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NEWS

Superior Water, Light and Power Company requests rate changes to support system improvements, enhance reliability

Superior, Wisconsin — Superior Water Light and Power Co. (SWL&P), a wholly owned subsidiary of ALLETE Inc. (NYSE: ALE), filed an application today with the Public Service Commission of Wisconsin (PSCW) for authority to adjust electric, natural gas and water rates to support upgrades to its delivery systems that will improve safety, quality and reliability.

The rate adjustments being requested in today's filing reflect changes in operating revenue, operating expenses and customer base, including lower projected water sales in 2019.

In today's filing, SWL&P requested an overall increase of about \$2.4 million, which would result in a 2 percent increase in electric rates, a 2.3 percent increase in natural gas rates and an 8.3 percent increase in water rates.

The actual amount of any change to SWL&P customers' rates will be determined by the PSCW based on a review of the application and after public hearings expected to be scheduled later this year. The rate adjustments, if approved, are anticipated to become effective in 2019.

SWL&P had the lowest average retail electric rates in the state of Wisconsin and the 24th lowest average retail electric rates out of 169 utilities in the most recent rankings issued by the Edison Electric Institute earlier this year.

The water rate increase will support the replacement of century-old water mains along Belknap Street that will be completed this year, a new overflow at the water treatment plant, and new water lines and hydrants to enhance water quality. The Belknap project is timed to coincide with the Wisconsin Department of Transportation's reconstruction of Belknap Street, which will allow easier and more cost-effective access to underground water mains. Nearly two miles of water mains will be replaced, along with other, smaller projects to improve the water system's reliability.

Improvements to the electrical system include a new switching station to improve the reliability of the high-voltage transmission system serving Superior and replacement of 50-year-old switchgear at the Winter Street substation.

In addition, advanced meters to modernize the customer experience are being installed for water and gas customers, and general gas system upgrades are improving the system's safety and efficiency.

"A big part of this rate review request is to enhance our water quality and the quality of our water service," said Deb Amberg, president of Superior Water, Light and Power. "We work hard to deliver the safe, reliable and sustainable energy and water our customers expect from us every day. When we invest in service improvements, we also build value for our customers and the Superior community by ensuring their security, comfort and quality of life."

Today's filing includes estimates of the revenue the company needs to cover its operating expenses, debt payments, construction costs, taxes and a rate of return on its investment. Because each of SWL&P's three utilities — water, electric and natural gas — must stand alone financially, the rate change for each reflects each utility's expected costs.

SWL&P will file additional information with the PSCW regarding this rate request during the next month. That information will include a cost of service study and a proposed rate design for each of the utilities. The cost of service study determines the amount of revenue that needs to be collected to cover the costs of providing service by each utility — electric, gas and water. The rate design study indicates the amount that needs to be collected for each unit of electricity, gas or water that is used by a customer.

Additional information regarding the rate application can be obtained from an SWL&P customer representative by calling (715) 394-2200.

Superior Water, Light and Power provides electricity, water and natural gas in the city of Superior and adjacent areas in northwestern Wisconsin. The company has served the area since 1889 and provides services to approximately 15,000 electric customers, 13,000 natural gas customers and 10,000 water customers. More information can be found at www.swlp.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.

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