental Indenture was dated as of April 1, 2018.

Intentionally Left Blank

Company has heretofore issued, in accordance with the provisions of the Mortgage, the following series of First Mortgage Bonds:

Series	Issued as of	Principal Amount Issued or Authorized	Principal Amount Outstanding
3 1/8% Series due 1975	September 1, 1945	\$26,000,000	-\$0-
3 1/8% Series due 1979	March 1, 1949	4,000,000	-0-
3 5/8% Series due 1981	July 1, 1951	10,000,000	-0-
4 3/4% Series due 1987	March 1, 1957	12,000,000	-0-
6 1/2% Series due 1998	January 1, 1968	18,000,000	-0-
8 1/8% Series due 2001	April 1, 1971	23,000,000	-0-
10 1/2% Series due 2005	August 1, 1975	35,000,000	-0-
8.7% Series due 2006	September 1, 1976	35,000,000	-0-
8.35% Series due 2007	September 1, 1977	50,000,000	-0-
9.25% Series due 2008	April 1, 1978	50,000,000	-0-
7% Pollution Control Series A	August 1, 1978	111,000,000	-0-
7 3/4% Series due 1994	April 1, 1987	55,000,000	-0-
7 3/8% Series due 1997	March 1, 1992	60,000,000	-0-
7 3/4% Series due 2007	June 1, 1992	55,000,000	-0-
7 1/2% Series due 2007	July 1, 1992	35,000,000	-0-
Pollution Control Series E due 2022	July 15, 1992	111,000,000	-0-
7 % Series due 2008	February 25, 1993	50,000,000	-0-
6 1/4% Series due 2003	July 1, 1993	25,000,000	-0-
7% Series due 2007	February 15, 1997	60,000,000	-0-
6.68% Series due 2007	November 15, 1997	20,000,000	-0-
Floating Rate First Mortgage Bonds due 2003	October 20, 2000	250,000,000	-0-
Floating Rate First Mortgage Bonds due 2004	July 1, 2003	250,000,000	-0-
4.95% Pollution Control Series F due 2022	August 1, 2004	111,000,000	-0-
5.28% Series due 2020	August 1, 2005	35,000,000	35,000,000
5.69% Series due 2036	March 1, 2006	50,000,000	50,000,000
5.99% Series due 2027	February 1, 2007	60,000,000	60,000,000
4.86% Series due 2013	February 1, 2008	60,000,000	-0-
6.02% Series due 2023	May 1, 2008	75,000,000	75,000,000
6.94% Series due 2014	December 15, 2008	18,000,000	-0-
7.70% Series due 2016	December 15, 2008	20,000,000	-0-
8.17% Series due 2019	January 15, 2009	42,000,000	42,000,000
4.85% Series due 2021	February 17, 2010	15,000,000	15,000,000
5.10% Series due 2025	February 17, 2010	30,000,000	30,000,000
6.00% Series due 2040	February 17, 2010	35,000,000	35,000,000
4.90% Series due 2025	August 17, 2010	30,000,000	30,000,000
5.82% Series due 2040	August 17, 2010	45,000,000	45,000,000
3.20% Series due 2026	July 2, 2012	75,000,000	75,000,000
4.08% Series due 2042	July 2, 2012	85,000,000	85,000,000
1.83% Series due 2018	April 2, 2013	50,000,000	50,000,000
3.30% Series due 2028	April 2, 2013	40,000,000	40,000,000
4.21% Series due 2043	April 2, 2013	60,000,000	60,000,000
3.69% Series due 2024	March 4, 2014	60,000,000	60,000,000
4.95% Series due 2044	March 4, 2014	40,000,000	40,000,000
3.40% Series due 2022	June 26, 2014	75,000,000	75,000,000
5.05% Series due 2044	June 26, 2014	40,000,000	40,000,000
3.02% Series due 2021	September 16, 2014	60,000,000	60,000,000
3.74% Series due 2029	September 16, 2014	50,000,000	50,000,000
4.39% Series due 2044	September 16, 2014	50,000,000	50,000,000
2.80% Series due 2020	September 24, 2015	40,000,000	40,000,000
3.86% Series due 2030	September 24, 2015	60,000,000	60,000,000
4.07% Series due 2048	April 16, 2018	60,000,000	60,000,000

The amount of Bonds authorized to be issued by the Mortgage is unlimited. Bonds of any Series may be issued from time to time on the basis of (1) 60 percent of property additions after adjustments to offset retirements; (2) retirement of Bonds or certain prior lien Bonds; and (3) deposit of cash with the Trustee. With certain exceptions, in case of (2), the issuance of Bonds required adjusted net earnings before income taxes for 12 out of the preceding 15 months of at least twice the annual interest requirements on all Bonds at the time outstanding, including the proposed additional issue, and on all indebtedness of prior rank.

Brief Description of Other Security Agreements

On June 1, 2017, Minnesota Power, an operating division of ALLETE, Inc., executed a Guaranty in favor of Dairyland Power Cooperative in connection with the proposed construction of a 525 MW to 550 MW combined-cycle natural gas-fired generating facility, which will be jointly owned by Dairyland Power Cooperative and South Shore Energy, LLC, a subsidiary of ALLETE. In connection with the facility, Dairyland Power Cooperative and South Shore Energy, LLC entered into a Development and Construction Management Agreement and an Ownership and Operating Agreement (collectively, the “Guaranteed Agreements”). Under the Guaranty, Minnesota Power has agreed to guarantee the obligations of South Shore Energy, LLC, in its capacity as Owner, Construction Agent, and Operating Agent under the Guaranteed Agreements on the terms and conditions set forth in the Guaranty. The affiliate interest arrangements related to these agreements were approved by the Minnesota Public Utilities Commission in an order dated January 24, 2019, in Docket No. E015/AI-17-568.

STATEMENT DESCRIBING THE AMOUNT AND KINDS OF STOCK AUTHORIZED BY
THE COMPANY'S ARTICLES OF INCORPORATION INCLUDING
TERMS OF PREFERENCE AS OF THE DATE OF THE FILING OF THIS PETITION

The Company is authorized by its Articles of Incorporation, as amended, to issue 80,000,000 shares of Common Stock, without par value, of which 51,509,133 shares were outstanding as December 31, 2018.

The Company is also authorized to issue 116,000 shares of 5% Preferred Stock of the par value of \$100 each, 1,000,000 shares of Serial Preferred Stock without par value, and 2,500,000 shares of Serial Preferred Stock A, without par value. The Serial Preferred Stock and the Serial Preferred Stock A are hereinafter sometimes referred to collectively as the "Serial Stocks." There are no outstanding shares of the 5% Preferred or the Serial Preferred Stocks. Nonetheless, their terms are described below.

The 5% Preferred Stock and all series of the Serial Stocks are entitled equally, but only when and as declared by the Board of Directors, out of funds legally available for the payment of dividends and in preference to the Common Stock, to dividends at the rate of five percentum (5%) per annum as to the 5% Preferred Stock and at a rate as fixed by resolution of the Board of Directors in establishing the respective series of the Serial Stocks. Dividends as to the 5% Preferred Stock are cumulative as of July 1, 1945, and such dividends, as to each series of the Serial Stocks are cumulative from the first day of the current dividend period within which such shares of Serial Stocks are issued. The 5% Preferred Stock and the Serial Stocks, equally, shall also have a preference over the Common Stock upon any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, or upon any distribution of assets, other than profits, until there shall have been paid, by dividends or distribution, on the 5% Preferred Stock, the full par value thereof and five percentum thereon from July 1, 1945, and on such series of the Serial Preferred Stock, One Hundred Dollars per share plus an amount equal to dividends upon the shares of such series at the rate or rates fixed by the Board of Directors from the date or dates on which dividends on such shares become cumulative and on each series of Serial Preferred Stock A, as stated and expressed in the resolution or resolutions providing for the issue of each such series adopted by the Board of Directors. Neither the 5% Preferred Stock nor the Serial Preferred Stock shall receive any share in any voluntary or involuntary liquidation, dissolution or winding up of this Corporation, of in any distribution of assets in excess of the amounts stated in this paragraph or in the case of the Serial Preferred Stock A, in excess of the amounts stated in the resolution or resolutions providing for the issue of shares of Serial Preferred Stock A.

If and when dividends payable on any of the Preferred Stock shall be in default in any amount equal to four full quarterly payments or more per share, and thereafter until all dividends on any of the preferred stock in default shall have been paid, the holders of all of the then outstanding preferred stocks, voting as a class, shall be entitled to elect the smallest number of directors necessary to constitute a majority of the full Board of Directors, and the holders of the Common Stock, voting as a class, shall be entitled to elect the remaining directors of the Corporation. If and when all dividends then in default on the preferred stocks then outstanding shall be paid (and such dividends shall be declared and paid out of any funds legally available therefore as soon as reasonably practicable), the holders of the preferred stocks shall be divested of any special right with respect to the election of directors and the voting power of the holders of the preferred stocks and the holders of the Common Stock shall revert to the status existing before the first dividend payment date on which dividends on any of the preferred stocks were not paid in full; but always subject to the same provisions for vesting such special rights in the holders of the preferred stock in case of further like defaults on dividends thereon.

ALLETE, Inc.
DIVIDENDS PAID IN LAST FIVE YEARS

	CALENDAR 2018	CALENDAR 2017	CALENDAR 2016	CALENDAR 2015	CALENDAR 2014
COMMON DIVIDENDS	\$115,028,418	\$108,661,464	\$102,662,259	\$97,895,561	\$83,840,812
Paid Per Share	\$2.2400	\$2.1400	\$2.0800	\$2.0200	\$1.9600
PREFERRED DIVIDENDS (1)	-				

(1) No preferred stock outstanding.

ALLETE, Inc.
CONSOLIDATED CASH FLOW - 2018 Actuals
Thousands - Unaudited

	Q1 2018	Q2 2018	Q3 2018	Q4 2018	2018
Cash Flows from Operating Activities					
Net Income	\$50,966	\$31,325	\$30,672	\$61,122	\$174,085
AFUDC Equity	(312)	(195)	(359)	(313)	(1,179)
Loss (Income) from Equity Investments, Net of Dividends	(403)	(62)	(884)	(945)	(2,294)
Depreciation Expense	44,459	54,774	50,054	50,775	200,062
Deferred Income Tax Expense	(4,387)	(5,098)	405	(6,751)	(15,831)
<u>Working Capital & Other Assets / Liabilities</u>	<u>30,977</u>	<u>(7,831)</u>	<u>23,927</u>	<u>31,173</u>	<u>78,246</u>
Net Cash Provided by Operations	121,300	72,913	103,815	135,061	433,089
Cash Flows from Investing Activities					
Capital Expenditures	(\$39,965)	(\$53,789)	(\$92,543)	(\$125,646)	(\$311,943)
AFUDC Debt	(98)	(61)	(113)	(99)	(371)
Construction Payables	(48,081)	8,608	25,054	14,334	(85)
Acquisition of Subsidiaries, Net of Cash Acquired	0	0	0	0	0
Changes to Other Investments	2,465	(784)	157	4,010	5,848
<u>Other Investing Activities</u>	<u>(3,420)</u>	<u>(3,215)</u>	<u>(1,864)</u>	<u>(33,901)</u>	<u>(42,400)</u>
Net Cash Used for Investing Activities	(89,099)	(49,241)	(69,309)	(141,302)	(348,951)
Cash Flows from Financing Activities					
Debt Proceeds (Net)	(\$2,095)	\$15,592	(\$953)	(\$33,076)	(\$20,532)
Common Stock Proceeds	4,325	6,390	3,895	5,758	20,368
Dividends on Common Stock	(28,687)	(28,739)	(28,777)	(28,825)	(115,028)
<u>Other Financing Activities</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Cash provided by (used for) Financing Activities	(26,457)	(6,757)	(25,835)	(56,143)	(115,192)
Net Increase (Decrease) in Cash	\$5,744	\$16,915	\$8,671	(\$62,384)	(\$31,054)

ALLETE, Inc.
CONSOLIDATED CASH FLOW - 2019 Forecasted
Thousands - Unaudited

JANUARY FEBRUARY MARCH APRIL MAY JUNE JULY AUGUST SEPTEMBER OCTOBER NOVEMBER DECEMBER 2019

Cash Flows from Operating Activities

Net Income
Depreciation and Amortization
Deferred Income Taxes and ITC
AFUDC Equity
Equity Investments Loss (Income) Net of Dividends
Working Capital & Other Assets / Liabilities

Net Cash Provided by Operations

Cash Flows from Investing Activities

Capital Expenditures
AFUDC Debt
Construction Payables
Other Investing Activities

Net Cash Used for Investing Activities

Cash Flows from Financing Activities

Debt Proceeds (Net)
Common Stock Proceeds and Additional Equity
Dividends

Net Cash provided by (used for) Financing Activities

Net Increase (Decrease) in Cash

ALLETE, Inc.
CONSOLIDATED CASH FLOW - 2020 Forecasted
Thousands - Unaudited

	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	2020 YTD
Cash Flows from Operating Activities							
Net Income							
Depreciation and Amortization							
Deferred Income Taxes and ITC							
AFUDC Equity							
Equity Investments Loss (Income) Net of Dividends							
<u>Working Capital & Other Assets / Liabilities</u>							
Net Cash Provided by Operations							
Cash Flows from Investing Activities							
Capital Expenditures							
AFUDC Debt							
Construction Payables							
<u>Other Investing Activities</u>							
Net Cash Used for Investing Activities							
Cash Flows from Financing Activities							
Debt Proceeds (Net)							
Common Stock Proceeds and Additional Equity							
<u>Dividends</u>							
Net Cash provided by (used for) Financing Activities							
Net Increase (Decrease) in Cash							

ALLETE, Inc.
Projected Consolidated Sources and Uses of Funds
 January 1, 2019 - June 30, 2020
 (\$ Millions)

Sources of Funds:	2019 Total	6 Months Ending June 30, 2020
Debt Issuances ¹		
Equity Issuances ²		
Internal Cash Generation ³		
Decrease (Increase) in Cash Balances		
Total		
Uses of Funds:		
<u>Regulated Utility Capital Expenditures</u>		
Generation	\$35	\$17
Transmission	165	54
Distribution/Customer Service/Other	47	20
Total Regulated Utility Operations	\$247	\$91
Non-Regulated Capital Expenditures ⁴		
Total Capital Expenditures		
Construction Payables (Increase) Decrease	\$2	(\$1)
Debt Maturities	58	14
Common Dividends ⁵	125	68
Total		

¹ Reflects planned change in net debt issuances.

² Common equity will be issued to maintain capital structure ratios.

³ Includes sale of U.S. Water

⁴ Includes capital expenditures at ALLETE affiliates.

⁵ Dividends shown assume the current quarterly dividend rate of 58.75 cents per share and are not intended to represent the actual dividends paid.

ALLETE Inc.
Non-Recurring Security Issuances
January 1, 2018 - December 31, 2018

Docket Number	Date	Type of Security	Amount of Issuance	Purpose
E015/S-17-142	April 16, 2018	ALLETE First Mortgage Bonds ¹	\$60,000,000 from one series: \$60,000,000 @ 4.07% due 2048 Included estimated issuance costs of \$750,000	To fund utility capital investments and/or for general corporate purposes.

¹The compliance filings for non-recurring security issuances contain estimated issuance costs. Actual issuance costs for the First Mortgage Bonds were \$591,682.

ALLETE, Inc.
Consolidated Projected Capital Expenditures
(\$, millions rounded)

	2018 Projections ^b	2018 Actuals	Variance	Projections as of February 15, 2019 ^a				
				2019	2020	2021	2022	2023
Generation^c	32	26	(6)	35	33	28	24	24
Generation Total	32	26	(6)	35	33	28	24	24
Transmission								
Other Transmission Rider/Rider-Eligible ^d	109	106	(3)	127	22	-	-	-
Other ^e	46	38	(8)	38	85	150	107	40
Transmission Total	155	144	(11)	165	107	150	107	40
Distribution/Customer Service/Other^f								
	52	40	(12)	47	40	38	37	41
Distribution Total	52	40	(12)	47	40	38	37	41
Total Regulated Utility Operations	239	210	(29)	247	180	216	168	105
Non-Regulated Capital Expenditures ^g								
Total Capital Expenditures								

a Amounts include AFUDC

b 2018 Projection amounts as reported in Minnesota Power's 2018 Capital Structure Filing (Docket No. E015/S-18-155)

c Includes costs related to hydro system flood repairs and ongoing generation upkeep

d Includes costs related to construction of the Great Northern Transmission Line

e Includes capital costs to comply with NERC reliability standards and ongoing transmission upkeep

f Includes capital expenditures at Superior Water, Light & Power and ongoing distribution upkeep

g Includes capital expenditures, acquisitions, and investments at ALLETE's affiliates

Consolidated Projected Capital Expenditures

Capital expenditures included in the table above are consolidated capital expenditures for ALLETE and its subsidiaries; however, specific references are made to Minnesota Power's capital investments because the Company continues to operate its electric operations under the name of Minnesota Power (refer to Section III.C of this Petition for further detail on the Petitioner's Name). Discussion related to several significant projects is included below. Due to the proprietary nature of the expenditures, the Company has designated as trade secret the Non-Regulated Capital Expenditures and Total Capital Expenditures.

Generation

Minnesota Power's capital investment plan includes investments to meet safety, environmental, regulatory, and system reliability objectives. When comparing the 2018 Projected Generation Capital Expenditures to the 2018 actual investment, the Company experienced variances due to cancelled or deferred projects, as well as reduced costs for base generation projects.

Transmission

Additional investment is planned for Minnesota Power's existing facilities to maintain and expand its system to address reliability and load growth. The Company also plans to invest 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. When comparing the 2018 Projected Transmission Capital Expenditures to the 2018 actual investment, the Company experienced variances mainly due to cost savings from winter construction, utilizing internal crews and design review, as well as price reductions and tax savings. Some projects were also deferred to 2019.

Other Transmission Rider/Rider-Eligible expenditures include construction costs for the Great Northern Transmission Line (GNTL) for which the Company did not experience any significant variances.

Distribution

Additional investment is planned for Minnesota Power's existing facilities to maintain and expand its system to address reliability. When comparing the 2018 Projected Distribution Capital Expenditures to the 2018 actual investment, the Company experienced variances due to a delay in securing a location for the switching station for SWL&P, as well as projects that were deferred to 2019.

Non-Regulated Capital Expenditures

When comparing the 2018 Projected Non-Regulated Capital Expenditures to the 2018 actual investment, the Company experienced a variance due to the deferral of initiatives.