

United States
Securities and Exchange Commission
Washington, D.C. 20549

Form 10-K

(Mark One)

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

For the year ended **December 31, 2023**

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

(I.R.S. 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)

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

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

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

The aggregate market value of voting stock held by nonaffiliates on June 30, 2023, was \$3,320,941,939.

As of February 1, 2024, there were 57,578,222 shares of ALLETE Common Stock, without par value, outstanding.

Documents Incorporated By Reference

Portions of the Proxy Statement for the 2024 Annual Meeting of Shareholders are incorporated by reference in Part III.

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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 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 USA LLC
ARO	Asset Retirement Obligation
ASU	Accounting Standards Update
ATC	American Transmission Company LLC
Basin	Basin Electric Power Cooperative
Bison	Bison Wind Energy Center
BNI Energy	BNI Energy, Inc. and its subsidiary
Boswell	Boswell Energy Center
C&I	Commercial and Industrial
Camp Ripley	Camp Ripley Solar Array
Cenovus Energy	Cenovus Energy Inc.
CIP	Conservation Improvement Program
Cliffs	Cleveland-Cliffs Inc.
Company	ALLETE, Inc. and its subsidiaries
COVID-19	2019 novel coronavirus
CSAPR	Cross-State Air Pollution Rule
CTO	Chief Technology Officer
DC	Direct Current
DOC	U.S. Department of Commerce
ECO	Energy Conservation and Optimization
EPA	United States Environmental Protection Agency
ELG	Effluent Limitation Guidelines
ESOP	Employee Stock Ownership Plan
FASB	Financial Accounting Standards Board
FERC	Federal Energy Regulatory Commission
FGD	Flue Gas Desulphurization
FIP	Federal Implementation Plan
Form 8-K	ALLETE Current Report on Form 8-K
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.
HLBV	Hypothetical Liquidation at Book Value
Husky Energy	Husky Energy Inc.

Definitions (Continued)

<u>Abbreviation or Acronym</u>	<u>Term</u>
HVDC	High-Voltage Direct-Current
IBEW	International Brotherhood of Electrical Workers
Invest Direct	ALLETE's Direct Stock Purchase and Dividend Reinvestment Plan
IRP	Integrated Resource Plan
Item ____	Item ____ of this Form 10-K
kV	Kilovolt(s)
kW / kWh	Kilowatt(s) / Kilowatt-hour(s)
Lampert Capital Markets	Lampert Capital Markets, Inc.
Laskin	Laskin Energy Center
LLC	Limited Liability Company
MACT	Maximum Achievable Control Technology
MATS	Mercury and Air Toxics Standards
Manitoba Hydro	Manitoba Hydro-Electric Board
MBtu	Million British thermal units
Minnesota Power	An operating division of ALLETE, Inc.
Minnkota Power	Minnkota Power Cooperative, Inc.
MISO	Midcontinent Independent System Operator, Inc.
Moody's	Moody's Investors Service, Inc.
MPCA	Minnesota Pollution Control Agency
MPUC	Minnesota Public Utilities Commission
MRO	Midwest Reliability Organization
MW / MWh	Megawatt(s) / Megawatt-hour(s)
NAAQS	National Ambient Air Quality Standards
NDPSC	North Dakota Public Service Commission
NERC	North American Electric Reliability Corporation
New Energy	New Energy Equity LLC
Nippon Steel	Nippon Steel Corporation
NIST	National Institute of Standards and Technology
Nobles 2	Nobles 2 Power Partners, LLC
NOL	Net Operating Loss
NO ₂	Nitrogen Dioxide
NO _x	Nitrogen Oxides
Northshore Mining	Northshore Mining Company, a wholly-owned subsidiary of Cliffs
Note ____	Note ____ to the consolidated financial statements in this Form 10-K
NPDES	National Pollutant Discharge Elimination System
NTEC	Nemadji Trail Energy Center
NYSE	New York Stock Exchange
Oliver Wind I	Oliver Wind I Energy Center
Oliver Wind II	Oliver Wind II Energy Center
Palm Coast Park District	Palm Coast Park Community Development District in Florida
PPA / PSA	Power Purchase Agreement / Power Sales Agreement
PPACA	Patient Protection and Affordable Care Act of 2010

Definitions (Continued)

<u>Abbreviation or Acronym</u>	<u>Term</u>
PSCW	Public Service Commission of Wisconsin
PV	Photovoltaic
RFP	Request for Proposals
RSOP	Retirement Savings and Stock Ownership Plan
SEC	Securities and Exchange Commission
S&P	S&P Global Ratings
SIP	State Implementation Plan
Silver Bay Power	Silver Bay Power Company, a wholly-owned subsidiary of Cliffs
SIP	State Implementation Plan
SO ₂	Sulfur Dioxide
SOC	System and Organizational Controls
Sofidel	The Sofidel Group
South Shore Energy	South Shore Energy, LLC
Square Butte	Square Butte Electric Cooperative, a North Dakota cooperative corporation
Standard & Poor's	S&P Global Ratings
ST Paper	ST Paper LLC
SWL&P	Superior Water, Light and Power Company
Taconite Harbor	Taconite Harbor Energy Center
Taconite Ridge	Taconite Ridge Energy Center
Town Center District	Town Center at Palm Coast Community Development District in Florida
United Taconite	United Taconite LLC, a wholly-owned subsidiary of Cliffs
UPM Blandin	UPM, Blandin paper mill owned by UPM-Kymmene Corporation
U.S.	United States of America
USS Corporation	United States Steel Corporation
VEBA	Voluntary Employee Benefit Association
VIE	Variable Interest Entities
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-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 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 or changes in tax rates or policies;
- changes in rates of inflation or availability of key materials and suppliers;
- the outcome of legal and administrative proceedings (whether civil or criminal) and settlements;
- weather conditions, natural disasters and pandemic diseases;
- 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 deteriorate; 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 1, Item 1A under the heading “Risk Factors” of this 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 ALLETE in this Form 10-K and in other reports filed with the SEC that attempt to identify the risks and uncertainties that may affect ALLETE’s business.

Part I

Item 1. Business

Overview.

ALLETE is a leader in the nation's clean-energy transformation. Our businesses and dedicated employees deliver sustainable energy solutions that mitigate climate change, build thriving communities, help customers reach their sustainability goals and drive value for shareholders. In 2020, ALLETE's largest business, Minnesota Power, reached a milestone of providing 50 percent renewable energy to its retail and municipal customers in Minnesota, and in 2023 delivered 50 percent renewable energy to those customers. The Company envisions delivering 100 percent carbon-free energy to customers by 2050—a vision grounded in a steadfast commitment to climate, customers and community through its *EnergyForward* strategy. ALLETE Clean Energy, our second-largest business, is positioned at the heart of society's clean-energy transformation and owns, operates and has developed for others more than 1,600 megawatts of wind energy generation across eight states—helping some of the largest companies in the country reduce their carbon footprint. Our newest business, New Energy, is a leading developer of community, commercial and industrial, and small utility-scale renewable energy projects that has completed more than 500 MW in its history.

Minnesota Power's latest IRP, approved by the MPUC in an order dated January 9, 2023, 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 up to 700 MW of new wind and solar energy resources, and ceasing coal operations at Boswell Units 3 and 4 by 2030 and 2035, respectively. 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.

In recent years, Minnesota Power has transformed its company-owned 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.

On February 7, 2023, the Minnesota Governor signed into law legislation that updates the state's renewable energy standard and requires Minnesota electric utilities to source retail sales with 100 percent carbon-free energy by 2040. The Company is evaluating the law to identify challenges and opportunities it could present. Minnesota Power is also working with various stakeholders and participating in the regulatory process to implement this legislation. (See *Regulated Operations – Minnesota Legislation*.)

ALLETE is committed to earning a financial return that rewards our shareholders, allows for reinvestment in our businesses, and sustains growth. 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, New 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.

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 150,000 retail customers. Minnesota Power also has 14 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 4. 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 1,200 MW of nameplate capacity wind energy generation with a majority contracted under PSAs of various durations. In addition, ALLETE Clean Energy engages in the development of wind energy facilities to operate under long-term PSAs or for sale to others upon completion.

Overview (Continued)

Corporate and Other is comprised of New Energy, a renewable development company; our investment in Nobles 2, an entity that owns and operates a 250 MW wind energy facility in southwestern Minnesota; South Shore Energy, our non-rate regulated, Wisconsin subsidiary developing NTEC, an approximately 600 MW proposed combined-cycle natural gas-fired generating facility; BNI Energy, our coal mining operations in North Dakota; 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; land holdings 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 December 31, 2023, 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.

Year Ended December 31	2023	2022	2021
Consolidated Operating Revenue – Millions (a)	\$1,879.8	\$1,570.7	\$1,419.2
Percentage of Consolidated Operating Revenue			
Regulated Operations	66 %	80 %	87 %
ALLETE Clean Energy (a)	22 %	8 %	6 %
Corporate and Other (b)	12 %	12 %	7 %
	100 %	100 %	100 %

(a) Consolidated operating revenue for 2023 includes the sales of ALLETE Clean Energy’s Northern Wind and Red Barn projects.

(b) Consolidated operating revenue for 2023 and 2022 includes revenue from New Energy, which was acquired in the second quarter of 2022. (See Note. 5 Acquisitions.) For a detailed discussion of results of operations and trends, see Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations. For business segment information, see Note 1. Operations and Significant Accounting Policies and Note 14. Business Segments.

REGULATED OPERATIONS

Electric Sales / Customers

Regulated Utility Kilowatt-hours Sold

Year Ended December 31	2023	%	2022	%	2021	%
Millions						
Retail and Municipal						
Residential	1,089	8	1,148	9	1,135	7
Commercial	1,347	11	1,359	11	1,359	9
Industrial	7,044	55	6,745	52	7,196	47
Municipal	466	4	540	4	590	4
Total Retail and Municipal	9,946	78	9,792	76	10,280	67
Other Power Suppliers	2,819	22	3,149	24	5,102	33
Total Regulated Utility Kilowatt-hours Sold	12,765	100	12,941	100	15,382	100

Industrial Customers. In 2023, industrial customers represented 55 percent of total regulated utility kWh sales. Our industrial customers are primarily in the taconite mining, paper, pulp and secondary wood products, and pipeline industries. Cliffs idled all production at its Northshore mine in 2022 and resumed partial pellet plant production in April 2023. (See Outlook – Regulated Operations – Industrial Customers – Taconite.)

Industrial Customer Kilowatt-hours Sold

Year Ended December 31	2023	%	2022	%	2021	%
Millions						
Taconite	4,935	70	4,713	70	5,281	73
Paper, Pulp and Secondary Wood Products	669	10	735	11	702	10
Pipelines and Other Industrial	1,440	20	1,297	19	1,213	17
Total Industrial Customer Kilowatt-hours Sold	7,044	100	6,745	100	7,196	100

Six taconite facilities served by Minnesota Power made up approximately 70 percent of 2022 iron ore pellet production in the U.S. according to data from the Minnesota Department of Revenue 2023 Mining Tax Guide. These taconite facilities are owned by Cliffs and USS Corporation. (See *Large Power Customer Contracts*.) Sales to taconite customers represented 4,935 million kWh, or 70 percent of total industrial customer kWh sales in 2023. Taconite, an iron bearing rock of relatively low iron content, is abundantly available in northern Minnesota and an important domestic source of raw material for the steel industry. Taconite processing plants use large quantities of electric power to grind the iron-bearing rock, and agglomerate and pelletize the iron particles into taconite pellets.

Minnesota Power's taconite customers are capable of producing 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. 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, approximately 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 75 percent of capacity in 2023 (78 percent in 2022 and 82 percent in 2021). 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 U.S. steel consumption in 2024 will increase by approximately 2 percent compared to 2023.

REGULATED OPERATIONS (Continued)
Industrial Customers (Continued)

The following table reflects Minnesota Power’s taconite customers’ production levels for the past ten years:

Minnesota Power Taconite Customer Production	
Year	Tons (Millions)
2023*	35
2022	32
2021	39
2020	30
2019	37
2018	39
2017	38
2016	28
2015	31
2014	39

Source: Minnesota Department of Revenue 2023 Mining Tax Guide for years 2014 - 2022.
** Preliminary data from the Minnesota Department of Revenue.*

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 \$0.05, 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.

In addition to serving the taconite industry, Minnesota Power serves a number of customers in the paper, pulp and secondary wood products industry, which represented 669 million kWh, or 10 percent of total industrial customer kWh sales in 2023. Minnesota Power also has an agreement to provide steam for one paper and pulp customer for use in the customer’s operations. The major paper and pulp mills we serve reported operating at similar levels in 2023 compared to 2022. ST Paper completed start-up of operations and is now a Large Power Customer as of the first quarter of 2023. On January 3, 2024, ST Paper announced it had entered into an asset purchase agreement to sell the Duluth Mill to Sofidel (See Outlook – Regulated Operations – Industrial Customers – Paper, Pulp and Secondary Wood Products – ST Paper.)

Large Power Customer Contracts. Minnesota Power had eight Large Power Customer contracts as of December 31, 2023, each serving requirements of 10 MW or more of customer load. Certain facilities with common ownership are served under combined contracts. The customers as of December 31, 2023 consisted of six taconite facilities owned by Cliffs and USS Corporation as well as four paper and pulp mills. Minnesota Power also serves Northshore Mining through a PSA with its affiliate Silver Bay Power, in addition to the load served through its Large Power Contract with United Taconite and Northshore Mining. (See *Silver Bay Power PSA*.)

REGULATED OPERATIONS (Continued)
Large Power Customer Contracts (Continued)

Large Power Customer contracts require Minnesota Power to have a certain amount of generating capacity available. In turn, each Large Power Customer is required to pay a minimum monthly demand charge that covers the fixed costs associated with having this capacity available to serve the customer, including a return on common equity. Most contracts allow customers to establish the level of megawatts subject to a demand charge on a three- to four-month basis and require that a portion of their megawatt needs be committed on a take-or-pay basis for at least a portion of the term of the agreement. In addition to the demand charge, each Large Power Customer is billed an energy charge for each kWh used that recovers the variable costs incurred in generating electricity. Five of the Large Power Customer contracts have interruptible service which provides a discounted demand rate in exchange for the ability to interrupt the customers during system emergencies. Minnesota Power also provides incremental production service for customer demand levels above the contractual take-or-pay levels. There is no demand charge for this service and energy is priced at an increment above Minnesota Power's cost. Incremental production service is interruptible.

All contracts with Large Power Customers continue past the contract termination date unless the required advance notice of cancellation has been given. The required advance notice of cancellation varies from two to four years. Such contracts reduce the impact on earnings that otherwise would result from significant reductions in kWh sales to such customers. Large Power Customers are required to take all of their purchased electric service requirements from Minnesota Power for the duration of their contracts. The rates and corresponding revenue associated with capacity and energy provided under these contracts are subject to change through the same regulatory process governing all retail electric rates. (See *Regulatory Matters – Electric Rates.*)

Minnesota Power, as permitted by the MPUC, requires its taconite-producing Large Power Customers to pay weekly for electric usage based on monthly energy usage estimates. These customers receive estimated bills or make weekly prepayments based on Minnesota Power's estimate of the customer's energy usage, forecasted energy prices and fuel adjustment clause estimates. Minnesota Power's taconite producing Large Power Customers have generally predictable energy usage on a week-to-week basis and any differences that occur are trued-up the following month.

Contract Status for Minnesota Power Large Power Customers
As of December 31, 2023

Customer	Industry	Location	Ownership	Earliest Termination Date
Cliffs – Minorca Mine (a)	Taconite	Virginia, MN	Cliffs	December 31, 2027
Hibbing Taconite (a)(d)	Taconite	Hibbing, MN	85.3% Cliffs 14.7% USS Corporation	December 31, 2027
United Taconite and Northshore Mining (a)	Taconite	Eveleth, MN and Babbitt, MN	Cliffs	December 31, 2027
USS Corporation (USS – Minnesota Ore) (a)(b)(d)	Taconite	Mtn. Iron, MN and Keewatin, MN	USS Corporation	December 31, 2027
Boise, Inc. (a)	Paper	International Falls, MN	Packaging Corporation of America	December 31, 2027
UPM Blandin	Paper	Grand Rapids, MN	UPM-Kymmene Corporation	December 31, 2029
Sappi Cloquet LLC (a)	Paper and Pulp	Cloquet, MN	Sappi Limited	December 31, 2027
ST Paper Duluth (c)	Paper	Duluth, MN	ST Paper LLC	February 28, 2029

(a) The contract will terminate four years from the date of written notice from either Minnesota Power or the customer. No notice of contract cancellation has been given by either party. Thus, the earliest date of cancellation is December 31, 2027.

(b) USS Corporation owns both the Minntac Plant in Mountain Iron, MN, and the Keewatin Taconite Plant in Keewatin, MN.

(c) In January 2024, ST Paper announced it had entered into an asset purchase agreement to sell its paper mill in Duluth, Minnesota to Sofidel. (See *Outlook – Regulated Operations – Industrial Customers – Paper, Pulp and Secondary Wood Products.*)

(d) In December 2023, USS Corporation announced it entered into a definitive agreement in which Nippon Steel will acquire all of USS Corporation's stock. (See *Outlook – Regulated Operations – Industrial Customers – Taconite.*)

REGULATED OPERATIONS (Continued)

Silver Bay Power PSA. Minnesota Power has a PSA with Silver Bay Power through 2031 to supply its full energy requirements. Silver Bay Power supplies approximately 90 MW of load to Northshore Mining, an affiliate of Silver Bay Power.

Residential and Commercial Customers. In 2023, residential and commercial customers represented 19 percent of total regulated utility kWh sales.

Municipal Customers. In 2023, municipal customers represented 4 percent of total regulated utility kWh sales.

Minnesota Power's wholesale electric contracts with 14 non-affiliated municipal customers in Minnesota have termination dates ranging from 2029 through 2037, with a majority of contracts expiring in 2029. One of these wholesale contracts includes a termination clause requiring a 3-year notice to terminate. (See Note 4. Regulatory Matters.)

Other Power Suppliers. The Company also enters into off-system sales with Other Power Suppliers. These sales are at market based prices into the MISO market on a daily basis or through bilateral agreements of various durations.

Our PSAs are detailed in Note 9. Commitments, Guarantees and Contingencies, with additional disclosure provided in the following paragraphs.

Minnkota Power PSA. Minnesota Power has a PSA with Minnkota Power where 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 approximately 37 percent to Minnkota Power in 2023 (32 percent in 2022 and 28 percent in 2021). Minnkota Power's net entitlement increases to approximately 41 percent in 2024, 46 percent in 2025 and 50 percent in 2026. (See *Power Supply – Long-Term Purchased Power.*)

Hibbing Public Utilities. In April 2022, Minnesota Power entered into a long-term Power Purchase and Market Energy Service Agreement with Hibbing Public Utilities for the period of June 1, 2022, through May 31, 2027. The agreement replaced the previous wholesale electric contract between Hibbing Public Utilities and Minnesota Power.

Seasonality

The operations of our industrial customers, which make up a large portion of our electric sales, are not typically subject to significant seasonal variations. (See *Electric Sales / Customers.*) As a result, Minnesota Power is generally not subject to significant seasonal fluctuations in electric sales; however, Minnesota Power and SWL&P electric and natural gas sales to other customers may be affected by seasonal differences in weather. In general, peak electric sales occur in the winter and summer months with fewer electric sales in the spring and fall months. Peak sales of natural gas generally occur in the winter months. Additionally, our regulated utilities have historically generated fewer sales and less revenue when weather conditions are milder in the winter and summer.

Power Supply

In order to meet its customers' electric requirements, Minnesota Power utilizes a mix of its own generation and purchased power. Since 2020, approximately 50 percent of Minnesota Power's power supply for its retail and municipal customers in Minnesota has been provided by renewable energy sources. This was enabled by the completion of the 250 MW Nobles 2 wind energy facility in December 2020 and the GNTL in June 2020, which is used to deliver 250 MW of hydroelectric energy from Manitoba Hydro. Minnesota Power's remaining operating coal-fired facilities are Boswell Units 3 and 4, which Minnesota Power plans to cease coal operations at by 2030 and 2035, respectively. (See *Regulatory Matters.*) Renewable energy percentages may vary year to year based on weather, system demand and transmission constraints.

The following table reflects Minnesota Power's generating capabilities as of December 31, 2023, and total electrical supply for 2023. Minnesota Power had an annual net peak load of 1,551 MW on August 3, 2023.

REGULATED OPERATIONS (Continued)
Power Supply (Continued)

Regulated Utility Power Supply	Unit No.	Year Installed	Net Capability MW	Year Ended December 31, 2023	
				Generation and Purchases MWh	%
Coal-Fired					
Boswell Energy Center <i>(a)</i>	3	1973	352		
in Cohasset, MN	4	1980	468 <i>(b)</i>		
			820	4,458,923	33.8
Total Coal-Fired			820	4,458,923	33.8
Biomass Co-Fired / Natural Gas					
Hibbard Renewable Energy Center in Duluth, MN	3 & 4	1949, 1951	60	68,189	0.5
Laskin Energy Center in Hoyt Lakes, MN	1 & 2	1953	98	110,290	0.8
Total Biomass Co-Fired / Natural Gas			158	178,479	1.3
Hydro <i>(c)</i>					
Group consisting of ten stations in MN	Multiple	Multiple	120	434,133	3.3
Wind <i>(d)</i>					
Taconite Ridge Energy Center in Mtn. Iron, MN	Multiple	2008	25	47,361	0.4
Bison Wind Energy Center in Oliver and Morton Counties, ND	Multiple	2010-2014	497	1,269,120	9.6
Total Wind			522	1,316,481	10.0
Solar <i>(e)</i>					
Group consisting of two solar arrays in MN	Multiple	Multiple	10	15,844	0.1
Total Generation			1,630	6,403,860	48.5
Long-Term Purchased Power					
Lignite Coal - Square Butte near Center, ND <i>(f)</i>				1,377,198	10.4
Wind - Oliver Wind I and II in Oliver County, ND				357,541	2.7
Wind - Nobles 2 in Nobles County, MN <i>(g)</i>				953,506	7.2
Hydro - Manitoba Hydro in Manitoba, Canada				1,460,000	11.1
Solar - Purchases from five solar arrays in MN				28,227	0.2
Total Long-Term Purchased Power				4,176,472	31.6
Other Purchased Power <i>(h)</i>					
Total Purchased Power				2,625,816	19.9
Total Regulated Utility Power Supply				6,802,288	51.5
				13,206,148	100.0

(a) Minnesota Power anticipates ceasing coal operations at Boswell Units 3 and 4 by 2030 and 2035, respectively. (See Regulatory Matters.)

(b) Boswell Unit 4 net capability shown above reflects Minnesota Power's ownership percentage of 80 percent. WPPI Energy owns 20 percent of Boswell Unit 4. (See Note 3. Jointly-Owned Facilities and Assets.)

(c) Hydro consists of 10 stations with 34 generating units.

(d) Taconite Ridge consists of 10 WTGs and Bison consists of 165 WTGs.

(e) Solar includes the 10 MW Camp Ripley Solar Array near Little Falls, MN, and a 40 kW community solar garden in Duluth, MN.

(f) Minnesota Power has a PSA with Minnkota Power whereby Minnesota Power is selling a portion of its entitlement from Square Butte to Minnkota Power. (See Electric Sales / Customers – Minnkota Power PSA.)

(g) See Item 1. Business – Corporate and Other – Investment in Nobles 2.

(h) Includes short-term market purchases in the MISO market and from Other Power Suppliers.

REGULATED OPERATIONS (Continued)
Power Supply (Continued)

Fuel. Minnesota Power purchases low-sulfur, sub-bituminous coal from the Powder River Basin region located in Montana and Wyoming. Coal consumption in 2023 for electric generation at Minnesota Power’s coal-fired generating stations was 2.7 million tons (2.7 million tons in 2022; 2.7 million tons in 2021). As of December 31, 2023, Minnesota Power had coal inventories of 0.7 million tons (0.8 million tons as of December 31, 2022). Minnesota Power has coal supply agreements providing for the purchase of a significant portion of its coal requirements through December 2025. In 2024, Minnesota Power expects to obtain coal under these coal supply agreements and in the spot market. Minnesota Power continues to explore other future coal supply options and believes that adequate supplies of low-sulfur, sub-bituminous coal will continue to be available.

Minnesota Power also has coal transportation agreements in place for the delivery of a significant portion of its coal requirements through December 2024. The costs of fuel and related transportation costs for Minnesota Power’s generation are recoverable from Minnesota Power’s utility customers through the fuel adjustment clause.

Coal Delivered to Minnesota Power

Year Ended December 31	2023	2022	2021
Average Price per Ton	\$41.23	\$39.98	\$39.51
Average Price per MBtu	\$2.30	\$2.25	\$2.18

Long-Term Purchased Power. Minnesota Power has contracts to purchase capacity and energy from various entities, including output from certain coal, wind, hydro and solar generating facilities.

Our PPAs are detailed in Note 9. Commitments, Guarantees and Contingencies, with additional disclosure provided in the following paragraph.

Square Butte PPA. Under the PPA with Square Butte that extends through 2026, Minnesota Power is entitled to 50 percent of the output of Square Butte’s 455 MW coal-fired generating unit. (See Note 9. Commitments, Guarantees and Contingencies.) BNI Energy mines and sells lignite coal to Square Butte. This lignite supply is sufficient to provide fuel for the anticipated useful life of the generating unit. Square Butte’s cost of lignite consumed in 2023 was approximately \$2.36 per MBtu (\$2.05 per MBtu in 2022; \$1.94 per MBtu in 2021). (See *Electric Sales / Customers – Minnkota Power PSA.*)

Manitoba Hydro. Minnesota Power has two long-term PPAs with Manitoba Hydro. The first PPA provides for Minnesota Power to purchase 250 MW of capacity and energy from Manitoba Hydro through May 2035. The second PPA provides for Minnesota Power to purchase up to 133 MW of energy from Manitoba Hydro through June 2040. A third PPA, which expired in April 2022 was an energy-only agreement, which primarily consisted of surplus hydro energy on Manitoba Hydro’s system that was delivered to Minnesota Power on a non-firm basis.

Wind Energy. 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.*) 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.

Solar Energy. Minnesota Power purchases solar energy from approximately 20 MW of solar energy facilities located in Minnesota that are owned by an ALLETE subsidiary, and a 1 MW community solar garden in northeastern Minnesota, which is owned and operated by a third party.

REGULATED OPERATIONS (Continued)

Transmission and Distribution

We have electric transmission and distribution lines of 500 kV (232 miles), 345 kV (241 miles), 250 kV (466 miles), 230 kV (715 miles), 161 kV (43 miles), 115 kV (1,380 miles) and less than 115 kV (6,415 miles). We own and operate 162 substations with a total capacity of 9,980 megavolt-amperes. Some of our transmission and distribution lines interconnect with other utilities, and we own some of our transmission lines jointly with other utilities. (See Note 3. Jointly-Owned Facilities and Assets and Outlook – Regulated Operations – Transmission.)

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. 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. As of December 31, 2023, our equity investment in ATC was \$179.7 million (\$165.4 million as of December 31, 2022). (See Note 6. Equity Investments.)

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 2020 FERC order which is subject to various outstanding legal challenges related to the return on equity calculation and refund period ordered by the FERC. On August 9, 2022, the U.S. Court of Appeals for the District of Columbia Circuit vacated and remanded the 2020 FERC order back to the FERC. As a result of this decision, ATC recorded a reserve in the third quarter of 2022 for anticipated refunds to its customers for approximately \$31 million of which our share was approximately \$2.4 million pre-tax. We cannot predict the return on equity the FERC will ultimately authorize in the remanded proceeding.

In addition, the FERC issued a Notice of Proposed Rulemaking in April 2021 to limit the 50 basis point incentive adder for participation in a regional transmission organization to only the first three years of membership in such an organization. If this proposal is adopted, our equity in earnings from ATC would be reduced by approximately \$1 million pre-tax annually.

ATC's most recent 10-year transmission assessment, which covers the years 2023 through 2032, identifies a need for between \$6.6 billion and \$8.1 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 general capital calls based upon our pro rata ownership interest in ATC.

Properties

Our Regulated Operations businesses own office and service buildings, an energy control center, repair shops, electric plants, transmission and distribution facilities and storerooms in various localities in Minnesota, Wisconsin and North Dakota. All of the electric plants are subject to mortgages, which collateralize the outstanding first mortgage bonds of Minnesota Power and SWL&P. Most of the generating plants and substations are located on real property owned by Minnesota Power or SWL&P, subject to the lien of a mortgage, whereas most of the transmission and distribution lines are located on real property owned by others with appropriate easement rights or necessary permits from governmental authorities. WPPI Energy owns 20 percent of Boswell Unit 4. WPPI Energy has the right to use our transmission line facilities to transport its share of Boswell generation. (See Note 3. Jointly-Owned Facilities and Assets.)

REGULATED OPERATIONS (Continued)

Regulatory Matters

We are subject to the jurisdiction of various regulatory authorities and other organizations. Regulatory matters and proceedings are detailed in Note 4. Regulatory Matters, with a summary included in the following paragraphs.

Electric Rates. All rates and contract terms in our Regulated Operations are subject to approval by applicable regulatory authorities. Minnesota Power and SWL&P design their retail electric service rates based on cost of service studies under which allocations are made to the various classes of customers as approved by the MPUC or the PSCW. Nearly all retail sales include billing adjustment clauses, which may adjust electric service rates for changes in the cost of fuel and purchased energy, recovery of current and deferred conservation improvement program expenditures and recovery of certain transmission, renewable and environmental investments.

Minnesota Public Utilities Commission. The MPUC has regulatory authority over Minnesota Power's retail service area in Minnesota, retail rates, retail services, capital structure, issuance of securities and other matters. Minnesota Power's retail base rates through 2021 were based on a 2018 MPUC retail rate order that allowed for a 9.25 percent return on common equity and a 53.81 percent equity ratio. Interim rates were implemented in Minnesota Power's 2022 general rate case beginning in January 2022, and the resolution of Minnesota Power's 2022 general rate case changed the allowed return on equity to 9.65 percent and the equity ratio to 52.50 percent beginning October 1, 2023. (See *2022 Minnesota General Rate Case*.) As authorized by the MPUC, Minnesota Power also recognizes revenue under cost recovery riders for transmission and renewable investments.

2024 Minnesota General Rate Case. On November 1, 2023, Minnesota Power filed a retail rate increase request with the MPUC seeking an average increase of approximately 12.00 percent for retail customers, net of rider revenue incorporated into base rates. The rate filing seeks a return on equity of 10.30 percent and a 53.00 percent equity ratio. On an annualized basis, the requested final rate increase would generate approximately \$89 million in additional revenue. On December 7, 2023, the MPUC accepted the filing as complete and approved an annual interim rate increase of approximately \$64 million, net of rider revenue, incorporated into base rates starting January 1, 2024, subject to refund. We cannot predict the level of final rates that may be authorized by the MPUC.

2022 Minnesota General Rate Case. On November 1, 2021, Minnesota Power filed a retail rate increase request with the MPUC seeking an average increase of approximately 18 percent for retail customers. The rate filing sought a return on equity of 10.25 percent and a 53.81 percent equity ratio. On an annualized basis, the requested final rate increase would have generated approximately \$108 million in additional revenue.

In an order dated February 28, 2023, the MPUC made determinations regarding Minnesota Power's general rate case including allowing a return on common equity of 9.65 percent and a 52.50 percent equity ratio. We expect additional revenue from base rates of approximately \$60 million and an additional \$10 million in revenue recognized under cost recovery riders on an annualized basis. On March 20, 2023, Minnesota Power filed a petition for reconsideration with the MPUC requesting reconsideration and clarification of certain decisions in the MPUC's order. Minnesota Power's petition included requesting reconsideration of the ratemaking treatment of Taconite Harbor and Minnesota Power's prepaid pension asset as well as clarification on interim rate treatment for sales to certain customers that did not operate during 2022. The MPUC denied the requests for reconsideration in an order dated May 15, 2023, and provided clarification in support of the interim rate refund treatment for sales to certain customers that did not operate during 2022.

On June 14, 2023, Minnesota Power appealed to the Minnesota Court of Appeals (Court) specific aspects of the MPUC's rate case orders. Minnesota Power is appealing the ratemaking treatment of Taconite Harbor and Minnesota Power's prepaid pension asset. We are unable to predict the outcome of this proceeding.

In an order dated September 29, 2023, the MPUC approved Minnesota Power's final rates, which were implemented beginning on October 1, 2023. The MPUC order also approved Minnesota Power's interim rate refund plan. Interim rates were collected through the third quarter of 2023 with reserves recorded as necessary. Minnesota Power recorded a reserve for an interim rate refund of approximately \$39 million pre-tax as of September 30, 2023 (approximately \$18 million as of December 31, 2022). The reserve was refunded to customers during the fourth quarter of 2023.

REGULATED OPERATIONS (Continued)
Regulatory Matters (Continued)

Minnesota Power Land Sales. In August 2020, Minnesota Power filed a petition with the MPUC for approval to sell land that surrounds several reservoirs on its hydroelectric system and is no longer required to maintain its operations. The land had an estimated value of approximately \$100 million, and Minnesota Power proposed to credit ratepayers the net proceeds from the sales in a future rate case or through its renewable resources rider to mitigate future rate increases. In an order dated November 18, 2021, the MPUC authorized the land sales and directed the net proceeds to be refunded to ratepayers subject to certain conditions and required compliance filings. As of December 31, 2023, we have a regulatory liability recorded of \$30.2 million related to these sales.

2021 Integrated Resource Plan. On February 1, 2021, Minnesota Power filed its latest IRP, which was approved by the MPUC in an order dated January 9, 2023. The approved IRP, which reflects a joint agreement reached with various stakeholders, outlines Minnesota Power's 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 up to 700 MW of new wind and solar energy resources, and ceasing coal operations at Boswell Units 3 and 4 by 2030 and 2035, respectively. 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. Minnesota Power is expected to file its next IRP by March 1, 2025.

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 achievement, in 2020, of now providing 50 percent renewable energy to its customers.

Public Service Commission of Wisconsin. The PSCW has regulatory authority over SWL&P's retail sales of electricity, natural gas and water, issuances of securities and other matters. The resolution of SWL&P's 2022 general rate case changed the allowed return on equity to 10.00 percent and maintained an equity ratio of 55.00 percent beginning January 1, 2023. (See *2022 Wisconsin General Rate Case.*) SWL&P's retail rates through 2022 were based on a December 2018 order by the PSCW that allowed for a return on equity of 10.40 percent and a 55.00 percent equity ratio.

2022 Wisconsin General Rate Case. In 2022, SWL&P filed a rate increase request with the PSCW seeking an average increase of 3.60 percent for retail customers. The filing sought an overall return on equity of 10.40 percent and a 55.00 percent equity ratio. On an annualized basis, the requested final rate increase would have generated an estimated \$4.3 million in additional revenue. In an order dated December 20, 2022, the PSCW approved an annual increase of \$3.3 million reflecting a return on equity of 10.00 percent and 55.00 percent equity ratio. Final rates went into effect January 1, 2023.

North Dakota Public Service Commission. The NDPSW has jurisdiction over site and route permitting of generation and transmission facilities in North Dakota.

Federal Energy Regulatory Commission. The FERC has jurisdiction over the licensing of hydroelectric projects, the establishment of rates and charges for transmission of electricity in interstate commerce, electricity sold at wholesale (including the rates for Minnesota Power's municipal and wholesale customers), natural gas transportation, certain accounting and recordkeeping practices, certain activities of our regulated utilities and the operations of ATC. FERC jurisdiction also includes enforcement of NERC mandatory electric reliability standards. Violations of FERC rules are subject to enforcement action by the FERC including financial penalties up to \$1 million per day per violation.

Regional Organizations

Midcontinent Independent System Operator, Inc. Minnesota Power, SWL&P and ATC are members of MISO, a regional transmission organization. While Minnesota Power and SWL&P retain ownership of their respective transmission assets, their transmission networks are under the regional operational control of MISO. Minnesota Power and SWL&P take and provide transmission service under the MISO open access transmission tariff. In cooperation with stakeholders, MISO manages the delivery of electric power across 15 states and the Canadian province of Manitoba.

North American Electric Reliability Corporation. The NERC has been certified by the FERC as the national electric reliability organization. The NERC ensures the reliability of the North American bulk power system. The NERC oversees six regional entities that establish requirements, approved by the FERC, for reliable operation and maintenance of power generation facilities and transmission systems. Minnesota Power is subject to these reliability requirements and can incur significant penalties for noncompliance.

REGULATED OPERATIONS (Continued)
Regional Organizations (Continued)

Midwest Reliability Organization (MRO). Minnesota Power and ATC are members of the MRO, one of the six regional entities overseen by the NERC. The MRO's primary responsibilities are to: ensure compliance with mandatory reliability standards by entities which own, operate or use the interconnected, international bulk power system; conduct assessments of the grid's ability to meet electricity demand in the region; and analyze regional system events. The MRO region spans the Canadian provinces of Saskatchewan and Manitoba, and all or parts of 16 states.

Minnesota Legislation

Renewable and Carbon-Free Energy Requirements. On February 7, 2023, the Minnesota Governor signed into law legislation that updates the state's renewable energy standard and requires Minnesota electric utilities to source retail sales with 100 percent carbon-free energy by 2040. The law increases the renewable energy standard from 25 percent renewable by 2025 to 55 percent renewable by 2035, and requires investor-owned Minnesota utilities to provide 80 percent carbon-free energy by 2030, 90 percent carbon-free energy by 2035 and 100 percent carbon-free energy by 2040. The law utilizes renewable energy credits as the means to demonstrate compliance with both the carbon-free and renewable energy standards, includes an off ramp provision that enables the MPUC to protect reliability and customer costs through modification or delay of either the renewable energy standard, the carbon-free standard, or both, and streamlines development and construction of wind energy projects and transmission in Minnesota. The Company is evaluating the law to identify challenges and opportunities it could present. Minnesota Power is also working with various stakeholders and participating in the regulatory process to implement this legislation.

Since 2020, approximately 50 percent of Minnesota Power's power supply for its retail and municipal customers in Minnesota has been provided by renewable energy sources. Minnesota Power's plans include expanding its renewable energy supply to 70 percent renewable energy by 2030. Minnesota Power has also set a target to achieve an 80 percent reduction in carbon emissions by 2035 compared to 2005 levels. (See Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations – Outlook – EnergyForward.)

Minnesota Solar Energy Standard. Minnesota law requires at least 1.5 percent of total retail electric sales, excluding sales to certain customers, to be generated by solar energy. At least 10 percent of the 1.5 percent mandate must be met by solar energy generated by or procured from solar photovoltaic devices with a nameplate capacity of 40 kW or less and community solar garden subscriptions. Minnesota Power has met both parts of the solar mandate to date.

Competition

Retail electric energy sales in Minnesota and Wisconsin are made to customers in assigned service territories. As a result, most retail electric customers in Minnesota do not have the ability to choose their electric supplier. Large energy users of 2 MW and above that are located outside of a municipality are allowed to choose a supplier upon MPUC approval. Minnesota Power served eight Large Power Customers under contracts of at least 10 MW in 2023, none of which have engaged in a competitive rate process. (See *Electric Sales / Customers.*) No other large commercial or small industrial customers in Minnesota Power's service territory have sought a provider outside Minnesota Power's service territory. Retail electric and natural gas customers in Wisconsin do not have the ability to choose their energy supplier. In both states, however, electricity may compete with other forms of energy. Customers may also choose to generate their own electricity, or substitute other forms of energy for their manufacturing processes.

In 2023, 4 percent of total regulated utility kWh sales were to municipal customers in Minnesota. These customers have the right to seek an energy supply from any wholesale electric service provider upon contract expiration. Minnesota Power's wholesale electric contract with the Nashwauk Public Utilities Commission is effective through 2037. Minnesota Power's wholesale electric contracts with 13 other non-affiliated municipal customers are effective through 2029. (See *Electric Sales / Customers.*)

The FERC has continued with its efforts to promote a competitive wholesale market through open-access electric transmission and other means. As a result, our electric sales to Other Power Suppliers and our purchases to supply our retail and wholesale load are made in a competitive market.

REGULATED OPERATIONS (Continued)

Franchises

Minnesota Power holds franchises to construct and maintain an electric distribution and transmission system in 95 cities. The remaining cities, villages and towns served by Minnesota Power do not require a franchise to operate. SWL&P serves customers under electric, natural gas or water franchises in 1 city and 14 villages and towns.

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 1,200 MW of nameplate capacity wind energy generation with a majority contracted under PSAs of various durations. In addition, ALLETE Clean Energy engages in the development of wind energy facilities to operate under long-term PSAs or for sale to others upon completion. (See Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations – Outlook – ALLETE Clean Energy.)

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.

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	MW	PSA Expiration
East	Armenia Mountain	101		
	PSA 1		50%	2031
	PSA 2		50%	2024
Midwest	Lake Benton	104	100%	2028
	Storm Lake I	108	100%	2027
	Storm Lake II	77		
	Merchant		90%	n/a
	PSA		10%	2032
	Other	17	100%	2028
South	Caddo	303		
	Merchant		27%	n/a
	PSA 1		66%	2034
	PSA 2		7%	2034
	Diamond Spring	303		
	PSA 1		58%	2035
	PSA 2		25%	2032
PSA 3		16%	2035	
West	Condon	50	100%	2028
	Glen Ullin	106	100%	2039
	South Peak	80	100%	2035

The majority of ALLETE Clean Energy's wind operations are located on real property owned by others with easement rights or necessary consents of governmental authorities. One of ALLETE Clean Energy's wind energy facilities is encumbered by liens against its assets securing financing. ALLETE Clean Energy's Glen Ullin, South Peak, Diamond Spring and Caddo wind energy facilities are subject to tax equity financing structures. (See Note 1. Operations and Significant Accounting Policies.)

CORPORATE AND OTHER

New Energy

In April 2022, a wholly-owned subsidiary of ALLETE acquired 100 percent of the membership interests of New Energy for a purchase price of \$165.5 million. New Energy, which is headquartered in Annapolis, Maryland, is a renewable energy development company with a primary focus on solar and storage facilities while also offering comprehensive operations, maintenance and asset management services. New Energy is a leading developer of community, commercial and industrial, and small utility-scale renewable energy projects that has completed more than 500 MW in its history, totaling more than \$1.2 billion of capital. New Energy currently has a robust project pipeline with greater than 2,000 MW of renewable projects in development across over 20 different states. New Energy is involved in greenfield development as well as acquiring and completing mid-stage and late-stage renewable energy projects. New Energy will continue its current strategy of developing and operating renewable energy projects.

Investment in Nobles 2

Our subsidiary, ALLETE South Wind, owns a 49 percent equity interest in Nobles 2, the entity that owns and operates a 250 MW wind energy facility in southwestern Minnesota pursuant to a 20-year PPA with Minnesota Power. As of December 31, 2023, our equity investment in Nobles 2 was \$151.5 million (\$157.3 million at December 31, 2022). (See Note 6. Equity Investments.)

South Shore Energy

South Shore Energy, ALLETE's non-rate regulated, Wisconsin subsidiary, is developing NTEC, an approximately 600 MW proposed combined-cycle natural gas-fired generating facility to be built in Superior, Wisconsin, which will be jointly owned by Dairyland Power Cooperative, Basin and South Shore Energy. Minnesota Power is expected to purchase approximately 20 percent of the facility's output starting in 2028 pursuant to a capacity dedication agreement. 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 South Shore Energy will be responsible for approximately 20 percent. South Shore Energy's portion of NTEC project costs incurred through December 31, 2023, is approximately \$9 million.

BNI Energy

BNI Energy is a supplier of lignite coal in North Dakota, producing approximately 4 million tons annually and has an estimated 650 million tons of lignite coal reserves. Two electric generating cooperatives, Minnkota Power and Square Butte, consume virtually all of BNI Energy's production of lignite under cost-plus fixed fee coal supply agreements extending through December 31, 2037. (See Item 1. Business – Regulated Operations – Power Supply – Long-Term Purchased Power and Note 9. Commitments, Guarantees and Contingencies.) The mining process disturbs and reclaims between 200 and 250 acres per year. Laws require that the reclaimed land be at least as productive as it was prior to mining. As of December 31, 2023, BNI Energy's total reclamation liability is estimated at \$82.1 million, which is included in Other Non-Current Liabilities on the Consolidated Balance Sheet at its present value. These costs are included in the cost-plus fixed fee contract, for which an asset reclamation cost receivable was included in Other Non-Current Assets on the Consolidated Balance Sheet. The asset reclamation obligation is guaranteed by surety bonds and a letter of credit. (See Note 9. Commitments, Guarantees and Contingencies.)

ALLETE Properties

ALLETE Properties represents our legacy Florida real estate investment. ALLETE Properties' major project in Florida is Town Center at Palm Coast, which consists of approximately 200 acres of land as well as various residential units and non-residential square footage. In addition to the Town Center at Palm Coast project, ALLETE Properties has approximately 500 acres of other land available for sale. (See Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations – Outlook – Corporate and Other – ALLETE Properties.)

Seller Financing. ALLETE Properties occasionally provides seller financing to qualified buyers. As of December 31, 2023, outstanding finance receivables were \$2.9 million, net of reserves, with maturities through 2027. These finance receivables accrue interest at market-based rates and are collateralized by the financed properties.

CORPORATE AND OTHER (Continued)
ALLETE Properties (Continued)

Regulation. A substantial portion of our development properties in Florida are subject to federal, state and local regulations, and restrictions that may impose significant costs or limitations on our ability to develop the properties. Much of our property is vacant land and some is located in areas where development may affect the natural habitats of various protected wildlife species or in sensitive environmental areas such as wetlands.

Non-Rate Base Generation and Miscellaneous

Corporate and Other also includes other business development and corporate expenditures, unallocated interest expense, a small amount of non-rate base generation, land holdings in Minnesota, and earnings on cash and investments.

As of December 31, 2023, non-rate base generation consists of 29 MW of natural gas and hydro generation at Rapids Energy Center in Grand Rapids, Minnesota, which is primarily dedicated to the needs of one customer, UPM Blandin, and approximately 20 MW of solar energy facilities located in Sylvan, Hoyt Lakes, and Duluth, Minnesota, which sell energy generated to Minnesota Power.

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. (See Note 9. Commitments, Guarantees and Contingencies.)

HUMAN CAPITAL MANAGEMENT

The Company's key human capital management objectives are to attract, recognize and retain high quality talent, align with strategic business objectives and support the Company's values. To support these objectives, the Company's programs are designed to develop talent; reward and support employees through competitive compensation programs and benefit plans; enhance the Company's culture through efforts aimed at making the workplace more engaging, safe and inclusive; and acquire talent and leverage internal opportunities to create a high-performing, diverse workforce. Our management, the ALLETE Board of Directors Executive Compensation and Human Capital Committee, and our Board of Directors as a whole play key roles in reviewing and overseeing our human capital practices.

As of December 31, 2023, ALLETE had 1,560 employees, of which 1,513 were full-time. We also respect employees' freedom of association and their right to collectively organize. As of December 31, 2023, Minnesota Power and SWL&P have an aggregate of 479 employees covered under collective bargaining agreements, of which most are members of the International Brotherhood of Electrical Workers (IBEW) Local 31. The current labor agreements with IBEW Local 31 expire on April 30, 2026, for Minnesota Power and January 31, 2027, for SWL&P. BNI Energy has 129 employees that are members of IBEW Local 1593. The current labor agreement with IBEW Local 1593 expires on March 31, 2026.

HUMAN CAPITAL MANAGEMENT (Continued)

ALLETE's Human Rights Policy confirms our commitment to the advancement and protection of human rights, consistent with U.S. human rights laws and the general principles in the International Labour Organization Convention.

Integrity. Integrity is a foundational, shared value at ALLETE, is important to ALLETE's business and operations, and enables our success. The Company has a written Code of Business Conduct that applies to all of our employees, directors of ALLETE, contractors, vendors, and others who do business with or on behalf of ALLETE.

Health and Safety. The success of our business is fundamentally connected to the well-being of our people. Our journey to zero injury starts with a culture that is open and transparent. We encourage all employees to report injuries, near misses, and good catches, so that we can learn and share with others throughout the Company in an effort to improve safety performance. Leaders have regular safety conversations with employees, where hazard identification and controls are discussed to ensure work is being performed safely. To monitor progress, the Company uses leading and lagging indicators to analyze injury trends, safety participation and other data, such as data from our Company-wide safety perception survey to make better decision on safety practices.

Talent Attraction, Retention and Development. For more than a century, ALLETE has been successful because of our ability to attract and retain high-quality people who demonstrate our shared values. We engage in workforce planning, and succession planning, while building a robust talent pipeline and monitoring turnover.

We recognize and support the growth and development of our employees and offer opportunities to participate in internal and external learning programs. Our internal talent development programs provide employees with the resources they need to develop proficiency in their role, help achieve their career goals and build leadership skills. We are focusing initiatives on programs to expand the diversity of new hires and updating on-the-job trainings—including apprenticeships and scholarships aimed at bridging opportunity gaps—as we recognize the importance of a strong talent pipeline. In addition to role specific training, targeted training also includes respect in the workplace, cyber awareness, safety, integrity and leadership development.

Compensation and Benefits. Our competitive compensation package gives employees flexibility, choices and opportunities. Competitive compensation is important for the Company to attract and retain a qualified workforce to successfully manage our business and achieve our business objectives. We also strive to ensure pay equity among diverse employees performing equal or substantially similar work. Periodically, we review the median pay of our male and female employees as well as employees from diverse backgrounds.

Diversity, Equity and Inclusion. Increasing diversity enriches our workforce culture at ALLETE. Our employees are operating in an increasingly diverse society. In order to be accountable to our employees and stakeholders, we strive to have a workforce that reflects the diversity of the communities we serve, promotes inclusivity and is equitable.

At ALLETE, we want to ensure that we have a workplace culture where we treat each other with fairness, dignity and respect. The Company has a respect in the workplace initiative, which includes education as well as ongoing discussions focused on building respectful relationships and managing bias. We continue our efforts in crafting a framework to strengthen ALLETE's diversity, equity and inclusion efforts in the areas of: workforce, supply chain, communications, customers, and ALLETE as a community citizen. ALLETE continues to take tangible steps toward advancing diversity, equity and inclusion by continuing to raise awareness, furthering intentional external relationships/partnerships, increasing supplier diversity, focus on underrepresented groups through grants/scholarships and other Company and employee giving.

Yellow Ribbon Program. ALLETE and its subsidiaries are dedicated to supporting veterans, military members and their families. An employee effort grew out of that spirit of commitment to veterans and led the state of Minnesota to designate ALLETE/Minnesota Power and ALLETE Clean Energy as Yellow Ribbon Companies. The mission of ALLETE's Yellow Ribbon Program is to contribute to the Company's unique culture by proactively recruiting and retaining the best and supporting an environment in which military-connected employees can thrive.

AVAILABILITY OF INFORMATION

ALLETE makes its SEC filings, including its annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and any amendments to those reports filed or furnished pursuant to Section 13(e) or 15(d) of the Securities Exchange Act of 1934, available free of charge on ALLETE's website, www.allete.com, as soon as reasonably practicable after they are electronically filed with or furnished to the SEC.

INFORMATION ABOUT OUR EXECUTIVE OFFICERS

As of February 20, 2024, these are the executive officers of ALLETE:

Executive Officers	Initial Effective Date
Bethany M. Owen, Age 58	
Chair, President and Chief Executive Officer	May 11, 2021
President and Chief Executive Officer	February 3, 2020
President	January 31, 2019
Senior Vice President and Chief Legal and Administrative Officer	November 26, 2016
Patrick L. Cutshall, Age 58	
Vice President and Corporate Treasurer	December 18, 2017
Nicole R. Johnson, Age 49	
Vice President and President of ALLETE Clean Energy	August 22, 2022
Vice President and Chief Administrative Officer	June 28, 2019
Steven W. Morris, Age 62	
Senior Vice President and Chief Financial Officer	February 9, 2022
Vice President and Chief Accounting Officer	October 28, 2021
Vice President, Controller and Chief Accounting Officer	December 24, 2016
Joshua J. Skelton, Age 44	
Vice President and Chief Operating Officer of Minnesota Power	August 22, 2022
Margaret A. Thickens, Age 57	
Vice President, Chief Legal Officer and Corporate Secretary	February 13, 2019

All of the executive officers have been employed by us for more than five years in executive or management positions. Prior to election to the position listed above, the following executives held other positions with the Company during the past five years.

Ms. Johnson was Vice President – Human Resources.

Mr. Skelton was Chief Operating Officer of Minnesota Power, Vice President Generation Operations and ALLETE Safety.

There are no family relationships between any of the executive officers. All officers and directors are elected or appointed annually.

The present term of office of the executive officers listed in the preceding table extends to the first meeting of our Board of Directors after the next annual meeting of shareholders. Both meetings are scheduled for May 14, 2024.

Item 1A. Risk Factors

The risks and uncertainties discussed below could materially affect our business operations, financial position, results of operations and cash flows, and should be carefully considered by stakeholders. The risks and uncertainties in this section are not the only ones we face; additional risks and uncertainties that we are not presently aware of, or that we currently consider immaterial, may also affect our business operations, financial position, results of operations and cash flows. Accordingly, the risks described below should be carefully considered together with other information set forth in this report and in future reports that we file with the SEC.

Regulated Operations Risks

Our results of operations could be negatively impacted if our taconite, paper and pipeline customers experience an economic downturn, incur work stoppages, fail to compete effectively, experience decreased demand, fail to economically obtain raw materials, fail to renew or obtain necessary permits, or experience a decline in prices for their product.

Minnesota Power's Large Power Customers (see Item 1. Business – Regulated Operations – Electric Sales / Customers) and Silver Bay Power accounted for 24 percent of our 2023 consolidated operating revenue (29 percent in 2022 and 32 percent in 2021) and 36 percent of Regulated Operations operating revenue (36 percent in 2022 and 37 percent in 2021). Minnesota Power's taconite customers, which are currently owned by only two entities at the end of 2023, accounted for approximately 21 percent of consolidated operating revenue and 32 percent of Regulated Operations operating revenue in 2023. This concentrated ownership presents customer concentration risk for the Company, and could lead to further capacity consolidation for both steel blast furnaces and related Minnesota iron ore production. These customers are also involved in cyclical industries that by their nature are adversely impacted by economic downturns and are subject to strong competition in the marketplace. The North American paper and pulp industry also 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 or idled facilities in recent years and have pursued or are pursuing product changes in response to declining demand. Additionally, the taconite industry could be impacted by changing technology in the steel industry such as the adoption of electric arc furnaces for steelmaking, which could result in declining demand for taconite and the electricity used during its production.

Minnesota Power also serves two pipeline customers that accounted for 2 percent of our 2023 consolidated operating revenue (2 percent in 2022 and in 2021) and 3 percent of Regulated Operations revenue in 2023 (2 percent in 2022 and 2021). These customers are involved in an industry that is seeing increased environmental pressure for construction of new or expanded pipeline infrastructure for the transportation of fossil fuels. Changes in regulatory rulings or permit proceedings could result in changes to operations of the pipeline network in our service territory.

Accordingly, if our industrial customers experience an economic downturn, incur a work stoppage (including strikes, lock-outs or other events), fail to compete effectively, experience decreased demand, fail to economically obtain raw materials or operate their facilities, fail to renew or obtain necessary permits, or experience a decline in demand or prices for their product, there could be adverse effects on their operations and, consequently, this could have a negative impact on our results of operations as we are unable to remarket at similar prices the energy that would otherwise have been sold to such customers.

We may not be able to successfully implement our strategic objectives of growing load at our utilities if current or potential industrial or municipal customers are unable to successfully implement expansion plans, including the inability to obtain necessary governmental permits and approvals.

As part of our long-term strategy, we pursue new wholesale and retail loads in and around our service territories. Currently, there are several companies in northeastern Minnesota that are in the process of developing natural resource-based projects that represent long-term growth potential and load diversity for our Regulated Operations businesses. These projects may include construction of new facilities and restarts of old facilities, both of which require permitting and approvals to be obtained before the projects can be successfully implemented. If a project does not obtain any necessary governmental (including environmental) permits and approvals or if these customers are unable to successfully implement expansion plans, our long-term strategy and thus our results of operations could be adversely impacted.

Item 1A. Risk Factors (Continued)
Regulated Operations Risks (Continued)

Our businesses, investments and customers are subject to an extensive legal and regulatory framework under federal and state laws as well as regulations imposed by other organizations that may have a negative impact on our business and results of operations.

Our businesses, investments and customers are subject to an extensive legal and regulatory framework imposed under federal and state law including regulations administered by the FERC, MPUC, MPCA, PSCW, NDPSC and EPA as well as regulations administered by other organizations including the NERC. These laws and regulations relate to allowed rates of return, capital structure, financings, rate and cost structure, acquisition and disposal of assets and facilities, construction and operation of generation, transmission and distribution facilities (including the ongoing maintenance and reliable operation of such facilities), recovery of purchased power costs and capital investments, approval of integrated resource plans and present or prospective wholesale and retail competition, renewable portfolio standards that require utilities to obtain specified percentages of electric supply from eligible renewable generation sources, among other things. Energy policy initiatives at the state or federal level could increase or accelerate renewable and carbon-free energy standards or incentives for distributed generation, municipal utility ownership, or local initiatives could introduce generation or distribution requirements that could change the current integrated utility model. (See Item 1. Business – Regulated Operations – Minnesota Legislation.) Our transmission systems and electric generation facilities are subject to the NERC mandatory reliability standards, including cybersecurity standards. Compliance with these standards may lead to increased operating costs and capital expenditures which are subject to regulatory approval for recovery. If it was determined that we were not in compliance with these mandatory reliability standards or other statutes, rules and orders, we could incur substantial monetary penalties and other sanctions, which could adversely affect our results of operations.

These laws and regulations significantly influence our operations and may affect our ability to recover costs from our customers. We are required to have numerous permits, licenses, approvals and certificates from the agencies and other organizations that regulate our business. We believe we have obtained the necessary permits, licenses, approvals and certificates for our existing operations and that our business is conducted in accordance with applicable laws; however, we are unable to predict the impact on our operating results from the future regulatory activities of any of these agencies and other organizations. Changes in regulations, timing of approvals, the adoption of new regulations or the expansion of jurisdiction by these agencies and other organizations could have an adverse impact on our business and results of operations. In addition, our ability to manage changing regulations could be impacted by our rights and obligations under joint ownership agreements.

Our ability to obtain rate adjustments to maintain reasonable rates of return depends upon regulatory action under applicable statutes and regulations, and we cannot provide assurance that rate adjustments will be obtained or reasonable authorized rates of return on capital will be earned. Minnesota Power and SWL&P, from time to time, file general rate cases with, or otherwise seek cost recovery authorization from, federal and state regulatory authorities. If Minnesota Power and SWL&P do not receive an adequate amount of rate relief in general rate cases, including if rates are reduced, if increased rates are not approved or recovered on a timely basis, if fuel adjustment clause recoveries or cost recovery for other items are not granted at the requested level, or costs are otherwise unable to be recovered through rates, we may experience an adverse impact on our financial position, results of operations and cash flows. We are unable to predict the impact on our business and results of operations from future legislation or regulatory activities of any of these agencies or organizations.

Our regulated operations present certain environmental risks that could adversely affect our financial position and results of operations, including effects of environmental laws and regulations, physical risks associated with climate change and initiatives designed to reduce the impact of GHG emissions.

We are subject to extensive environmental laws and regulations affecting many aspects of our past, present and future operations, including air quality, water quality and usage, waste management, reclamation, hazardous wastes, avian mortality and natural resources. These laws and regulations, or new laws and regulations that may be passed, can result in increased capital expenditures and increased operating and other costs as a result of compliance, remediation, containment and monitoring obligations, particularly with regard to laws relating to emissions, coal ash and water discharge at generating facilities.

These laws and regulations could restrict the output of some existing facilities, limit the use of some fuels in the production of electricity, require the installation of additional pollution control equipment, require participation in environmental emission allowance trading, and lead to other environmental considerations and costs, which could have an adverse impact on our business, operations and results of operations.

Item 1A. Risk Factors (Continued)
Regulated Operations Risks (Continued)

These laws and regulations generally require us to obtain and comply with a wide variety of environmental licenses, permits, inspections and other approvals. Violations of these laws and regulations could expose us to regulatory and legal proceedings, disputes with, and legal challenges by, governmental authorities and private parties, as well as potential significant civil fines criminal penalties and other sanctions.

Existing environmental regulations may be revised and new environmental regulations may be adopted or become applicable to us. Revised or additional regulations which result in increased compliance costs or additional operating restrictions, particularly if those costs are not fully recoverable from customers, could have an adverse effect on our results of operations.

There is significant uncertainty regarding if and when new laws, regulations or administrative policies will be adopted to reduce or limit GHG and the impact any such laws or regulations would have on us. In 2023, our operating coal-fired generating facilities consisted of the 352 MW Boswell Unit 3 and the 468 MW Boswell Unit 4. (See Item 7. Management Discussion and Analysis of Financial Condition and Results of Operation – Outlook – EnergyForward.) Any future limits on GHG emissions at the federal or state level, or action taken by regulators, before these facilities are retired or become coal-free may require us to incur significant capital expenditures and increases in operating costs, or could result in early closure of coal-fired generating facilities, stranded assets, an impairment of assets, denial of full recovery of decommissioning costs in excess of amounts previously collected, or otherwise adversely affect our results of operations, particularly if resulting expenditures and costs are not fully recoverable from customers.

Our regulated operations may be adversely impacted by the physical and financial risks associated with climate change. See *Entity-wide Risks* for additional discussion of risks related to GHG and climate change.

We cannot predict the amount or timing of all future expenditures related to environmental matters because of uncertainty as to applicable regulations or requirements. There is also uncertainty in quantifying liabilities under environmental laws that impose joint and several liability on all potentially responsible parties. Violations of certain environmental statutes, rules and regulations could expose ALLETE to third party disputes and potentially significant monetary penalties, as well as other sanctions for noncompliance.

The operation and maintenance of our regulated electric generation, transmission and distribution facilities are subject to operational risks that could adversely affect our financial position, results of operations and cash flows.

The operation of generating facilities involves many risks, including start-up operational risks, breakdown or failure of facilities, the dependence on a specific fuel source, inadequate fuel supply, availability of fuel transportation, and the impact of unusual or adverse weather conditions or other natural events, as well as the risk of performance below expected levels of output or efficiency. A significant portion of our facilities contain older generating equipment, which, even if maintained in accordance with good engineering practices, may require significant capital expenditures to continue operating at peak efficiency. Generation, transmission and distribution facilities and equipment are also likely to require periodic upgrades and improvements due to changing environmental standards and technological advances. Our ability to manage and operate certain facilities could also be impacted by our rights and obligations under the joint ownership agreements. We could be subject to costs associated with any unexpected failure to produce or deliver power, including failure caused by breakdown, forced outage or limited availability of fuel or fuel transportation, as well as the repair of damage to facilities due to breakdown, storms, natural disasters, wars, sabotage, terrorist acts and other catastrophic events. This could also lead to requiring additional purchased power to meet requirements of serving our retail load, which for Minnesota Power is subject to recovery under the fuel adjustment clause. Should these costs be denied or are otherwise unable to be recovered, our financial position, results of operations and cash flows could be adversely impacted.

Our ability to successfully and timely complete capital repairs or improvements to existing regulated facilities or in the development of new electric generation and transmission facilities or other capital projects is contingent upon many variables.

We expect to incur significant capital expenditures in making capital repairs or improvements to our existing electric generation and transmission facilities and in the development and construction of new electric generation and transmission facilities. Should any such efforts be unsuccessful, not completed in a timely manner, if we are unable to obtain the necessary permits, land rights and regulatory approvals, or if there are increases in the costs for or limited availability of key materials, supplies, labor and services, we could be subject to additional costs or impairments, and projects may be delayed or canceled which could have an adverse impact on our financial position, results of operation and cash flows.

Item 1A. Risk Factors (Continued)
Regulated Operations Risks (Continued)

Our regulated electric operations may not have access to adequate and reliable transmission and distribution facilities necessary to deliver electricity to our customers.

We depend on our own transmission and distribution facilities, as well as facilities owned by other utilities, to deliver the electricity sold to our customers, and to other energy suppliers. If transmission capacity is inadequate or transmission and distribution facilities we rely on are damaged, our ability to sell and deliver electricity may be limited. We may have to forgo sales or may have to buy more expensive wholesale electricity that is available in a capacity-constrained area. The ability to restore adequate capacity or repair damaged infrastructure may be impacted by the availability of key materials, supplies, labor and services, which if unavailable may prolong the impact of capacity constraints or damaged facilities. In addition, any infrastructure failure or damage that interrupts or impairs delivery of electricity to our customers could negatively impact the satisfaction of our customers, which could have an adverse impact on our business and results of operations.

The price of electricity may be volatile and fuel may be volatile and availability may be limited.

Volatility in market prices for electricity and volatility and limited availability of fuel could adversely impact our financial position and results of operations and may result from:

- severe or unexpected weather conditions and natural disasters;
- seasonality;
- changes in electricity usage;
- transmission or transportation constraints, inoperability or inefficiencies;
- availability of competitively priced alternative energy sources;
- changes in supply and demand for energy;
- changes in power production capacity;
- outages at our generating facilities or those of our competitors;
- availability of fuel and transportation of fuel;
- changes in production and storage levels of natural gas, lignite, coal, crude oil and refined products;
- wars, sabotage, terrorist acts, cybersecurity attacks or other catastrophic events; and
- federal, state, local and foreign energy, environmental, or other regulation and legislation.

Volatility in market prices for our fuel and purchase power costs impacts our sales to retail, municipal and Other Power Suppliers. Fluctuations in our fuel and purchased power costs related to our retail and municipal customers are passed on to customers through the fuel adjustment clause; however, our results of operations and cash flows may be adversely impacted if increased fuel adjustment clause rates are not approved or recovered on a timely basis, if cost recovery is not granted at the requested level, or costs are otherwise unable to be recovered through the fuel adjustment clause.

Wholesale prices for electricity have also declined in recent years primarily due to the extension of renewable tax credits and additional renewable generation commencing operations. If there are reductions in demand from current customers, we lose retail customers, or we lose municipal customers that do not renew existing contracts, we will market any available power to Other Power Suppliers in an effort to mitigate any earnings impact. Sales to Other Power Suppliers are sold at market-based prices into the MISO market on a daily basis or through bilateral agreements of various durations. Due to wholesale prices for electricity being below our rates for retail and municipal customers, we do not expect that our power marketing efforts would fully offset the reduction in earnings resulting from the lower demand from existing customers or the loss of customers. (See Item 1. Business – Regulated Operations – Electric Sales / Customers.)

Item 1A. Risk Factors (Continued)
Regulated Operations Risks (Continued)

Demand for energy may decrease.

Our results of operations are impacted by the demand for energy in our service territories, our municipal customers and other power suppliers. There could be lower demand for energy due to a loss of customers as a result of economic conditions, customers constructing or installing their own generation facilities, higher costs and rates charged to customers, eligible municipal and other power suppliers choosing an alternative energy provider, or loss of service territory or franchises. Further, energy conservation and technological advances that increased energy efficiency may temporarily or permanently reduce the demand for energy products. In addition, we are impacted by state and federal regulations requiring mandatory conservation measures, which reduce the demand for energy products. Continuing technology improvements and regulatory developments may make customer and third party-owned generation technologies such as rooftop solar systems, WTGs, microturbines and battery storage systems more cost effective and feasible for certain customers. If customers utilize their own generation, demand for energy from us would decline. There may not be future economic growth opportunities that would enable us to replace the lost energy demand from these customers. Therefore, a decrease in demand for energy could adversely impact our financial position, results of operations and cash flows.

ALLETE Clean Energy / Corporate and Other Risks

The inability to successfully manage and grow our businesses could adversely affect our results of operations.

The Company's strategy includes adding customers, new geographies, and growth through acquisitions or project development with long-term PSAs in place for the output or to be sold upon completion. This strategy depends, in part, on the Company's ability to successfully identify and evaluate acquisition or development opportunities and consummate acquisitions on acceptable terms and obtain all required permits and approvals. The Company may compete with other companies for these acquisition and development opportunities, which may increase the Company's cost of making acquisitions and the Company may be unsuccessful in pursuing these acquisition opportunities. Other companies may be able to pay more for acquisitions and may be able to identify, evaluate, bid for and purchase a greater number of assets than the Company's financial or human resources permit. New laws and regulations promoting renewable energy generation may result in increased competition. Our ALLETE Clean Energy business is experiencing return pressures from increased competition, and lower forward price curves, as a growing amount of investment capital is being directed into wind energy generation opportunities. In addition, current and potential new project developments at our businesses 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. Additionally, tax law changes may adversely impact the economic characteristics of potential acquisitions or investments. If the Company is unable to execute its strategy of growth through acquisitions, project development for others, or the addition of new customers and geographies, it may impede our long-term objectives and business strategy.

Acquisitions and operations of recently acquired entities are subject to uncertainties. If we are unable to successfully integrate and manage New Energy, or future acquisitions and strategic investments, this could have an adverse impact on our results of operations. Our actual results may also differ from our expectations due to factors such as the ability to obtain timely regulatory or governmental approvals, integration and operational issues and the ability to retain management and other key personnel.

Our results of operations could be adversely affected by changes in governmental incentives or policies that support renewable energy or changes in taxes, tariffs, duties or other assessments on renewable energy or the equipment necessary to generate and deliver it.

Any reductions or modifications to, or the elimination of, governmental incentives or policies that support renewable energy, or the imposition of additional or increased sourcing of components subject to taxes, tariffs, duties or other assessments on renewable energy or the equipment necessary to generate and deliver it, could result in, among other items, the lack of a satisfactory market for the development or financing of new renewable energy projects and reduced project returns on current or future projects.

Item 1A. Risk Factors (Continued)**ALLETE Clean Energy / Corporate and Other Risks (Continued)**

The U.S. government currently imposes anti-dumping and countervailing duties on certain imported photovoltaic (PV) cells and modules from China and Taiwan. Such duties can change over time pursuant to annual reviews conducted by the U.S. Department of Commerce (DOC). On August 18, 2023, the U.S. DOC issued a final affirmative determination that imports of certain PV cells and modules assembled and completed in Cambodia, Malaysia, Thailand, and Vietnam are circumventing anti-dumping and countervailing duties. Duties will not be collected on imports before June 2024 as a result of a temporary duty suspension ordered by the U.S. President. Our operating results could be adversely impacted if this U.S. DOC circumvention determination results in duties assessed on future purchases made by our businesses after the current moratorium ends, or if additional anti-dumping and countervailing duties are imposed by the U.S. government on products purchased by our businesses.

The generation of electricity from wind and solar energy facilities depends heavily on suitable meteorological conditions.

Although our electric generation facilities are located in diverse geographic regions to reduce the potential impact that may be caused by unfavorable weather in a particular region, suitable meteorological conditions are variable and difficult to predict. If wind or solar conditions are unfavorable or meteorological conditions are unsuitable, electricity generation and revenue from wind and solar energy facilities may be substantially below our expectations. The electricity produced, production tax credits received, and revenues generated by a wind or solar energy facility are highly dependent on suitable wind conditions and associated weather conditions, which are variable and beyond our control. We base our decisions about which wind and solar projects to build or acquire as well as our electricity generation estimates, in part, on the findings of long-term wind and other meteorological studies conducted on the project site and its region; however, the unpredictable nature of wind and solar conditions, weather and meteorological conditions can result in material deviations from these studies and our expectations. Furthermore, components of our systems could be damaged by severe weather, such as hailstorms, lightning or tornadoes. In addition, replacement and spare parts for key components may be difficult or costly to acquire or may be unavailable. Unfavorable wind and solar conditions, weather or changes to meteorological patterns could impair the effectiveness of our electric generation facility assets, reduce their output beneath their rated capacity or require shutdown of key equipment, impeding operation of our wind energy facilities or lead to an impairment of assets.

The construction, operation and maintenance of our electric generation facilities or investment in facilities are subject to operational risks that could adversely affect our financial position, results of operations and cash flows.

The construction and operation of generating facilities involves many risks, including the performance by key contracted suppliers and maintenance providers; increases in the costs for or limited availability of key materials, supplies, labor and services; start-up operations risks; breakdown or failure of facilities; curtailment of facilities by counterparties or due to inadequate transmission capacity; the dependence on the availability of wind resources; or the impact of unusual, adverse weather conditions or other natural events, as well as the risk of performance below expected levels of output or efficiency. Some of our facilities contain older generating equipment, which even if maintained in accordance with good engineering practices, may require significant capital expenditures to continue operating at peak efficiency. We could be subject to costs associated with any unexpected failure to produce and deliver power, including failure caused by breakdown or forced outage, as well as the repair of damage to facilities due to storms, natural disasters, wars, sabotage, terrorist acts and other catastrophic events.

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

Unusual, adverse weather conditions or other natural events and different settlement prices between hub and node 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 C&I customers at its Diamond Spring and Caddo wind energy facilities are contracts for differences where power is delivered to the market, 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. Certain contracts also settle with the market at the hub price whereas ALLETE Clean Energy settles with the customer at the node price which can vary significantly based on multiple factors. These settlement provisions can result in an adverse impact on our financial position, results of operations and cash flows when market prices are volatile, or lead to potential impairment of property, plant and equipment if these conditions persist for an extended period of time.

Item 1A. Risk Factors (Continued)

ALLETE Clean Energy / Corporate and Other Risks (Continued)

As contracts with counterparties expire, we may not be able to replace them with agreements on similar terms or divest the related assets at a profit.

ALLETE Clean Energy is party to PSAs that expire in various years between 2024 and 2039. These PSA expirations are prior to the end of the estimated useful lives of the respective wind energy facilities. If, for any reason, ALLETE Clean Energy is unable to enter into new agreements with existing or new counterparties on similar terms once the current agreements expire, sell energy in the wholesale market resulting in similar revenue, or enter into a contract to sell the facility at a profit, our financial position, results of operations and cash flows could be adversely affected, which includes potential impairment of property, plant and equipment.

Counterparties to turbine and other generation supply, service and maintenance, or power sale agreements may not fulfill their obligations.

Our businesses are party to turbine and other generation supply agreements, service and maintenance agreements, and PSAs under various durations with a limited number of creditworthy counterparties. If, for any reason, any of the counterparties under these agreements do not fulfill their related contractual obligations, and we are unable to mitigate non-performance by a key supplier or maintenance provider or remarket PSA energy resulting in similar revenue, our financial position, results of operations and cash flows could be adversely affected.

ALLETE has a significant amount of goodwill. A determination that goodwill has been impaired could result in a significant non-cash charge to earnings.

We had approximately \$155 million of goodwill recorded on our Consolidated Balance Sheet as of December 31, 2023, related to New Energy. If we change our business strategy, fail to deliver on our projected results or if market or other conditions adversely affect the operations of New Energy, we may be required to record an impairment charge. Declines in projected operating cash flows at New Energy could also result in an impairment charge. An impairment charge would result in a non-cash charge to earnings that could have an adverse effect on our results of operations.

BNI Energy may be adversely impacted by its exposure to customer concentration, and environmental laws and regulations.

BNI Energy sells lignite coal to two electric generating cooperatives, Minnkota Power and Square Butte, and could be adversely impacted if these customers were unable or unwilling to fulfill their related contractual obligations, or change the way in which they operate their generating facilities. In addition, BNI Energy and its customers may be adversely impacted by existing or new environmental laws and regulations which could have an adverse effect on our financial position, results of operations and cash flows. In addition, insurance companies have decreased the available coverage for policy holders in the mining industry, impacting the availability of coverage, and leading to higher deductibles and premiums.

Real estate market conditions where our legacy Florida real estate investment is located may deteriorate.

The Company's strategy related to the real estate assets of ALLETE Properties incorporates the possibility of a bulk sale of its entire portfolio, in addition to sales over time, however, adverse market conditions could impact the timing of land sales, which could result in little to no sales, while still incurring operating expenses such as community development district assessments and property taxes, resulting in net operating losses at ALLETE Properties. Furthermore, weak market conditions could put the properties at risk for an impairment charge. An impairment charge would result in a non-cash charge to earnings that could have an adverse effect on our results of operations.

Entity-wide Risks

We could be materially adversely affected by health epidemics, pandemics and other outbreaks.

Health epidemics, pandemics and other outbreaks, as well as the related federal and state government responses, can have widespread impacts on the economy and on our employees, customers, contractors and suppliers, such as those experienced from the COVID-19 pandemic. There may be uncertainty regarding the length of time an epidemic, pandemic or other outbreak will last, how they will evolve, or the extent and duration of any measures attempted to try and contain them.

Item 1A. Risk Factors (Continued)
Entity-wide Risks (Continued)

A disruption of economic activity or an extended disruption of economic activity may lead to adverse impacts on our taconite, paper, pulp and secondary wood products, and pipeline customers' operations including reduced production or the temporary idling or indefinite shutdown of facilities, which would result in lower sales and revenue from these customers. A disruption in capital markets could lead to increased borrowing costs or adversely impact our ability to access capital markets or other financing sources, which would adversely affect our ability to maintain our businesses or to implement our business plans. An epidemic, pandemic or other outbreak may also result in a disruption to our supply chains which could adversely impact our operations and capital projects resulting in project and operational delays, project cancellations, lower returns on projects and cost increases.

Despite any efforts made to mitigate the impacts on the Company of an epidemic, pandemic or other outbreak, their ultimate impact also depends on factors beyond our control, including their duration and severity as well as governmental and third-party actions taken to contain their spread and mitigate their public health effects. As a result, we cannot predict the ultimate impact of an epidemic, pandemic or other outbreak, such as the ongoing COVID-19 pandemic and whether it will have a material impact on our liquidity, financial position, results of operations and cash flows.

We rely on access to financing sources and capital markets. If we do not have access to capital on acceptable terms or are unable to obtain capital when needed, our ability to execute our business plans, make capital expenditures or pursue other strategic actions that we may otherwise rely on for future growth would be adversely affected.

We rely on access to financing sources and the capital markets, on acceptable terms and at reasonable costs, as sources of liquidity for capital requirements not satisfied by our cash flows from operations. Rising interest rates, inflation and market disruptions or a downgrade of our credit ratings may increase the cost of borrowing or adversely affect our ability to access and finance in the capital markets or to access other financing sources such as tax equity financing. Such disruptions or causes of a downgrade could include but are not limited to: weakening of the Company's cash flow metrics; a loss of, or a reduction in sales to, our taconite, paper and pipeline customers if we are unable to offset the related lost margins; weaker operating performance; adverse regulatory outcomes; disproportionate increase in the contribution to net income from ALLETE Clean Energy and our Corporate and Other businesses as compared to that from our Regulated Operations; deteriorating economic or capital market conditions; or volatility in commodity prices.

If we are not able to access capital on acceptable terms in sufficient amounts and when needed, or at all, the ability to maintain our businesses or to implement our business plans would be adversely affected. This would include our ability to make the significant capital expenditures planned in order to achieve Minnesota Power's clean-energy transition plans. (See Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations – Capital Requirements.)

A deterioration in general economic conditions, an inflationary environment or supply chain disruptions may have adverse impacts on our financial position, results of operations and cash flows.

If economic conditions deteriorate, we experience an inflationary environment or supply chains are disrupted on a national, regional or global level, it may have a negative impact on our customers and the Company's financial position, results of operations and cash flows. This impact may include volatility and unpredictability in the demand for the products and services offered by our businesses, the loss of existing customers, tempered growth strategies, customer production cutbacks, customer bankruptcies and increases in costs for or limited availability of key materials, supplies, labor and services for our operations and capital projects. An uncertain economy could also adversely affect expenses including pension costs, interest costs, and uncollectible accounts, or lead to reductions in the value of certain real estate and other investments.

Our utility infrastructure and generating facilities, ongoing and future capital and development projects, and other operations require components, supplies, materials, labor and services sourced from suppliers or providers who, in turn, may source components from their suppliers. A shortage of key components, supplies, materials, labor or services in which an alternative supplier or provider is not identified could significantly impact project plans or our operations. Such impacts could include project delays, including potential for project cancellation, lower project returns, increased costs or the inability to provide service to customers, which could adversely impact our results of operations, financial condition or cash flows.

Item 1A. Risk Factors (Continued)
Entity-wide Risks (Continued)

Our businesses, investments and customers are subject to extensive state and federal legislation and regulation, compliance with which could have an adverse effect on our businesses.

Our businesses, investments and customers are subject to, and affected by, extensive state and federal legislation and regulation. If it was determined that our businesses failed to comply with applicable laws and regulations, we could become subject to fines or penalties or be required to implement additional compliance measures or actions, the cost of which could be material. If we are unable to obtain all required permits and approvals for our development projects, it could negatively impact our ability to execute on our *EnergyForward* strategy. Adoption of new laws, rules, regulations, principles, or practices by federal and state agencies, or changes to or a failure to comply with current laws, rules, regulations, principles, or practices and their interpretations, could have an adverse effect on our financial position, results of operations and cash flows.

The inability to attract and retain a qualified workforce including, but not limited to, executive officers, key employees and employees with specialized skills, could have an adverse effect on our operations.

The success of our business heavily depends on the leadership of our executive officers and key employees to implement our business strategy. The inability to maintain a qualified workforce, including, but not limited to, executive officers, key employees and employees with specialized skills, may negatively affect our ability to service our existing or new customers, or successfully manage our business or achieve our business objectives. Personnel costs may increase due to competitive pressures, inflation or terms of collective bargaining agreements with union employees.

Market performance and other changes could decrease the value of pension and other postretirement benefit plan assets, which may result in significant additional funding requirements and increased annual expenses.

The performance of the capital markets impacts the values of the assets that are held in trust to satisfy future obligations under our pension and other postretirement benefit plans. We have significant obligations to these plans and the trusts hold significant assets. These assets are subject to market fluctuations and will yield uncertain returns, which may fall below our projected rates of return. A decline in the market value of the pension and other postretirement benefit plan assets would increase the funding requirements under our benefit plans if asset returns do not recover. Additionally, our pension and other postretirement benefit plan liabilities are sensitive to changes in interest rates. As interest rates decrease, the liabilities increase, potentially increasing benefit expense and funding requirements. Our pension and other postretirement benefit plan costs are generally recoverable in our electric rates as allowed by our regulators or through our cost-plus fixed fee coal supply agreements at BNI Energy; however, there is no certainty that regulators will continue to allow recovery of these rising costs in the future.

We are exposed to significant reputational risk.

The Company could suffer negative impacts to its reputation as a result of operational incidents, violations of corporate compliance policies, such as our code of business conduct, by employees, directors of ALLETE, contractors, vendors and others who do business with or on behalf of ALLETE, regulatory violations, operations that produce or enable the production of GHG emissions or other events which may result in negative customer perception, increased regulatory oversight, and negative consequences to our credit ratings and ability to access capital, each of which could have an adverse effect on our financial position, results of operations and cash flows.

We are subject to physical and financial risks associated with climate change and other catastrophic events, such as natural disasters and acts of war.

Catastrophic events at or near Company facilities and equipment on which the Company depends upon or that otherwise impact the Company such as fires, wildfires, including the impact to Company facilities and operations or potential liability if caused by Company equipment, earthquakes, explosions, and floods, severe weather, such as ice storms, hailstorms, or tornadoes or similar occurrences, as well as acts of war, could adversely affect the Company's facilities, operations, financial position, results of operations and cash flows. Although the Company has contingency plans and employs crisis management to respond and recover operations in the event of a severe disruption resulting from a catastrophic event, these measures may not be successful. Furthermore, despite these measures, if a catastrophic event were to occur, our financial position, results of operations and cash flows could be adversely affected.

Item 1A. Risk Factors (Continued)
Entity-wide Risks (Continued)

The scientific community generally accepts that emissions of GHG are linked to global climate change. Physical risks of climate change, such as more frequent, longer duration or more extreme weather events, changes in temperature and precipitation patterns, increased risk of wildfires, changes to ground and surface water availability, and other related phenomena, could affect some, or all, of our operations. Severe weather or other natural disasters could be destructive, which could result in increased costs or limit the availability of key materials, supplies, labor and services used in our operations or to respond to damaged facilities. An extreme weather event can also directly affect our capital assets, causing disruption in service to customers due to facility outages, downed wires and poles or damage to other operating equipment.

Climate-related risks that could adversely affect our financial position and results of operations include effects of environmental- or economic-based laws, regulations, incentives or initiatives designed to reduce the quantity or impact of GHG emissions, the ability of our regulated businesses to obtain rate adjustments to recover costs and investments to implement clean-energy transition plans, or disruptions to the economy or energy markets caused by climate change. This includes the risk of laws or regulations that create mandates that do not allow for a transition that protects the safety, reliability or affordability of energy for our customers, are implemented before cost-effective technology is developed and regulatory policy is established, or require the electric sector to decarbonize faster than other sectors and ahead of our current vision to deliver 100 percent carbon-free energy to customers by 2050. Additionally, restrictions on land use, wildlife impacts, and other environmental regulations could affect the siting, construction and operation of new or existing generation and transmission facilities needed to transition to lower-carbon generation sources.

These all have the potential to adversely affect our business and operations.

We are vulnerable to acts of terrorism or cybersecurity attacks.

Our operations may be targets of terrorist activities or cybersecurity attacks, which could disrupt our ability to provide utility service at our regulated utilities, develop or operate our renewable energy projects at ALLETE Clean Energy, or operate our other businesses. The impacts may also impair the fulfillment of critical business functions, negatively impact our reputation, subject us to litigation or increased regulation, or compromise sensitive, confidential and other data.

There have been cybersecurity attacks on U.S. energy infrastructure in the past and there may be such attacks in the future. Our generation, transmission and distribution facilities, information technology systems and other infrastructure facilities and systems could be direct targets of, or otherwise be materially adversely affected by such activities. Hacking, computer viruses, terrorism, theft and sabotage could impact our systems and facilities, or those of third parties on which we rely, which may disrupt our operations.

Our businesses require the continued operation of sophisticated custom-developed, purchased, and leased information technology systems and network infrastructure as well as the collection and retention of personally identifiable information of our customers, shareholders and employees. Although we maintain security measures designed to prevent cybersecurity incidents and protect our information technology and control systems, network infrastructure and other assets, our technology systems, or those of third parties on which we rely, may be vulnerable to disability, failures or unauthorized access due to hacking, viruses, acts of war or terrorism as well as other causes. If those technology systems fail or are breached and not recovered in a timely manner, we may be unable to perform critical business functions including effectively maintaining certain internal controls over financial reporting, our reputation may be negatively impacted, we may become subject to litigation or increased regulation, and sensitive, confidential and other data could be compromised. If our business were impacted by terrorist activities or cybersecurity attacks, such impacts could have an adverse effect on our financial position, results of operations and cash flows.

We maintain insurance against some, but not all, of the risks and uncertainties we face.

We maintain insurance against some, but not all, of the risks and uncertainties we face. The occurrence of these risks and uncertainties, if not fully covered by insurance, could have a material effect on our financial position, results of operations and cash flows.

Item 1A. Risk Factors (Continued)
Entity-wide Risks (Continued)

Government challenges to our tax positions, as well as tax law changes and the inherent difficulty in quantifying potential tax effects of our operations and business decisions, could adversely affect our results of operations and liquidity.

We are required to make judgments regarding the potential tax effects of various financial transactions and our ongoing operations in order to estimate our obligations to taxing authorities. The obligations, which include income taxes and taxes other than income taxes, involve complex matters that ultimately could be litigated. We also estimate our ability to use tax benefits, including those in the form of carryforwards and tax credits that are recorded as deferred tax assets on our Consolidated Balance Sheet. A disallowance of some or all of these tax benefits could have an adverse impact on our financial position, results of operations and cash flows.

We are currently utilizing, and plan to utilize in the future, our carryforwards and tax credits to reduce our income tax obligations. If we cannot generate enough taxable income in the future to utilize all of our carryforwards and tax credits before they expire, we may incur adverse charges to earnings.

If federal or state tax authorities deny any deductions or tax credits, negatively change existing tax laws or policies, or fail to extend or renew policies beneficial to the Company, such as those for renewable energy production tax credits, our financial position, results of operations and cash flows may be adversely impacted.

Our business, financial position, results of operations, and cash flows could be materially affected by adverse results of litigation.

We are involved in litigation arising in the normal course of business. Unfavorable resolution of legal or administrative proceedings in which we are involved or other future legal or administrative proceedings may have an adverse effect on our business, financial position, results of operations and cash flows.

Item 1B. Unresolved Staff Comments

None.

Item 1C. Cybersecurity

ALLETE employs a multilayer approach to addressing cybersecurity risk based on the National Institute of Standards and Technology (NIST) framework. It has established a dedicated cybersecurity team that utilizes internal and external assessments, automated monitoring tools, and input from public and private partners to identify potential cyber threats. External third party security firms are engaged to assist with cybersecurity risk assessments, penetration testing and system security analysis. ALLETE's cybersecurity team works in conjunction with the risk management, legal, finance, accounting, operations, and information technology areas to assess the risk these identified cybersecurity threats present to the organization. To ensure consistency, these cybersecurity risk assessments are incorporated into ALLETE's Enterprise Risk Management process, ALLETE's information technology leadership reviews the company's enterprise risk management-level cybersecurity risks on a quarterly basis, and key cybersecurity risks are incorporated into ALLETE's enterprise risk management framework. Cybersecurity risks are managed and controlled through multiple overlapping layers of cybersecurity defenses that include:

- expert input from both public and private partnerships;
- the implementation of a comprehensive cybersecurity policy that encompasses but is not limited to social media, acceptable use (devices, wireless, remote access, internet use), information governance, monitoring, authentication, encryption, vulnerability management, third-party management, and recovery;
- required annual cybersecurity training for all employees with additional supplemental cybersecurity training required based on role;
- random employee phish testing and follow-up;
- procedural and automated cyber controls in conjunction with robust detection, mitigation, and recovery capabilities;
- the formation of a multidisciplinary cybersecurity incident response team;
- the integration of multiple threat intelligence sources into our cybersecurity tools and processes;
- the retention of external cybersecurity threat response resources;
- the formation of a multidisciplinary cybersecurity incident response team; and
- multiple cyber event simulation and tabletop exercises per year to hone the cybersecurity incident response team preparedness.

The ALLETE board of directors provides enterprise-level oversight of risks associated with cybersecurity threats through the Audit Committee, which assists the Board in fulfilling its oversight responsibilities regarding the Company's policies and processes with respect to risk assessment and risk management, including any significant non-financial risk exposures; reviewing and discussing the Company's information security policies and internal controls regarding information security; and reviewing the Company's annual disclosures concerning the role of the Board in the risk oversight of the Company. The Audit Committee performs an annual review of the Company's cybersecurity program and receives quarterly updates on key cybersecurity risks, the cybersecurity risk management plan, and cyber incident event trends.

ALLETE's Chief Technology Officer (CTO) has primary responsibility for the development and oversight of ALLETE's cybersecurity team and the development and maintenance of the company's related cybersecurity policies and procedures. The CTO has over 25 years' experience working in the information and operational technology field and is a registered professional engineer in the State of Minnesota. The company's cybersecurity team continuously assesses the evolving cyber threat landscape based on their expertise and that of our third-party partners. They then work with all parts of ALLETE to protect against, detect, identify, respond to, and recover from the risks that cybersecurity threats present. The cybersecurity team views and responds to cybersecurity risks in a holistic manner, applying a comprehensive multilayered strategy to prevent, detect, and mitigate them. They have identified ALLETE's critical cyber assets and taken appropriate steps to protect them. External expertise is regularly engaged to assess ALLETE's cybersecurity program and help the cybersecurity team to strengthen the organization's monitoring, alerting, prevention, mitigation, and recovery capabilities. Tabletop simulations, third party cyber vulnerability assessments, maturity assessments, and partnerships are used to assess and refine all elements of our cybersecurity program.

In addition to managing our own cybersecurity preparedness, we also consider and evaluate cybersecurity risks associated with the use of third-party service providers. Risk assessments are performed against third-party service providers with a specific focus on any sensitive data that is to be shared with them. The internal business owners of ALLETE's applications are required to document user access reviews regularly. We request a System and Organizational Controls (SOC) 2 report from the vendors of our enterprise cloud applications. If they do not provide us with a SOC 2, we seek additional compensating risk assurance in our contract language with them. Risks associated with the use of third-party service providers are managed as part of our overall cybersecurity risk management framework.

Item 1C. Cybersecurity (Continued)

To continually manage and control the material risks that cybersecurity threats present to the organization, ALLETE invests significantly in the cybersecurity elements outlined above. In addition, the Company has made significant investments to fulfill the operational and financial regulatory requirements laid out by the North American Electric Reliability Corporation Critical Infrastructure Protection Standards and Sarbanes-Oxley Act of 2002.

ALLETE faces a number of cybersecurity risks in connection with its business. Although such risks have not materially affected us, including our business strategy, results of operations, and financial conditions, to date, we have, from time to time, experienced threats to and breaches of our data systems, including malware, phishing and computer virus attacks. See Item 1A. Risk Factors for additional information regarding our organization's cybersecurity risks, which should be read together with this Item 1C. Cybersecurity.

Item 2. Properties

A discussion of our properties is included in Item 1. Business and is incorporated by reference herein.

Item 3. Legal Proceedings

Discussions of material regulatory and environmental proceedings are included in Note 4. Regulatory Matters and Note 9. Commitments, Guarantees and Contingencies, and are incorporated by reference herein.

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.

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-K.

Part II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Our common stock is listed on the NYSE under the symbol ALE. We have paid dividends, without interruption, on our common stock since 1948. A quarterly dividend of \$0.705 per share on our common stock is payable on March 1, 2024, to the shareholders of record on February 15, 2024. The timing and amount of future dividends will depend upon earnings, cash requirements, the financial condition of the Company, applicable government regulations and other factors deemed relevant by the ALLETE Board of Directors. As of February 1, 2024, there were approximately 19,000 common stock shareholders of record.

We do not have a publicly announced stock repurchase program and we did not repurchase any equity securities during the quarter ended December 31, 2023.

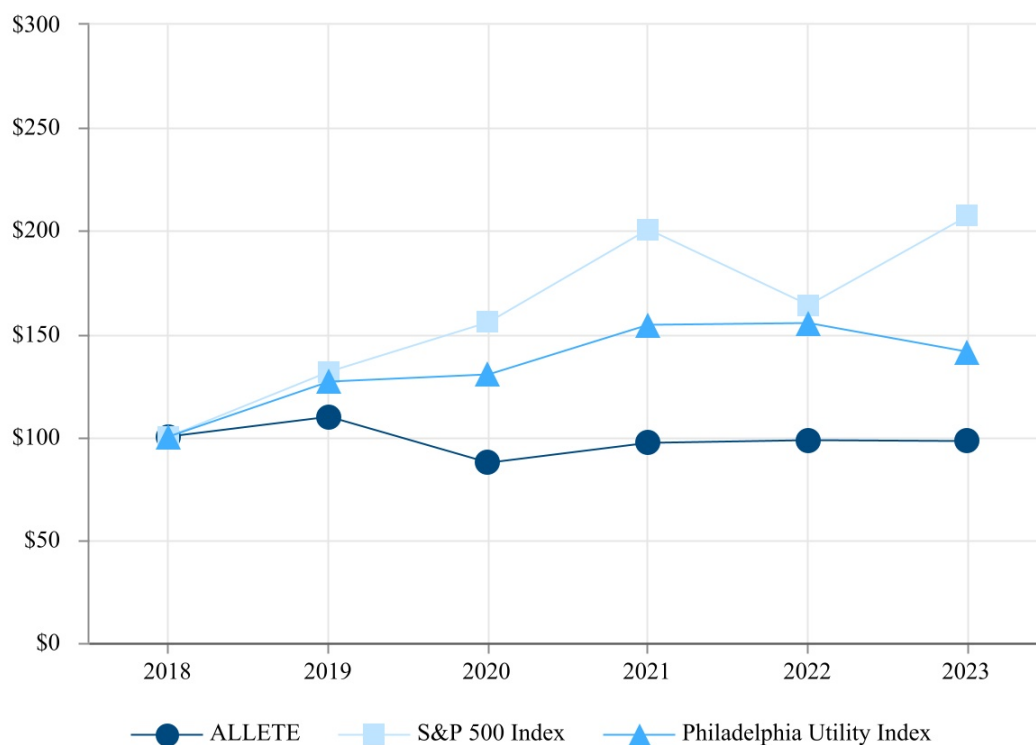
Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities (Continued)

Performance Graph.

The following graph compares ALLETE’s cumulative Total Shareholder Return on its common stock with the cumulative return of the S&P 500 Index and the Philadelphia Utility Index. The S&P 500 Index is a capitalization-weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries. Because this composite index has a broad industry base, its performance may not closely track that of a composite index comprised solely of electric utilities. The Philadelphia Utility Index is a capitalization-weighted index of 20 utility companies involved in the generation of electricity.

The calculations assume a \$100 investment on December 31, 2018, and reinvestment of dividends.

Total Shareholder Return for the Five Years Ending December 31, 2023



	2018	2019	2020	2021	2022	2023
ALLETE	\$100	\$110	\$87	\$97	\$98	\$98
S&P 500 Index	\$100	\$131	\$156	\$200	\$164	\$207
Philadelphia Utility Index	\$100	\$127	\$130	\$154	\$155	\$141

Item 6. [Reserved]

Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with our Consolidated Financial Statements and notes to those statements 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-K 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-K under the headings: “Forward-Looking Statements” located on page 7 and “Risk Factors” located in Item 1A. The risks and uncertainties described in this 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.

Overview

Basis of Presentation. We present two reportable segments: Regulated Operations and ALLETE Clean Energy. Our segments were determined in accordance with the guidance on segment reporting. We measure performance of our operations through budgeting and monitoring of contributions to consolidated net income by each business segment.

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 150,000 retail customers. Minnesota Power also has 14 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 4. 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 1,200 MW of nameplate capacity wind energy generation with a majority contracted under PSAs of various durations. In addition, 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 New Energy, a renewable development company; our investment in Nobles 2, an entity that owns and operates a 250 MW wind energy facility in southwestern Minnesota; South Shore Energy, our non-rate regulated, Wisconsin subsidiary developing NTEC, an approximately 600 MW proposed combined-cycle natural gas-fired generating facility; BNI Energy, our coal mining operations in North Dakota; 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; land holdings 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 December 31, 2023, 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.

2023 Financial Overview

The following net income discussion summarizes a comparison of the year ended December 31, 2023, to the year ended December 31, 2022.

Net income attributable to ALLETE in 2023 was \$247.1 million, or \$4.30 per diluted share, compared to \$189.3 million, or \$3.38 per diluted share, in 2022. Net income in 2023 included a \$40.5 million, or \$0.71 per share, after-tax gain recognized for a favorable arbitration ruling involving a subsidiary of ALLETE Clean Energy. (See Note 9. Commitments, Guarantees and Contingencies.) This increase was partially offset by the impact of unusually low wind resources at ALLETE Clean Energy and warmer winter weather impacting our Regulated Operations in 2023. Earnings per share dilution in 2023 was \$0.11 due to additional shares of common stock outstanding in 2023 compared to 2022.

Regulated Operations net income attributable to ALLETE was \$147.2 million in 2023, compared to \$149.9 million in 2022. Net income at Minnesota Power was lower than 2022 primarily due to higher operating and maintenance, depreciation and interest expenses, and lower kWh sales to residential and commercial customers in 2023 compared to 2022 due to warmer winter weather. These decreases were partially offset by higher kWh sales to industrial customers in 2023 and lower property tax expense resulting from the favorable impact of an updated estimate for property taxes payable in 2023. Net income at SWL&P was higher than 2022 primarily due to the implementation of new rates from its most recent rate case in 2023. (See Note 4. Regulatory Matters.) Our after-tax equity earnings in ATC were higher than 2022 reflecting period over period changes in ATC's estimate of a refund liability related to the appeals court decision on MISO return on equity complaints in 2022. (See Note 6. Equity Investments.)

ALLETE Clean Energy net income attributable to ALLETE was \$71.7 million in 2023 compared to \$16.3 million in 2022. Net income in 2023 reflected a \$44.3 million after-tax gain recognized for a favorable arbitration ruling involving a subsidiary of ALLETE Clean Energy. Net income in 2023 also included the gain on sale of the Red Barn project in 2023 of \$4.3 million after-tax and higher interest income related to interest awarded as part of the arbitration ruling. These increases were partially offset by lower wind resources and availability at its wind energy facilities in 2023 as well as a network outage located near its Caddo wind energy facility resulting in lower earnings. Net income in 2022 included reserves for an anticipated loss on the sale of ALLETE Clean Energy's project to repower and sell its Northern Wind project as well as earnings from the legacy Northern Wind facilities, which were decommissioned in April 2022 as part of the project.

Corporate and Other net income attributable to ALLETE was \$28.2 million in 2023 compared to \$23.1 million in 2022. Net income in 2023 reflects higher earnings from New Energy in 2023 compared to 2022 as a result of more renewable development projects closing during 2023, income in 2023 from net losses attributable to non-controlling interest for tax equity financed solar energy facilities and the impact of purchase price accounting in 2022. Net income from New Energy in 2023 was \$17.6 million. Net income from New Energy in 2022 was \$7.8 million, which included a \$8.3 million after-tax expense as a result of purchase price accounting related to projects under development at the time of acquisition. Net income in 2023 also reflects earnings from Minnesota solar projects placed into service in the fourth quarter of 2022 and second quarter of 2023, and a \$3.8 million after-tax expense for the consolidated income tax impact resulting from the gain on the favorable arbitration ruling. Net income in 2022 included transaction costs of \$2.7 million after-tax related to the acquisition of New Energy in April 2022.

2023 Compared to 2022

(See Note 14. Business Segments for financial results by segment.)

Regulated Operations

Year Ended December 31	2023	2022
Millions		
Operating Revenue – Utility	\$1,238.3	\$1,259.3
Fuel, Purchased Power and Gas – Utility	484.3	545.5
Transmission Services – Utility	88.2	76.7
Operating and Maintenance	247.1	239.3
Depreciation and Amortization	179.2	171.9
Taxes Other than Income Taxes	44.5	57.4
Operating Income	195.0	168.5
Interest Expense	(63.9)	(58.1)
Equity Earnings	23.1	19.3
Other Income	15.4	9.8
Income Before Income Taxes	169.6	139.5
Income Tax Expense (Benefit)	22.4	(10.4)
Net Income Attributable to ALLETE	\$147.2	\$149.9

Operating Revenue – Utility decreased \$21.0 million from 2022 primarily due to lower kWh sales, fuel adjustment clause recoveries and gas sales, partially offset by higher cost recovery rider revenue, FERC formula-based rates and transmission revenue.

Lower kWh sales reduced revenue \$32.5 million from 2022 reflecting lower sales to residential, commercial and municipal customers as well as lower sales to other power suppliers, partially offset by higher sales to industrial customers. Sales to residential, commercial and municipal customers decreased from 2022 primarily due to warmer weather in the winter months in 2023 compared to 2022. Heating degree days for Duluth, Minnesota, were down 13 percent in 2023 compared to 2022. Sales to municipal customers also decreased as a result of a new contract entered into with Hibbing Public Utilities in 2022 with sales under the new contract now classified under other power suppliers. Sales to industrial customers increased primarily due to higher sales to taconite customers as well as sales to ST Paper, which became a Large Power Customer in 2023, higher sales to Cenovus Energy, which restarted its refinery in Superior, Wisconsin, in 2023, and higher sales to pipeline and other customers. (See *Outlook – Regulated Operations – Industrial Customers – ST Paper and Cenovus Energy*.) 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, decreased in 2023 compared to 2022 primarily due to fewer market sales and lower market prices in 2023 compared to 2022.

Kilowatt-hours Sold	2023	2022	Quantity Variance	% Variance
Millions				
Regulated Utility				
Retail and Municipal				
Residential	1,089	1,148	(59)	(5.1)
Commercial	1,347	1,359	(12)	(0.9)
Industrial	7,044	6,745	299	4.4
Municipal	466	540	(74)	(13.7)
Total Retail and Municipal	9,946	9,792	154	1.6
Other Power Suppliers	2,819	3,149	(330)	(10.5)
Total Regulated Utility Kilowatt-hours Sold	12,765	12,941	(176)	(1.4)

Revenue from electric sales to taconite and mining customers accounted for 32 percent of regulated operating revenue in 2023 (32 percent in 2022). Revenue from electric sales to paper, pulp and secondary wood product customers accounted for 5 percent of regulated operating revenue in 2023 (5 percent in 2022). Revenue from electric sales to pipelines and other industrial customers accounted for 11 percent of regulated operating revenue in 2023 (10 percent in 2022).

2023 Compared to 2022 (Continued)
Regulated Operations (Continued)

Fuel adjustment clause revenue decreased \$20.6 million primarily due to lower fuel and purchased power costs attributable to retail and municipal customers. (See *Fuel, Purchased Power and Gas – Utility*.)

Revenue from gas sales at SWL&P decreased \$4.6 million reflecting fewer gas sales resulting from warmer winter weather and lower gas prices in 2023 compared to 2022. (See *Fuel, Purchased Power and Gas – Utility*.)

Cost recovery rider revenue increased \$18.2 million primarily due to fewer production tax credits generated by Minnesota Power. If production tax credits are generated at a level below those assumed in Minnesota Power's retail 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 \$9.6 million primarily due to higher rates reflecting higher expenses billable under wholesale customer contracts.

Transmission revenue increased \$9.2 million primarily due to higher MISO-related revenue.

Operating Expenses decreased \$47.5 million from 2022.

Fuel, Purchased Power and Gas – Utility expense decreased \$61.2 million, or 11 percent, from 2022 primarily due to lower kWh sales, purchased power prices and fuel costs as well as lower gas sales and prices.

Transmission Services – Utility expense increased \$11.5 million, or 15 percent, from 2022 primarily due to higher MISO-related expense.

Operating and Maintenance expense increased \$7.8 million, or 3 percent, from 2022 primarily due to higher salaries and wages, vegetation management costs, and materials purchased for use in generation facilities and field operations. These increases were partially offset by lower contract and professional services as well as lower benefit costs.

Depreciation and Amortization expense increased \$7.3 million, or 4 percent, from 2022 primarily due to a higher plant in service balance in 2023.

Taxes Other than Income Taxes decreased \$12.9 million, or 22 percent, from 2022 primarily due to lower property tax expense resulting from the favorable impact of an updated estimate for 2022 property tax expense recorded in 2023.

Interest Expense increased \$5.8 million, or 10 percent, from 2022 primarily due to higher interest rates and interest on Minnesota Power's reserve for interim rate refunds in 2023.

Equity Earnings increased \$3.8 million from, or 20 percent, 2022 primarily due to period over period changes in ATC's estimate of a refund liability related to the appeals court decision on MISO return on equity complaints in 2022. (See Note 6. Equity Investments.)

Other Income increased \$5.6 million from 2022 reflecting year over year differences in various individually immaterial items.

Income Tax Expense increased \$32.8 million from 2022. The effective tax rate in 2023 was an income tax expense compared to a benefit in 2022 primarily due to lower production tax credits and higher pre-tax income.

2023 Compared to 2022 (Continued)
ALLETE Clean Energy

Year Ended December 31	2023	2022
Millions		
Operating Revenue		
Contracts with Customers – Non-utility	\$413.4	\$110.7
Other – Non-utility <i>(a)</i>	5.1	7.6
Cost of Sales – Non-utility	342.2	56.7
Operating and Maintenance	52.1	47.3
Depreciation and Amortization	57.5	58.6
Taxes Other than Income Taxes	10.0	10.7
Operating Loss	(43.3)	(55.0)
Interest Expense	(0.8)	(2.3)
Other Income <i>(b)</i>	68.0	10.8
Income (Loss) Before Income Taxes	23.9	(46.5)
Income Tax Expense (Benefit)	2.7	(15.4)
Net Income (Loss)	21.2	(31.1)
Net Loss Attributable to Non-Controlling Interest <i>(b)</i>	(50.5)	(47.4)
Net Income Attributable to ALLETE	\$71.7	\$16.3

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

(b) See Note 1. Operations and Significant Accounting Policies.

Operating Revenue increased \$300.2 million from 2022 primarily due to the sales of ALLETE Clean Energy’s Northern Wind and Red Barn projects in 2023. This increase was partially offset by lower wind resources and availability at wind energy facilities in all regions in 2023 compared to 2022. Wind availability was down across the nation much of the year and, consequently, ALLETE Clean Energy revenue was negatively impacted in 2023. Operating revenue in 2023 was also negatively impacted by a forced outage in the fourth quarter of 2023 to a substation and the transmission lines feeding that substation located near ALLETE Clean Energy’s Caddo wind energy facility. This forced outage increased congestion experienced by the Caddo wind energy facility resulting in lower kWh sales and pricing. In 2022, operating revenue also included revenue from the legacy Northern Wind facilities, which were decommissioned in April 2022 as part of ALLETE Clean Energy’s Northern Wind project.

Production and Operating Revenue	Year Ended December 31,			
	2023		2022	
	kWh	Revenue	kWh	Revenue
Millions				
Wind Energy Regions				
East	224.0	\$21.2	266.6	\$24.3
Midwest <i>(a)</i>	560.9	18.4	775.9	27.0
South	1,720.8	16.8	2,047.1	15.4
West	714.1	13.6	829.5	18.1
Total Wind Energy Facilities	3,219.8	70.0	3,919.1	84.8
Sale of Wind Energy Facility	—	348.5	—	33.5
Total Production and Operating Revenue	3,219.8	\$418.5	3,919.1	\$118.3

(a) The Chanarambie and Viking wind energy facilities were decommissioned in the second quarter of 2022 as part of ALLETE Clean Energy’s Northern Wind project.

2023 Compared to 2022 (Continued)
ALLETE Clean Energy (Continued)

Cost of Sales - Non-utility increased \$285.5 million from 2022 reflecting the sales of ALLETE Clean Energy's Northern Wind and Red Barn projects in 2023. Cost of Sales – Non-utility in 2022 reflected reserves in 2022 related to ALLETE Clean Energy's project to repower and sell its Northern Wind project resulting from inflationary increases and significant cost pressures. In addition, 2022 included a \$10.2 million reserve in the second quarter related to the sale of the Northern Wind project, which was fully offset by a gain on removal of the PSA liability for the Northern Wind project upon decommissioning of the wind energy facilities. (See *Other Income*.)

Operating and Maintenance expense increased \$4.8 million, or 10 percent, from 2022 primarily due to higher contract and professional services in 2023. Arbitration-related costs incurred in 2023 for arbitration proceedings involving a subsidiary of ALLETE Clean Energy were fully offset by the recovery of \$3.6 million for arbitration-related costs that were awarded as part of a favorable arbitration ruling. (See Note 9. Commitments, Guarantees and Contingencies.)

Other Income increased \$57.2 million from 2022 primarily due to a \$58.4 million gain recognized for a favorable arbitration ruling involving a subsidiary of ALLETE Clean Energy and higher interest income related to \$5.1 million of interest awarded as part of the favorable arbitration ruling. (See Note 9. Commitments, Guarantees and Contingencies.) Other Income in 2022 reflected a gain on removal of the PSA liability for the Northern Wind project upon decommissioning of the wind energy facilities in 2022. (See *Cost of Sales – Non-utility*.)

Income Tax Expense increased \$18.1 million from 2022 primarily due to higher pre-tax income in 2023 compared to 2022.

Net Loss Attributable to Non-Controlling Interest increased \$3.1 million from 2022 reflecting a higher production tax credit rate, as determined by the Internal Revenue Service, in 2023 compared to 2022. This increase was partially offset by lower wind resources at our tax equity financed wind energy facilities.

Corporate and Other

Operating Revenue increased \$29.9 million, or 15 percent, from 2022 reflecting higher revenue from New Energy, which was acquired in April 2022, and higher revenue at BNI Energy, which operates under cost-plus fixed fee contracts, as a result of higher expenses in 2023 compared to 2022.

Net Income Attributable to ALLETE was \$28.2 million in 2023 compared to \$23.1 million in 2022. Net income in 2023 reflects higher earnings from New Energy in 2023 compared to 2022 as a result of more renewable development projects closing during 2023, income in 2023 from net losses attributable to non-controlling interest for tax equity financed solar energy facilities and the impact of purchase price accounting in 2022. Net income from New Energy in 2023 was \$17.6 million. Net income from New Energy in 2022 was \$7.8 million, which included a \$8.3 million after-tax expense as a result of purchase price accounting related to projects under development at the time of acquisition. Net income in 2023 also reflects earnings from Minnesota solar projects placed into service in the fourth quarter of 2022 and second quarter of 2023, and a \$3.8 million after-tax expense for the consolidated income tax impact resulting from the gain on the favorable arbitration ruling. Net income in 2022 included transaction costs of \$2.7 million after-tax related to the acquisition of New Energy in April 2022.

Income Taxes – Consolidated

For the year ended December 31, 2023, the effective tax rate was an expense of 13.5 percent (benefit of 31.2 percent for the year ended December 31, 2022). The effective tax rate for 2023 an expense compared to a benefit in 2022 primarily due to higher pre-tax income and lower production tax credits. (See Note 11. Income Tax Expense.)

2022 Compared to 2021

The comparison of the results of operations for the years ended December 31, 2022 and 2021 is included in Management's Discussion in the Annual Report on Form 10-K for the year ended December 31, 2022.

Critical Accounting Policies

The preparation of financial statements and related disclosures in conformity with GAAP requires management to make various estimates and assumptions that affect amounts reported in the Consolidated Financial Statements. These estimates and assumptions may be revised, which may have a material effect on the Consolidated Financial Statements. Actual results may differ from these estimates and assumptions. These policies are discussed with the Audit Committee of our Board of Directors on a regular basis. We believe the following policies are most critical to our business and the understanding of our results of operations.

Regulatory Accounting. Our regulated utility operations are subject to accounting standards for the effects of certain types of regulation. These standards require us to reflect the effect of regulatory decisions in our financial statements. 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. This assessment considers factors such as, but not limited to, changes in the regulatory environment and recent rate orders to other regulated entities under the same jurisdiction. If future recovery or refund of costs becomes no longer probable, the assets and liabilities would be recognized in current period net income or other comprehensive income. (See Note 4. Regulatory Matters.)

Pension and Postretirement Health and Life Actuarial Assumptions. We account for our pension and other postretirement benefit obligations in accordance with the accounting standards for defined benefit pension and other postretirement plans. These standards require the use of several important assumptions, including the expected long-term rate of return on plan assets, the discount rate and mortality assumptions, among others, in determining our obligations and the annual cost of our pension and other postretirement benefits. In establishing the expected long-term rate of return on plan assets, we determine the long-term historical performance of each asset class and adjust these for current economic conditions while utilizing the target allocation of our plan assets to forecast the expected long-term rate of return. Our pension asset allocation as of December 31, 2023, was approximately 57 percent equity securities, 40 percent fixed income and 3 percent real estate. Our postretirement health and life asset allocation as of December 31, 2023, was approximately 67 percent equity securities, and 33 percent fixed income. Equity securities consist of a mix of market capitalization sizes with domestic and international securities. In 2023, we used weighted average expected long-term rates of return of 6.83 percent in our actuarial determination of our pension expense and 6.33 percent in our actuarial determination of our other postretirement expense. The actuarial determination uses an asset smoothing methodology for actual returns to reduce the volatility of varying investment performance over time. We review our expected long-term rate of return assumption annually and will adjust it to respond to changing market conditions. A one-quarter percent decrease in the expected long-term rate of return would increase the annual expense for pension and other postretirement benefits by approximately \$2.1 million, pre-tax.

The discount rate is computed using a bond matching study which utilizes a portfolio of high quality bonds that produce cash flows similar to the projected costs of our pension and other postretirement plans. In 2023, we used weighted average discount rates of 5.70 percent and 5.89 percent in our actuarial determination of our pension and other postretirement expense, respectively. We review our discount rates annually and will adjust them to respond to changing market conditions. A one-quarter percent decrease in the discount rate would increase the annual expense for pension and other postretirement benefits by approximately \$0.4 million, pre-tax.

The mortality assumptions used to calculate our pension and other postretirement benefit obligations as of December 31, 2023, considered a modified PRI-2012 mortality table and MP-2021 mortality projection scale. (See Note 12. Pension and Other Postretirement Benefit Plans.)

Valuation of Business Combinations and Resulting Goodwill. When we acquire a business, the assets acquired and liabilities assumed are recorded at their respective fair values as of the acquisition date. Determining the fair value of intangible assets acquired as part of a business combination requires us to make significant estimates. These estimates may include the amount and timing of projected future cash flows, the discount rate used to discount those cash flows to present value, the assessment of the asset's life cycle, and the consideration of legal, technical, regulatory, economic and competitive risks.

Critical Accounting Policies (Continued)

Goodwill. Goodwill is the excess of the purchase price (consideration transferred) over the estimated fair value of the net assets of the acquired businesses. In accordance with GAAP, goodwill is not amortized. The Company assesses whether there has been an impairment of goodwill annually in the fourth quarter and whenever an event occurs or circumstances change that would indicate the carrying amount may be impaired. Impairment testing for goodwill is done at the reporting unit level. An impairment loss is recognized when the carrying amount of the reporting unit's net assets exceeds the estimated fair value of the reporting unit. The test for impairment requires us to make several estimates about fair value, most of which are based on projected future cash flows. Our estimates associated with the goodwill impairment test are considered critical due to the amount of goodwill recorded on our Consolidated Balance Sheet and the judgment required in determining fair value. The fair value of the New Energy reporting unit was determined using a discounted cash flow model, using significant assumptions which included a discount rate of 14 percent, cash flow forecasts through 2028, industry average gross margins, and a terminal growth rate of 3.5 percent. Any forecast contains a degree of uncertainty, and changes in the forecasted cash flows and other assumptions could significantly increase or decrease the calculated fair value of New Energy. The results of our annual impairment test are discussed in Note 1. Operations and Significant Accounting Policies and Note 7. Fair Value in this Form 10-K. Goodwill was \$154.9 million as of December 31, 2023.

Impairment of Long-Lived Assets. We review our long-lived assets for indicators of impairment in accordance with the accounting standards for property, plant and equipment on a quarterly basis.

In accordance with the accounting standards for property, plant and equipment, if indicators of impairment exist, we test our long-lived assets for recoverability by comparing the carrying amount of the asset to the undiscounted future net cash flows expected to be generated by the asset. Cash flows are assessed at the lowest level of identifiable cash flows. The undiscounted future net cash flows are impacted by trends and factors known to us at the time they are calculated and our expectations related to: management's best estimate of future sales prices; holding period and timing of sales; method of disposition; and future expenditures necessary to maintain the operations. (See Note 1. Operations and Significant Accounting Policies.)

Taxation. We are required to make judgments regarding the potential tax effects of various financial transactions and our ongoing operations to estimate our obligations to taxing authorities. These tax obligations include income taxes and taxes other than income taxes. Judgments related to income taxes require the recognition in our financial statements of the largest tax benefit of a tax position that is "more-likely-than-not" to be sustained on audit. Tax positions that do not meet the "more-likely-than-not" criteria are reflected as a tax liability in accordance with the accounting standards for uncertainty in income taxes. We record a valuation allowance against our deferred tax assets to the extent it is more-likely-than-not that some portion or all of the deferred tax assets will not be realized.

We are subject to income taxes in various jurisdictions. We make assumptions and judgments each reporting period to estimate our income tax assets, liabilities, benefits and expenses. Judgments and assumptions are supported by historical data and reasonable projections. Our assumptions and judgments include the application of tax statutes and regulations, and projections of future federal taxable income, state taxable income, and state apportionment to determine our ability to utilize NOL and credit carryforwards prior to their expiration. Significant changes in assumptions regarding future federal and state taxable income or a change in tax rates could require new or increased valuation allowances which could result in a material impact on our results of operations.

Outlook

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 earnings per share growth within a range of 5 percent to 7 percent.

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, New 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 75 percent of total consolidated net income in 2024. ALLETE expects its businesses to generally provide regulated, contracted or recurring revenues, and to support sustained growth in net income and cash flow.

In August 2022, the Inflation Reduction Act was signed into law. We believe our businesses will benefit from certain provisions of the legislation including from the extension and transferability of production tax credits and investment tax credits, among others. We are planning to sell certain tax credits generated in 2023 and beyond. We do not currently anticipate any impact from the new alternative minimum tax. We will continue to assess the impact of the law as additional implementation guidance becomes available.

Minnesota Carbon-Free Legislation. On February 7, 2023, the Minnesota Governor signed into law legislation that updates the state's renewable energy standard and requires Minnesota electric utilities to source retail sales with 100 percent carbon-free energy by 2040. The law increases the renewable energy standard from 25 percent renewable by 2025 to 55 percent renewable by 2035, and requires investor-owned Minnesota utilities to provide 80 percent carbon-free energy by 2030, 90 percent carbon-free energy by 2035 and 100 percent carbon-free energy by 2040. The law utilizes renewable energy credits as the means to demonstrate compliance with both the carbon-free and renewable standards, includes an off-ramp provision that enables the MPUC to protect reliability and customer costs through modification or delay of either the renewable energy standard, the carbon-free standard, or both, and streamlines development and construction of wind energy projects and transmission in Minnesota. The Company is evaluating the law to identify challenges and opportunities it could present.

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 vision 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.

Regulatory Matters. Entities within our Regulated Operations segment are under the jurisdiction of the MPUC, FERC, PSCW and NDPSC. See Note 4. Regulatory Matters for discussion of regulatory matters within these jurisdictions.

2024 Minnesota General Rate Case. On November 1, 2023, Minnesota Power filed a retail rate increase request with the MPUC seeking an average increase of approximately 12.00 percent for retail customers, net of rider revenue incorporated into base rates. The rate filing seeks a return on equity of 10.30 percent and a 53.00 percent equity ratio. On an annualized basis, the requested final rate increase would generate approximately \$89 million in additional revenue. In orders dated December 19, 2023, the MPUC accepted the filing as complete and approved an annual interim rate increase of approximately \$64 million, net of rider revenue, beginning January 1, 2024, subject to refund. We cannot predict the level of final rates that may be authorized by the MPUC.

Wisconsin Retail Rates. SWL&P expects to file its next general rate case with the PSCW in the first quarter of 2024.

Outlook (Continued)

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 55 percent of our regulated utility kWh sales in 2023 (52 percent in 2022 and 47 percent in 2021) were made to our industrial customers. We expect industrial sales of approximately 7.0 million MWh in 2024 (7.0 million MWh in 2023 and 6.7 million in 2022). (See Item 1. Business – Regulated Operations – Electric Sales / Customers.)

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, approximately 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 75 percent of capacity in 2023 (78 percent in 2022 and 82 percent in 2021). 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 U.S. steel consumption in 2024 will increase by approximately 2 percent compared to 2023.

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. The Minnesota Department of Revenue Mineral Tax Office expects taconite production from our taconite customers to be approximately 35 million tons in 2024. We estimate that a one million ton change in Minnesota Power's taconite customers' production would impact our annual earnings per share by approximately \$0.05, 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.

USS Corporation. USS Corporation has announced plans to invest approximately \$150 million to construct a system dedicated to producing direct reduced-grade (DR-grade) pellets at its Keetac plant. USS Corporation broke ground on the project in the third quarter of 2022, and is expected to begin producing DR-grade pellets in 2024. This will enable the existing pelletizing plant to not only create DR-grade pellets for use as a feedstock for a direct reduced iron (DRI) or hot briquetted iron (HBI) process that ultimately supplies electric arc furnace steelmaking but also maintains the optionality to continue producing blast furnace-grade pellets. USS Corporation's Minntac and Keetac plants are Large Power industrial customers of Minnesota Power. USS Corporation has the capability to produce approximately 15 million and 5 million tons annually at its Minntac and Keetac plants, respectively.

In the third quarter of 2023, USS Corporation disclosed it had commenced a formal review process to evaluate strategic alternatives for the company after receiving multiple unsolicited proposals that ranged from the acquisition of certain production assets to consideration for the whole company. On December 18, 2023, USS Corporation announced it entered into a definitive agreement in which Nippon Steel will acquire all of the shares of USS Corporation. USS Corporation expects the transaction to close in the second or third quarter of 2024, subject to regulatory approvals, at which time USS Corporation stated it will continue to operate under the U.S. Steel brand name and will maintain its headquarters in Pittsburgh, Pennsylvania.

Cleveland-Cliffs, Inc. (Cliffs). In 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 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 related Minnesota iron ore production.

Outlook (Continued)
Industrial Customers (Continued)

Cliffs completed construction of a hot briquetted iron production plant in Toledo, Ohio, in 2020, which has utilized direct reduced-grade pellets from Northshore Mining. In October 2021, Cliffs indicated it plans to move direct reduced-grade pellet production to its Minorca mine and that Northshore Mining would become a “swing facility” due to the higher royalty rates at that mine. (See *Northshore Mining*.)

Northshore Mining. Cliffs idled all production at its Northshore mine in 2022. Northshore Mining resumed partial pellet plant production in April 2023. Cliffs indicated it will continue to utilize Northshore Mining as a swing facility. 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.

Hibbing Taconite. Hibbing Taconite is a joint venture between subsidiaries of Cliffs (85.3 percent ownership) and USS Corporation (14.7 percent ownership). The joint venture is managed by Cliffs and is also a Large Power Customer of Minnesota Power. On May 25, 2023, the Minnesota Executive Council approved state mineral leases near Nashwauk, Minnesota, with Cliffs, the majority owner of Hibbing Taconite. Cliffs has stated that these leases will provide Hibbing Taconite with more than two decades of additional mineral reserves. Prior to the leases being awarded, Hibbing Taconite had proven mineral reserves to support its operations through 2026. Hibbing Taconite has the capability of producing 8 million tons of taconite annually.

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. On September 1, 2021, three additional wild rice waters with sulfate levels that exceed Minnesota’s sulfate limit were identified. 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 continues to face 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. The resulting reduction in production capacity outside of Minnesota for certain paper grades has solidified our paper customers’ operations, at least for the near term, and as such we expect operating levels in 2024 at the major paper and pulp mills we serve to be at similar levels as in 2023.

ST Paper. In May 2021, ST Paper announced it had completed the purchase of the Duluth Mill from Verso Corporation. In January 2022, Minnesota Power entered into an electric service agreement with ST Paper that would begin Large Power Customer service with a minimum term of six years upon start-up of operations. ST Paper completed start-up of operations and became a Large Power Customer as of the first quarter of 2023. On January 3, 2024, ST Paper announced it had entered into an asset purchase agreement to sell the Duluth Mill to Sofidel, a privately held Italian multinational company that is currently the seventh largest manufacturer of tissue paper in the world.

Pipeline and Other Industries.

Cenovus Energy. In 2018, a fire at Cenovus Energy’s refinery in Superior, Wisconsin, which was owned by Husky Energy at that time, disrupted operations at the facility. Under normal operating conditions, SWL&P provides approximately 14 MW of average monthly demand to the refinery in addition to water service. In April 2023, Cenovus Energy announced that it had commenced restart of the facility.

Outlook (Continued)

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, 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. In 2023, the Minnesota Governor signed into law legislation that updates the state's renewable energy standard and requires Minnesota electric utilities to source retail sales with 100 percent carbon-free energy by 2040. Minnesota Power is working with various stakeholders and participating in the regulatory process to implement this legislation. (See Item 1. Business – Regulated Operations – Minnesota Legislation.)

2021 Integrated Resource Plan (IRP). On February 1, 2021, Minnesota Power filed its latest IRP, which was approved by the MPUC in an order dated January 9, 2023. The approved IRP, which reflects a joint agreement reached with various stakeholders, outlines Minnesota Power's 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 up to 700 MW of new wind and solar energy resources, and ceasing coal operations at Boswell Units 3 and 4 by 2030 and 2035, respectively. 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. Minnesota Power is expected to file its next IRP by March 1, 2025.

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.

Nemadji Trail Energy Center (NTEC). In 2017, Minnesota Power submitted a resource package to the MPUC which included requesting approval of a natural gas capacity dedication and other affiliated interest agreements for NTEC, an approximately 600 MW proposed combined-cycle natural gas-fired generating facility to be built in Superior, Wisconsin, which will be jointly owned by Dairyland Power Cooperative, Basin and South Shore Energy, ALLETE's non-rate regulated, Wisconsin subsidiary. Minnesota Power is expected to purchase approximately 20 percent of the facility's output starting in 2028 pursuant to the capacity dedication agreement.

Renewable Energy. Minnesota Power continues to execute its renewable energy strategy and reached its goal of supplying 50 percent of its energy by renewable energy sources. Minnesota Power also has a vision of delivering 100 percent carbon-free energy by 2050. (See *EnergyForward*.)

Minnesota Power has approved cost recovery riders for certain renewable investments and expenditures as well as investments and expenditures related to compliance with the Minnesota Solar Energy Standard. The cost recovery riders allow Minnesota Power to charge retail customers on a current basis for the costs of certain renewable and solar investments and expenditures plus a return on the capital invested. (See Note 4. Regulatory Matters.)

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. (See *Transmission*.)

Wind Energy Request For Proposals. On December 15, 2023, Minnesota Power issued a notice with the MPUC of its intent to issue a request for proposals for up to 400 MW of wind energy resources. Minnesota Power issued the request for proposals on February 15, 2024.

Outlook (Continued)
EnergyForward (Continued)

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 two long-term PPAs with Manitoba Hydro. The first PPA provides for Minnesota Power to purchase 250 MW of capacity and energy from Manitoba Hydro through May 2035. The second PPA provides for Minnesota Power to purchase up to 133 MW of energy from Manitoba Hydro through June 2040. (See Note 9. Commitments, Guarantees and Contingencies.)

Solar Energy. Minnesota Power's solar energy facilities consist of a 10 MW solar energy facility at the Camp Ripley Minnesota Army National Guard base and training facility near Little Falls, Minnesota, and a 40 kW solar array located in Duluth, Minnesota. Minnesota Power also purchases solar energy from approximately 20 MW of solar energy facilities located in Minnesota that are owned by an ALLETE subsidiary, and a 1 MW community solar garden in northeastern Minnesota, which is owned and operated by a third party. SWL&P owns and operates a 470 kW solar array as part of a community solar garden in Superior, Wisconsin, that went into service in 2023.

Solar Energy Request For Proposals. On October 2, 2023, Minnesota Power issued a notice with the MPUC of its intent to issue a request for proposals for up to 300 MW of solar energy resources. Minnesota Power issued the request for proposals on November 15, 2023, which were accepted through January 17, 2024.

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 investments to enhance our own transmission facilities and investments in other transmission assets (individually or in combination with others) and our investment in ATC. See also Item 1. Business – Regulated Operations – Transmission and Distribution.

North Plains Connector Development Agreement. In December 2023, ALLETE and Grid United LLC, an independent transmission company, signed development agreements for the North Plains Connector project. The project is a new, approximately 400-mile high-voltage direct-current (HVDC) transmission line from central North Dakota, to Colstrip, Montana that will be the first transmission connection between three regional U.S. electric energy markets: MISO, the Western Interconnection and the Southwest Power Pool. This new link, open to all sources of electric generation, would create 3,000 MW of transfer capacity between the middle of the country and the West Coast, easing congestion on the transmission system, increasing resiliency and reliability in all three energy markets, and enabling fast sharing of renewable energy across a vast area with diverse weather patterns. The project capital cost is expected to be approximately \$3.2 billion. ALLETE expects to pursue up to 35 percent ownership and would oversee the line's operation. The companies began project permitting in 2023 as they work toward a planned in-service date as early as 2029, pending regulatory and other necessary approvals.

Duluth Loop Reliability Project. In October 2021, Minnesota Power submitted an application for a certificate of need for the Duluth Loop Reliability Project. This transmission project was proposed to enhance reliability in and around Duluth, Minnesota. The project includes the construction of a new 115-kV transmission line; construction of an approximately one-mile extension of an existing 230-kV transmission line; and upgrades to several substations. A certificate of need was granted and a route permit was issued by the MPUC on April 3, 2023. The Duluth Loop Reliability Project is expected to be completed and in service by 2025, subject to MPUC approval, with an estimated cost of \$50 million to \$70 million.

HVDC Transmission System Project. On June 1, 2023, Minnesota Power submitted an application for a certificate of need and route permit with the MPUC to replace aging critical infrastructure and modernize the terminal stations of its HVDC transmission line. Minnesota Power uses the 465-mile, 250-kV HVDC 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. The HVDC transmission system project is expected to improve reliability of the transmission system, improve system resiliency, expand the operating capacity of the HVDC terminals, and replace critical infrastructure. Pending regulatory approvals in Minnesota and North Dakota, construction could begin as early as 2024, with an in-service date expected between 2028 and 2030. The project is estimated to cost between \$800 million and \$900 million. On October 18, 2023, the U.S. Department of Energy awarded a \$50 million grant to Minnesota Power for this project, which will be used to prepare the HVDC transmission system for future expansion and help reduce project costs to customers, subject to final application and review process. In addition, this project received \$15 million in state funding as part of an energy and climate budget bill passed by the Minnesota Legislature in 2023.

Outlook (Continued)
Transmission (Continued)

Northland Reliability Project. Minnesota Power and Great River Energy announced in July 2022 their intent to build a 180-mile, 345-kV transmission line, connecting northern Minnesota to central Minnesota to support continued reliability in the Upper Midwest. Great River Energy, a wholesale electric power cooperative, and Minnesota Power filed a Notice of Intent to Construct, Own and Maintain the transmission line with the MPUC in August 2022. This joint project is part of a portfolio of transmission projects approved in July 2022 by MISO as part of the first phase of its Long Range Transmission Plan. Planning for the approximately \$970 million to \$1,350 million transmission line is in its early stages with the route anticipated to generally follow existing rights of way in an established power line corridor. The MPUC will determine the final route as well as cost recovery for Minnesota Power's approximately 50 percent estimated share of the project. On August 4, 2023, Minnesota Power and Great River Energy submitted an application for a certificate of need and route permit with the MPUC. Subject to regulatory approvals, the transmission line is expected to be in service in 2030.

Big Stone South Transmission Project. Northern States Power, Great River Energy, Minnesota Power, Otter Tail Power Company, and Missouri River Energy Resources (Project Developers) announced in July 2022 their intent to build a 150-mile, 345-kV transmission line to improve reliability in North Dakota and South Dakota, and western and central Minnesota. This joint project is part of a portfolio of transmission projects approved in July 2022 by MISO as part of the first phase of its Long Range Transmission Plan. A Notice of Intent to Construct, Own and Maintain the transmission line was filed with the MPUC in October 2022. On September 29, 2023, the Project Developers submitted an application for a certificate of need and route permit with the MPUC. The project is in its early stages and is expected to cost between \$600 million and \$700 million. The MPUC will determine the final route for the Minnesota portion as well as cost recovery for Minnesota Power's approximately \$20 million estimated share of the project. Subject to regulatory approvals, the transmission line is expected to be in service in 2027.

Investment in ATC. ATC's most recent 10-year transmission assessment, which covers the years 2023 through 2032, identifies a need for between \$6.6 billion and \$8.1 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 general capital calls based upon our pro rata ownership interest in ATC.

ALLETE Clean Energy

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 is focused on actions that will optimize its clean energy project portfolio of operating and development projects, which may include recontracting, repowering, entering into partnerships and divestitures along with continued acquisitions or development of new projects including wind, solar, energy storage or storage ready facilities across North America.

Portions of our ALLETE Clean Energy business are experiencing return pressures that are impacting our earnings per share growth from increased competition, congestion 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 wind, 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, advance and expand its project pipeline, and explore other renewable energy opportunities to further enhance its service offerings, growth and profitability.

In May 2021, ALLETE Clean Energy announced that it 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 signed an asset sale agreement for the Red Barn wind project with Wisconsin Public Service Corporation and Madison Gas and Electric Company in 2021. The sale of Red Barn wind project closed in the second quarter of 2023 at which time ALLETE Clean Energy received cash proceeds of approximately \$160 million and recorded a gain on sale of \$4.3 million after-tax.

Outlook (Continued)
ALLETE Clean Energy

Since September 20, 2023, a substation and the transmission lines feeding that substation located near ALLETE Clean Energy’s Caddo wind energy facility, and operated by another party, have experienced a forced outage. This forced outage has increased congestion experienced by the Caddo wind energy facility and is expected to have a negative impact on ALLETE Clean Energy’s results in the first quarter of 2024. We will continue to monitor this development for timing of repairs and impact going forward.

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	MW	PSA Expiration
East	Armenia Mountain	101		
	PSA 1		50%	2031
	PSA 2		50%	2024
Midwest	Lake Benton	104	100%	2028
	Storm Lake I	108	100%	2027
	Storm Lake II	77		
	Merchant		90%	n/a
	PSA 1		10%	2032
	Other	17	100%	2028
South	Caddo	303		
	Merchant		27%	n/a
	PSA 1		66%	2034
	PSA 2		7%	2034
	Diamond Spring	303		
	PSA 1		58%	2035
	PSA 2		25%	2032
PSA 3		16%	2035	
West	Condon	50	100%	2028
	Glen Ullin	106	100%	2039
	South Peak	80	100%	2035

Non-cash amortization to revenue recognized by ALLETE Clean Energy relates to the amortization of differences between contract prices and estimated market prices on assumed PSAs. As part of wind energy facility acquisitions, ALLETE Clean Energy assumed various PSAs that were above or below estimated market prices at the time of acquisition; the resulting differences between contract prices and estimated market prices are amortized to revenue over the remaining PSA term. Non-cash amortization is expected to be approximately \$5 million in 2024, \$6 million in 2025 through 2027, and decreasing thereafter through 2032.

Corporate and Other.

New Energy. New Energy is a renewable energy development company with a primary focus on solar and storage facilities while also offering comprehensive operations, maintenance and asset management services. New Energy is a leading developer of community, commercial and industrial, and small utility-scale renewable energy projects that has completed more than 500 MW in its history, totaling more than \$1.2 billion of capital. New Energy currently has a robust project pipeline with greater than 2,000 MW of renewable projects in development across over 20 different states. New Energy adds value through cost effective development and economies of scale on project implementation, bringing national capabilities to regional co-development partners. New Energy is involved in greenfield development as well as acquiring and completing mid-stage and late-stage renewable energy projects.

Investment in Nobles 2. Our subsidiary, ALLETE South Wind, owns a 49 percent equity interest in Nobles 2, the entity that owns and operates a 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 6. Equity Investments.)

Outlook (Continued)
Corporate and Other (Continued)

South Shore Energy. South Shore Energy, ALLETE's non-rate regulated, Wisconsin subsidiary, is developing NTEC, an approximately 600 MW proposed combined-cycle natural gas-fired generating facility to be built in Superior, Wisconsin, which will be jointly owned by Dairyland Power Cooperative, Basin and South Shore Energy. Minnesota Power is expected to purchase approximately 20 percent of the facility's output starting in 2028 pursuant to a capacity dedication agreement. 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 South Shore Energy will be responsible for approximately 20 percent. South Shore Energy's portion of NTEC project costs incurred through December 31, 2023, is approximately \$9 million.

BNI Energy. In 2023, BNI Energy sold 4.0 million tons of coal (3.7 million tons in 2022) and anticipates 2024 sales will be similar to 2023. BNI Energy operates under cost-plus fixed fee agreements extending through December 31, 2037.

ALLETE Properties. 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.

Income Taxes

ALLETE's aggregate federal and multi-state statutory tax rate is approximately 28 percent for 2023. 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 production tax credits, excess deferred taxes, non-controlling interests in subsidiaries, 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 an expense of approximately 5 percent for 2024 primarily due to federal production tax credits as a result of wind energy generation and non-controlling interests in subsidiaries. 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 its liquidity needs. As of December 31, 2023, we had cash and cash equivalents of \$71.9 million, \$369.7 million in available consolidated lines of credit, 2.1 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 35 percent.

Capital Structure. ALLETE's capital structure for each of the last three years is as follows:

As of December 31	2023	%	2022	%	2021	%
Millions						
ALLETE Equity	\$2,809.6	54	\$2,691.9	51	\$2,404.3	49
Non-Controlling Interest in Subsidiaries	597.0	11	656.4	12	533.2	11
Short-Term and Long-Term Debt <i>(a)</i>	1,799.4	35	1,929.1	37	1,986.4	40
Redeemable Non-Controlling Interest	0.5	—	—	—	—	—
	\$5,206.5	100	\$5,277.4	100	\$4,923.9	100

(a) Excludes unamortized debt issuance costs.

Liquidity and Capital Resources(Continued)

Cash Flows. Selected information from ALLETE's Consolidated Statement of Cash Flows is as follows:

Year Ended December 31	2023	2022	2021
Millions			
Cash, Cash Equivalents and Restricted Cash at Beginning of Period	\$40.2	\$47.7	\$65.2
Cash Flows from (used in)			
Operating Activities	585.3	221.3	263.5
Investing Activities	(283.6)	(384.0)	(485.2)
Financing Activities	(262.5)	155.2	204.2
Change in Cash, Cash Equivalents and Restricted Cash	39.2	(7.5)	(17.5)
Cash, Cash Equivalents and Restricted Cash at End of Period	\$79.4	\$40.2	\$47.7

Operating Activities. Cash provided by operating activities was higher in 2023 compared to 2022. Cash provided by operating activities in 2023 reflected cash proceeds from the sales of ALLETE Clean Energy's Northern Wind and Red Barn projects which were sold to third parties in 2023, cash received from the favorable arbitration award by a subsidiary of ALLETE Clean Energy, and lower payments for inventories compared to 2022 primarily related to the Northern Wind and Red Barn projects. Cash provided by operating activities in 2023 also increased due to the timing of recovery under Minnesota Power's fuel adjustment clause.

Cash provided by operating activities was lower in 2022 compared to 2021. Cash provided by operating activities in 2022 reflected higher payments for inventories, net of customer deposits received, compared to 2021 primarily related to ALLETE Clean Energy's Northern Wind and Red Barn projects. This decrease was partially offset by the timing of recovery under the fuel adjustment clause.

Investing Activities. Cash used in investing activities was lower in 2023 compared to 2022. Cash used for investing activities in 2023 reflected higher additions to property, plant and equipment compared to 2022. Cash used for investing activities in 2022 reflected cash payments for the acquisition of New Energy.

Cash used in investing activities was lower in 2022 compared to 2021. Cash used for investing activities in 2022 reflected lower additions to property, plant and equipment and lower payments for equity method investments compared to 2021. These decreases were partially offset by cash payments for the acquisition of New Energy.

Financing Activities. Cash used in financing activities in 2023 reflected lower proceeds from the issuance of common stock and the issuance of long-term debt, and lower proceeds from the issuance of non-controlling interest in subsidiaries compared to 2022.

Cash provided by financing activities was lower in 2022 compared to 2021 primarily due to higher repayments of short-term and long-term debt and higher dividends on common stock in 2022. These decreases were partially offset by higher proceeds from the issuance of common stock, higher proceeds from issuance of short-term and long-term debt, and higher proceeds from non-controlling interest in 2022.

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 December 31, 2023, we had consolidated bank lines of credit aggregating \$423.1 million (\$475.7 million as of December 31, 2022), most of which expire in January 2027. We had \$19.4 million outstanding in standby letters of credit and \$34.1 million outstanding draws under our lines of credit as of December 31, 2023 (\$32.8 million in standby letters of credit and \$31.3 million outstanding draws as of December 31, 2022). We also have other credit facility agreements in place that provide the ability to issue up to \$252.0 million in standby letters of credit. As of December 31, 2023, we had \$130.5 million outstanding in standby letters of credit under these agreements.

In addition, as of December 31, 2023, we had 2.6 million original issue shares of our common stock available for issuance through Invest Direct and 2.1 million original issue shares of common stock available for issuance through a distribution agreement with Lampert Capital Markets. (See *Securities*.) The amount and timing of future sales of our securities will depend upon market conditions and our specific needs.

Liquidity and Capital Resources (Continued)

Securities. We entered into a distribution agreement with Lampert Capital Markets, in 2008, as amended most recently in 2020, with respect to the issuance and sale of up to an aggregate of 13.6 million shares of our common stock, without par value, of which 2.1 million shares remain available for issuance as of December 31, 2023. For the year ended December 31, 2023, no shares of common stock were issued under this agreement (none in 2022; 0.8 million shares for net proceeds of \$51.0 million in 2021).

During the year ended December 31, 2023, we issued 0.3 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 \$14.9 million (0.3 million shares for net proceeds of \$16.2 million in 2022; 0.3 million shares for net proceeds of \$18.9 million in 2021). See Note 10. Common Stock and Earnings Per Share for additional detail regarding ALLETE's equity securities.

Financial Covenants. See Note 8. 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. For the year ended December 31, 2023, we made \$17.3 million in cash contributions to the defined benefit pension plans. On January 12, 2024, we contributed \$25.0 million in cash to the defined benefit pension plans, and expect to make \$2.0 million in additional cash contributions to the defined benefit pension plans in 2024. We do not expect to make any contributions to the defined benefit postretirement health and life plans in 2024. (See Note 10. Common Stock and Earnings Per Share and Note 12. Pension and Other Postretirement Benefit Plans.)

Off-Balance Sheet Arrangements. Off-balance sheet arrangements are discussed in Note 9. Commitments, Guarantees and Contingencies.

Contractual Obligations and Commercial Commitments. ALLETE has contractual obligations and other commitments that will need to be funded in the future, in addition to its capital expenditure programs. Material contractual obligations and other commitments are as follows:

Long-Term Debt. ALLETE has material long-term debt obligations, including long-term debt due within one year. These obligations include the principal amount of bonds, notes and loans which are recorded on the Consolidated Balance Sheet, plus interest. (See Note 8. Short-Term and Long-Term Debt.)

Pension and Other Postretirement Benefit Plans. Pension and other postretirement benefit plan obligations include the current estimate of future benefit payments. Pension contributions are dependent on several factors including realized asset performance, future discount rate and other actuarial assumptions, Internal Revenue Service and other regulatory requirements, and contributions required to avoid benefit restrictions for the pension plans. Funding for the other postretirement benefit plans is impacted by realized asset performance, future discount rate and other actuarial assumptions, and utility regulatory requirements. Our obligations are estimates and will change based on actual market performance, changes in interest rates and any changes in governmental regulations. (See Note 12. Pension and Other Postretirement Benefit Plans.)

Operating and Finance Lease Obligations. ALLETE has certain operating and finance lease obligations for the minimum payments required under various lease agreements which are recorded on the Consolidated Balance Sheet. (See Note 1. Operations and Significant Accounting Policies.)

Easement Obligations. ALLETE has easement obligations for the minimum payments required under our land easement agreements at our wind energy facilities. (See Note 9. Commitments, Guarantees and Contingencies.)

PPA Obligations. PPA obligations represent our Square Butte, Manitoba Hydro and other PPAs. (See Note 9. Commitments, Guarantees and Contingencies.)

Other Purchase Obligations. ALLETE has other purchase obligations covering our minimum purchase commitments under coal supply and rail contracts, and long-term service agreements for wind energy facilities. (See Note 9. Commitments, Guarantees and Contingencies.)

Liquidity and Capital Resources (Continued)

Credit Ratings. Access to reasonably priced capital markets is dependent in part on credit and ratings. Our securities have been rated by S&P 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	Moody's
Issuer Credit Rating	BBB	Baa1
Commercial Paper	A-2	P-2
First Mortgage Bonds	(a)	A2

(a) Not rated by S&P.

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.

Common Stock Dividends. ALLETE is committed to providing a competitive dividend to its shareholders while at the same time funding its growth. ALLETE's long-term objective is to maintain a dividend payout ratio similar to our peers and provide for future dividend increases. Our targeted payout range is between 60 percent and 70 percent. In 2023, we paid out 63 percent (77 percent in 2022; 78 percent in 2021) of our per share earnings in dividends. On January 26, 2024, our Board of Directors declared a dividend of \$0.705 per share, which is payable on March 1, 2024, to shareholders of record at the close of business on February 15, 2024.

Capital Requirements

ALLETE's projected capital expenditures for the years 2024 through 2028 are presented in the following table. Actual capital expenditures may vary from the projections due to changes in forecasted plant maintenance, regulatory decisions or approvals, future environmental requirements, base load growth, capital market conditions or executions of new business strategies. Projected capital expenditures exclude amounts for projects that will be sold to third parties upon completion.

Capital Expenditures	2024	2025	2026	2027	2028	Total
Millions						
Regulated Operations						
High kV Transmission Expansion (a)	\$45	\$80	\$215	\$480	\$705	\$1,525
Solar RFP (b)	35	130	300	100	75	640
Wind RFP (b)	5	105	215	300	—	625
Storage (b)	—	10	10	10	100	130
Base & Other	225	215	235	270	190	1,135
Regulated Operations	310	540	975	1,160	1,070	4,055
ALLETE Clean Energy (c)	15	5	5	5	5	35
Corporate and Other						
South Shore Energy (d)	40	55	40	40	10	185
Other	10	15	10	20	15	70
Total Capital Expenditures (e)	\$375	\$615	\$1,030	\$1,225	\$1,100	\$4,345

(a) This includes capital expenditures for the HVDC modernization, Northland Reliability, Duluth Loop and Big Stone South transmission projects. (See Outlook – Transmission.)

(b) These capital expenditures are part of Minnesota Power's clean-energy transition plans, which include its vision to deliver 100 percent carbon-free energy to customers by 2050, as detailed in Minnesota Power's latest IRP, which was approved by the MPUC in January 2023. These capital expenditures are dependent on successful requests for proposal by Minnesota Power. (See Outlook – EnergyForward.)

(c) Capital expenditures do not include costs related to developing projects that will be sold upon completion as these costs are accounted for as inventory and reflected in Inventories – Net on the Consolidated Balance Sheet.

(d) Our portion of estimated capital expenditures for construction of NTEC, an approximately 600 MW proposed combined-cycle natural gas-fired generating facility to be built in Superior, Wisconsin, which will be jointly owned by Dairyland Power Cooperative, Basin and South Shore Energy.

(e) These amounts do not include capital expenditures for projects considered to be in their preliminary stages.

We are well positioned to meet our financing needs due to adequate operating cash flows, available additional working capital and access to capital markets. We will finance capital expenditures from a combination of internally generated funds, debt and equity issuance proceeds. We intend to maintain a capital structure with capital ratios near current levels. (See *Capital Structure*.)

Environmental and Other 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 9. Commitments, Guarantees and Contingencies.)

Market Risk

Securities Investments.

Available-for-Sale Securities. As of December 31, 2023, our available-for-sale securities portfolio consisted primarily of securities held in other postretirement plans to fund employee benefits.

Market Risk (Continued)

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. The following table presents the long-term debt obligations and the corresponding weighted average interest rate as of December 31, 2023:

Interest Rate Sensitive Financial Instruments	Expected Maturity Date						Total	Fair Value
	2024	2025	2026	2027	2028	Thereafter		
Long-Term Debt								
Fixed Rate – Millions	\$94.1	\$216.9	\$80.2	\$162.5	\$55.8	\$1,144.8	\$1,754.3	\$1,625.5
Average Interest Rate – %	3.4	3.4	3.5	4.5	3.6	4.2	4.1	
Variable Rate – Millions	\$17.3	\$27.8	—	—	—	—	\$45.1	\$45.1
Average Interest Rate – %	8.9	3.9	—	—	—	—	5.8	

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 December 31, 2023, an increase of 100 basis points in interest rates would impact the amount of pre-tax interest expense by \$0.5 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 December 31, 2023.

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).

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.

Recently Adopted Accounting Pronouncements.

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

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

See Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations – Market Risk for information related to quantitative and qualitative disclosure about market risk.

Item 8. Financial Statements and Supplementary Data

See our Consolidated Financial Statements as of December 31, 2023 and 2022, and for the years ended December 31, 2023, 2022 and 2021, and supplementary data, which are indexed in Item 15(a).

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

Not applicable.

Item 9A. Controls and Procedures

Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures

As of December 31, 2023, 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.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f) or 15d-15(f). Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the Internal Control – Integrated Framework (framework) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our evaluation under the framework, our management concluded that our internal control over financial reporting was effective as of December 31, 2023.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2023, has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which is included herein.

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.

Item 9B. Other Information

Trading Plans. For the three months ended December 31, 2023, no director or officer of the Company adopted, modified or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

Part III

Item 10. Directors, Executive Officers and Corporate Governance

Unless otherwise stated, the information required by this Item is incorporated by reference herein from our Proxy Statement for the 2024 Annual Meeting of Shareholders (2024 Proxy Statement) under the following headings:

- **Directors.** The information regarding directors will be included in the “Election of Directors” section;
- **Audit Committee Financial Expert.** The information regarding the Audit Committee financial expert will be included in the “Corporate Governance” section and the “Audit Committee Report” section;
- **Audit Committee Members.** The identity of the Audit Committee members will be included in the “Corporate Governance” section and the “Audit Committee Report” section;
- **Executive Officers.** The information regarding executive officers is included in Part I of this Form 10-K; and
- **Section 16(a) Delinquency.** If applicable, information regarding Section 16(a) delinquencies will be included in a “Delinquent Section 16(a) Reports” section.

Our 2024 Proxy Statement will be filed with the SEC within 120 days after the end of our 2023 fiscal year.

Code of Ethics. We have adopted a written Code of Ethics that applies to all of our employees, including our Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer. A copy of our Code of Ethics is available on our website at www.allete.com and print copies are available without charge upon request to ALLETE, Inc., Attention: Secretary, 30 West Superior St., Duluth, Minnesota 55802. Any amendment to the Code of Ethics or any waiver of the Code of Ethics will be disclosed on our website at www.allete.com promptly following the date of such amendment or waiver.

Corporate Governance. The following documents are available on our website at www.allete.com and print copies are available upon request:

- Corporate Governance Guidelines;
- Audit Committee Charter;
- Executive Compensation and Human Capital Committee Charter; and
- Corporate Governance and Nominating Committee Charter.

Any amendment to these documents will be disclosed on our website at www.allete.com promptly following the date of such amendment.

Item 11. Executive Compensation

The information required by this Item is incorporated by reference herein from the “Compensation Discussion and Analysis,” the “Compensation Committee Report,” the “Director Compensation” and the “Pay Versus Performance” sections in our 2024 Proxy Statement.

Information concerning the Company’s policy regarding incentive-based compensation received by current and former officers in the event of a required accounting restatement is included in Exhibit 97 to this Form 10-K.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this Item is incorporated by reference herein from the “Ownership of ALLETE Common Stock – Securities Owned by Certain Beneficial Owners” and the “Ownership of ALLETE Common Stock – Securities Owned by Directors and Management” sections in our 2024 Proxy Statement.

Securities Authorized for Issuance Under Equity Compensation Plans

The following table sets forth the shares of ALLETE common stock available for issuance under the Company's equity compensation plans as of December 31, 2023:

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants, and Rights ^(a)	Weighted-Average Exercise Price of Outstanding Options, Warrants, and Rights ^(b)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans ^(c)
Equity Compensation Plans Approved by Security Holders	189,646	—	917,149
Equity Compensation Plans Not Approved by Security Holders	—	—	—
Total	189,646	—	917,149

(a) Includes the following as of December 31, 2023: (i) 29,751 securities representing the performance shares (including accrued dividends) granted under the executive long-term incentive compensation plan that vested but were not paid as of December 31, 2023; (ii) 81,747 securities representing the target number of performance share awards (including accrued dividends) granted under the executive long-term incentive compensation plan that were unvested; and (iii) 78,148 director deferred stock units (including accrued dividends) under the non-employee director compensation deferral plan. With respect to unvested performance share awards, the actual number of shares to be issued will vary from 0 percent to 200 percent of the target level depending upon the achievement of total shareholder return objectives established for such awards. For additional information about the performance shares, including payout calculations, see our 2024 Proxy Statement.

(b) Earned performance share awards are paid in shares of ALLETE common stock on a one-for-one basis. Accordingly, these awards do not have a weighted-average exercise price.

(c) Excludes the number of securities shown in the first column as to be issued upon exercise of outstanding options, warrants, and rights. The amount shown is comprised of: (i) 593,992 shares available for issuance under the executive long-term incentive compensation plan in the form of options, rights, restricted stock units, performance share awards, and other grants as approved by the Executive Compensation Committee of the Company's Board of Directors; (ii) 274,834 shares available for issuance under the Non-Employee Director Stock Plan as payment for a portion of the annual retainer payable to non-employee Directors; and (iii) 48,323 shares available for issuance under the ALLETE and Affiliated Companies Employee Stock Purchase Plan.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this Item is incorporated by reference herein from the “Corporate Governance” section in our 2024 Proxy Statement.

We have adopted a Related Person Transaction Policy which is available on our website at www.allete.com. Print copies are available without charge, upon request. Any amendment to this policy will be disclosed on our website at www.allete.com promptly following the date of such amendment.

Item 14. Principal Accountant Fees and Services

Our independent registered public accounting firm is PricewaterhouseCoopers LLP, Minneapolis, MN, PCAOB ID: 238.

The information required by this Item is incorporated by reference herein from the “Audit Committee Report” section in our 2024 Proxy Statement.

Part IV

Item 15. Exhibits and Financial Statement Schedules

(a)	Certain Documents Filed as Part of this Form 10-K.	
(1)	Financial Statements	Page
	ALLETE	
	Report of Independent Registered Public Accounting Firm	70
	Consolidated Balance Sheet as of December 31, 2023 and 2022	72
	For the Years Ended December 31, 2023, 2022 and 2021	
	Consolidated Statement of Income	73
	Consolidated Statement of Comprehensive Income	74
	Consolidated Statement of Cash Flows	75
	Consolidated Statement of Equity	76
	Notes to Consolidated Financial Statements	77
(2)	Financial Statement Schedules	
	Schedule II – ALLETE Valuation and Qualifying Accounts and Reserves	129
	All other schedules have been omitted either because the information is not required to be reported by ALLETE or because the information is included in the Consolidated Financial Statements or the notes.	
(3)	Exhibits including those incorporated by reference.	

Exhibit Number

*3(a)1	— Articles of Incorporation, amended and restated as of May 8, 2001 (filed as Exhibit 3(b) to the March 31, 2001, Form 10-Q, File No. 1-3548).																																																																				
*3(a)2	— Amendment to Articles of Incorporation, dated as of September 20, 2004 (filed as Exhibit 3 to the September 21, 2004, Form 8-K, File No. 1-3548).																																																																				
*3(a)3	— Amendment to Articles of Incorporation, dated as of May 12, 2009 (filed as Exhibit 3 to the June 30, 2009, Form 10-Q, File No. 1-3548).																																																																				
*3(a)4	— Amendment to Articles of Incorporation, dated as of May 11, 2010 (filed as Exhibit 3(a) to the May 14, 2010, Form 8-K, File No. 1-3548).																																																																				
*3(a)5	— Amendment to Certificate of Assumed Name, filed with the Minnesota Secretary of State on May 8, 2001 (filed as Exhibit 3(a) to the March 31, 2001, Form 10-Q, File No. 1-3548).																																																																				
*3(b)	Bylaws, as amended effective April 13, 2020 (filed as Exhibit 3 to the April 14, 2020, Form 8-K, File No. 1-3548).																																																																				
*4(a)1	— Mortgage and Deed of Trust, dated as of September 1, 1945, between Minnesota Power & Light Company (now ALLETE) and The Bank of New York Mellon (formerly Irving Trust Company) and Janet Lee (successor to Richard H. West), Trustees (filed as Exhibit 7(c), File No. 2-5865).																																																																				
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	<table border="0" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 15%; text-align: left;">Number</th> <th style="width: 25%; text-align: left;">Dated as of</th> <th style="width: 25%; text-align: left;">Reference File</th> <th style="width: 35%; text-align: left;">Exhibit</th> </tr> </thead> <tbody> <tr> <td>First</td> <td>March 1, 1949</td> <td>2-7826</td> <td>7(b)</td> </tr> <tr> <td>Second</td> <td>July 1, 1951</td> <td>2-9036</td> <td>7(c)</td> </tr> <tr> <td>Third</td> <td>March 1, 1957</td> <td>2-13075</td> <td>2(c)</td> </tr> <tr> <td>Fourth</td> <td>January 1, 1968</td> <td>2-27794</td> <td>2(c)</td> </tr> <tr> <td>Fifth</td> <td>April 1, 1971</td> <td>2-39537</td> <td>2(c)</td> </tr> <tr> <td>Sixth</td> <td>August 1, 1975</td> <td>2-54116</td> <td>2(c)</td> </tr> <tr> <td>Seventh</td> <td>September 1, 1976</td> <td>2-57014</td> <td>2(c)</td> </tr> <tr> <td>Eighth</td> <td>September 1, 1977</td> <td>2-59690</td> <td>2(c)</td> </tr> <tr> <td>Ninth</td> <td>April 1, 1978</td> <td>2-60866</td> <td>2(c)</td> </tr> <tr> <td>Tenth</td> <td>August 1, 1978</td> <td>2-62852</td> <td>2(d)2</td> </tr> <tr> <td>Eleventh</td> <td>December 1, 1982</td> <td>2-56649</td> <td>4(a)3</td> </tr> <tr> <td>Twelfth</td> <td>April 1, 1987</td> <td>33-30224</td> <td>4(a)3</td> </tr> <tr> <td>Thirteenth</td> <td>March 1, 1992</td> <td>33-47438</td> <td>4(b)</td> </tr> <tr> <td>Fourteenth</td> <td>June 1, 1992</td> <td>33-55240</td> <td>4(b)</td> </tr> <tr> <td>Fifteenth</td> <td>July 1, 1992</td> <td>33-55240</td> <td>4(c)</td> </tr> <tr> <td>Sixteenth</td> <td>July 1, 1992</td> <td>33-55240</td> <td>4(d)</td> </tr> </tbody> </table>	Number	Dated as of	Reference File	Exhibit	First	March 1, 1949	2-7826	7(b)	Second	July 1, 1951	2-9036	7(c)	Third	March 1, 1957	2-13075	2(c)	Fourth	January 1, 1968	2-27794	2(c)	Fifth	April 1, 1971	2-39537	2(c)	Sixth	August 1, 1975	2-54116	2(c)	Seventh	September 1, 1976	2-57014	2(c)	Eighth	September 1, 1977	2-59690	2(c)	Ninth	April 1, 1978	2-60866	2(c)	Tenth	August 1, 1978	2-62852	2(d)2	Eleventh	December 1, 1982	2-56649	4(a)3	Twelfth	April 1, 1987	33-30224	4(a)3	Thirteenth	March 1, 1992	33-47438	4(b)	Fourteenth	June 1, 1992	33-55240	4(b)	Fifteenth	July 1, 1992	33-55240	4(c)	Sixteenth	July 1, 1992	33-55240	4(d)
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**Exhibit
Number**

	Seventeenth	February 1, 1993	33-50143	4(b)
	Eighteenth	July 1, 1993	33-50143	4(c)
	<u>Nineteenth</u>	<u>February 1, 1997</u>	<u>1-3548 (1996 Form 10-K)</u>	<u>4(a)3</u>
	<u>Twentieth</u>	<u>November 1, 1997</u>	<u>1-3548 (1997 Form 10-K)</u>	<u>4(a)3</u>
	<u>Twenty-first</u>	<u>October 1, 2000</u>	<u>333-54330</u>	<u>4(c)3</u>
	<u>Twenty-second</u>	<u>July 1, 2003</u>	<u>1-3548 (June 30, 2003, Form 10-Q)</u>	<u>4</u>
	<u>Twenty-third</u>	<u>August 1, 2004</u>	<u>1-3548 (Sept. 30, 2004, Form 10-Q)</u>	<u>4(a)</u>
	<u>Twenty-fourth</u>	<u>March 1, 2005</u>	<u>1-3548 (March 31, 2005, Form 10-Q)</u>	<u>4</u>
	<u>Twenty-fifth</u>	<u>December 1, 2005</u>	<u>1-3548 (March 31, 2006, Form 10-Q)</u>	<u>4</u>
	<u>Twenty-sixth</u>	<u>October 1, 2006</u>	<u>1-3548 (2006 Form 10-K)</u>	<u>4(a)3</u>
	<u>Twenty-seventh</u>	<u>February 1, 2008</u>	<u>1-3548 (2007 Form 10-K)</u>	<u>4(a)3</u>
	<u>Twenty-eighth</u>	<u>May 1, 2008</u>	<u>1-3548 (June 30, 2008, Form 10-Q)</u>	<u>4</u>
	<u>Twenty-ninth</u>	<u>November 1, 2008</u>	<u>1-3548 (2008 Form 10-K)</u>	<u>4(a)3</u>
	<u>Thirtieth</u>	<u>January 1, 2009</u>	<u>1-3548 (2008 Form 10-K)</u>	<u>4(a)4</u>
	<u>Thirty-first</u>	<u>February 1, 2010</u>	<u>1-3548 (March 31, 2010, Form 10-Q)</u>	<u>4</u>
	<u>Thirty-second</u>	<u>August 1, 2010</u>	<u>1-3548 (Sept. 30, 2010, Form 10-Q)</u>	<u>4</u>
	<u>Thirty-third</u>	<u>July 1, 2012</u>	<u>1-3548 (July 2, 2012, Form 8-K)</u>	<u>4</u>
	<u>Thirty-fourth</u>	<u>April 1, 2013</u>	<u>1-3548 (April 2, 2013, Form 8-K)</u>	<u>4</u>
	<u>Thirty-fifth</u>	<u>March 1, 2014</u>	<u>1-3548 (March 31, 2014, Form 10-Q)</u>	<u>4</u>
	<u>Thirty-sixth</u>	<u>June 1, 2014</u>	<u>1-3548 (June 30, 2014, Form 10-Q)</u>	<u>4</u>
	<u>Thirty-seventh</u>	<u>September 1, 2014</u>	<u>1-3548 (Sept. 30, 2014, Form 10-Q)</u>	<u>4</u>
	<u>Thirty-eighth</u>	<u>September 1, 2015</u>	<u>1-3548 (Sept. 30, 2015, Form 10-Q)</u>	<u>4(a)</u>
	<u>Thirty-ninth</u>	<u>April 1, 2018</u>	<u>1-3548 (March 31, 2018, Form 10-Q)</u>	<u>4</u>
	<u>Fortieth</u>	<u>March 1, 2019</u>	<u>1-3548 (March 31, 2019, Form 10-Q)</u>	<u>4(a)</u>
	<u>Forty-first</u>	<u>August 1, 2020</u>	<u>1-3548 (Sept. 30, 2020, Form 10-Q)</u>	<u>4(a)</u>
	<u>Forty-second</u>	<u>September 1, 2021</u>	<u>1-3548 (Sept. 30, 2021, Form 10-Q)</u>	<u>4</u>
	<u>Forty-third</u>	<u>August 1, 2022</u>	<u>1-3548 (Sept. 30, 2022, Form 10-Q)</u>	<u>4</u>
	<u>Forty-fourth</u>	<u>April 1, 2023</u>	<u>1-3548 (June 30, 2023, Form 10-Q)</u>	<u>4</u>
*4(b)1	— Mortgage and Deed of Trust, dated as of March 1, 1943, between Superior Water, Light and Power Company and Chemical Bank & Trust Company and Howard B. Smith, as Trustees, both succeeded by U.S. Bank National Association, as Trustee (filed as Exhibit 7(c), File No. 2-8668).			
*4(b)2	— Supplemental Indentures to Superior Water, Light and Power Company's Mortgage and Deed of Trust:			
	Number	Dated as of	Reference File	Exhibit
	First	March 1, 1951	2-59690	2(d)(1)
	Second	March 1, 1962	2-27794	2(d)1
	Third	July 1, 1976	2-57478	2(e)1
	Fourth	March 1, 1985	2-78641	4(b)
	Fifth	December 1, 1992	1-3548 (1992 Form 10-K)	4(b)1
	<u>Sixth</u>	<u>March 24, 1994</u>	<u>1-3548 (1996 Form 10-K)</u>	<u>4(b)1</u>
	<u>Seventh</u>	<u>November 1, 1994</u>	<u>1-3548 (1996 Form 10-K)</u>	<u>4(b)2</u>
	<u>Eighth</u>	<u>January 1, 1997</u>	<u>1-3548 (1996 Form 10-K)</u>	<u>4(b)3</u>
	<u>Ninth</u>	<u>October 1, 2007</u>	<u>1-3548 (2007 Form 10-K)</u>	<u>4(c)3</u>
	<u>Tenth</u>	<u>October 1, 2007</u>	<u>1-3548 (2007 Form 10-K)</u>	<u>4(c)4</u>
	<u>Eleventh</u>	<u>December 1, 2008</u>	<u>1-3548 (2008 Form 10-K)</u>	<u>4(c)3</u>
	<u>Twelfth</u>	<u>December 2, 2013</u>	<u>1-3548 (2013 Form 10-K)</u>	<u>4(c)3</u>
	<u>Thirteenth</u>	<u>May 29, 2018</u>	<u>1-3548 (June 30, 2018, Form 10-Q)</u>	<u>4</u>
	<u>Fourteenth</u>	<u>June 14, 2021</u>	<u>1-3548 (June 30, 2021, Form 10-Q)</u>	<u>4(a)</u>
	<u>Fifteenth</u>	<u>June 14, 2021</u>	<u>1-3548 (June 30, 2021, Form 10-Q)</u>	<u>4(b)</u>
*4(c)	— <u>Note Purchase and Guarantee Agreement dated as of November 5, 2015, among Armenia Mountain Wind LLC, AMW I Holding, LLC and the purchasers named therein (filed as Exhibit 4 to the November 12, 2015, Form 8-K, File No. 1-3548).</u>			

**Exhibit
Number**

*4(d)	— Note Purchase Agreement, dated December 8, 2016, between ALLETE and Hartford Investment Management Company, Northwestern Mutual Investment Management Company, The Northwestern Mutual Life Insurance Company and Nationwide Life Insurance Company (filed as Exhibit 4 to the December 12, 2016, Form 8-K, File No. 1-3548).
*4(e)	— Note Purchase Agreement, dated September 10, 2020, between ALLETE and the purchasers named therein (filed as Exhibit 4 to the September 30, 2020, Form 10-Q, File No. 1-3548).
*4(f)	— Description of Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934 (filed as Exhibit 4(h) to the 2019 Form 10-K, File No. 1-3548).
*10(a)	— Power Purchase and Sale Agreement, dated as of May 29, 1998, between Minnesota Power, Inc. (now ALLETE) and Square Butte Electric Cooperative (filed as Exhibit 10 to the June 30, 1998, Form 10-Q, File No. 1-3548).
*10(b)1	— Amended and Restated Credit Agreement dated as of January 10, 2019 among ALLETE, as Borrower, the lenders party thereto, JPMorgan Chase Bank, N.A., as Administrative Agent, and J.P. Morgan Chase Bank, N.A., as Sole Lead Arranger and Sole Book Runner (filed as Exhibit 10(b)2 to the 2018 Form 10-K, File No. 1-3548).
*10(b)2	— First Amendment to Credit Agreement dated May 15, 2019, among ALLETE, as Borrower, the lenders party thereto, and JPMorgan Chase Bank, N.A., as Administrative Agent (filed as Exhibit 4 to the June 30, 2019, Form 10-Q, File No. 1-3548).
*10(b)3	— Second Amendment to Credit Agreement dated November 23, 2021, among ALLETE, as Borrower, the lenders party thereto, and JPMorgan Chase Bank, N.A., as Administrative Agent. (filed as Exhibit 10(b)3 to the 2021 Form 10-K, File No. 1-3548).
*10(b)4	— Third Amendment to Credit Agreement dated as of October 17, 2023, among ALLETE, as Borrower, the lenders party thereto, and JPMorgan Chase Bank, N.A., as Administrative Agent. (filed as Exhibit 10 to the Sept. 30, 2023, Form 10-Q, File No. 1-3548).
*10(c)1	— Financing Agreement between Collier County Industrial Development Authority and ALLETE dated as of July 1, 2006 (filed as Exhibit 10(b)1 to the June 30, 2006, Form 10-Q, File No. 1-3548).
*10(c)2	— Amended and Restated Letter of Credit Agreement, dated as of June 3, 2011, among ALLETE, the participating banks and Wells Fargo Bank, National Association, as Administrative Agent and Issuing Bank (filed as Exhibit 10(b) to the June 30, 2011, Form 10-Q, File No. 1-3548).
*10(c)3	— First Amendment to Amended and Restated Letter of Credit Agreement, dated as of June 1, 2013, between ALLETE and Wells Fargo Bank, National Association, as Issuing Bank, Administrative Agent and Sole Participating Bank (filed as Exhibit 10(b) to the June 30, 2013, Form 10-Q, File No. 1-3548).
*10(d)	— Agreement dated December 16, 2005, among ALLETE, Wisconsin Public Service Corporation and WPS Investments, LLC (filed as Exhibit 10(g) to the 2009 Form 10-K, File No. 1-3548).
*+10(e)1	— ALLETE Executive Annual Incentive Plan, as amended and restated, effective January 1, 2011 (filed as Exhibit 10(h)1 to the 2010 Form 10-K, File No. 1-3548).
*+10(e)2	— ALLETE Executive Annual Incentive Plan Form of Award Effective 2020 (filed as Exhibit 10(e)8 to the 2019 Form 10-K, File No. 1-3548).
*+10(e)3	— ALLETE Executive Annual Incentive Plan Form of Award Effective 2021 (filed as Exhibit 10(e)8 to the 2020 Form 10-K, File No. 1-3548).
*+10(e)4	— ALLETE Executive Annual Incentive Plan Form of Award Effective 2022 (filed as Exhibit 10(e)9 to the 2021 Form 10-K, File No. 1-3548).
*+10(e)5	— ALLETE Executive Annual Incentive Plan Form of Award Effective 2023 (filed as Exhibit 10(e)8 to the 2022 Form 10-K, File No. 1-3548).
*+10(e)6	— ALLETE Executive Annual Incentive Plan Form of Award ALLETE Clean Energy Effective 2023 (filed as Exhibit 10(e)9 to the 2022 Form 10-K, File No. 1-3548).
+10(e)7	— ALLETE Executive Annual Incentive Plan, as amended and restated, effective December 21, 2023.
+10(e)8	— ALLETE Executive Annual Incentive Plan Form of Award Effective 2024.
+10(e)9	— ALLETE Executive Annual Incentive Plan Form of Award ALLETE Clean Energy Effective 2024.
*+10(f)1	— ALLETE and Affiliated Companies Supplemental Executive Retirement Plan (SERP I), as amended and restated, effective January 1, 2009 (filed as Exhibit 10(i)4 to the 2008 Form 10-K, File No. 1-3548).
*+10(f)2	— Amendment to the ALLETE and Affiliated Companies Supplemental Executive Retirement Plan (SERP I), effective January 1, 2011 (filed as Exhibit 10(i)2 to the 2010 Form 10-K, File No. 1-3548).
*+10(f)3	— ALLETE and Affiliated Companies Supplemental Executive Retirement Plan II (SERP II), as amended and restated, effective January 1, 2021 (filed as Exhibit 10(f)5 to the 2021 Form 10-K, File No. 1-3548).
+10(f)4	— ALLETE and Affiliated Companies Supplemental Executive Retirement Plan II (SERP II), as amended and restated, effective October 27, 2023.
*+10(g)	— ALLETE Deferred Compensation Trust Agreement, as amended and restated, effective December 15, 2012 (filed as Exhibit 10(j) to the 2012 Form 10-K, File No. 1-3548).
*+10(h)1	— ALLETE Executive Long-Term Incentive Compensation Plan effective January 1, 2016 (filed November 6, 2015, as Exhibit 99 to Form S-8, File No. 333-207846).
*+10(h)2	— Form of ALLETE Executive Long-Term Incentive Compensation Plan Cash Award Effective 2018 (filed as Exhibit 10(b) to the March 31, 2018, Form 10-Q, File No. 1-3548).

**Exhibit
Number**

*+10(h)3	— Form of ALLETE Executive Long-Term Incentive Compensation Plan Restricted Stock Unit Grant Effective 2018 (filed as Exhibit 10(i)7 to the 2017 Form 10-K, File No. 1-3548).
*+10(h)4	— Form of ALLETE Executive Long-Term Incentive Compensation Plan Performance Share Grant Effective 2018 (filed as Exhibit 10(i)8 to the 2017 Form 10-K, File No. 1-3548).
*+10(h)5	— Form of ALLETE Executive Long-Term Incentive Compensation Plan Restricted Stock Unit Grant Effective 2019 (filed as Exhibit 10(i)10 to the 2018 Form 10-K, File No. 1-3548).
*+10(h)6	— Form of ALLETE Executive Long-Term Incentive Compensation Plan Performance Share Grant Effective 2019 (filed as Exhibit 10(i)11 to the 2018 Form 10-K, File No. 1-3548).
*+10(h)7	— Form of ALLETE Executive Long-Term Incentive Compensation Plan Restricted Stock Unit Grant Effective 2020 (filed as Exhibit 10(i)12 to the 2019 Form 10-K, File No. 1-3548).
*+10(h)8	— Form of ALLETE Executive Long-Term Incentive Compensation Plan Performance Share Grant Effective 2020 (filed as Exhibit 10(i)13 to the 2019 Form 10-K, File No. 1-3548).
*+10(h)9	— Form of ALLETE Executive Long-Term Incentive Compensation Plan Restricted Stock Unit Grant Effective 2021 (filed as Exhibit 10(i)14 to the 2020 Form 10-K, File No. 1-3548).
*+10(h)10	— Form of ALLETE Executive Long-Term Incentive Compensation Plan Performance Share Grant Effective 2021 (filed as Exhibit 10(i)15 to the 2020 Form 10-K, File No. 1-3548).
*+10(h)11	— Form of ALLETE Executive Long-Term Incentive Compensation Plan Restricted Stock Unit Grant Effective 2022 (filed as Exhibit 10(i)17 to the 2021 Form 10-K, File No. 1-3548).
*+10(h)12	— Form of ALLETE Executive Long-Term Incentive Compensation Plan Performance Share Grant Effective 2022 (filed as Exhibit 10(i)18 to the 2021 Form 10-K, File No. 1-3548).
*+10(h)13	— Form of ALLETE Executive Long-Term Incentive Compensation Plan Restricted Stock Unit Grant Effective 2023 (filed as Exhibit 10(h)16 to the 2022 Form 10-K, File No. 1-3548).
*+10(h)14	— Form of ALLETE Executive Long-Term Incentive Compensation Plan Performance Share Grant Effective 2023 (filed as Exhibit 10(h)17 to the 2022 Form 10-K, File No. 1-3548).
+10(h)15	— Form of ALLETE Executive Long-Term Incentive Compensation Plan Restricted Stock Unit Grant Effective 2024.
+10(h)16	— Form of ALLETE Executive Long-Term Incentive Compensation Plan Performance Share Grant Effective 2024.
*+10(i)1	— Amended and Restated ALLETE Non-Employee Director Stock Plan, effective May 15, 2013 (filed as Exhibit 10(a) to the June 30, 2013, Form 10-Q, File No. 1-3548).
*+10(i)2	— ALLETE Non-Employee Director Stock Plan (As Amended and Restated Effective May 10, 2022) (filed as Exhibit 99, File No. 333-265211).
*+10(j)3	— ALLETE Non-Employee Director Compensation Summary effective January 1, 2020 (filed as Exhibit 10(k)3 to the 2020 Form 10-K, File No. 1-3548).
*+10(j)4	— ALLETE Non-Employee Director Compensation Summary effective January 1, 2022 (filed as Exhibit 10(k)4 to the 2021 Form 10-K, File No. 1-3548).
*+10(j)5	— Amended and Restated ALLETE Non-Employee Director Stock Plan, effective May 10, 2022 (filed as Exhibit 99 to Form S-8, File No. 333-265211).
+10(j)6	— ALLETE Non-Employee Director Compensation Summary effective January 1, 2023 (filed as Exhibit 10(j)6 to the 2022 Form 10-K, File No. 1-3548).
*+10(k)1	— Minnesota Power (now ALLETE) Director Compensation Deferral Plan Amended and Restated, effective January 1, 1990 (filed as Exhibit 10(ac) to the 2002 Form 10-K, File No. 1-3548).
*+10(k)2	— Amendment to the Minnesota Power (now ALLETE) Director Compensation Deferral Plan, effective October 1, 2003 (filed as Exhibit 10(aa)2 to the 2003 Form 10-K, File No. 1-3548).
*+10(k)3	— Amendment to the ALLETE Director Compensation Deferral Plan, effective January 1, 2005 (filed as Exhibit 10(c) to the March 31, 2005, Form 10-Q, File No. 1-3548).
*+10(k)4	— Amendment to the ALLETE Director Compensation Deferral Plan, effective October 1, 2006 (filed as Exhibit 10(d) to the September 30, 2006, Form 10-Q, File No. 1-3548).
*+10(k)5	— Amendment to the ALLETE Director Compensation Deferral Plan, effective July 24, 2012 (filed as Exhibit 10(n)5 to the 2012 Form 10-K, File No. 1-3548).
*+10(l)1	— ALLETE Non-Employee Director Compensation Deferral Plan II, effective May 1, 2009 (filed as Exhibit 10(a) to the June 30, 2009, Form 10-Q, File No. 1-3548).
*+10(l)2	— ALLETE Non-Employee Director Compensation Deferral Plan II, as amended and restated, effective July 24, 2012 (filed as Exhibit 10(o)2 to the 2012 Form 10-K, File No. 1-3548).
*+10(m)	— ALLETE Non-Employee Director Compensation Trust Agreement, as amended and restated, effective December 15, 2012 (filed as Exhibit 10(p)2 to the 2012 Form 10-K, File No. 1-3548).
*+10(n)1	— ALLETE and Affiliated Companies Change in Control Severance Plan, as amended and restated, effective April 23, 2018 (filed as Exhibit 10(c) to the March 31, 2018, Form 10-Q, File No. 1-3548).

**Exhibit
Number**

+10(n)2	— ALLETE and Affiliated Companies Change in Control Severance Plan, as amended and restated, effective October 27, 2023.
21	— Subsidiaries of the Registrant.
23	— Consent of Independent Registered Public Accounting Firm.
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 Annual Report by the Chief Executive Officer and Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
95	— Mine Safety.
97	— Policy Relating to Recovery of Erroneously Awarded Compensation.
99	— ALLETE News Release dated February 20, 2024, announcing earnings for the year ended December 31, 2023. (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)

Pursuant to Item 601(b)(4)(iii)(A) of Regulation S-K, other long-term debt instruments are not filed as exhibits because the total amount of debt authorized under each omitted instrument does not exceed 10 percent of our total consolidated assets. We will furnish copies of these instruments to the SEC upon its request.

* *Incorporated herein by reference as indicated.*

+ *Management contract or compensatory plan or arrangement pursuant to Item 15(b).*

Item 16. Form 10-K Summary

None.

Signatures (Continued)

Signature	Title	Date
<hr/> <i>/s/ George G. Goldfarb</i> George G. Goldfarb	Director	February 20, 2024
<hr/> <i>/s/ James J. Hoolihan</i> James J. Hoolihan	Director	February 20, 2024
<hr/> <i>/s/ Madeleine W. Ludlow</i> Madeleine W. Ludlow	Director	February 20, 2024
<hr/> <i>/s/ Charles R. Matthews</i> Charles R. Matthews	Director	February 20, 2024
<hr/> <i>/s/ Susan K. Nestegard</i> Susan K. Nestegard	Director	February 20, 2024
<hr/> <i>/s/ Douglas C. Neve</i> Douglas C. Neve	Director	February 20, 2024
<hr/> <i>/s/ Barbara A. Nick</i> Barbara A. Nick	Director	February 20, 2024
<hr/> <i>/s/ Robert P. Powers</i> Robert P. Powers	Director	February 20, 2024
<hr/> <i>/s/ Charlene A. Thomas</i> Charlene A. Thomas	Director	February 20, 2024

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of ALLETE, Inc.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheet of ALLETE, Inc. and its subsidiaries (the “Company”) as of December 31, 2023 and 2022, and the related consolidated statements of income, of comprehensive income, of equity and of cash flows for each of the three years in the period ended December 31, 2023, including the related notes and financial statement schedule listed in the index appearing under Item 15(a)(2) (collectively referred to as the “consolidated financial statements”). We also have audited the Company's internal control over financial reporting as of December 31, 2023, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2023 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2023, based on criteria established in Internal Control - Integrated Framework (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Accounting for the Effects of Regulatory Matters

As described in Note 4 to the consolidated financial statements, the Company's regulated utility operations are subject to accounting standards for the effects of certain types of regulation. As of December 31, 2023, there was \$435 million of regulatory assets and \$578 million of regulatory liabilities recorded. 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. Management assesses quarterly whether regulatory assets and liabilities meet the criteria for probability of future recovery or deferral. As disclosed by management, these standards require the Company to reflect the effect of regulatory decisions in its financial statements. This assessment considers factors such as, but not limited to, changes in the regulatory environment and recent rate orders to other regulated entities under the same jurisdiction. If future recovery or refund of costs becomes no longer probable, the assets and liabilities would be recognized in current period net income or other comprehensive income.

The principal consideration for our determination that performing procedures relating to the Company's accounting for the effects of regulatory matters is a critical audit matter is the significant judgment by management in determining the recoverability of costs; this in turn led to a high degree of auditor judgment, subjectivity and effort in performing procedures and evaluating audit evidence obtained related to the recoverability of costs.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to management's implementation of new regulatory orders, changes to existing regulatory orders, and assessing the recoverability of costs. These procedures also included, among others, evaluating (i) the reasonableness of management's assessment of impacts arising from correspondence with regulators and changes in laws and regulations, (ii) management's judgments related to the recoverability of regulatory assets and the establishment of regulatory liabilities, and (iii) the sufficiency of the disclosures in the consolidated financial statements. Testing the regulatory assets and liabilities involved considering the provisions and formulas outlined in rate orders, other regulatory correspondence, and application of relevant regulatory precedents.

/s/ PricewaterhouseCoopers LLP

Minneapolis, Minnesota
February 20, 2024

We have served as the Company's auditor since 1963.

CONSOLIDATED FINANCIAL STATEMENTS

ALLETE Consolidated Balance Sheet

As of December 31	2023	2022
Millions		
Assets		
Current Assets		
Cash and Cash Equivalents	\$71.9	\$36.4
Accounts Receivable (Less Allowance of \$1.6 and \$1.6)	137.2	137.9
Inventories – Net	175.4	455.9
Prepayments and Other	83.6	87.8
Total Current Assets	468.1	718.0
Property, Plant and Equipment – Net	5,013.4	5,004.0
Regulatory Assets	425.4	441.0
Equity Investments	331.2	322.7
Goodwill and Intangible Assets – Net	155.4	155.6
Other Non-Current Assets	262.9	204.3
Total Assets	\$6,656.4	\$6,845.6
Liabilities, Redeemable Non-Controlling Interest and Equity		
Liabilities		
Current Liabilities		
Accounts Payable	\$102.2	\$103.0
Accrued Taxes	51.0	69.1
Accrued Interest	21.1	20.5
Long-Term Debt Due Within One Year	111.4	272.6
Other	91.9	251.0
Total Current Liabilities	377.6	716.2
Long-Term Debt	1,679.9	1,648.2
Deferred Income Taxes	192.7	158.1
Regulatory Liabilities	574.0	526.1
Defined Benefit Pension and Other Postretirement Benefit Plans	160.8	179.7
Other Non-Current Liabilities	264.3	269.0
Total Liabilities	3,249.3	3,497.3
Commitments, Guarantees and Contingencies (Note 9)		
Redeemable Non-Controlling Interest	0.5	—
Equity		
ALLETE Equity		
Common Stock Without Par Value, 80.0 Shares Authorized, 57.6 and 57.2 Shares Issued and Outstanding	1,803.7	1,781.5
Accumulated Other Comprehensive Loss	(20.5)	(24.4)
Retained Earnings	1,026.4	934.8
Total ALLETE Equity	2,809.6	2,691.9
Non-Controlling Interest in Subsidiaries	597.0	656.4
Total Equity	3,406.6	3,348.3
Total Liabilities, Redeemable Non-Controlling Interest and Equity	\$6,656.4	\$6,845.6

The accompanying notes are an integral part of these statements.

ALLETE Consolidated Statement of Income

Year Ended December 31	2023	2022	2021
Millions Except Per Share Amounts			
Operating Revenue			
Contracts with Customers – Utility	\$1,238.3	\$1,259.3	\$1,227.9
Contracts with Customers – Non-utility	636.4	303.8	179.9
Other – Non-utility	5.1	7.6	11.4
Total Operating Revenue	1,879.8	1,570.7	1,419.2
Operating Expenses			
Fuel, Purchased Power and Gas – Utility	482.9	545.5	562.4
Transmission Services – Utility	88.2	76.7	75.3
Cost of Sales – Non-utility	473.5	182.8	68.8
Operating and Maintenance	345.3	318.9	259.2
Depreciation and Amortization	251.8	242.2	231.7
Taxes Other than Income Taxes	57.2	70.4	70.5
Total Operating Expenses	1,698.9	1,436.5	1,267.9
Operating Income	180.9	134.2	151.3
Other Income (Expense)			
Interest Expense	(80.8)	(75.2)	(69.1)
Equity Earnings	21.7	18.7	20.0
Other	85.0	22.4	8.7
Total Other Income (Expense)	25.9	(34.1)	(40.4)
Income Before Non-Controlling Interest and Income Taxes	206.8	100.1	110.9
Income Tax Expense (Benefit)	27.9	(31.2)	(26.9)
Net Income	178.9	131.3	137.8
Net Loss Attributable to Non-Controlling Interest	(68.2)	(58.0)	(31.4)
Net Income Attributable to ALLETE	\$247.1	\$189.3	\$169.2
Average Shares of Common Stock			
Basic	57.3	55.9	52.4
Diluted	57.4	56.0	52.5
Basic Earnings Per Share of Common Stock	\$4.31	\$3.38	\$3.23
Diluted Earnings Per Share of Common Stock	\$4.30	\$3.38	\$3.23

The accompanying notes are an integral part of these statements.

ALLETE Consolidated Statement of Comprehensive Income

Year Ended December 31	2023	2022	2021
Millions			
Net Income	\$178.9	\$131.3	\$137.8
Other Comprehensive Income (Loss)			
Unrealized Gain (Loss) on Securities			
Net of Income Tax Expense (Benefit) of \$0.1, \$(0.2) and \$(0.1)	0.3	(0.4)	(0.1)
Defined Benefit Pension and Other Postretirement Benefit Plans			
Net of Income Tax Expense (Benefit) of \$2.4, \$(0.1) and \$3.0	3.6	(0.2)	7.4
Total Other Comprehensive Income (Loss)	3.9	(0.6)	7.3
Total Comprehensive Income	182.8	130.7	145.1
Net Loss Attributable to Non-Controlling Interest	(68.2)	(58.0)	(31.4)
Total Comprehensive Income Attributable to ALLETE	\$251.0	\$188.7	\$176.5

The accompanying notes are an integral part of these statements.

ALLETE Consolidated Statement of Cash Flows

Year Ended December 31	2023	2022	2021
Millions			
Operating Activities			
Net Income	\$178.9	\$131.3	\$137.8
Adjustments to Reconcile Net Income to Cash provided by Operating Activities:			
AFUDC – Equity	(3.6)	(2.7)	(2.6)
Income from Equity Investments – Net of Dividends	1.0	2.4	2.2
(Gain) / Loss on Investments and Property, Plant and Equipment	—	1.2	(0.8)
Depreciation Expense	251.7	242.0	231.6
Amortization of PSAs	(5.2)	(7.6)	(11.4)
Amortization of Other Intangible Assets and Other Assets	7.1	8.3	9.9
Deferred Income Tax Expense (Benefit)	17.6	(38.5)	(26.9)
Share-Based and ESOP Compensation Expense	7.3	4.9	5.9
Defined Benefit Pension and Other Postretirement Plan Expense (Benefit)	(6.1)	(3.0)	4.3
Bad Debt Expense	1.3	1.9	1.2
Fuel Adjustment Clause	44.0	15.1	(56.4)
Provision (Payments) for Interim Rate Refund	(18.4)	18.4	—
Changes in Operating Assets and Liabilities			
Accounts Receivable	1.8	(14.0)	(13.0)
Inventories	277.1	(256.1)	(23.5)
Prepayments and Other	(7.9)	(21.5)	(0.5)
Accounts Payable	(4.0)	(1.3)	15.0
Other Current Liabilities	(157.6)	116.2	28.0
Cash Contributions to Defined Benefit Pension Plans	(17.3)	—	(10.3)
Changes in Regulatory and Other Non-Current Assets	15.6	24.1	(12.0)
Changes in Regulatory and Other Non-Current Liabilities	2.0	0.2	(15.0)
Cash provided by Operating Activities	585.3	221.3	263.5
Investing Activities			
Proceeds from Sale of Available-for-sale Securities	1.0	2.2	6.4
Payments for Purchase of Available-for-sale Securities	(1.2)	(2.4)	(3.6)
Acquisitions of Subsidiaries – Net of Cash and Restricted Cash Acquired	—	(155.0)	—
Payments for Equity Investments	(8.2)	(5.9)	(17.6)
Additions to Property, Plant and Equipment	(271.2)	(220.5)	(479.5)
Other Investing Activities	(4.0)	(2.4)	9.1
Cash used in Investing Activities	(283.6)	(384.0)	(485.2)
Financing Activities			
Proceeds from Issuance of Common Stock	14.9	248.0	69.9
Equity Issuance Costs	—	(8.1)	—
Proceeds from Issuance of Short-Term and Long-Term Debt	437.0	785.4	733.0
Repayments of Short-Term and Long-Term Debt	(566.7)	(877.0)	(552.9)
Proceeds from Non-Controlling Interest in Subsidiaries – Net of Issuance Costs	17.8	155.7	90.9
Distributions to Non-Controlling Interest	(8.5)	(1.7)	(3.1)
Dividends on Common Stock	(155.5)	(145.9)	(131.9)
Other Financing Activities	(1.5)	(1.2)	(1.7)
Cash provided (used in) by Financing Activities	(262.5)	155.2	204.2
Change in Cash, Cash Equivalents and Restricted Cash	39.2	(7.5)	(17.5)
Cash, Cash Equivalents and Restricted Cash at Beginning of Period	40.2	47.7	65.2
Cash, Cash Equivalents and Restricted Cash at End of Period	\$79.4	\$40.2	\$47.7

The accompanying notes are an integral part of these statements.

ALLETE Consolidated Statement of Equity

	2023	2022	2021
Millions Except Per Share Amounts			
Equity			
Common Stock			
Balance, Beginning of Period	\$1,781.5	\$1,536.7	\$1,460.9
Common Stock Issued	22.2	244.8	75.8
Balance, End of Period	1,803.7	1,781.5	1,536.7
Accumulated Other Comprehensive Loss			
Balance, Beginning of Period	(24.4)	(23.8)	(31.1)
Other Comprehensive Income – Net of Income Taxes			
Unrealized Gain (Loss) on Debt Securities	0.3	(0.4)	(0.1)
Defined Benefit Pension and Other Postretirement Plans	3.6	(0.2)	7.4
Balance, End of Period	(20.5)	(24.4)	(23.8)
Retained Earnings			
Balance, Beginning of Period	934.8	891.4	856.0
Net Income Attributable to ALLETE	247.1	189.3	169.2
Common Stock Dividends	(155.5)	(145.9)	(131.9)
Adjustment of Redeemable Non-Controlling Interest	—	—	(1.9)
Balance, End of Period	1,026.4	934.8	891.4
Non-Controlling Interest in Subsidiaries			
Balance, Beginning of Period	656.4	533.2	505.6
Proceeds from Non-Controlling Interest in Subsidiaries – Net of Issuance Costs	9.9	182.9	90.9
Net Loss Attributable to Non-Controlling Interest	(60.8)	(58.0)	(31.4)
Reclassification of Redeemable Non-Controlling Interest to Current Liabilities	—	—	(28.8)
Distributions to Non-Controlling Interest	(8.5)	(1.7)	(3.1)
Balance, End of Period	597.0	656.4	533.2
Total Equity	\$3,406.6	\$3,348.3	\$2,937.5
Redeemable Non-Controlling Interest			
Balance, Beginning of Period	—	—	—
Proceeds from Non-Controlling Interest in Subsidiaries	\$7.9	—	—
Net Loss Attributable to Non-Controlling Interest	(7.4)	—	—
Total Redeemable Non-Controlling Interest	\$0.5	—	—
Dividends Per Share of Common Stock	\$2.71	\$2.60	\$2.52

The accompanying notes are an integral part of these statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Preparation. References in this report to “we,” “us,” and “our” are to ALLETE and its subsidiaries, collectively. We prepare our financial statements in conformity with GAAP. These principles require management to make informed judgments, best estimates, and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses. Actual results could differ from those estimates. The presentation of certain prior period amounts on the Consolidated Financial Statements have been adjusted for comparative purposes.

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

Principles of Consolidation. Our Consolidated Financial Statements include the accounts of ALLETE, all of our majority owned subsidiary companies and variable interest entities of which ALLETE is the primary beneficiary. All material intercompany balances and transactions have been eliminated in consolidation.

Variable Interest Entities. The accounting guidance for “Variable Interest Entities” (VIE) is a consolidation model that considers if a company has a variable interest in a VIE. A VIE is a legal entity that possesses any of the following conditions: the entity’s equity at risk is not sufficient to permit the legal entity to finance its activities without additional subordinated financial support, equity owners are unable to direct the activities that most significantly impact the legal entity’s economic performance (or they possess disproportionate voting rights in relation to the economic interest in the legal entity), or the equity owners lack the obligation to absorb the legal entity’s expected losses or the right to receive the legal entity’s expected residual returns. Entities are required to consolidate a VIE when it is determined that they have a controlling financial interest in a VIE and therefore are the primary beneficiary of that VIE, as defined by the accounting guidance for “Variable Interest Entities.” In determining whether ALLETE is the primary beneficiary of a VIE, management considers whether ALLETE has the power to direct the most significant activities of the VIE and is obligated to absorb losses or receive the expected residual returns that are significant to the VIE. The accounting guidance for VIEs applies to certain ALLETE Clean Energy wind energy facilities, certain New Energy Equity facilities, and our investment in Nobles 2. (See *Tax Equity Financing*.)

Business Segments. We present two reportable segments: Regulated Operations and ALLETE Clean Energy. Our segments were determined in accordance with the guidance on segment reporting. We measure performance of our operations through budgeting and monitoring of contributions to consolidated net income by each business segment.

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 150,000 retail customers. Minnesota Power also has 14 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.

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 1,200 MW of nameplate capacity wind energy generation with a majority contracted under PSAs of various durations. In addition, 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 New Energy, our investment in Nobles 2, South Shore Energy, BNI Energy, ALLETE Properties, other business development and corporate expenditures, unallocated interest expense, a small amount of non-rate base generation, land holdings in Minnesota, and earnings on cash and investments.

New Energy is a renewable energy development company with a primary focus on solar and storage facilities while also offering comprehensive operations, maintenance and asset management services.

Our investment in Nobles 2 represents a 49 percent equity interest in Nobles 2, the entity that owns and operates a 250 MW wind energy facility in southwestern Minnesota pursuant to a 20-year PPA with Minnesota Power.

NOTE 1. OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

South Shore Energy, ALLETE's non-rate regulated, Wisconsin subsidiary, is developing NTEC, an approximately 600 MW proposed combined-cycle natural gas-fired generating facility to be built in Superior, Wisconsin, which will be jointly owned by Dairyland Power Cooperative, Basin and South Shore Energy. (See Note 3. Jointly-Owned Facilities and Assets.)

BNI Energy mines and sells lignite coal to two North Dakota mine-mouth generating units, one of which is Square Butte. In 2023, Square Butte supplied 50 percent (227.5 MW) of its output to Minnesota Power under long-term contracts. (See Note 9. Commitments, Guarantees and Contingencies.)

ALLETE Properties represents our legacy Florida real estate investment. 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 at our Regulated Operations and ALLETE Clean Energy. ALLETE Properties continues to pursue sales of individual parcels over time and will continue to maintain key entitlements and infrastructure.

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 December 31, 2023, and 2022, restricted cash amounts included in Prepayments and Other on the Consolidated Balance Sheet include deposits required under a tax equity financing agreement and 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 an ALLETE Clean Energy loan agreement and 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			
As of December 31	2023	2022	2021
Millions			
Cash and Cash Equivalents	\$71.9	\$36.4	\$45.1
Restricted Cash included in Prepayments and Other	5.1	1.5	0.3
Restricted Cash included in Other Non-Current Assets	2.4	2.3	2.3
Cash, Cash Equivalents and Restricted Cash on the Consolidated Statement of Cash Flows	\$79.4	\$40.2	\$47.7

Supplemental Statement of Cash Flow Information.

Consolidated Statement of Cash Flows			
Year Ended December 31	2023	2022	2021
Millions			
Cash Paid During the Period for Interest – Net of Amounts Capitalized	\$80.5	\$72.8	\$66.8
Cash Paid for Income Taxes	\$19.5	\$6.0	—
Noncash Investing and Financing Activities			
Increase (Decrease) in Accounts Payable for Capital Additions to Property, Plant and Equipment	\$2.2	\$(9.6)	\$(14.0)
Reclassification of Property, Plant and Equipment to Inventory <i>(a)</i>	—	\$99.7	—
Reclassification of Redeemable Non-Controlling Interest to Current Liabilities <i>(b)</i>	—	—	\$30.6
Capitalized Asset Retirement Costs	\$5.8	\$11.8	\$16.9
AFUDC–Equity	\$3.6	\$2.7	\$2.6

(a) The decommissioning of the existing Northern Wind assets resulted in a reclassification from Property, Plant and Equipment – Net to Inventories – Net in the second quarter of 2022 as they were repowered and subsequently sold to a subsidiary of Xcel Energy Inc. In the third quarter of 2022, safe harbor equipment was transferred to the project entity resulting in an additional reclassification from Property, Plant and Equipment – Net to Inventories – Net.

(b) Amount reclassified to Current Liabilities resulting from the exercise of an option to buy out a non-controlling interest.

NOTE 1. OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable. Accounts receivable are reported on the Consolidated Balance Sheet net of an allowance for doubtful accounts. The allowance is based on our evaluation of the receivable portfolio under current conditions, overall portfolio quality, review of specific situations and such other factors that, in our judgment, deserve recognition in estimating losses.

Accounts Receivable

As of December 31	2023	2022
Millions		
Trade Accounts Receivable		
Billed	\$106.8	\$107.1
Unbilled	23.8	29.2
Less: Allowance for Doubtful Accounts	1.6	1.6
Total Trade Accounts Receivable	129.0	134.7
Income Taxes Receivable	8.2	3.2
Total Accounts Receivable	\$137.2	\$137.9

Concentration of Credit Risk. We are subject to concentration of credit risk primarily as a result of accounts receivable. Minnesota Power sells electricity to eight Large Power Customers. Receivables from these customers totaled \$11.2 million as of December 31, 2023 (\$11.3 million as of December 31, 2022). Minnesota Power does not obtain collateral to support utility receivables, but monitors the credit standing of major customers. In addition, Minnesota Power, as permitted by the MPUC, requires its taconite-producing Large Power Customers to pay weekly for electric usage based on monthly energy usage estimates, which allows us to closely manage collection of amounts due. Minnesota Power's taconite customers, which are currently owned by two entities at the end of 2023, accounted for 32 percent of Regulated Operations operating revenue and 21 percent of consolidated operating revenue in 2023 (32 percent of Regulated Operations operating revenue and 26 percent of consolidated operating revenue in 2022 and 32 percent of Regulated Operations operating revenue and 28 percent of consolidated operating revenue in 2021).

Long-Term Finance Receivables. Long-term finance receivables relating to our real estate operations are collateralized by property sold, accrue interest at market-based rates and are net of an allowance for doubtful accounts. We assess delinquent finance receivables by comparing the balance of such receivables to the estimated fair value of the collateralized property. If the fair value of the property is less than the finance receivable, we record a reserve for the difference. We estimate fair value based on recent property tax assessed values or current appraisals.

Available-for-Sale Securities. Available-for-sale debt and equity securities are recorded at fair value. Unrealized gains and losses on available-for-sale debt securities are included in accumulated other comprehensive income (loss), net of tax. Unrealized gains and losses on available-for-sale equity securities are recognized in earnings. We use the specific identification method as the basis for determining the cost of securities sold.

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

As of December 31	2023	2022
Millions		
Fuel (a)	\$27.2	\$33.4
Materials and Supplies	115.7	75.1
Renewable Energy Facilities Under Development (b)	32.5	347.4
Total Inventories – Net	\$175.4	\$455.9

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

(b) Renewable Energy Facilities Under Development consists primarily of project costs related to renewable energy development projects at New Energy. As of December 31, 2022, it consisted primarily of project costs related to ALLETE Clean Energy's Northern Wind and Red Barn wind projects sold in the first quarter of 2023 and the second quarter of 2023, respectively. (See Other Current Liabilities.)

NOTE 1. OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, Plant and Equipment. Property, plant and equipment are recorded at original cost and are reported on the Consolidated Balance Sheet net of accumulated depreciation. Expenditures for additions, significant replacements, improvements and major plant overhauls are capitalized; maintenance and repair costs are expensed as incurred. Gains or losses on property, plant and equipment for Corporate and Other operations are recognized when they are retired or otherwise disposed. When property, plant and equipment in our Regulated Operations and ALLETE Clean Energy segments are retired or otherwise disposed, no gain or loss is recognized in accordance with the accounting standards for component depreciation except for certain circumstances where the retirement is unforeseen or unexpected. Our Regulated Operations capitalize AFUDC, which includes both an interest and equity component. AFUDC represents the cost of both debt and equity funds used to finance utility plant additions during construction periods. AFUDC amounts capitalized are included in rate base and are recovered from customers as the related property is depreciated. Upon MPUC approval of cost recovery, the recognition of AFUDC ceases. (See Note 2. Property, Plant and Equipment.)

We believe that long-standing ratemaking practices approved by applicable state and federal regulatory commissions allow for the recovery of the remaining book value of retired plant assets. The MPUC order for Minnesota Power's 2015 IRP directed Minnesota Power to retire Boswell Units 1 and 2, which occurred in the fourth quarter of 2018. As part of the 2016 general retail rate case, the MPUC allowed recovery of the remaining book value of Boswell Units 1 and 2 through 2022. Minnesota Power's latest IRP, which was approved by the MPUC in an order dated January 9, 2023, includes ceasing coal operations at Boswell Units 3 and 4 by 2030 and 2035, respectively. Boswell Unit 3 and Unit 4 have a net book value of approximately \$220 million and \$420 million, respectively, as of December 31, 2023. (See Note 4. Regulatory Matters.) Minnesota Power also retired Taconite Harbor in the first quarter of 2023 consistent with its latest IRP. As part of the 2022 general retail rate case, the MPUC allowed recovery of the remaining book value of Taconite Harbor through 2026. We do not expect to record any impairment charge as a result of these operating changes at Taconite Harbor and Boswell. In addition, we expect to be able to continue depreciating these assets for at least their established remaining useful lives; however, we are unable to predict the impact of regulatory outcomes resulting in changes to their established remaining useful lives.

Impairment of Long-Lived Assets. We review our long-lived assets for indicators of impairment in accordance with the accounting standards for property, plant and equipment on a quarterly basis. This includes our property, plant and equipment (see *Property, Plant and Equipment*) and land inventory. Land inventory is accounted for as held for use and is recorded at cost, unless the carrying value is determined not to be recoverable in accordance with the accounting standards for property, plant and equipment, in which case the land inventory is written down to estimated fair value.

In accordance with the accounting standards for property, plant and equipment, if indicators of impairment exist, we test our long lived assets for recoverability by comparing the carrying amount of the asset to the undiscounted future net cash flows expected to be generated by the asset. Cash flows are assessed at the lowest level of identifiable cash flows. The undiscounted future net cash flows are impacted by trends and factors known to us at the time they are calculated, and our expectations related to: management's best estimate of future use; sales prices; holding period and timing of sales; method of disposition; and future expenditures necessary to maintain the operations.

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

In 2023, 2022 and 2021 there were triggering events identified for our property, plant, and equipment at certain ALLETE Clean Energy wind energy facilities. A recoverability test was performed indicating that the undiscounted cash flows adequately supported the property, plant and equipment book values. As a result, no impairment was recorded in 2023, 2022 or 2021.

Derivatives. ALLETE is exposed to certain risks relating to its business operations that can be managed through the use of derivative instruments. ALLETE may enter into derivative instruments to manage those risks including interest rate risk related to certain variable-rate borrowings, and commodity price and transmission congestion cost risk related to sales to electric customers. We have determined that either these agreements are immaterial to the financial statements, are not derivatives, or, if they are derivatives, the agreements qualify for the normal purchases and normal sales exception to derivative accounting guidance; therefore, derivative accounting is not required.

NOTE 1. OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting for Stock-Based Compensation. We apply the fair value recognition guidance for share-based payments. Under this guidance, we recognize stock-based compensation expense for all share-based payments granted, net of an estimated forfeiture rate. (See Note 13. Employee Stock and Incentive Plans.)

Goodwill. Goodwill is the excess of the purchase price (consideration transferred) over the estimated fair value of net assets of acquired businesses. In accordance with GAAP, goodwill is not amortized. Goodwill is assessed annually in the fourth quarter for impairment and whenever an event occurs or circumstances change that would indicate the carrying amount may be impaired. Impairment testing for goodwill is done at the reporting unit level.

As of the date of our annual goodwill impairment testing in 2023, the Company elected to bypass the qualitative assessment of goodwill for impairment, proceeding directly to the two-step impairment test for the New Energy reporting unit. In performing Step 1 of the impairment test, we compared the fair value of the reporting unit to its carrying value including goodwill. If the carrying value including goodwill were to exceed the fair value of a reporting unit, Step 2 of the impairment test would be performed. Step 2 of the impairment test requires the carrying value of goodwill to be reduced to its fair value, if lower, as of the test date.

For Step 1 of the impairment test, we estimated the reporting unit's fair value using standard valuation techniques, including techniques which use estimates of projected future results and cash flows to be generated by the reporting unit. Such techniques generally include a terminal value that utilizes a growth rate on debt-free cash flows. These cash flow valuations involve a number of estimates that require broad assumptions and significant judgment by management regarding future performance. Our annual impairment test in 2023 indicated that the estimated fair value of New Energy exceeded its carrying value, and therefore no impairment existed. The fair value of the reporting unit was determined using a discounted cash flow model, using significant assumptions which included a discount rate of 14 percent, cash flow forecasts through 2028, gross margins, and a terminal growth rate of 3.5 percent.

Other Non-Current Assets

As of December 31	2023	2022
Millions		
Contract Assets (a)	\$18.5	\$21.0
ALLETE Properties	10.8	19.1
Restricted Cash	2.4	2.3
Other Postretirement Benefit Plans	106.3	58.8
Other	124.9	103.1
Total Other Non-Current Assets	\$262.9	\$204.3

(a) Contract Assets include 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

As of December 31	2023	2022
Millions		
Customer Deposits (a)	\$7.4	\$150.7
PSAs	6.0	6.1
Provision for Interim Rate Refund	—	18.4
Manufactured Gas Plant (b)	0.8	14.7
Other	77.7	61.1
Total Other Current Liabilities	\$91.9	\$251.0

(a) Primarily related to deposits received by ALLETE Clean Energy for the Northern Wind project sold in the first quarter of 2023 and the Red Barn wind project sold in the second quarter of 2023. (See Inventories – Net.)

(b) The manufactured gas plant represents the current liability for remediation of a former manufactured gas plant site located in Superior, Wisconsin, and formerly operated by SWL&P. (See Note 9. Commitments, Guarantees and Contingencies.)

NOTE 1. OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)**Other Non-Current Liabilities
As of December 31**

	2023	2022
Millions		
Asset Retirement Obligation (a)	\$202.9	\$200.4
PSAs	20.9	26.9
Other	40.5	41.7
Total Other Non-Current Liabilities	\$264.3	\$269.0

(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 \$37.2 million in Other Non-Current Assets on the Consolidated Balance Sheet as of December 31, 2023 (\$32.4 million as of December 31, 2022).

Leases. We determine if a contract is, or contains, a lease at inception and recognize a right-of-use asset and lease liability for all leases with a term greater than 12 months. Our right-of-use assets and lease liabilities for operating and finance leases are included in Other Non-Current Assets, Other Current Liabilities and Other Non-Current Liabilities, respectively, in our Consolidated Balance Sheet.

Right-of-use assets represent our right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating and finance lease right-of-use assets and lease liabilities are recognized at the commencement date based on the estimated present value of lease payments over the lease term. As our leases do not provide an explicit rate, we determine the present value of future lease payments based on our estimated incremental borrowing rate using information available at the lease commencement date. The operating and finance lease right-of-use assets includes lease payments to be made during the lease term and any lease incentives, as applicable.

Our leases may include options to extend or buy out the lease at certain points throughout the term, and if it is reasonably certain at lease commencement that we will exercise that option, we include those rental payments in our calculation of the right-of-use asset and lease liability. Lease and rent expense are recognized on a straight-line basis over the lease term for operating leases. Finance leases recognize interest expense using the interest expense method over the lease term and amortization expense on a straight-line basis over the shorter of the useful life of the asset or the lease term, unless a buy out option is reasonably certain to be exercised, for which we then amortize on a straight-line basis over the useful life of the asset. Leases with a term of 12 months or less are not recognized on the Consolidated Balance Sheet.

The majority of our operating leases are for heavy equipment, vehicles and land with fixed monthly payments which we group into two categories: Vehicles and Equipment; and Land and Other. Our largest operating lease is for the drag line at BNI Energy which includes a termination payment at the end of the lease term if we do not exercise our purchase option. The amount of this payment is \$3 million and is included in our calculation of the right-of-use asset and lease liability recorded. None of our other leases contain residual value guarantees. We have one finance lease for heavy equipment which includes a purchase option we are reasonably certain to exercise when the lease terminates.

NOTE 1. OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)**Leases (Continued)**

Additional information on the components of lease cost and presentation of cash flows were as follows:

As of December 31	2023	2022
Millions		
Operating Lease Cost	\$5.0	\$6.3
Finance Lease Cost	\$0.1	—
Other Information:		
Operating Cash Flows From Operating Leases	\$5.0	\$6.3
Financing Cash Flows From Finance Leases	\$0.2	—

Additional information related to leases were as follows:

As of December 31	2023	2022
Millions		
Balance Sheet Information Related to Leases:		
Operating Lease Other Non-Current Assets	\$10.7	\$12.7
Finance Lease Other Non-Current Assets	2.1	—
Total Lease Right-of-use Assets	\$12.8	\$12.7
Operating Lease Other Current Liabilities	\$3.0	\$3.2
Finance Lease Other Current Liabilities	0.4	—
Operating Lease Other Non-Current Liabilities	7.7	9.3
Finance Lease Other Non-Current Liabilities	1.6	—
Total Lease Liabilities	\$12.7	\$12.5
Income Statement Information Related to Leases:		
Operating Lease Rent Expense	\$5.0	\$6.3
Finance Lease Amortization Expense	0.1	—
Total Operating and Finance Lease Expenses	\$5.1	\$6.3
Weighted Average Remaining Lease Term (Years):		
Operating Leases - Vehicles and Equipment	3	4
Operating Leases - Land and Other	12	16
Finance Leases - Vehicles and Equipment	5	0
Weighted Average Discount Rate:		
Operating Leases - Vehicles and Equipment	4.0 %	3.9 %
Operating Leases - Land and Other	5.0 %	3.9 %
Finance Leases - Vehicles and Equipment	5.4 %	— %

NOTE 1. OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)
Leases (Continued)

Maturities of operating and finance lease liabilities as of December 31, 2023, were as follows:

Millions	Operating	Finance
2024	\$3.2	\$0.4
2025	3.2	0.4
2026	3.2	0.4
2027	4.1	0.5
2028	0.2	0.6
Thereafter	1.2	—
Total Lease Payments Due	15.1	2.3
Less: Imputed Interest	4.4	0.3
Total Lease Obligations	10.7	2.0
Less: Current Lease Obligations	3.0	0.4
Total Long-term Lease Obligations	\$7.7	\$1.6

Environmental Liabilities. 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. (See Note 9. Commitments, Guarantees and Contingencies.)

Revenue.

Contracts with Customers – Utility includes sales from our regulated operations for generation, transmission and distribution of electric service, and distribution of water and gas services to our customers. Also included is an immaterial amount of regulated steam generation that is used by customers in the production of paper and pulp.

Contracts with Customers – Non-utility includes sales of goods and services to customers from ALLETE Clean Energy and our Corporate and Other businesses.

Other – Non-utility is the non-cash adjustments to revenue recognized by ALLETE Clean Energy for the amortization of differences between contract prices and estimated market prices for PSAs that were assumed during the acquisition of various wind energy facilities.

Revenue Recognition. Revenue is recognized upon transfer of control of promised goods or services to our customers in an amount that reflects the consideration we expect to receive in exchange for those products or services. Revenue is recognized net of allowance for returns and any taxes collected from customers, which are subsequently remitted to the appropriate governmental authorities. We account for shipping and handling activities that occur after the customer obtains control of goods as a cost rather than an additional performance obligation thereby recognizing revenue at time of shipment and accruing shipping and handling costs when control transfers to our customers. We have a right to consideration from our customers in an amount that corresponds directly with the value to the customer for our performance completed to date; therefore, we may recognize revenue in the amount to which we have a right to invoice.

NOTE 1. OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)
Revenue (Continued)

Nature of Revenue Streams

Utility

Residential and Commercial includes sales for electric, gas or water service to customers, who have implied contracts with the utility, under rates governed by the MPUC, PSCW or FERC. Customers are billed on a monthly cycle basis and revenue is recognized for electric, gas or water service delivered during the billing period. Revenue is accrued for service provided but not yet billed at period end. Performance obligations with these customers are satisfied at time of delivery to customer meters and simultaneously consumed.

Municipal includes sales to 14 non-affiliated municipal customers in Minnesota under long-term wholesale electric contracts. One of these wholesale electric contracts include a termination clause requiring a three-year notice to terminate. These contracts have termination dates ranging through 2037, with a majority of contracts expiring in 2029. Performance obligations with these customers are satisfied at the time energy is delivered to an agreed upon municipal substation or meter.

Industrial includes sales recognized from contracts with customers in the taconite mining, paper, pulp and secondary wood products, pipeline and other industries. Industrial sales accounted for approximately 55 percent of total regulated utility kWh sales for the year ended December 31, 2023. Within industrial revenue, Minnesota Power had eight Large Power Customer contracts, each serving requirements of 10 MW or more of customer load as of December 31, 2023. These contracts automatically renew past the contract term unless a four-year written notice is given. Large Power Customer contracts have earliest termination dates ranging from 2027 through 2029. We satisfy our performance obligations for these customers at the time energy is delivered to an agreed upon customer substation. Revenue is accrued for energy provided but not yet billed at period end. Based on current contracts with industrial customers, we expect to recognize minimum revenue for the fixed contract components of approximately \$62 million per annum through 2027, \$15 million in 2028, and \$12 million in total thereafter, which reflects the termination notice period in these contracts. When determining minimum revenue, we assume that customer contracts will continue under the contract renewal provision; however, if long-term contracts are renegotiated and subsequently approved by the MPUC or there are changes within our industrial customer class, these amounts may be impacted. Contracts with customers that contain variable pricing or quantity components are excluded from the expected minimum revenue amounts.

Other Power Suppliers includes the sale of energy under a long-term PSA with one customer as well as MISO market and liquidation sales. The expiration date of this PSA is 2028. Performance obligations with these customers are satisfied at the time energy is delivered to an agreed upon delivery point defined in the contract (generally the MISO pricing node). The current contract with one customer contains variable pricing components that prevent us from estimating future minimum revenue.

Other Revenue includes all remaining individually immaterial revenue streams for Minnesota Power and SWL&P, and is comprised of steam sales to paper and pulp mills, wheeling revenue and other sources. Revenue for steam sales to customers is recognized at the time steam is delivered and simultaneously consumed. Revenue is recognized at the time each performance obligation is satisfied.

CIP Financial Incentive reflects certain revenue that is a result of the achievement of certain objectives for our CIP financial incentives. This revenue is accounted for in accordance with the accounting standards for alternative revenue programs which allow for the recognition of revenue under an alternative revenue program if the program is established by an order from the utility's regulatory commission, the order allows for automatic adjustment of future rates, the amount of revenue recognized is objectively determinable and probable of recovery, and the revenue will be collected within 24 months following the end of the annual period in which it is recognized. CIP financial incentives are recognized in the period in which the MPUC approves the filing, which is typically mid-year.

NOTE 1. OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue (Continued)

Non-utility

ALLETE Clean Energy

Long-term PSA revenue includes all sales recognized under long-term contracts for production, curtailment, capacity and associated renewable energy credits from ALLETE Clean Energy wind energy facilities. Expiration dates of these PSAs range from 2024 through 2039. Performance obligations for these contracts are satisfied at the time energy is delivered to an agreed upon point, or production is curtailed at the request of the customer, at specified prices. Revenue from the sale of renewable energy credits is recognized at the same time the related energy is delivered to the customer when sold to the same party.

Sale of Wind Energy Facility includes revenue recognized for the design, development, construction, and sale of a wind energy facility to a customer. Performance obligations for these types of agreements are satisfied at the time the completed project is transferred to the customer at the commercial operation date. Revenue from the sale of a wind energy facility is recognized at the time of asset transfer.

Other is the non-cash adjustments to revenue recognized by ALLETE Clean Energy for the amortization of differences between contract prices and estimated market prices on assumed PSAs. As part of wind energy facility acquisitions, ALLETE Clean Energy assumed various PSAs that were above or below estimated market prices at the time of acquisition; the resulting differences between contract prices and estimated market prices are amortized to revenue over the remaining PSA term.

Corporate and Other

Long-term Contract encompasses the sale and delivery of coal to customer generation facilities. Revenue is recognized on a monthly basis at the cost of production plus a specified profit per ton of coal delivered to the customer. Coal sales are secured under long-term coal supply agreements extending through 2037. Performance obligations are satisfied during the period as coal is delivered to customer generation facilities.

Sale of Renewable Development Projects includes revenue recognized from development only and development plus construction type projects that are sold to a customer. For development only projects, revenue is recognized at point in time when all required development responsibilities have been completed and ownership has transferred to the customer. For development plus construction, the transaction price is allocated to two performance obligations based upon the standalone selling price of each obligation. Revenue is recognized on the development performance obligation upon satisfying all required development activities and ownership transferring to the customer. Revenue for the construction performance obligation is recognized over time based on construction costs incurred, beginning at notice to proceed through the commercial operation date.

Other primarily includes revenue from BNI Energy unrelated to coal, revenue from New Energy for asset management services and non-development activities, the sale of real estate from ALLETE Properties, and non-rate base steam generation that is sold for use during production of paper and pulp. Performance obligations are satisfied when control transfers to the customer.

Payment Terms. Payment terms and conditions vary across our businesses. Aside from taconite-producing Large Power Customers, payment terms generally require payment to be made within 15 to 30 days from the end of the period that the service has been rendered. In the case of its taconite-producing Large Power Customers, as permitted by the MPUC, Minnesota Power requires weekly payments for electric usage based on monthly energy usage estimates. These customers receive estimated bills based on Minnesota Power's estimate of the customers' energy usage, forecasted energy prices and fuel adjustment clause estimates. Minnesota Power's taconite-producing Large Power Customers have generally predictable energy usage on a weekly basis and any differences that occur are true-up the following month. Due to the timing difference of revenue recognition from the timing of invoicing and payment, the taconite-producing Large Power Customers receive credit for the time value of money; however, we have determined that our contracts do not include a significant financing component as the period between when we transfer the service to the customer and when they pay for such service is minimal.

NOTE 1. OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue (Continued)

Assets Recognized From the Costs to Obtain a Contract with a Customer. We recognize as an asset the incremental costs of obtaining a contract with a customer if we expect the benefit of those costs to be longer than one year. We expense incremental costs when the asset that would have resulted from capitalizing these costs would have been amortized in one year or less. As of December 31, 2023, we have \$18.5 million of assets recognized for costs incurred to obtain contracts with our customers (\$21.0 million as of December 31, 2022). Management determined the amount of costs to be recognized as assets based on actual costs incurred and paid to obtain and fulfill these contracts to provide goods and services to our customers. Assets recognized to obtain contracts are amortized on a straight-line basis over the contract term as a non-cash reduction to revenue. We recognized \$2.4 million of non-cash amortization for the year ended December 31, 2023 (\$2.4 million for the year end December 31, 2022).

Unamortized Discount and Premium on Debt. Discount and premium on debt are deferred and amortized over the terms of the related debt instruments using a method which approximates the effective interest method.

Tax Equity Financings. Certain subsidiaries of ALLETE have entered into tax equity financings that include forming limited liability companies (LLC) with third-party investors for certain wind and solar projects. Tax equity financings have specific terms that dictate distributions of cash and the allocation of tax attributes among the LLC members, who are divided into two categories: the sponsor and third-party investors. ALLETE subsidiaries are the sponsors in these tax equity financings. The distributions of cash and allocation of tax attributes in these financings generally differ from the underlying ownership percentage interests in the related LLC, with a disproportionate share of tax attributes (including accelerated depreciation and production tax credits) allocated to third-party investors in order to achieve targeted after-tax rates of return, or target yield, from project operations, and a disproportionate share of cash distributions made to the sponsor.

The target yield and other terms vary by tax equity financing. Once the target yield has been achieved or defined time period is met, a “flip point” is recognized. In addition, tax equity financings typically provide that cash distributions can be temporarily increased to the third-party investors in order to meet cumulative distribution thresholds. After the flip point, tax attributes and cash distributions are both typically disproportionately allocated to the sponsor.

Tax equity financings include affirmative and negative covenants that are similar to what a project lender would require in a project financing, such as financial reporting, insurance, maintenance and prudent operator standards. Most covenants are no longer applicable once the flip point occurs and any other obligations of the third-party investor have been eliminated.

The third-party investors’ portions of equity ownership in tax equity LLCs are recorded as non-controlling interest in subsidiaries on the Consolidated Balance Sheet and earnings allocated to third-party investors are recorded as net loss attributable to non-controlling interest on the Consolidated Statement of Income.

Non-Controlling Interest in Subsidiaries and Redeemable Non-Controlling Interest. Non-controlling interest in subsidiaries and redeemable non-controlling interest represent the portion of equity ownership, net income (loss), and comprehensive income (loss) in subsidiaries that is not attributable to equity holders of ALLETE. Non-controlling Interest in Subsidiaries as of and for the years ended December 31, 2023 and 2022, are related to the tax equity financings for ALLETE Clean Energy’s 106 MW Glen Ullin, 80 MW South Peak, 303 MW Diamond Spring and 303 MW Caddo wind energy facilities as well as ALLETE’s equity investment in the 250 MW Nobles 2 wind energy facility. Redeemable Non-Controlling Interest as of and for the year ended December 31, 2023, is related to a tax equity financing entered into in the fourth quarter of 2023 for certain New Energy solar energy facilities totaling 14 MW. This tax equity financing is classified as redeemable non-controlling interest as the redemption price and date are fixed and determinable.

For those wind and solar projects with tax equity financings where the economic benefits are not allocated based on the underlying ownership percentage interests, we have determined that the appropriate methodology for calculating the non-controlling interest in subsidiaries balance is the hypothetical liquidation at book value (HLBV) method. The HLBV method is a balance sheet approach which reflects the substantive economic arrangements in the tax equity financing structures.

Under the HLBV method, amounts reported as non-controlling interest in subsidiaries on the Consolidated Balance Sheet represent the amounts the third-party investors would hypothetically receive at each balance sheet reporting date under the liquidation provisions of the LLC agreements, assuming the net assets of the wind and solar projects were liquidated at amounts determined in accordance with GAAP and distributed to the third-party investor and sponsor. The resulting non-controlling interest in subsidiaries balance in these projects is reported as a component of equity on the Consolidated Balance Sheet as either Non-Controlling Interest in Subsidiaries or Redeemable Non-Controlling Interest.

NOTE 1. OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

The results of operations for these projects attributable to non-controlling interest under the HLBV method is determined as the difference in non-controlling interest in subsidiaries and redeemable non-controlling interest on the Consolidated Balance Sheet at the start and end of each reporting period, after taking into account any capital transactions between the projects and the third-party investors.

Factors used in the HLBV calculation include GAAP income, taxable income (loss), tax attributes such as accelerated depreciation, investment tax credits and production tax credits, capital contributions, cash distributions, and the target yield specified in the corresponding LLC agreement. Changes in these factors could have a significant impact on the amounts that third-party investors and sponsors would receive upon a hypothetical liquidation. The use of the HLBV method to allocate income to the non-controlling interest in subsidiaries may create variability in our results of operations as the application of the HLBV method can drive variability in net income or loss attributable to non-controlling interest in subsidiaries from period to period.

Immaterial Out-of-Period Adjustment. In the third quarter of 2023, we recognized a \$5.7 million increase in Net Loss Attributable to Non-Controlling Interest on the Consolidated Statement of Income for the correction of an error related to the calculation of non-controlling interest in subsidiaries under the hypothetical liquidation at book value method, of which \$3.6 million related to 2022. We have evaluated the effect of this out-of-period adjustment for the current reporting period, as well as on the previous interim and annual periods in which they should have been recognized and concluded that this adjustment is not material to any of the periods affected.

Other Income (Expense) - Other			
Year Ended December 31	2023	2022	2021
Millions			
Pension and Other Postretirement Benefit Plan Non-Service Credit (a)	\$8.9	\$9.8	\$6.1
Interest and Investment Income (b)	10.3	—	2.3
AFUDC - Equity	3.6	2.7	2.6
Gain on Land Sales	0.2	—	0.1
PSA Liability (c)	—	10.2	—
Gain on Arbitration Award (d)	58.4	—	—
Other	3.6	(0.3)	(2.4)
Total Other Income (Expense) - Other	\$85.0	\$22.4	\$8.7

(a) These are components of net periodic pension and other postretirement benefit cost other than service cost. (See Note 12. Pension and Other Postretirement Benefit Plans.)

(b) Interest and Investment Income for the year ended December 31, 2023, reflects \$5.1 million of interest income related to interest awarded as part of an arbitration ruling involving a subsidiary of ALLETE Clean Energy. (See Note 9. Commitments, Guarantees and Contingencies.)

(c) The gain on removal of the PSA liability for the Northern Wind project upon decommissioning of the legacy wind energy facility assets, which was more than offset by a reserve for an anticipated loss on the sale of the Northern Wind project that was recorded in Cost of Sales - Non-Utility on the Consolidated Statement of Income.

(d) This reflects a gain recognized for the favorable outcome of an arbitration ruling involving a subsidiary of ALLETE Clean Energy. (See Note 9. Commitments, Guarantees and Contingencies.)

Income Taxes. ALLETE and its subsidiaries file a consolidated federal income tax return as well as combined and separate state income tax returns. We account for income taxes using the liability method in accordance with GAAP for income taxes. Under the liability method, deferred income tax assets and liabilities are established for all temporary differences in the book and tax basis of assets and liabilities, based upon enacted tax laws and rates applicable to the periods in which the taxes become payable.

NOTE 1. OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Due to the effects of regulation on Minnesota Power and SWL&P, certain adjustments made to deferred income taxes are, in turn, recorded as regulatory assets or liabilities. Tax credits are recorded when earned unless there is a requirement to defer the benefit and amortize it over the book depreciable lives of the related property. The requirement to defer and amortize tax credits only applies to federal credits related to public utility property. In accordance with GAAP for uncertainty in income taxes, we are required to recognize in our financial statements the largest tax benefit of a tax position that is “more-likely-than-not” to be sustained on audit, based solely on the technical merits of the position as of the reporting date. The term “more-likely-than-not” means more than 50 percent likely. (See Note 11. Income Tax Expense.)

Excise Taxes. We collect excise taxes from our customers levied by governmental entities. These taxes are stated separately on the billing to the customer and recorded as a liability to be remitted to the governmental entity. We account for the collection and payment of these taxes on a net basis.

New Accounting Standards.

Improvements to Reportable Segment Disclosures. In November 2023, the FASB issued Accounting Standards Update 2023-07, *Improvements to Reportable Segment Disclosures* (ASU 2023-07). ASU 2023-07 requires that an entity provide enhanced disclosures about significant segment expenses that are regularly provided to the chief operating decision maker, among other disclosures. ASU 2023-07 is effective for annual periods beginning after December 15, 2023, and for interim periods within annual periods beginning after December 15, 2024, with early adoption permitted.

Improvements to Income Tax Disclosures. In December 2023, the FASB issued Accounting Standards Update 2023-09, *Improvements to Income Tax Disclosures* (ASU 2023-09). ASU 2023-09 was issued to enhance the transparency and decision usefulness of income tax disclosures by disclosing specific categories in the rate reconciliation as well as providing additional information for reconciling items above a threshold. It also requires disclosure about certain income taxes paid. ASU 2023-09 is effective for annual periods beginning after December 15, 2024, with early adoption permitted.

There are no other new accounting standards that we anticipate having a material effect on the presentation of ALLETE’s consolidated financial statements.

NOTE 2. PROPERTY, PLANT AND EQUIPMENT

Property, Plant and Equipment

As of December 31	2023	2022
Millions		
Regulated Operations		
Property, Plant and Equipment in Service	\$5,167.2	\$5,198.6
Construction Work in Progress	146.7	74.0
Accumulated Depreciation	(1,969.4)	(1,972.3)
Regulated Operations – Net	3,344.5	3,300.3
ALLETE Clean Energy		
Property, Plant and Equipment in Service	1,612.8	1,619.4
Construction Work in Progress	48.9	51.1
Accumulated Depreciation	(229.1)	(176.8)
ALLETE Clean Energy – Net	1,432.6	1,493.7
Corporate and Other (a)		
Property, Plant and Equipment in Service	355.8	295.2
Construction Work in Progress	27.5	50.9
Accumulated Depreciation	(147.0)	(136.1)
Corporate and Other – Net	236.3	210.0
Property, Plant and Equipment – Net	\$5,013.4	\$5,004.0

(a) Primarily includes BNI Energy and a small amount of non-rate base generation.

NOTE 2. PROPERTY, PLANT AND EQUIPMENT (Continued)

Depreciation is computed using the straight-line method over the estimated useful lives of the various classes of assets.

Estimated Useful Lives of Property, Plant and Equipment (Years)

Regulated Operations			
Generation	4 to 50	ALLETE Clean Energy	5 to 35
Transmission	50 to 75	Corporate and Other	3 to 50
Distribution	18 to 70		

Asset Retirement Obligations. We recognize, at fair value, obligations associated with the retirement of certain tangible, long lived assets that result from the acquisition, construction, development or normal operation of the asset. Asset retirement obligations (AROs) relate primarily to the decommissioning of our coal-fired and wind energy facilities, and land reclamation at BNI Energy. AROs are included in Other Non-Current Liabilities on the Consolidated Balance Sheet. The associated retirement costs are capitalized as part of the related long-lived asset and depreciated over the useful life of the asset. Removal costs associated with certain distribution and transmission assets have not been recognized, as these facilities have indeterminate useful lives.

Conditional asset retirement obligations have been identified for treated wood poles and remaining polychlorinated biphenyl and asbestos-containing assets; however, the period of remediation is indeterminable and removal liabilities have not been recognized.

Long-standing ratemaking practices approved by applicable state and federal regulatory authorities have allowed provisions for future plant removal costs in depreciation rates. These plant removal cost recoveries are classified either as AROs or as a regulatory liability for non-AROs. To the extent annual accruals for plant removal costs differ from accruals under approved depreciation rates, a regulatory asset has been established in accordance with GAAP for AROs. (See Note 4. Regulatory Matters.)

Asset Retirement Obligations

Millions	
Obligation as of December 31, 2021	\$184.5
Accretion	9.5
Liabilities Recognized	7.8
Liabilities Settled	(4.4)
Revisions in Estimated Cash Flows	3.0
Obligation as of December 31, 2022	200.4
Accretion	10.3
Liabilities Settled	(10.2)
Revisions in Estimated Cash Flows	2.4
Obligation as of December 31, 2023	\$202.9

NOTE 3. JOINTLY-OWNED FACILITIES AND ASSETS

Boswell Unit 4. Minnesota Power owns 80 percent of the 585 MW Boswell Unit 4. While Minnesota Power operates the plant, certain decisions about the operations of Boswell Unit 4 are subject to the oversight of a committee on which it and WPPI Energy, the owner of the remaining 20 percent, have equal representation and voting rights. Each owner must provide its own financing and is obligated to its ownership share of operating costs. Minnesota Power's share of operating expenses for Boswell Unit 4 is included in Operating Expenses on the Consolidated Statement of Income.

NOTE 3. JOINTLY-OWNED FACILITIES AND ASSETS (Continued)

Minnesota Power's investments in jointly-owned facilities and assets and the related ownership percentages are as follows:

Regulated Utility Plant	Plant in Service	Accumulated Depreciation	Construction Work in Progress	% Ownership
Millions				
As of December 31, 2023				
Boswell Unit 4	\$725.9	\$369.8	\$2.8	80
Transmission Assets	101.0	23.6	—	9.3 - 14.7
Total	\$826.9	\$393.4	\$2.8	
As of December 31, 2022				
Boswell Unit 4	\$712.0	\$340.1	\$3.3	80
Transmission Assets	101.0	21.1	—	9.3 - 14.7
Total	\$813.0	\$361.2	\$3.3	

Nemadji Trail Energy Center. South Shore Energy, ALLETE's non-rate regulated, Wisconsin subsidiary, is developing NTEC, an approximately 600 MW proposed combined-cycle natural gas-fired generating facility to be built in Superior, Wisconsin, which will be jointly owned by Dairyland Power Cooperative, Basin and South Shore Energy. Minnesota Power is expected to purchase approximately 20 percent of the facility's output starting in 2028 pursuant to a capacity dedication agreement. 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 South Shore Energy will be responsible for approximately 20 percent. South Shore Energy's portion of NTEC project costs incurred through December 31, 2023, is approximately \$9 million.

NOTE 4. REGULATORY MATTERS

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. (See *Transmission Cost Recovery Rider*, *Renewable Cost Recovery Rider*, *Solar Cost Recovery Rider* and *Environmental Improvement Rider*.) Revenue from cost recovery riders was \$57.0 million in 2023 (\$38.8 million in 2022; \$38.9 million in 2021).

Minnesota Retail Rates. Minnesota Power's retail base rates through 2021 were based on a 2018 MPUC retail rate order that allowed for a 9.25 percent return on common equity and a 53.81 percent equity ratio. Interim rates were implemented in Minnesota Power's 2022 general rate case beginning in January 2022, and the resolution of Minnesota Power's 2022 general rate case changed the allowed return on equity to 9.65 percent and the equity ratio to 52.50 percent beginning October 1, 2023. (See *2022 Minnesota General Rate Case*.)

2024 Minnesota General Rate Case. On November 1, 2023, Minnesota Power filed a retail rate increase request with the MPUC seeking an average increase of approximately 12.00 percent for retail customers, net of rider revenue incorporated into base rates. The rate filing seeks a return on equity of 10.30 percent and a 53.00 percent equity ratio. On an annualized basis, the requested final rate increase would generate approximately \$89 million in additional revenue. In orders dated December 19, 2023, the MPUC accepted the filing as complete and approved an annual interim rate increase of approximately \$64 million, net of rider revenue, beginning January 1, 2024, subject to refund. We cannot predict the level of final rates that may be authorized by the MPUC.

2022 Minnesota General Rate Case. On November 1, 2021, Minnesota Power filed a retail rate increase request with the MPUC seeking an average increase of approximately 18 percent for retail customers. The rate filing sought a return on equity of 10.25 percent and a 53.81 percent equity ratio. On an annualized basis, the requested final rate increase would have generated approximately \$108 million in additional revenue.

NOTE 4. REGULATORY MATTERS (Continued)
Electric Rates (Continued)

In an order dated February 28, 2023, the MPUC made determinations regarding Minnesota Power's general rate case including allowing a return on common equity of 9.65 percent and a 52.50 percent equity ratio. We expect additional revenue from base rates of approximately \$60 million and an additional \$10 million in revenue recognized under cost recovery riders on an annualized basis. On March 20, 2023, Minnesota Power filed a petition for reconsideration with the MPUC requesting reconsideration and clarification of certain decisions in the MPUC's order. Minnesota Power's petition included requesting reconsideration of the ratemaking treatment of Taconite Harbor and Minnesota Power's prepaid pension asset as well as clarification on interim rate treatment for sales to certain customers that did not operate during 2022. The MPUC denied the requests for reconsideration in an order dated May 15, 2023, and provided clarification in support of the interim rate refund treatment for sales to certain customers that did not operate during 2022.

On June 14, 2023, Minnesota Power appealed to the Minnesota Court of Appeals (Court) specific aspects of the MPUC's rate case orders. Minnesota Power is appealing the ratemaking treatment of Taconite Harbor and Minnesota Power's prepaid pension asset. We are unable to predict the outcome of this proceeding.

In an order dated September 29, 2023, the MPUC approved Minnesota Power's final rates, which were implemented beginning on October 1, 2023. The MPUC order also approved Minnesota Power's interim rate refund plan. Interim rates were collected through the third quarter with reserves recorded as necessary. Minnesota Power recorded a reserve for an interim rate refund of approximately \$39 million pre-tax as of September 30, 2023 (approximately \$18 million as of December 31, 2022), which was refunded to customers during the fourth quarter of 2023.

FERC-Approved Wholesale Rates. Minnesota Power has wholesale contracts with 14 non-affiliated municipal customers in Minnesota and SWL&P. Two of the wholesale contracts include a termination clause requiring a three-year notice to terminate.

Minnesota Power's wholesale electric contract with the Nashwauk Public Utilities Commission is effective through December 31, 2037. The wholesale electric service contract with SWL&P is effective through February 28, 2027. Under the agreement with SWL&P, no termination notice has been given. The rates included in these two contracts are set each July 1 based on a cost-based formula methodology, using estimated costs and a rate of return that is equal to Minnesota Power's authorized rate of return for Minnesota retail customers. The formula-based rate methodology also provides for a yearly true-up calculation for actual costs incurred.

Minnesota Power's wholesale electric contracts with 13 other municipal customers were extended in January 2022 and are effective through 2029. These contracts are based on fixed prices for capacity and energy. The base energy charge for each year is adjusted annually for updated fuel and purchased power costs.

Transmission Cost Recovery Rider. Minnesota Power has an approved cost recovery rider in place to charge retail customers on a current basis for certain transmission investments and expenditures, including a return on the capital invested. Current customer billing rates are based on an MPUC order dated December 19, 2023, which provisionally approved Minnesota Power's latest transmission factor filing submitted on October 24, 2023. Updated billing rates were included on customer bills starting in the first quarter of 2024.

Renewable Cost Recovery Rider. Minnesota Power has an approved cost recovery rider in place to charge retail customers on a current basis for the costs of certain renewable investments and expenditures, including a return on the capital invested. Customer billing rates for the renewable cost recovery rider had been based on a MPUC order dated January 24, 2023. On March 29, 2023, Minnesota Power submitted its latest renewable cost recovery rider factor filing, which the MPUC approved in an order dated October 3, 2023. Updated billing rates were included on customer bills starting in the fourth quarter of 2023.

Solar Cost Recovery Rider. Minnesota Power has an approved cost recovery rider in place to charge retail customers on a current basis for solar costs related to investments and expenditures for meeting the state of Minnesota's solar energy standard. Customer billing rates for the solar cost recovery rider had been based on an August 2022 MPUC order. On August 23, 2023, Minnesota Power submitted its latest solar cost recovery rider factor filing, which the MPUC approved in an order dated December 26, 2023. Updated billing rates were included on customer bills starting in the first quarter of 2024.

Fuel Adjustment Clause. Fuel and purchased power costs related to Minnesota Power's retail customers are recovered from customers through the fuel adjustment clause. The method of accounting for all Minnesota electric utilities is a monthly budgeted, forward-looking fuel adjustment clause with annual prudence review and true-up to actual allowed costs.

NOTE 4. REGULATORY MATTERS (Continued)
Electric Rates (Continued)

Minnesota Power incurred higher fuel and purchased power costs in 2021 than those factored in its fuel adjustment forecast filed in May 2020 for 2021, which resulted in the recognition of an approximately \$56 million regulatory asset as of December 31, 2021. The MPUC approved recovery of the regulatory asset in a July 2022 order; recovery of the regulatory asset was completed in 2023.

Minnesota Power incurred higher fuel and purchased power costs in 2022 than those factored in its fuel adjustment forecast filed in May 2021 for 2022, which resulted in the recognition of an approximately \$13 million regulatory asset as of December 31, 2022. The MPUC approved recovery of the regulatory asset in an order dated July 31, 2023; recovery of the regulatory asset began in the third quarter of 2023 and will continue through mid-2024.

Minnesota Power incurred lower fuel and purchased power costs in 2023 than those factored in its fuel adjustment forecast filed in May 2022 for 2023, which resulted in the recognition of a \$15.5 million regulatory liability as of December 31, 2023. On August 30, 2023, Minnesota Power submitted a filing with the MPUC requesting to refund a portion of over-collected fuel adjustment clause recoveries for 2023 from October 2023 through December 2023. No parties objected to the request and lower rates were implemented in October 2023, subject to final approval by the MPUC which is expected in 2024.

In May 2023, Minnesota Power filed its fuel adjustment forecast for 2024 which was subsequently approved by the MPUC in an order dated November 9, 2023. The fuel and purchase power rates for Minnesota Power retail customers are based on this filing beginning January 1, 2024.

Wisconsin Retail Rates. SWL&P's retail rates through 2022 were based on a December 2018 order by the PSCW that allowed for a return on equity of 10.40 percent and a 55.00 percent equity ratio. The resolution of SWL&P's 2022 general rate case changed the allowed return on equity to 10.00 percent and maintained an equity ratio of 55.00 percent. (See *2022 Wisconsin General Rate Case*.)

2022 Wisconsin General Rate Case. In 2022, SWL&P filed a rate increase request with the PSCW seeking an average increase of 3.60 percent for retail customers. The filing sought an overall return on equity of 10.40 percent and a 55.00 percent equity ratio. On an annualized basis, the requested final rate increase would have generated an estimated \$4.3 million in additional revenue. In an order dated December 20, 2022, the PSCW approved an annual increase of \$3.3 million reflecting a return on equity of 10.00 percent and 55.00 percent equity ratio. Final rates went into effect January 1, 2023.

Integrated Resource Plan. On February 1, 2021, Minnesota Power filed its latest IRP, which was approved by the MPUC in an order dated January 9, 2023. The approved IRP, which reflects a joint agreement reached with various stakeholders, outlines Minnesota Power's 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 up to 700 MW of new wind and solar energy resources, and ceasing coal operations at Boswell Units 3 and 4 by 2030 and 2035, respectively. 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. Minnesota Power is expected to file its next IRP by March 1, 2025.

Solar Energy Request For Proposals. On October 2, 2023, Minnesota Power filed a notice with the MPUC of its intent to issue a request for proposals for up to 300 MW of solar energy resources. Minnesota Power issued the request for proposals on November 15, 2023, which were accepted through January 17, 2024.

Wind Energy Request For Proposals. On December 15, 2023, Minnesota Power filed a notice with the MPUC of its intent to issue a request for proposals for up to 400 MW of wind energy resources. Minnesota Power issued the request for proposals on February 15, 2024.

Energy Conservation and Optimization (ECO) Plan. Minnesota requires electric utilities to spend a minimum of 1.5 percent of gross operating revenues, excluding revenue received from exempt customers, from service provided in the state on ECOs each year. On April 3, 2023, Minnesota Power submitted its 2022 ECO, formerly known as the conservation improvement program, annual filing detailing Minnesota Power's ECO plan results and proposed financial incentive, which was approved by the MPUC on July 21, 2023. As a result, Minnesota Power recognized revenue of \$2.2 million in 2023 for the approved financial incentive (\$1.9 million in 2022 and \$2.4 million in 2021). The financial incentives are recognized in the period in which the MPUC approves the filing.

NOTE 4. REGULATORY MATTERS (Continued)

On June 30, 2023, Minnesota Power submitted its triennial filing for 2024 through 2026 to the MPUC and Minnesota Department of Commerce, which outlines Minnesota Power's ECO spending and energy-saving goals for those years. Minnesota Power's investment goals are \$12.5 million for 2024, \$12.7 million for 2025 and \$12.8 million for 2026.

MISO Return on Equity Complaint. MISO transmission owners, including ALLETE and ATC, have an authorized return on equity of 10.02 percent, or 10.52 percent including an incentive adder for participation in a regional transmission organization based on a 2020 FERC order which is subject to various outstanding legal challenges related to the return on equity calculation and refund period ordered by the FERC. In August 2022, the U.S. Court of Appeals for the District of Columbia Circuit vacated and remanded the 2020 FERC order back to the FERC. We cannot predict the return on equity the FERC will ultimately authorize in the remanded proceeding. (See Note 6. Equity Investments.)

Minnesota Solar Energy Standard. Minnesota law requires at least 1.5 percent of total retail electric sales, excluding sales to certain customers, to be generated by solar energy. At least 10 percent of the 1.5 percent mandate must be met by solar energy generated by or procured from solar photovoltaic devices with a nameplate capacity of 40 kW or less and community solar garden subscriptions. Minnesota Power has met both parts of the solar mandate to date.

In June 2020, Minnesota Power filed a proposal with the MPUC to accelerate its plans for purchasing solar energy from approximately 20 MW of solar energy projects in Minnesota which was approved in a June 2021 order. These solar energy projects were constructed and owned through an ALLETE subsidiary with an investment of approximately \$40 million. Construction of these solar energy projects commenced in 2022 with a portion of these projects placed into service in the fourth quarter of 2022; the remaining project was placed into service in 2023.

Regulatory Assets and Liabilities. Our regulated utility operations are subject to accounting standards for the effects 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 4. REGULATORY MATTERS (Continued)**Regulatory Assets and Liabilities**

As of December 31	2023	2022
Millions		
Current Regulatory Assets (a)		
Fuel Adjustment Clause (b)	\$8.7	\$25.6
Other	0.6	—
Total Current Regulatory Assets	\$9.3	\$25.6
Non-Current Regulatory Assets		
Defined Benefit Pension and Other Postretirement Benefit Plans (c)	\$218.6	\$225.9
Income Taxes (d)	88.1	97.6
Asset Retirement Obligations (e)	37.7	35.6
Cost Recovery Riders (f)	33.8	41.2
Taconite Harbor (g)	20.9	—
Manufactured Gas Plant (h)	13.2	15.1
Fuel Adjustment Clause (b)	5.0	14.5
PPACA Income Tax Deferral	3.9	4.1
Other	4.2	7.0
Total Non-Current Regulatory Assets	\$425.4	\$441.0
Current Regulatory Liabilities (i)		
Provision for Interim Rate Refund	—	\$18.4
Transmission Formula Rates Refund	\$1.5	4.9
Other	2.4	0.1
Total Current Regulatory Liabilities	\$3.9	\$23.4
Non-Current Regulatory Liabilities		
Income Taxes (d)	\$310.0	\$332.5
Wholesale and Retail Contra AFUDC (j)	78.0	80.7
Plant Removal Obligations (k)	67.0	60.0
Defined Benefit Pension and Other Postretirement Benefit Plans (c)	48.6	17.6
Non-Jurisdictional Land Sales (l)	30.2	7.5
Fuel Adjustment Clause (b)	15.5	—
Investment Tax Credits (m)	13.6	16.9
Boswell Units 1 and 2 Net Plant and Equipment (n)	6.7	6.7
Other	4.4	4.2
Total Non-Current Regulatory Liabilities	\$574.0	\$526.1

(a) Current regulatory assets are presented within Prepayments and Other on the Consolidated Balance Sheet.

(b) Fuel adjustment clause regulatory assets and liabilities represent the amount expected to be recovered from or refunded to customers for the under- or over-collection of fuel adjustment clause recoveries. (See Fuel Adjustment Clause.)

(c) Defined benefit pension and other postretirement items included in our Regulated Operations, which are otherwise required to be recognized in accumulated other comprehensive income, are recognized as regulatory assets or regulatory liabilities on the Consolidated Balance Sheet. The asset or liability will decrease as the deferred items are amortized and recognized as components of net periodic benefit cost. (See Note 12. Pension and Other Postretirement Benefit Plans.)

(d) These costs represent the difference between deferred income taxes recognized for financial reporting purposes and amounts previously billed to our customers. The balances will primarily decrease over the remaining life of the related temporary differences.

(e) Asset retirement obligations will accrete and be amortized over the lives of the related property with asset retirement obligations.

(f) The cost recovery rider regulatory assets and liabilities are revenue not yet collected from our customers and cash collections from our customers in excess of the revenue recognized, respectively, primarily due to capital expenditures related to Bison and the GNTL as well as differences between production tax credits recognized and those assumed in Minnesota Power's base rates. The cost recovery rider regulatory assets as of December 31, 2023, will be recovered within the next two years.

(g) In the first quarter of 2023, Minnesota Power retired Taconite Harbor Units 1 and 2. The remaining net book value was reclassified from property, plant and equipment to a regulatory asset on the Consolidated Balance Sheet when the units were retired. Minnesota Power expects to receive recovery of the remaining net book value from customers.

(h) This regulatory asset represents costs of remediation for a former manufactured gas plant site located in Superior, Wisconsin, and formerly operated by SWL&P. We expect recovery of these remediation costs to be allowed by the PSCW in rates over time.

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

(j) Wholesale and retail contra AFUDC represents amortization to offset AFUDC Equity and Debt recorded during the construction period of our cost recovery rider projects prior to placing the projects in service. The regulatory liability will decrease over the remaining depreciable life of the related asset.

(k) Non-legal plant removal obligations included in retail customer rates that have not yet been incurred.

(l) This regulatory liability represents the net proceeds from the sale of certain land by Minnesota Power that is expected to be refunded to ratepayers through a future rate case or through its renewable resources rider.

(m) North Dakota and Federal investment tax credits expected to be realized from Minnesota Power's Bison facility and SWL&P's community solar facility that will be credited to retail customers primarily through future renewable cost recovery rider as the tax credits are utilized.

(n) In 2018, Minnesota Power retired Boswell Units 1 and 2 and reclassified the remaining net book value from property, plant and equipment to a regulatory asset on the Consolidated Balance Sheet. The remaining net book value is currently included in Minnesota Power's rate base and Minnesota Power is earning a return on the outstanding balance.

NOTE 5. ACQUISITIONS

2022 Activity

New Energy. On April 15, 2022, a wholly-owned subsidiary of ALLETE acquired 100 percent of the membership interests of New Energy for a purchase price of \$165.5 million. Total consideration of approximately \$158.8 million was paid in cash on the acquisition date, which is net of cash acquired and debt assumed. New Energy, which is headquartered in Annapolis, Maryland, is a renewable energy development company with a primary focus on solar and storage facilities while also offering comprehensive operations, maintenance and asset management services. The acquisition of New Energy is consistent with ALLETE's stated strategy of additional investment in renewable energy and related infrastructure across North America to support the Company's sustainability-in-action strategy while providing potential long-term earnings growth.

The acquisition was accounted for as a business combination and the purchase price was allocated based on the estimated fair values of the assets acquired and the liabilities assumed at the date of acquisition. The allocation of the purchase price, which was finalized in the fourth quarter of 2022, is shown in the following table. Fair value measurements were valued primarily using the discounted cash flow method and replacement cost basis. The goodwill recorded is primarily attributable to the highly skilled workforce of New Energy and synergies expected to arise as a result of the acquisition.

The Company has not presented separate results of operations since closing or combined pro forma financial information of the Company and New Energy since the beginning of 2021, as the results of operations for New Energy are not material to the Company's consolidated financials.

Millions	
Assets Acquired	
Cash and Cash Equivalents	\$3.9
Accounts Receivable	1.4
Inventory (a)	25.3
Other Current Assets	12.8
Property, Plant and Equipment - Net	16.4
Goodwill (b)	154.9
Other Non-Current Assets	2.1
Total Assets Acquired	\$216.8
Liabilities Assumed	
Current Liabilities	\$23.6
Long-Term Debt Due Within One Year	28.3
Long-Term Debt	5.9
Other Non-Current Liabilities	0.2
Total Liabilities Assumed	\$58.0
Net Identifiable Assets Acquired	\$158.8

(a) Includes \$11.6 million of purchase price accounting for certain projects under development at the time of acquisition.

(b) For tax purpose, the purchase price allocation resulted in \$154.9 million of deductible goodwill.

Acquisition-related costs were \$2.7 million after-tax, expensed as incurred during 2022 and recorded in Operating and Maintenance on the Consolidated Statement of Income.

NOTE 6. 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. In 2023, we invested \$8.2 million in ATC. In total, we expect to invest approximately \$5.8 million in 2024.

ALLETE's Investment in ATC

Year Ended December 31	2023	2022
Millions		
Equity Investment Beginning Balance	\$165.4	\$154.5
Cash Investments	8.2	5.9
Equity in ATC Earnings	23.1	19.3
Distributed ATC Earnings	(18.3)	(15.5)
Amortization of the Remeasurement of Deferred Income Taxes	1.3	1.2
Equity Investment Ending Balance	\$179.7	\$165.4

ATC Summarized Financial Data

Balance Sheet Data		
As of December 31	2023	2022
Millions		
Current Assets	\$115.2	\$89.6
Non-Current Assets	6,337.0	5,997.8
Total Assets	\$6,452.2	\$6,087.4
Current Liabilities	\$495.9	\$511.9
Long-Term Debt	2,736.0	2,613.0
Other Non-Current Liabilities	585.2	485.8
Members' Equity	2,635.1	2,476.7
Total Liabilities and Members' Equity	\$6,452.2	\$6,087.4

Income Statement Data

Year Ended December 31	2023	2022	2021
Millions			
Revenue	\$818.9	\$751.2	\$754.8
Operating Expense	407.6	381.5	376.2
Other Expense	131.7	122.9	113.9
Net Income	\$279.6	\$246.8	\$264.7
ALLETE's Equity in Net Income	\$23.1	\$19.3	\$21.3

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 2020 FERC order which is subject to various outstanding legal challenges related to the return on equity calculation and refund period ordered by the FERC. In August 2022, the U.S. Court of Appeals for the District of Columbia Circuit vacated and remanded the 2020 FERC order back to FERC. As a result of this decision, ATC recorded a reserve in the third quarter of 2022 for anticipated refunds to its customers for approximately \$31 million of which our share was approximately \$2.4 million pre-tax. We cannot predict the return on equity FERC will ultimately authorize in the remanded proceeding.

In addition, the FERC issued a Notice of Proposed Rulemaking in April 2021 to limit the 50 basis point incentive adder for participation in a regional transmission organization to only the first three years of membership in such an organization. If this proposal is adopted, our equity in earnings from ATC would be reduced by approximately \$1 million pre-tax annually.

NOTE 6. EQUITY INVESTMENTS (Continued)

Investment in Nobles 2. Our subsidiary, ALLETE South Wind, owns a 49 percent equity interest in Nobles 2, the entity that owns and operates a 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, 2022	\$157.3
Equity in Nobles 2 Earnings (a)	(1.4)
Distributed Nobles 2 Earnings	(4.4)
Equity Investment Balance as of December 31, 2023	\$151.5

(a) The Company also recorded net loss attributable to non-controlling interest of \$10.2 million related to its investment in Nobles 2.

NOTE 7. 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). The three levels of the fair value hierarchy are as follows:

Level 1 — Quoted prices are available in active markets for identical assets or liabilities as of the reported date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis. This category includes primarily equity securities.

Level 2 — Pricing inputs are other than quoted prices in active markets, but are either directly or indirectly observable as of the reported date. The types of assets and liabilities included in Level 2 are typically either comparable to actively traded securities or contracts, such as treasury securities with pricing interpolated from recent trades of similar securities, or priced with models using highly observable inputs, such as commodity options priced using observable forward prices and volatilities. This category includes deferred compensation and fixed income securities.

Level 3 — Significant inputs that are generally less observable from objective sources. The types of assets and liabilities included in Level 3 are those with inputs requiring significant management judgment or estimation, such as the complex and subjective models and forecasts used to determine the fair value.

NOTE 7. FAIR VALUE (Continued)

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 December 31, 2023, and December 31, 2022. 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.

Recurring Fair Value Measures	Fair Value as of December 31, 2023			Total
	Level 1	Level 2	Level 3	
Millions				
Assets:				
Investments (a)				
Available-for-sale – Equity Securities	\$8.7	—	—	\$8.7
Available-for-sale – Corporate and Governmental Debt Securities (b)	—	\$6.0	—	6.0
Cash Equivalents	5.8	—	—	5.8
Total Fair Value of Assets	\$14.5	\$6.0	—	\$20.5
Liabilities:				
Deferred Compensation (c)	—	\$16.5	—	\$16.5
Total Fair Value of Liabilities	—	\$16.5	—	\$16.5

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

(b) As of December 31, 2023, the aggregate amount of available-for-sale corporate and governmental debt securities maturing in one year or less was \$1.3 million, in one year to less than three years was \$3.2 million, in three years to less than five years was \$1.0 million and in five or more years was \$0.5 million.

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

Recurring Fair Value Measures	Fair Value as of December 31, 2022			Total
	Level 1	Level 2	Level 3	
Millions				
Assets:				
Investments (a)				
Available-for-sale – Equity Securities	\$7.7	—	—	\$7.7
Available-for-sale – Corporate and Governmental Debt Securities	—	\$5.7	—	5.7
Cash Equivalents	4.2	—	—	4.2
Total Fair Value of Assets	\$11.9	\$5.7	—	\$17.6
Liabilities: (b)				
Deferred Compensation	—	\$15.0	—	\$15.0
Total Fair Value of Liabilities	—	\$15.0	—	\$15.0

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

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

The Company's policy is to recognize transfers in and transfers out of levels as of the actual date of the event or change in circumstances that caused the transfer. For the years ended December 31, 2023 and 2022, there were no transfers in or out of Levels 1, 2 or 3.

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 for the item listed in the following table was based on quoted market prices for the same or similar instruments (Level 2).

NOTE 7. FAIR VALUE (Continued)

Financial Instruments	Carrying Amount	Fair Value
Millions		
Short-Term and Long-Term Debt (a)		
December 31, 2023	\$1,799.4	\$1,670.6
December 31, 2022	\$1,929.1	\$1,782.7

(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, goodwill, intangible assets, 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.

Equity Method Investments. The aggregate carrying amount of our equity investments was \$331.2 million as of December 31, 2023 (\$322.7 million as of December 31, 2022). The Company assesses our equity investments in ATC and Nobles 2 for impairment whenever events or changes in circumstances indicate that the carrying amount of our investments may not be recoverable. For the years ended December 31, 2023 and 2022, there were no indicators of impairment. (See Note 6. Equity Investments.)

Goodwill. The Company assesses the impairment of goodwill annually in the fourth quarter and whenever an event occurs or circumstances change that would indicate that the carrying amount may be impaired. The Company's goodwill is a result of the New Energy acquisition in 2022. (See Note 1. Operations and Significant Accounting Policies and Note 5. Acquisitions.) The aggregate carrying amount of goodwill was \$154.9 million as of December 31, 2023.

Property, Plant and Equipment. The Company assesses the impairment of property, plant, and equipment whenever events or changes in circumstances indicate that the carrying amount of property, plant, and equipment assets may not be recoverable. (See Note 1. Operations and Significant Accounting Policies.) For the years ended December 31, 2023, and 2022, there was no impairment of property, plant, and equipment.

We believe that long-standing ratemaking practices approved by applicable state and federal regulatory commissions allow for the recovery of the remaining book value of retired plant assets. The MPUC order for Minnesota Power's 2015 IRP directed Minnesota Power to retire Boswell Units 1 and 2, which occurred in the fourth quarter of 2018. As part of the 2016 general retail rate case, the MPUC allowed recovery of the remaining book value of Boswell Units 1 and 2 through 2022. Minnesota Power's latest IRP, which was approved by the MPUC in an order dated January 9, 2023, includes ceasing coal operations at Boswell Units 3 and 4 by 2030 and 2035, respectively. Boswell Unit 3 and Unit 4 have a net book value of approximately \$220 million and \$420 million, respectively, as of December 31, 2023. (See Note 4. Regulatory Matters.) Minnesota Power also retired Taconite Harbor in the first quarter of 2023 consistent with its latest IRP. As part of the 2022 general retail rate case, the MPUC allowed recovery of the remaining book value of Taconite Harbor through 2026. We do not expect to record any impairment charge as a result of these operating changes at Taconite Harbor and Boswell. In addition, we expect to be able to continue depreciating these assets for at least their established remaining useful lives; however, we are unable to predict the impact of regulatory outcomes resulting in changes to their established remaining useful lives.

NOTE 8. SHORT-TERM AND LONG-TERM DEBT

Short-Term Debt. As of December 31, 2023, total short-term debt outstanding was \$111.4 million (\$272.6 million as of December 31, 2022), and consisted of long-term debt due within one year and included \$0.1 million of unamortized debt issuance costs.

On October 17, 2023, ALLETE amended its \$400 million credit facility (Credit Agreement), which was scheduled to expire in January 2026, to \$355 million and extended the expiration date to January 10, 2027. The amended Credit Agreement is unsecured and has a variable interest rate. ALLETE may request a single, one-year extension to the expiration date. Advances may be used by ALLETE for general corporate purposes, to provide liquidity in support of ALLETE's commercial paper program and to issue up to \$100 million in letters of credit.

As of December 31, 2023, we had consolidated bank lines of credit aggregating to \$423.1 million (\$475.7 million as of December 31, 2022), most of which expire in January 2027. We had \$19.4 million outstanding in standby letters of credit and \$34.1 million outstanding draws under our lines of credit as of December 31, 2023 (\$32.8 million in standby letters of credit and \$31.3 million outstanding draws as of December 31, 2022).

Long-Term Debt. As of December 31, 2023, total long-term debt outstanding was \$1,679.9 million (\$1,648.2 million as of December 31, 2022) and included \$8.0 million of unamortized debt issuance costs. The aggregate amount of long-term debt maturing in 2024 is \$111.4 million; \$244.7 million in 2025; \$80.2 million in 2026; \$162.5 million in 2027; \$55.8 million in 2028; and \$1,144.8 million thereafter. Substantially all of our regulated electric plant is subject to the lien of the mortgages collateralizing outstanding first mortgage bonds. The mortgages contain non-financial covenants customary in utility mortgages, including restrictions on our ability to incur liens, dispose of assets, and merge with other entities.

Minnesota Power is obligated to make financing payments for the Camp Ripley solar array totaling \$1.4 million annually during the financing term, which expires in 2027. Minnesota Power has the option at the end of the financing term to renew for a two year term, or to purchase the solar array for approximately \$4 million. Minnesota Power anticipates exercising the purchase option when the term expires.

On April 27, 2023, ALLETE issued \$125 million of its First Mortgage Bonds (Bonds) to certain institutional buyers in the private placement market. The Bonds, which bear interest at 4.98 percent, will mature in April 2033 and pay interest semi-annually in May and November of each year, commencing on November 1, 2023. 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. Proceeds from the sale of the Bonds were used to refinance existing indebtedness 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.

NOTE 8. SHORT-TERM AND LONG-TERM DEBT (Continued)
Long-Term Debt (Continued)

Long-Term Debt		2023	2022
As of December 31			
Millions			
First Mortgage Bonds			
6.02% Series Due 2023		—	\$75.0
3.69% Series Due 2024		\$60.0	60.0
4.90% Series Due 2025		30.0	30.0
5.10% Series Due 2025		30.0	30.0
3.20% Series Due 2026		75.0	75.0
5.99% Series Due 2027		60.0	60.0
3.30% Series Due 2028		40.0	40.0
4.08% Series Due 2029		70.0	70.0
3.74% Series Due 2029		50.0	50.0
2.50% Series Due 2030		46.0	46.0
3.86% Series Due 2030		60.0	60.0
2.79% Series Due 2031		100.0	100.0
4.54% Series Due 2032		75.0	75.0
4.98% Series Due 2033		125.0	—
5.69% Series Due 2036		50.0	50.0
6.00% Series Due 2040		35.0	35.0
5.82% Series Due 2040		45.0	45.0
4.08% Series Due 2042		85.0	85.0
4.21% Series Due 2043		60.0	60.0
4.95% Series Due 2044		40.0	40.0
5.05% Series Due 2044		40.0	40.0
4.39% Series Due 2044		50.0	50.0
4.07% Series Due 2048		60.0	60.0
4.47% Series Due 2049		30.0	30.0
3.30% Series Due 2050		94.0	94.0
Armenia Mountain Senior Secured Notes 3.26% Due 2024		9.5	19.3
Industrial Development Variable Rate Demand Refunding Revenue Bonds Series 2006, Due 2025		27.8	27.8
Revolving Credit Facility Variable Rate Due 2027		—	13.0
Senior Unsecured Notes 2.65% Due 2025		150.0	150.0
Senior Unsecured Notes 3.11% Due 2027		80.0	80.0
SWL&P First Mortgage Bonds 4.15% Series Due 2028		15.0	15.0
SWL&P First Mortgage Bonds 4.14% Series Due 2048		12.0	12.0
Unsecured Term Loan Variable Rate Due 2023		—	170.0
Other Long-Term Debt, 2023 Weighted Average Rate 5.24% Due 2024 – 2051		95.1	82.0
Unamortized Debt Issuance Costs		(8.1)	(8.3)
Total Long-Term Debt		1,791.3	1,920.8
Less: Due Within One Year		111.4	272.6
Net Long-Term Debt		\$1,679.9	\$1,648.2

NOTE 8. SHORT-TERM AND LONG-TERM DEBT (Continued)
Long-Term Debt (Continued)

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 December 31, 2023, our ratio was approximately 0.36 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 December 31, 2023, ALLETE was in compliance with its financial covenants.

NOTE 9. COMMITMENTS, GUARANTEES AND CONTINGENCIES

The following table details the estimated minimum payments for certain long-term commitments as of December 31, 2023:

	2024	2025	2026	2027	2028	Thereafter
Millions						
Capital Purchase Obligations	\$73.9	\$1.6	\$9.9	\$38.1	—	\$10.5
Easements (a)	\$8.0	\$8.1	\$8.1	\$8.2	\$8.4	\$217.7
PPAs (b)	\$140.7	\$133.8	\$136.6	\$125.7	\$132.4	\$937.5
Other Purchase Obligations (c)	\$42.9	—	—	—	—	—

(a) Easement obligations represent the minimum payments for our land easement agreements at our wind energy facilities.

(b) Does not include the Oliver Wind I, Oliver Wind II or Nobles 2 PPAs, as Minnesota Power only pays for energy as it is delivered. (See Power Purchase Agreements.)

(c) Consists of long-term service agreements for wind energy facilities and minimum purchase commitments under coal and rail contracts.

Power Purchase and Sales 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.

These agreements have also been evaluated under the accounting guidance for derivatives. We have determined that either these agreements are not derivatives, or, if they are derivatives, the agreements qualify for the normal purchases and normal sales exception to derivative accounting guidance; therefore, derivative accounting is not required.

Square Butte PPA. Minnesota Power has a PPA with Square Butte that extends through 2026 (Agreement). Minnesota Power is obligated to pay its pro rata share of Square Butte's costs based on its entitlement to the output of Square Butte's 455 MW coal fired generating unit. Minnesota Power's output entitlement under the Agreement is 50 percent for the remainder of the Agreement, subject to the provisions of the Minnkota Power PSA described in the following table. Minnesota Power's payment obligation will be suspended if Square Butte fails to deliver any power, whether produced or purchased, for a period of one year. Square Butte's costs consist primarily of debt service, operating and maintenance, depreciation and fuel expenses. As of December 31, 2023, Square Butte had total debt outstanding of \$171.8 million. Annual debt service for Square Butte is expected to be approximately \$33.5 million in 2024, \$29.5 million in 2025, \$29.6 million in 2026, and \$11.9 million in 2027 of which Minnesota Power's obligation is 50 percent. 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.

NOTE 9. COMMITMENTS, GUARANTEES AND CONTINGENCIES (Continued)
Power Purchase and Sales Agreements (Continued)

Minnesota Power's cost of power purchased from Square Butte during 2023 was \$86.2 million (\$82.7 million in 2022; \$82.4 million in 2021). 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 \$5.5 million in 2023 (\$5.1 million in 2022; \$5.8 million in 2021). Minnesota Power's payments to Square Butte are approved as a purchased power expense for ratemaking purposes by both the MPUC and the FERC.

Minnesota Power has also entered into the following long-term PPAs for the purchase of capacity and energy as of December 31, 2023:

Counterparty	Quantity	Product	Commencement	Expiration	Pricing
PPAs					
Calpine Corporation	25 MW	Capacity	June 2019	May 2026	Fixed
Manitoba Hydro					
PPA 1	250 MW	Capacity / Energy	June 2020	May 2035	(a)
PPA 2	133 MW	Energy	June 2020	June 2040	Forward Market Prices
Nobles 2	250 MW	Capacity / Energy	December 2020	December 2040	Fixed
Oliver Wind I	(b)	Energy	December 2006	December 2040	Fixed
Oliver Wind II	(b)	Energy	December 2007	December 2040	Fixed

(a) The capacity price was adjusted annually until 2020 by the change in a governmental inflationary index. The energy price is based on a formula that includes an annual fixed component adjusted for the change in a governmental inflationary index and a natural gas index, as well as market prices.

(b) The PPAs provide for the purchase of all output from the 50 MW Oliver Wind I and 48 MW Oliver Wind II wind energy facilities.

Minnesota Power has also entered into the following long-term PSAs for the sale of capacity and energy as of December 31, 2023:

Counterparty	Quantity	Product	Commencement	Expiration	Pricing
PSAs					
Basin					
PSA 1	(a)	Capacity	June 2022	May 2025	Fixed
PSA 2	100 MW	Capacity	June 2025	May 2028	Fixed
Great River Energy	100 MW	Capacity	June 2022	May 2025	Fixed
Minnkota Power	(b)	Capacity / Energy	June 2014	December 2026	(b)
Oconto Electric Cooperative	25 MW	Capacity / Energy	January 2019	May 2026	Fixed
Silver Bay Power	(c)	Energy	January 2017	December 2031	(d)

(a) The agreement provided for 75 MW of capacity from June 1, 2022, through May 31, 2023, and increased to 125 MW of capacity from June 1, 2023, through May 31, 2025.

(b) 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 37 percent in 2023 (32 percent in 2022 and 28 percent in 2021). (See Square Butte PPA.)

(c) Silver Bay Power supplies approximately 90 MW of load to Northshore Mining, an affiliate of Silver Bay Power.

(d) The energy pricing escalates at a fixed rate annually and is adjusted for changes in a natural gas index.

NOTE 9. COMMITMENTS, GUARANTEES AND CONTINGENCIES (Continued)

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 2025. Minnesota Power also has coal transportation agreements in place for the delivery of a significant portion of its coal requirements through December 2024. The costs of fuel and related transportation costs for Minnesota Power's generation are recoverable from Minnesota Power's 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 continue to be promulgated by both the EPA and state authorities. Minnesota Power's facilities are subject to new 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 new and proposed state and federal environmental regulations and requirements, 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 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.

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 review of the NO_x and SO₂ allowances issued and pending issuance, as well as consideration of current rules, we currently expect generation levels and emission rates will result in continued compliance with the CSAPR. Minnesota Power will continue to monitor ongoing CSAPR rulemakings and compliance implementation, including the EPA's Good Neighbor Rule which modifies certain aspects of the CSAPR's program scope and extent (see *EPA Good Neighbor Plan for 2015 Ozone NAAQS*).

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 the EPA is currently reviewing the primary or secondary NAAQS for NO_x, SO₂, and ozone. On February 7, 2024, the EPA announced a final rule lowering the annual primary standard for particulate matter less than 2.5 microns (PM_{2.5}) from 12 micrograms per cubic meter (ug/m³) to 9 ug/m³, while retaining other existing primary and secondary standards such as those for coarse particulate matter. The Company is reviewing the new standard to determine potential impacts. Anticipated timelines and compliance costs related to this new standard and other expected NAAQS revisions cannot yet be fully estimated; however, costs could be material. Minnesota Power would seek recovery of additional costs through a rate proceeding.

NOTE 9. COMMITMENTS, GUARANTEES AND CONTINGENCIES (Continued)
Environmental Matters (Continued)

EPA Good Neighbor Plan for 2015 Ozone NAAQS. On June 5, 2023, after disapproving state implementation plans, the EPA published a final Federal Implementation Plan (FIP) rule in the Federal Register, the Good Neighbor Plan, to address regional ozone transport for the 2015 Ozone NAAQS by reducing NO_x emissions during the period of May 1 through September 30 (ozone season). In its justification for the final rule, the EPA asserted that 23 states, including Minnesota, were modeled as significant contributors to downwind states' challenges in attaining or maintaining ozone NAAQS compliance. The Good Neighbor Plan is designed to resolve this interstate transport issue by implementing a variety of NO_x reduction strategies, including federal implementation plan requirements, NO_x emission limitations, and ozone season allowance program requirements. The final rule imposed restrictions on fossil-fuel fired power plants in 22 states and on certain industrial sources in 20 states, with implementation occurring through changes to the existing CSAPR program for power plants.

Since the EPA partially disapproved the Good Neighbor State Implementation Plans (SIPs) for the states of Minnesota and Wisconsin, among others, Minnesota is subject to the final Good Neighbor Plan. However, Minnesota Power and a coalition of other Minnesota utilities and industry (the parties) co-filed challenges to the EPA's final Minnesota SIP disapproval, submitting a petition for reconsideration and stay to the EPA, and a petition for judicial review to the U.S. Court of Appeals for the Eighth Circuit (Eighth Circuit Court). The parties are challenging and requesting reconsideration of certain technical components of the EPA's review and subsequent partial disapproval of Minnesota's SIP. On July 5, 2023, the Eighth Circuit Court granted the stay preventing the Good Neighbor Plan from taking effect in Minnesota.

On September 29, 2023, the EPA issued an updated final interim rule addressing the stays in Minnesota and five other states, formally delaying the effective date of the final FIP for states with active stays in place. The state of Minnesota was therefore not subject to compliance obligations for the 2023 ozone season. Future compliance obligations will depend on resolution of the stay. Additionally, challenges have been filed against the final FIP rule by the Minnesota coalition parties and other entities, although the Minnesota coalition FIP challenge is currently in abeyance pending resolution of the SIP disapproval case. In February 2024, the U.S. Supreme Court will hear arguments from several states and industry groups requesting a national stay of the FIP rule. Anticipated compliance costs related to final Good Neighbor Plan compliance cannot yet be estimated due to uncertainties about SIP approval resolution, implementation timing, FIP rule outcome, and allowance costs and facility emissions during the ozone season. However, the costs could be material, including costs of additional NO_x controls, emission allowance program participation, or operational changes, if any are required. Minnesota Power would seek recovery of additional costs through a rate proceeding.

EPA National Emission Standards for Hazardous Air Pollutants for Major Sources: Industrial, Commercial and Institutional Boilers and Process Heaters (Industrial Boiler MACT) Rule. A final rule issued by the EPA for Industrial Boiler MACT became effective in 2013 with compliance required at major existing sources in 2016, which applied to Minnesota Power's Hibbard Renewable Energy Center and Rapids Energy Center. Compliance consisted largely of adjustments to fuels and operating practices and compliance costs were not material. After this initial rulemaking, litigation from 2016 through 2018 resulted in court orders directing that the EPA reconsider certain aspects of the regulation. A final rule incorporating these revisions became effective in December 2022, with a compliance deadline of October 6, 2025. Compliance costs are not expected to be material.

EPA Mercury and Air Toxics Standards (MATS) Rule. On April 24, 2023, the EPA published a proposed revision to the existing MATS Rule as part of its mandatory 2020 MATS review. In this proposed rule, the EPA is proposing to alter certain compliance and operational requirements, and to lower several emission limits. Compliance would be required in the 2026 to 2027 timeframe. The EPA expects to issue the final rule in April 2024. The MATS regulation applies at Minnesota Power's Boswell Energy Center, which is currently well-controlled for these emissions and is in full compliance with existing requirements. Compliance costs cannot yet be estimated; however, recovery of any additional costs would be sought through a rate proceeding.

NOTE 9. COMMITMENTS, GUARANTEES AND CONTINGENCIES (Continued)
Environmental Matters (Continued)

Climate Change. The scientific community generally accepts that emissions of GHGs 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; increased risk of wildfires; 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. On May 23, 2023, the EPA published in the Federal Register proposed regulatory actions under Section 111 of the Clean Air Act (CAA) addressing greenhouse gas (GHG) emissions from fossil fuel-fired electric generating units (EGUs). The EPA is proposing to revise new source performance standards (NSPS) for new, modified and reconstructed EGUs (Section 111(b) of the CAA) as well as emission guidelines for certain existing (Section 111(d) of the CAA) EGUs. The EPA is also proposing in this action to officially repeal the predecessor regulation "Affordable Clean Energy Rule", first issued in 2019 and later vacated in 2021. The EPA's Fall 2023 unified agenda identifies the EPA's goal of issuing final regulations in April 2024. The Company will continue to monitor this GHG rulemaking and analyze potential impacts to existing and proposed thermal generating facilities. The rule would apply to several Company assets including existing EGUs at Boswell and Laskin as well as the proposed combined cycle natural gas-fired generating facility, NTEC. Minnesota Power continues implementing its *EnergyForward* strategic plan that provides for significant emissions reductions and diversifying its electricity generation mix to include more renewable and natural gas energy. We are unable to predict compliance costs due to the draft status of the rules and the need for a state implementation plan for Section 111(d) existing units; however, the costs could be material. Minnesota Power would seek recovery of additional costs through a rate proceeding.

Water. The Clean Water Act requires NPDES permits be obtained from the EPA or delegated state agency for any wastewater discharged to navigable waters. Minnesota Power has obtained all necessary NPDES permits, including NPDES storm water permits, for applicable facilities to conduct 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. The ELG set effluent limits and prescribed best available control technology for several wastewater streams, including flue gas desulphurization (FGD) water, bottom ash transport water (BATW) and coal combustion landfill leachate. On October 13, 2020, the EPA published a final ELG Rule allowing re-use of bottom ash transport water in FGD scrubber systems and limited discharge for maintaining system water balance. The rule set technology standards and numerical pollutant limits for discharges of BATW 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.

On March 29, 2023, the EPA published a proposed new ELG rule in the Federal Register to update the 2020 ELGs. In the proposed rule, the EPA is revising ELGs for existing sources, including establishing zero discharge limitations for BATW and FGD wastewater; new limits for combustion residual leachate; and allowing states to set discharge limits for legacy wastewater in surface impoundments. The rule proposes to maintain exemptions for units permanently ceasing coal combustion by 2028 and adds a new subcategory for units that have already complied with either the 2015 or 2020 ELG rules and which will retire by 2032. The EPA plans to publish a final ELG rule in April 2024.

NOTE 9. COMMITMENTS, GUARANTEES AND CONTINGENCIES (Continued)
Environmental Matters (Continued)

ELG revisions are not expected to have a significant impact on Minnesota Power operations. Boswell, where these ELGs are applicable, completed conversion to dry bottom ash handling and installed a FGD dewatering system in September 2022. The dry conversion projects eliminated bottom ash transport water and minimized wastewater from the FGD system. Re-use and onsite consumption are planned for the remaining BATW and FGD waste stream and for dewatering legacy wastewater from Boswell's existing impoundments. The EPA's reconsideration of legacy wastewater and leachate discharge requirements has the potential to impact dewatering associated with the closed impoundment at Laskin and the closed Taconite Harbor dry ash landfill.

At this time, we estimate no additional material compliance costs for ELG, BATW and FGD requirements. Compliance costs we might incur related to other ELG waste streams (e.g., leachate) or other potential future water discharge regulations at Minnesota Power facilities 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.

The federal Clean Water Act requires the MPCA to update the state's impaired water list every two years. Beginning in 2021 through the latest draft proposed on November 14, 2023, this list now includes Minnesota lakes and streams identified as wild rice waters that are listed for sulfate impairment. The list 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 or its customers, if any. Minnesota Power would seek recovery of additional costs through a rate proceeding.

Solid and Hazardous Waste. The Resource Conservation and Recovery Act (RCRA) regulates the management and disposal of solid and hazardous wastes. Minnesota Power is required to notify the EPA of hazardous waste activity and 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 a final rule (2015 Rule) regulating CCR as nonhazardous waste under Subtitle D of the Resource Conservation and Recovery Act (RCRA) in the Federal Register. The rule included 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 12 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 compliance costs through evaluation of beneficial re-use and recycling of CCR. In 2018, a U.S. District Court for the District of Columbia decision vacated specific provisions of the CCR rule, which resulted in a change to the status of several existing clay-lined impoundments at Boswell being considered unlined. In September 2020, the EPA finalized the CCR Part A Rule, which required all unlined impoundments to cease disposal and initiate closure. Upon completion of dry ash conversion activities, Boswell ceased disposal in both impoundments in September 2022. Both impoundments are now inactive and have initiated closure.

NOTE 9. COMMITMENTS, GUARANTEES AND CONTINGENCIES (Continued)
Environmental Matters (Continued)

On May 17, 2023, the EPA released a proposed rule for CCR legacy surface impoundments. The proposal expands the scope of units regulated under the CCR rule to include legacy ponds (inactive surface impoundments at inactive facilities) and creates a new category of units called CCR management units, which includes inactive and closed impoundments and landfills as well as other non-containerized accumulations of CCR. The proposed rule was published in the Federal Register on May 18, 2023. The EPA is proposing to require that generating facilities evaluate and identify all past deposits of CCR materials on their sites and close or re-close existing CCR units to meet current closure standards, as well as install groundwater monitoring systems, conduct groundwater monitoring, and implement groundwater corrective actions as necessary. A final rule is expected in April 2024. This rule has the potential to impact Boswell and Laskin. Compliance costs for Minnesota Power facilities cannot be estimated at this time; however, the costs could be material. Minnesota Power would seek recovery of additional costs through a rate proceeding.

Additionally, the EPA released a proposed CCR Part B rulemaking in February 2020 addressing options for beneficial reuse of CCR materials. The final Part B rule expected in late 2024. The final CCR federal permit rule is expected in the first half of 2026. The final federal permit rule will finalize procedures for implementing a CCR federal permit program.

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. As of December 31, 2023, we have recorded a liability of \$1 million for remediation costs at this site. SWL&P has recorded remediation costs for the site as an associated regulatory asset as we expect recovery of these remediation costs to be allowed by the PSCW.

Other Matters

We have multiple credit facility agreements in place that provide the ability to issue standby letters of credit to satisfy our contractual security requirements across our businesses. As of December 31, 2023, we had \$149.8 million of outstanding letters of credit issued, including those issued under our revolving credit facility. We do not believe it is likely that any of these outstanding letters of credit will be drawn upon.

Regulated Operations. As of December 31, 2023, we had \$24.2 million outstanding in standby letters of credit at our Regulated Operations which are pledged as security to MISO, the NDPSC and a state agency.

ALLETE Clean Energy. ALLETE Clean Energy is party to PSAs that expire in various years between 2024 and 2039. As of December 31, 2023, ALLETE Clean Energy has \$91.6 million outstanding in standby letters of credit, the majority of which are pledged as security under these PSAs.

Corporate and Other.

BNI Energy. As of December 31, 2023, BNI Energy had surety bonds outstanding of \$82.4 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 \$82.1 million. BNI Energy does not believe it is likely that any of these outstanding surety bonds will be drawn upon.

Investment in Nobles 2. Nobles 2 wind energy facility requires standby letters of credit as security for certain contractual obligations. As of December 31, 2023, ALLETE South Wind has \$10.1 million outstanding in standby letters of credit, related to our portion of the security requirements relative to our ownership in Nobles 2.

NOTE 9. COMMITMENTS, GUARANTEES AND CONTINGENCIES (Continued)
Other Matters (Continued)

South Shore Energy. As of December 31, 2023, South Shore Energy had \$23.9 million outstanding in standby letters of credit pledged as security in connection with the development of NTEC.

ALLETE Properties. As of December 31, 2023, ALLETE Properties had surety bonds outstanding 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 will be drawn upon.

Community Development District Obligations. In 2005, the Town Center District issued \$26.4 million of tax-exempt, 6.0 percent capital improvement revenue bonds. The capital improvement revenue bonds are payable over 31 years (by May 1, 2036) and are secured by special assessments on the benefited land. To the extent that ALLETE Properties still owns land at the time of the assessment, it will incur the cost of its portion of these assessments, based upon its ownership of benefited property.

As of December 31, 2023, we owned 33 percent of the assessable land in the Town Center District (42 percent as of December 31, 2022). As of December 31, 2023, ownership levels, our annual assessments related to capital improvement and special assessment bonds for the ALLETE Properties project within the district is approximately \$0.7 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.

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.

In the first quarter of 2023, an ALLETE Clean Energy subsidiary initiated arbitration proceedings seeking damages against a counterparty for non-performance under a contract. Arbitration hearings were held in June and July 2023, and a final arbitration ruling was issued in favor of ALLETE Clean Energy's subsidiary in September 2023. The final arbitration ruling awarded \$68.3 million to ALLETE Clean Energy's subsidiary, which included prejudgment interest of \$5.1 million, recovery of \$3.6 million of arbitration-related costs, and resulted in the recognition of a \$58.4 million pre-tax gain in the third quarter of 2023. The arbitration ruling also resulted in the receipt of approximately \$60 million of cash, net of distribution to non-controlling interest, in the third quarter of 2023.

NOTE 10. COMMON STOCK AND EARNINGS PER SHARE**Summary of Common Stock**

	Shares Thousands	Equity Millions
Balance as of December 31, 2020	52,085	\$1,460.9
Employee Stock Purchase Plan	17	0.8
Invest Direct	263	17.5
Share-Based Compensation	73	6.5
Equity Issuance Program	782	51.0
Balance as of December 31, 2021	53,220	1,536.7
Employee Stock Purchase Plan	11	0.9
Invest Direct	244	14.9
Share-Based Compensation	82	5.3
Equity Issuance	3,680	223.7
Balance as of December 31, 2022	57,237	1,781.5
Employee Stock Purchase Plan	16	0.8
Invest Direct	232	13.3
Share-Based Compensation	76	8.1
Balance as of December 31, 2023	57,561	\$1,803.7

Equity Issuance Program. We entered into a distribution agreement with Lampert Capital Markets, in 2008, as amended most recently in 2020, with respect to the issuance and sale of up to an aggregate of 13.6 million shares of our common stock, without par value, of which 2.1 million shares remain available for issuance as of December 31, 2023. For the year ended December 31, 2023, no shares of common stock were issued under this agreement (none in 2022; 0.8 million for net proceeds of \$51.0 million in 2021). On April 5, 2022, ALLETE issued and sold approximately 3.7 million shares of ALLETE common stock. Net proceeds of approximately \$224 million were received from the sale of shares. Proceeds were used primarily to fund the acquisition of New Energy and capital investments at ALLETE Clean Energy.

Earnings Per Share. 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**

Year Ended December 31	Basic	Dilutive Securities	Diluted
Millions Except Per Share Amounts			
2023			
Net Income Attributable to ALLETE	\$247.1		\$247.1
Average Common Shares	57.3	0.1	57.4
Earnings Per Share	\$4.31		\$4.30
2022			
Net Income Attributable to ALLETE	\$189.3		\$189.3
Average Common Shares	55.9	0.1	56.0
Earnings Per Share	\$3.38		\$3.38
2021			
Net Income Attributable to ALLETE	\$169.2		\$169.2
Average Common Shares	52.4	0.1	52.5
Earnings Per Share	\$3.23		\$3.23

NOTE 11. INCOME TAX EXPENSE**Income Tax Expense**

Year Ended December 31	2023	2022	2021
Millions			
Current Income Tax Expense (a)			
Federal	\$9.4	\$1.2	—
State	0.9	6.1	—
Total Current Income Tax Expense	\$10.3	\$7.3	—
Deferred Income Tax Expense (Benefit)			
Federal (b)	\$(6.0)	\$(32.8)	\$(37.2)
State (c)	24.0	(5.2)	10.8
Investment Tax Credit Amortization	(0.4)	(0.5)	(0.5)
Total Deferred Income Tax Expense (Benefit)	\$17.6	\$(38.5)	\$(26.9)
Total Income Tax Expense (Benefit)	\$27.9	\$(31.2)	\$(26.9)

(a) For the years ended December 31, 2023 and 2022, the federal current tax expense was partially offset by production tax credits and NOLs. For the year ended December 31, 2021, the federal and state current tax expense was minimal due to NOLs.

(b) For the year ended December 31, 2023, the federal deferred income tax benefit was due to tax credits, partially offset by deferred partnership income. For the years ended December 31, 2022 and 2021, the federal deferred income tax benefit is primarily due to production tax credits.

(c) For the year ended December 31, 2022, the state impact includes the benefit of deferred repricing as a result of the New Energy acquisition.

Reconciliation of Taxes from Federal Statutory**Rate to Total Income Tax Expense**

Year Ended December 31	2023	2022	2021
Millions			
Income Before Non-Controlling Interest and Income Taxes	\$206.8	\$100.1	\$110.9
Statutory Federal Income Tax Rate	21 %	21 %	21 %
Income Taxes Computed at Statutory Federal Rate	\$43.4	\$21.0	\$23.3
Increase (Decrease) in Tax Due to:			
State Income Taxes – Net of Federal Income Tax Benefit	19.7	8.6	8.6
Deferred Revaluation – Net of Federal Income Tax Benefit	—	(7.9)	—
Production Tax Credits (a)	(31.6)	(50.7)	(53.5)
Investment Tax Credits (a)	(5.8)	(4.1)	—
Regulatory Differences – Excess Deferred Tax Benefit	(9.9)	(9.1)	(9.5)
Non-Controlling Interest	13.3	11.2	6.3
AFUDC - Equity	(1.3)	(1.1)	(1.0)
Other	0.1	0.9	(1.1)
Total Income Tax Expense (Benefit)	\$27.9	\$(31.2)	\$(26.9)

(a) For the year ended December 31, 2023, the credits are presented net of any estimated discount on the sale of certain credits.

The effective tax rate was an expense of 13.5 percent for 2023 (benefit of 31.2 percent for 2022; benefit of 24.3 percent for 2021). The 2023, 2022 and 2021 effective tax rates were primarily impacted by production tax credits and non-controlling interests in subsidiaries.

NOTE 11. INCOME TAX EXPENSE (Continued)**Deferred Income Tax Assets and Liabilities**

As of December 31	2023	2022
Millions		
Deferred Income Tax Assets		
Employee Benefits and Compensation	\$29.3	\$46.4
Property-Related	58.1	61.9
NOL Carryforwards	13.0	16.7
Capital Loss Carryforwards	2.1	13.1
Tax Credit Carryforwards	557.4	548.7
Power Sales Agreements	9.0	13.7
Regulatory Liabilities	89.0	95.5
Other	8.7	28.1
Gross Deferred Income Tax Assets	766.6	824.1
Deferred Income Tax Asset Valuation Allowance	(58.0)	(60.2)
Total Deferred Income Tax Assets	\$708.6	\$763.9
Deferred Income Tax Liabilities		
Deferred Gain	\$7.9	\$7.9
Property-Related	632.0	661.7
Regulatory Asset for Benefit Obligations	48.1	57.7
Unamortized Investment Tax Credits	29.6	30.0
Partnership Basis Differences	156.5	126.0
Fuel Adjustment Clause	1.9	10.7
Regulatory Assets	25.3	28.0
Total Deferred Income Tax Liabilities	\$901.3	\$922.0
Net Deferred Income Taxes (a)	\$192.7	\$158.1

(a) Recorded as a net Deferred Income Tax liability on the Consolidated Balance Sheet.

NOL and Tax Credit Carryforwards

As of December 31	2023	2022
Millions		
Federal Tax Credit Carryforwards	\$480.4	\$464.5
Federal Capital Loss Carryforwards (a)	—	\$35.1
State NOL Carryforwards (a)	\$280.9	\$323.0
State Tax Credit Carryforwards (b)	\$21.5	\$24.5
State Capital Loss Carryforwards (a)	—	\$83.2

(a) Pre-tax amounts; state NOL carryforwards net of a \$10.5 million valuation allowance and state capital loss carryforwards net of a \$58.7 million valuation allowance.

(b) Net of a \$55.4 million valuation allowance as of December 31, 2023 (\$59.6 million as of December 31, 2022).

The federal tax credit carryforward periods expire between 2034 and 2043. We expect to fully utilize the tax credit carryforwards; therefore, no federal valuation allowance has been recognized as of December 31, 2023. The apportioned state NOL, capital loss and tax credit carryforward periods expire between 2024 and 2045. We have established a valuation allowance against certain state NOL, capital loss and tax credits that we do not expect to utilize before their expiration.

NOTE 11. INCOME TAX EXPENSE (Continued)

Gross Unrecognized Income Tax Benefits	2023	2022	2021
Millions			
Balance at January 1	\$1.3	\$1.3	\$1.4
Reductions for Tax Positions Related to Prior Years	(0.2)	—	(0.1)
Balance as of December 31	\$1.1	\$1.3	\$1.3

Unrecognized tax benefits are the differences between a tax position taken or expected to be taken in a tax return and the benefit recognized and measured pursuant to the “more-likely-than-not” criteria. The unrecognized tax benefit balance includes permanent tax positions which, if recognized, would affect the annual effective income tax rate. In addition, the unrecognized tax benefit balance includes temporary tax positions for which the ultimate deductibility is highly certain but for which there is uncertainty about the timing of such deductibility. A change in the period of deductibility would not affect the effective tax rate but would accelerate the payment of cash to the taxing authority to an earlier period. The gross unrecognized tax benefits as of December 31, 2023, included \$0.6 million of net unrecognized tax benefits which, if recognized, would affect the annual effective income tax rate.

As of December 31, 2023, we had accrued interest of \$0.1 million (none as of December 31, 2022, and 2021) related to unrecognized tax benefits included on the Consolidated Balance Sheet due to our NOL carryforwards. We classify interest related to unrecognized tax benefits as interest expense and tax-related penalties in operating expenses on the Consolidated Statement of Income. Interest expense related to unrecognized tax benefits on the Consolidated Statement of Income was immaterial in 2023, 2022 and 2021. There were no penalties recognized in 2023, 2022 or 2021. The unrecognized tax benefit amounts have been presented as an increase to the net deferred tax liability on the Consolidated Balance Sheet.

No material changes to unrecognized tax benefits are expected during the next 12 months.

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 is currently under examination by the state of Minnesota for the tax years 2020 through 2022. ALLETE has no open federal audits, and is no longer subject to federal examination for years before 2020 or state examination for years before 2019. Additionally, the statute of limitations related to the federal tax credit carryforwards will remain open until those credits are utilized in subsequent returns.

NOTE 12. PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS

We have noncontributory union, non-union and combined retiree defined benefit pension plans covering eligible employees. The combined retiree defined benefit pension plan was created in 2016, to include all union and non-union retirees from the existing plans as of January 2016. The plans provide defined benefits based on years of service and final average pay. We made \$17.3 million in cash contributions to the plan trusts in 2023 (none in 2022; \$10.3 million in 2021). We also have a defined contribution RSOP covering substantially all employees. The 2023 plan year employer contributions totaled \$13.7 million (\$12.0 million for the 2022 plan year; \$11.5 million for the 2021 plan year). (See Note 10. Common Stock and Earnings Per Share and Note 13. Employee Stock and Incentive Plans.)

The non-union defined benefit pension plan was frozen in 2018, and does not allow further crediting of service or earnings to the plan. Further, it is closed to new participants. The Minnesota Power union defined benefit pension plan is also closed to new participants, and the SWL&P union defined benefit pension plan was closed to new participants effective February 1, 2022.

We have postretirement health care and life insurance plans covering eligible employees. In 2010, the postretirement health care plan was closed to employees hired after January 2011, and the eligibility requirements were amended. The postretirement life plan was amended in 2014 to close the plan to non-union employees retiring after 2015, and in 2018, the plan was amended to limit the benefit level for union employees retiring after 2018. In 2023, the postretirement health care plan was amended to change the company contribution to an annual stipend for certain retirees. The postretirement health and life plans are contributory with participant contributions adjusted annually. Postretirement health and life benefits are funded through a combination of Voluntary Employee Benefit Association trusts (VEBAs), established under section 501(c)(9) of the Internal Revenue Code, and irrevocable grantor trusts. In 2023, no contributions were made to the VEBAs (none in 2022; none in 2021) and no contributions were made to the grantor trusts (none in 2022; none in 2021).

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 pension plans. Contributions are based on estimates and assumptions which are subject to change. On January 12, 2024, we contributed \$25.0 million in cash to the defined benefit pension plans, and expect to make \$2.0 million in additional cash contributions to the defined benefit pension plans in 2024. We do not expect to make any contributions to the defined benefit postretirement health and life plans in 2024.

Accounting for defined benefit pension and other postretirement benefit plans requires that employers recognize on a prospective basis the funded status of their defined benefit pension and other postretirement plans on their balance sheet and recognize as a component of other comprehensive income, net of tax, the gains or losses and prior service costs or credits that arise during the period but are not recognized as components of net periodic benefit cost.

The defined benefit pension and postretirement health and life benefit expense (credit) recognized annually by our regulated utilities are expected to be recovered (refunded) through rates filed with our regulatory jurisdictions. As a result, these amounts that are required to otherwise be recognized in accumulated other comprehensive income have been recognized as a long-term regulatory asset (regulatory liability) on the Consolidated Balance Sheet, in accordance with the accounting standards for the effect of certain types of regulation applicable to our Regulated Operations. The defined benefit pension and postretirement health and life benefit expense (credits) associated with our other operations are recognized in accumulated other comprehensive income.

NOTE 12. PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS (Continued)**Pension Obligation and Funded Status**

As of December 31	2023	2022
Millions		
Accumulated Benefit Obligation	\$729.5	\$724.5
Change in Benefit Obligation		
Obligation, Beginning of Year	\$739.7	\$911.7
Service Cost	6.5	9.3
Interest Cost	40.5	27.2
Plan Amendments	—	0.8
Actuarial (Gain) Loss (a)	13.9	(160.6)
Benefits Paid	(60.9)	(58.9)
Participant Contributions	6.6	10.2
Obligation, End of Year	\$746.3	\$739.7
Change in Plan Assets		
Fair Value, Beginning of Year	\$568.6	\$745.7
Actual Return on Plan Assets	55.1	(130.5)
Employer Contribution (b)	26.2	12.3
Benefits Paid	(60.9)	(58.9)
Fair Value, End of Year	\$589.0	\$568.6
Funded Status, End of Year	\$(157.3)	\$(171.1)

Net Pension Amounts Recognized in Consolidated Balance Sheet Consist of:

Current Liabilities	\$(2.1)	\$(2.1)
Non-Current Liabilities	\$(155.2)	\$(169.0)

(a) Actuarial gain in 2022 was primarily the result of increases in discount rates.

(b) Includes Participant Contributions noted above, any contributions made by the Company to pension plan trusts and any direct benefit payments made under certain plans.

The pension costs that are reported as a component within the Consolidated Balance Sheet, reflected in long-term regulatory assets or liabilities and accumulated other comprehensive income, consist of a net loss of \$256.9 million as of December 31, 2023 (net loss of \$260.2 million and prior service credit of \$0.1 million as of December 31, 2022).

NOTE 12. PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS (Continued)**Reconciliation of Net Pension Amounts Recognized in Consolidated Balance Sheet**

As of December 31	2023	2022
Millions		
Net Loss	\$(256.9)	\$(260.2)
Prior Service Credit	—	0.1
Accumulated Contributions in Excess of Net Periodic Benefit Cost (Prepaid Pension Asset)	99.6	89.0
Total Net Pension Amounts Recognized in Consolidated Balance Sheet	\$(157.3)	\$(171.1)

Components of Net Periodic Pension Cost

Year Ended December 31	2023	2022	2021
Millions			
Service Cost	\$6.5	\$9.3	\$11.0
Non-Service Cost Components (a)			
Interest Cost	40.5	27.2	24.6
Expected Return on Plan Assets	(43.8)	(41.5)	(43.4)
Amortization of Loss	5.8	11.4	18.8
Amortization of Prior Service Credit	(0.1)	(0.1)	(0.2)
Net Pension Cost	\$8.9	\$6.3	\$10.8

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

Other Changes in Pension Plan Assets and Benefit Obligations Recognized in Other Comprehensive Income and Regulatory Assets or Liabilities

Year Ended December 31	2023	2022
Millions		
Net Loss	\$2.5	\$11.4
Amortization of Prior Service Credit	0.1	0.1
Prior Service Credit Arising During the Period	—	0.8
Amortization of Loss	(5.7)	(11.4)
Total Recognized in Other Comprehensive Income and Regulatory Assets or Liabilities	\$(3.1)	\$0.9

Information for Pension Plans with an Accumulated Benefit Obligation in Excess of Plan Assets

As of December 31	2023	2022
Millions		
Projected Benefit Obligation	\$746.3	\$739.7
Accumulated Benefit Obligation	\$729.5	\$724.5
Fair Value of Plan Assets	\$589.0	\$568.6

NOTE 12. PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS (Continued)**Postretirement Health and Life Obligation and Funded Status**

As of December 31	2023	2022
Millions		
Change in Benefit Obligation		
Obligation, Beginning of Year	\$110.4	\$148.2
Service Cost	2.0	3.0
Interest Cost	5.6	4.4
Actuarial Gain (a)	(9.3)	(38.7)
Benefits Paid	(8.1)	(9.2)
Participant Contributions	2.4	2.7
Plan Amendments (b)	(29.1)	—
Obligation, End of Year	\$73.9	\$110.4
Change in Plan Assets		
Fair Value, Beginning of Year	\$162.6	\$201.8
Actual Return on Plan Assets	20.3	(33.0)
Employer Contribution (Withdrawal)	(3.4)	0.3
Participant Contributions	2.4	2.7
Benefits Paid	(8.1)	(9.2)
Fair Value, End of Year	\$173.8	\$162.6
Funded Status, End of Year	\$99.9	\$52.2

Net Postretirement Health and Life Amounts Recognized in Consolidated Balance Sheet Consist of:

Non-Current Assets	\$106.3	\$58.8
Current Liabilities	\$(0.2)	\$(0.2)
Non-Current Liabilities	\$(6.2)	\$(6.4)

(a) Actuarial gain in 2022 was primarily the result of increases in discount rates.

(b) In 2023, the postretirement health care plan was amended to change the company contribution to an annual stipend for certain retirees.

According to the accounting standards for retirement benefits, only assets in the VEBAs are treated as plan assets in the preceding table for the purpose of determining funded status. In addition to the postretirement health and life assets reported in the previous table, we had \$12.8 million in irrevocable grantor trusts included in Other Non-Current Assets on the Consolidated Balance Sheet as of December 31, 2023 (\$11.8 million as of December 31, 2022).

The postretirement health and life costs that are reported as a component within the Consolidated Balance Sheet, reflected in regulatory long-term assets or liabilities and accumulated other comprehensive income, consist of the following:

Unrecognized Postretirement Health and Life Costs

As of December 31	2023	2022
Millions		
Net Gain	\$(24.8)	\$(9.2)
Prior Service Credit	(33.8)	(13.2)
Total Unrecognized Postretirement Health and Life Cost	\$(58.6)	\$(22.4)

NOTE 12. PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS (Continued)**Reconciliation of Net Postretirement Health and Life Amounts Recognized in Consolidated Balance Sheet**

As of December 31	2023	2022
Millions		
Net Gain (a)	\$24.8	\$9.2
Prior Service Credit	33.8	13.2
Accumulated Net Periodic Benefit Cost in Excess of Contributions (a)	41.3	29.8
Total Net Postretirement Health and Life Amounts Recognized in Consolidated Balance Sheet	\$99.9	\$52.2

(a) Excludes gains, losses and contributions associated with irrevocable grantor trusts.

Components of Net Periodic Postretirement Health and Life Cost

Year Ended December 31	2023	2022	2021
Millions			
Service Cost	\$2.0	\$3.0	\$3.6
Non-Service Cost Components (a)			
Interest Cost	5.6	4.4	4.4
Expected Return on Plan Assets	(11.4)	(9.6)	(9.9)
Amortization of (Gain) Loss	(2.7)	0.4	3.0
Amortization of Prior Service Credit	(8.5)	(7.5)	(7.6)
Net Postretirement Health and Life Credit	\$(15.0)	\$(9.3)	\$(6.5)

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

Other Changes in Postretirement Benefit Plan Assets and Benefit Obligations Recognized in Other Comprehensive Income and Regulatory Assets or Liabilities

Year Ended December 31	2023	2022
Millions		
Net (Gain) Loss	\$(18.3)	\$3.9
Prior Service Credit Arising During the Period	(29.1)	—
Amortization of Prior Service Credit	8.4	7.5
Amortization of Gain (Loss)	2.7	(0.4)
Total Recognized in Other Comprehensive Income and Regulatory Assets or Liabilities	\$(36.3)	\$11.0

Estimated Future Benefit Payments

	Pension	Postretirement Health and Life
Millions		
2024	\$58.4	\$6.3
2025	\$58.1	\$6.2
2026	\$57.5	\$6.1
2027	\$57.2	\$6.1
2028	\$56.9	\$6.0
Years 2029 – 2033	\$272.6	\$30.0

NOTE 12. PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS (Continued)**Weighted Average Assumptions Used to Determine Benefit Obligation**

As of December 31	2023	2022
Discount Rate		
Pension	5.39%	5.70%
Postretirement Health and Life	5.42%	5.68%
Rate of Compensation Increase	3.52%	3.58%
Health Care Trend Rates		
Trend Rate	7.00%	6.50%
Ultimate Trend Rate	5.00%	5.00%
Year Ultimate Trend Rate Effective	2038	2038

Weighted Average Assumptions Used to Determine Net Periodic Benefit Costs

Year Ended December 31	2023	2022	2021
Discount Rate			
Pension	5.70%	3.28%	2.87%
Postretirement Health and Life	5.89%	3.09%	2.70%
Expected Long-Term Return on Plan Assets			
Pension	6.83%	6.00%	6.50%
Postretirement Health and Life	6.33%	5.41%	5.85%
Rate of Compensation Increase	3.58%	3.58%	3.62%

In establishing the expected long-term rate of return on plan assets, we determine the long-term historical performance of each asset class, adjust these for current economic conditions, and utilizing the target allocation of our plan assets, forecast the expected long-term rate of return.

The discount rate is computed using a bond matching study which utilizes a portfolio of high quality bonds that produce cash flows similar to the projected costs of our pension and other postretirement plans.

The Company utilizes actuarial assumptions about mortality to calculate the pension and postretirement health and life benefit obligations. The mortality assumptions used to calculate our pension and other postretirement benefit obligations as of December 31, 2023, considered a modified PRI-2012 mortality table and MP-2021 mortality projection scale.

NOTE 12. PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS (Continued)**Actual Plan Asset Allocations**

	Pension		Postretirement Health and Life ^(a)	
	2023	2022	2023	2022
Equity Securities	57%	46%	67%	66%
Fixed Income Securities	40%	50%	33%	34%
Real Estate	3%	4%	—	—
	100%	100%	100%	100%

(a) Includes VEBA's and irrevocable grantor trusts.

There were no shares of ALLETE common stock included in pension plan equity securities as of December 31, 2023 (no shares as of December 31, 2022).

The defined benefit pension plans have adopted a dynamic asset allocation strategy (glide path) that increases the invested allocation to fixed income assets as the funding level of the plan increases to better match the sensitivity of the plan's assets and liabilities to changes in interest rates. This is expected to reduce the volatility of reported pension plan expenses. The postretirement health and life plans' assets are diversified to achieve strong returns within managed risk. Equity securities are diversified among domestic companies with large, mid and small market capitalization, as well as investments in international companies. The majority of debt securities are made up of investment grade bonds.

Following are the current targeted allocations as of December 31, 2023:

Plan Asset Target Allocations

	Pension	Postretirement Health and Life ^(a)
Equity Securities	55 %	65 %
Fixed Income Securities	41 %	35 %
Real Estate	4 %	—
	100 %	100 %

(a) Includes VEBA's and irrevocable grantor trusts.

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). (See Note 7. Fair Value.)

NOTE 12. PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS (Continued)

Fair Value (Continued)

Pension Fair Value

Recurring Fair Value Measures	Fair Value as of December 31, 2023			
	Level 1	Level 2	Level 3	Total
Millions				
Assets:				
Equity Securities:				
U.S. Large-cap (a)	—	\$83.7	—	\$83.7
U.S. Mid-cap Growth (a)	—	69.9	—	69.9
U.S. Small-cap (a)	—	46.5	—	46.5
International	\$134.6	—	—	134.6
Fixed Income Securities (a)	—	215.0	—	215.0
Cash and Cash Equivalents	20.4	—	—	20.4
Real Estate	—	—	\$18.9	18.9
Total Fair Value of Assets	\$155.0	\$415.1	\$18.9	\$589.0

(a) The underlying investments consist of actively-managed funds managed to achieve the returns of certain U.S. equity and fixed income securities indexes.

Recurring Fair Value Measures

Activity in Level 3	Real Estate
Millions	
Balance as of December 31, 2022	\$22.4
Actual Return on Plan Assets	(3.1)
Purchases, Sales, and Settlements – Net	(0.4)
Balance as of December 31, 2023	\$18.9

Recurring Fair Value Measures	Fair Value as of December 31, 2022			
	Level 1	Level 2	Level 3	Total
Millions				
Assets:				
Equity Securities:				
U.S. Large-cap (a)	—	\$61.2	—	\$61.2
U.S. Mid-cap Growth (a)	—	40.0	—	40.0
U.S. Small-cap (a)	—	35.4	—	35.4
International	\$127.0	—	—	127.0
Fixed Income Securities (a)	—	275.3	—	275.3
Cash and Cash Equivalents	7.3	—	—	7.3
Real Estate	—	—	\$22.4	22.4
Total Fair Value of Assets	\$134.3	\$411.9	\$22.4	\$568.6

(a) The underlying investments consist of actively-managed funds managed to achieve the returns of certain U.S. equity and fixed income securities indexes.

NOTE 12. PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS (Continued)

Fair Value (Continued)

Recurring Fair Value Measures

Activity in Level 3

Real Estate

Millions	
Balance as of December 31, 2021	\$21.6
Actual Return on Plan Assets	1.0
Purchases, Sales, and Settlements – Net	(0.2)
Balance as of December 31, 2022	\$22.4

Postretirement Health and Life Fair Value

Fair Value as of December 31, 2023

Recurring Fair Value Measures	Level 1	Level 2	Level 3	Total
Millions				
Assets:				
Equity Securities: (a)				
U.S. Large-cap	\$30.0	—	—	\$30.0
U.S. Mid-cap Growth	28.7	—	—	28.7
U.S. Small-cap	14.9	—	—	14.9
International	41.9	—	—	41.9
Fixed Income Securities:				
Mutual Funds	55.1	—	—	55.1
Cash and Cash Equivalents	3.2	—	—	3.2
Total Fair Value of Assets	\$173.8	—	—	\$173.8

(a) The underlying investments consist of mutual funds (Level 1).

Fair Value as of December 31, 2022

Recurring Fair Value Measures	Level 1	Level 2	Level 3	Total
Millions				
Assets:				
Equity Securities: (a)				
U.S. Large-cap	\$26.7	—	—	\$26.7
U.S. Mid-cap Growth	25.5	—	—	25.5
U.S. Small-cap	12.7	—	—	12.7
International	41.5	—	—	41.5
Fixed Income Securities:				
Mutual Funds	55.5	—	—	55.5
Cash and Cash Equivalents	0.7	—	—	0.7
Total Fair Value of Assets	\$162.6	—	—	\$162.6

(a) The underlying investments consist of mutual funds (Level 1).

NOTE 12. PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS (Continued)**Fair Value (Continued)****Recurring Fair Value Measures****Activity in Level 3****Private Equity Funds**

Millions	
Balance as of December 31, 2021	\$2.0
Actual Return on Plan Assets	(1.5)
Purchases, Sales, and Settlements – Net	(0.5)
Balance as of December 31, 2022	—

Accounting and disclosure requirements for the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (Act) provide guidance for employers that sponsor postretirement health care plans that provide prescription drug benefits. We provide a fully insured postretirement health benefit, including a prescription drug benefit, which qualifies us for a federal subsidy under the Act. The federal subsidy is reflected in the premiums charged to us by the insurance company.

NOTE 13. EMPLOYEE STOCK AND INCENTIVE PLANS

Employee Stock Ownership Plan. We sponsor an ESOP within the RSOP. Eligible employees may contribute to the RSOP plan as of their date of hire. The dividends received by the ESOP are distributed to participants. Dividends on allocated ESOP shares are recorded as a reduction of retained earnings. ESOP employer allocations are funded with contributions paid in either cash or the issuance of ALLETE common stock at the Company's discretion. We record compensation expense equal to the cash or current market price of stock contributed. ESOP compensation expense was \$13.7 million in 2023 (\$12.0 million in 2022; \$11.5 million in 2021).

According to the accounting standards for stock compensation, unallocated shares of ALLETE common stock held and purchased by the ESOP were treated as unearned ESOP shares and not considered outstanding for earnings per share computations. All ESOP shares have been allocated to participants as of December 31, 2023, 2022 and 2021.

Stock-Based Compensation.

Stock Incentive Plan. Under our Executive Long-Term Incentive Compensation Plan (Executive Plan), share-based awards may be issued to key employees through a broad range of methods, including non-qualified and incentive stock options, performance shares, performance units, restricted stock, restricted stock units, stock appreciation rights and other awards. There are 0.7 million shares of ALLETE common stock reserved for issuance under the Executive Plan, of which 0.6 million of these shares remain available for issuance as of December 31, 2023.

NOTE 13. EMPLOYEE STOCK AND INCENTIVE PLANS (Continued)
Stock-Based Compensation (Continued)

The following types of share-based awards were outstanding in 2023, 2022 or 2021:

Performance Shares. Under the performance share awards, the number of shares earned is contingent upon attaining specific market and performance goals over a three-year performance period. Market goals are measured by total shareholder return relative to a group of peer companies while performance goals are measured by earnings per share growth. In the case of qualified retirement, death, or disability during a performance period, a pro rata portion of the award will be earned at the conclusion of the performance period based on the market goals achieved. In the case of termination of employment for any reason other than qualified retirement, death, or disability, no award will be earned. If there is a change in control, a pro rata portion of the award will be paid based on the greater of actual performance up to the date of the change in control or target performance. The fair value of these awards incorporates the probability of meeting the total shareholder return goals. Compensation cost is recognized over the three-year performance period based on our estimate of the number of shares which will be earned by the award recipients.

Restricted Stock Units. Under the restricted stock unit awards, shares for participants eligible for retirement vest monthly over a three-year period. For participants not eligible for retirement, shares vest at the end of the three-year period. In the case of qualified retirement, death or disability, a pro rata portion of the award will be earned. In the case of termination of employment for any reason other than qualified retirement, death or disability, no award will be earned. If there is a change in control, a pro rata portion of the award will be earned. The fair value of these awards is equal to the grant date fair value. Compensation cost is recognized over the three-year vesting period based on our estimate of the number of shares which will be earned by the award recipients.

Employee Stock Purchase Plan (ESPP). Under our ESPP, eligible employees may purchase ALLETE common stock at a 5 percent discount from the market price; we are not required to apply fair value accounting to these awards as the discount is not greater than 5 percent.

RSOP. The RSOP is a contributory defined contribution plan subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended, and qualifies as an employee stock ownership plan and profit sharing plan. The RSOP provides eligible employees an opportunity to save for retirement.

The following share-based compensation expense amounts were recognized in our Consolidated Statement of Income for the periods presented.

Share-Based Compensation Expense			
Year Ended December 31	2023	2022	2021
Millions			
Performance Shares	\$3.1	\$0.7	\$2.0
Restricted Stock Units	0.8	0.9	1.0
Total Share-Based Compensation Expense	\$3.9	\$1.6	\$3.0
Income Tax Benefit	\$1.1	\$0.5	\$0.9

There were no capitalized share-based compensation costs during the years ended December 31, 2023, 2022 or 2021.

As of December 31, 2023, the total unrecognized compensation cost for the performance share awards and restricted stock units not yet recognized in our Consolidated Statement of Income was \$2.6 million and \$0.8 million, respectively. These amounts are expected to be recognized over a weighted-average period of 1.7 years and 1.7 years, respectively.

NOTE 13. EMPLOYEE STOCK AND INCENTIVE PLANS (Continued)
Stock-Based Compensation (Continued)

Performance Shares. The following table presents information regarding our non-vested performance shares.

	2023		2022		2021	
	Number of Shares	Weighted-Average Grant Date Fair Value	Number of Shares	Weighted-Average Grant Date Fair Value	Number of Shares	Weighted-Average Grant Date Fair Value
Non-vested as of January 1	60,489	\$69.62	80,661	\$75.80	85,284	\$80.73
Granted (a)	54,039	\$63.50	37,731	\$67.22	33,304	\$73.25
Awarded	—	—	—	—	—	—
Unearned Grant Award	—	—	(50,524)	\$77.49	(33,375)	\$86.09
Forfeited	(3,030)	\$67.60	(7,379)	\$71.00	(4,552)	\$74.05
Non-vested as of December 31	111,498	\$66.71	60,489	\$69.62	80,661	\$75.80

(a) *Shares granted include accrued dividends.*

There were approximately 61,900 performance shares granted in January 2024 for the three-year performance period ending in 2026. The ultimate issuance is contingent upon the attainment of certain goals of ALLETE during the performance periods. The grant date fair value of the performance shares granted was \$4.0 million. There were approximately 46,700 performance shares awarded in February 2024. The grant date fair value of the shares awarded was \$3.3 million.

Restricted Stock Units. The following table presents information regarding our available restricted stock units.

	2023		2022		2021	
	Number of Shares	Weighted-Average Grant Date Fair Value	Number of Shares	Weighted-Average Grant Date Fair Value	Number of Shares	Weighted-Average Grant Date Fair Value
Available as of January 1	33,564	\$68.80	28,141	\$73.16	37,482	\$77.64
Granted (a)	21,200	\$61.16	15,477	\$63.70	16,251	\$64.97
Awarded	(9,631)	\$81.91	(7,396)	\$75.55	(23,631)	\$74.53
Forfeited	(1,389)	\$63.46	(2,658)	\$66.44	(1,961)	\$74.52
Available as of December 31	43,744	\$62.38	33,564	\$68.80	28,141	\$73.16

(a) *Shares granted include accrued dividends.*

There were approximately 24,300 restricted stock units granted in January 2024 for the vesting period ending in 2026. The grant date fair value of the restricted stock units granted was \$1.4 million. There were approximately 11,200 restricted stock units awarded in February 2024. The grant date fair value of the shares awarded was \$0.7 million.

NOTE 14. 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 three operating segments, New Energy, a renewable energy development company, 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, South Shore Energy, our non-rate regulated, Wisconsin subsidiary developing NTEC, other business development and corporate expenditures, unallocated interest expense, a small amount of non-rate base generation, land holdings in Minnesota, and earnings on cash and investments.

NOTE 14. BUSINESS SEGMENTS (Continued)

Year Ended December 31	2023	2022	2021
Millions			
Operating Revenue			
Residential	\$165.7	\$175.9	\$160.8
Commercial	184.6	187.2	168.6
Municipal	33.4	40.2	52.0
Industrial	593.6	589.0	565.5
Other Power Suppliers	146.1	165.8	168.7
Other	114.9	101.2	112.3
Total Regulated Operations	1,238.3	1,259.3	1,227.9
ALLETE Clean Energy			
Long-term PSA	65.0	77.2	75.5
Sale of Wind Energy Facilities	348.4	33.5	—
Other	5.1	7.6	11.4
Total ALLETE Clean Energy	418.5	118.3	86.9
Corporate and Other			
Long-term Contract	101.2	89.2	84.4
Sale of Renewable Development Projects	92.5	73.9	—
Other	29.3	30.0	20.0
Total Corporate and Other	223.0	193.1	104.4
Total Operating Revenue	\$1,879.8	\$1,570.7	\$1,419.2
Net Income Attributable to ALLETE (a)			
Regulated Operations	\$147.2	\$149.9	\$129.1
ALLETE Clean Energy (b)	71.7	16.3	26.3
Corporate and Other (c)(d)	28.2	23.1	13.8
Total Net Income Attributable to ALLETE	\$247.1	\$189.3	\$169.2

(a) Includes interest expense and interest income resulting from intercompany loan agreements and allocated to certain subsidiaries. The amounts are eliminated in consolidation.

(b) Net income in 2023 includes a \$44.3 million after-tax gain recognized for a favorable arbitration ruling. (See Note 9. Commitments, Guarantees and Contingencies.)

(c) Net Income in 2022 includes a \$8.3 million after-tax expense as a result of purchase price accounting related to projects under development at the time of acquisition and \$2.7 million after-tax of transaction costs related to the acquisition of New Energy.

(d) In 2021, South Shore Energy sold a portion of its undivided ownership interest in NTEC to Basin. The closing of the transaction resulted in the recognition of an approximately \$8.5 million after-tax gain which is reflected in Corporate and Other. (See Note 1. Operations and Significant Accounting Policies.)

NOTE 14. BUSINESS SEGMENTS (Continued)

Year Ended December 31	2023	2022	2021
Millions			
Depreciation and Amortization			
Regulated Operations	\$179.2	\$171.9	\$170.7
ALLETE Clean Energy	57.5	58.6	49.2
Corporate and Other	15.1	11.7	11.8
Total Depreciation and Amortization	\$251.8	\$242.2	\$231.7
Interest Expense (a)			
Regulated Operations	\$63.9	\$58.1	\$57.3
ALLETE Clean Energy	0.8	2.3	1.5
Corporate and Other	22.5	19.6	13.2
Eliminations	(6.4)	(4.8)	(2.9)
Total Interest Expense	\$80.8	\$75.2	\$69.1
Equity Earnings			
Regulated Operations	\$23.1	\$19.3	\$21.3
Corporate and Other	(1.4)	(0.6)	(1.3)
Total Equity Earnings	\$21.7	\$18.7	\$20.0
Income Tax Expense (Benefit)			
Regulated Operations	\$22.4	\$(10.4)	\$(16.6)
ALLETE Clean Energy	2.7	(15.4)	(16.6)
Corporate and Other	2.8	(5.4)	6.3
Total Income Tax Expense (Benefit)	\$27.9	\$(31.2)	\$(26.9)

(a) Includes interest expense resulting from intercompany loan agreements and allocated to certain subsidiaries. The amounts are eliminated in consolidation.

As of December 31	2023	2022
Millions		
Assets		
Regulated Operations	\$4,335.0	\$4,291.4
ALLETE Clean Energy	1,594.1	1,873.3
Corporate and Other	727.3	680.9
Total Assets	\$6,656.4	\$6,845.6
Capital Expenditures		
Regulated Operations	\$236.3	\$158.3
ALLETE Clean Energy	(5.3)	2.2
Corporate and Other	25.0	47.6
Total Capital Expenditures	\$256.0	\$208.1

NOTE 15. QUARTERLY FINANCIAL DATA (UNAUDITED)

Information for any one quarterly period is not necessarily indicative of the results which may be expected for the year.

Quarter Ended	Mar. 31	Jun. 30	Sept. 30	Dec. 31
Millions Except Earnings Per Share				
2023				
Operating Revenue	\$564.9	\$533.4	\$378.8	\$402.7
Operating Income	\$48.3	\$53.5	\$36.0	\$43.1
Net Income Attributable to ALLETE	\$58.2	\$51.5	\$85.9	\$51.5
Earnings Per Share of Common Stock				
Basic	\$1.02	\$0.90	\$1.50	\$0.89
Diluted	\$1.02	\$0.90	\$1.49	\$0.89
2022				
Operating Revenue	\$383.5	\$373.1	\$388.3	\$425.8
Operating Income	\$53.4	\$13.7	\$33.4	\$33.7
Net Income Attributable to ALLETE	\$66.3	\$37.6	\$33.7	\$51.7
Earnings Per Share of Common Stock				
Basic	\$1.24	\$0.67	\$0.59	\$0.90
Diluted	\$1.24	\$0.67	\$0.59	\$0.90
2021				
Operating Revenue	\$339.2	\$335.6	\$345.4	\$399.0
Operating Income	\$42.0	\$28.2	\$31.1	\$50.0
Net Income Attributable to ALLETE	\$51.8	\$27.9	\$27.6	\$61.9
Earnings Per Share of Common Stock				
Basic	\$0.99	\$0.53	\$0.53	\$1.18
Diluted	\$0.99	\$0.53	\$0.53	\$1.18

Schedule II**ALLETE****Valuation and Qualifying Accounts and Reserves**

	Balance at Beginning of Period	Additions		Deductions from Reserves (a)	Balance at End of Period
		Charged to Income	Other Charges		
Millions					
Reserve Deducted from Related Assets					
Reserve For Uncollectible Accounts					
2021 Trade Accounts Receivable	\$2.5	\$1.2	—	\$1.9	\$1.8
2022 Trade Accounts Receivable	\$1.8	\$1.9	—	\$2.1	\$1.6
2023 Trade Accounts Receivable	\$1.6	\$1.3	—	\$1.3	\$1.6
Deferred Asset Valuation Allowance					
2021 Deferred Tax Assets	\$69.9	\$(0.9)	—	—	\$69.0
2022 Deferred Tax Assets	\$69.0	\$(8.8)	—	—	\$60.2
2023 Deferred Tax Assets	\$60.2	\$(2.2)	—	—	\$58.0

(a) Includes uncollectible accounts written-off.

**AMENDED AND RESTATED
ALLETE
EXECUTIVE ANNUAL INCENTIVE PLAN**

With Amendments through December 21, 2023

**AMENDED AND RESTATED
ALLETE
EXECUTIVE ANNUAL INCENTIVE PLAN**

Article 1. Establishment and Purpose

1.1 Establishment of the Plan. ALLETE, Inc., a Minnesota corporation, f/k/a Minnesota Power, Inc., f/k/a Minnesota Power & Light Company (hereinafter referred to as the “Company”), hereby establishes an annual incentive compensation plan (the “Plan”), as set forth in this document. The Plan allows for annual cash payments to Participants based on the Company’s annual performance relative to both financial and non-financial goals.

1.2 Purpose of the Plan. The purpose of the Plan is to motivate Participants to work toward improved annual financial and non-financial performance. The Plan is further intended to assist the Company in its ability to attract and retain the services of officers and key employees upon whom the successful conduct of its operations is largely dependent.

1.3 Compensation Recovery Policy. Effective January 1, 2011, all amounts payable to Participants in accordance with the Plan are subject to the terms of any compensation recovery policy or policies established by ALLETE as such policy or policies may be amended from time to time (“Compensation Recovery Policy”). ALLETE hereby incorporates into the Plan the terms of the Compensation Recovery Policy.

Article 2. Definitions

Whenever used in the Plan, the following terms shall have the meanings set forth below and, when such meaning is intended, the initial letter of the word is capitalized:

2.1 “Award” means the payment made to the Participant based on the achievement of established financial and non-financial performance goals as provided under the Plan.

2.2 “Business Unit” means any subsidiary or division of the Company labeled as a business unit for the purposes of the Plan.

2.3 “Change in Control” of the Company shall be deemed to have occurred as of the first day that any one or more of the following conditions shall have been satisfied:

- (a) the dissolution of the Company;

(b) a reorganization, merger or consolidation of the Company with one or more unrelated corporations, as a result of which the Company is not the surviving corporation;

(c) the sale, exchange, transfer or other disposition of shares of the common stock of the Company (or shares of the stock of any person that is a shareholder of the Company) in one or more transaction, related or unrelated, to one or more persons unrelated to the Company if, as a result of such transactions, any person (or any person and its affiliates) owns more than twenty percent of the voting power of the outstanding common stock of the Company; or

(d) the sale of all or substantially all the assets of the Company.

2.4 “Code” means the Internal Revenue Code of 1986, as amended from time to time.

2.5 “Committee” means the Executive Compensation and Human Capital Committee, appointed by the Company’s Board of Directors to administer the Plan.

2.6 “Disability” or “Disabled” means a physical or mental condition in which the Participant is:

(a) unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months;

(b) by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, receiving income replacement benefits for a period of not less than three (3) months under the Related Company’s accident and health plan;

(c) determined to be totally disabled by the Social Security Administration; or

(d) disabled pursuant to a Related Company sponsored disability insurance arrangement provided that the definition of disability applied under such disability insurance program complies with the foregoing definition of Disability.

2.7 “Eligible Employee” means an employee who is eligible to participate in the Plan, as approved by the Committee.

2.8 “Participant” means an Eligible Employee who has received an opportunity for an Award.

2.9 “Performance Year” shall mean the period from January 1 through December 31 of any given year.

2.10 “Proration” or “Prorated” means an Award calculation that accounts for a period that is less than a full Performance Year. In the case of time spent in a job position or Business Unit, Proration will be based on the number of whole months spent in the position or Business Unit and counting as a whole month any month the Participant was in the position or Business Unit on the 15th of the month. In the case of a performance period that is less than a full Performance Year, Proration will be based on the number of months elapsed since the beginning of the Performance Year and counting as a whole month any month during which at least 15 calendar days were included as part of the performance period.

2.11 “Related Company” means ALLETE, Inc. and all persons with whom ALLETE, Inc. would be considered a single employer under Code section 414(b) (employees of controlled group of corporations), and all persons with whom such person would be considered a single employer under Code section 414(c) (employees of partnerships, proprietorships, etc., under common control); provided that in applying Code sections 1563(a)(1), (2), and (3) for purposes of determining a controlled group of corporations under Code section 414(b), the language “at least 50 percent” is used instead of “at least 80 percent” each place it appears in Code sections 1563(a)(1), (2), and (3), and in applying Treasury Regulations section 1.414(c)-2 for purposes of determining trades or businesses (whether or not incorporated) that are under common control for purposes of Code section 414(c), “at least 50 percent” is used instead of “at least 80 percent” each place it appears in Treasury Regulations section 1.414(c)-2.

2.12 “Retirement” or “Retires” means Separation from Service, for reasons other than death or Disability, on or after attaining normal retirement age or early retirement age as defined in the most applicable qualified retirement plan sponsored by the Related Company that employed the Participant immediately preceding the Separation from Service, without regard to whether the Participant is a participant in such plan, or if the employer Related Company does not sponsor such retirement plan, on or after attaining Normal Retirement Age or Early Retirement Age as defined in the ALLETE and Affiliated Companies Retirement Plan C, without regard to whether the Participant is a participant under the ALLETE and Affiliated Companies Retirement Plan C.

2.13 “Separation from Service” means that the Participant terminates employment within the meaning of Treasury Regulations section 1.409A-1(h) and other applicable guidance with all Related Companies. Whether a termination of employment has occurred is determined under the facts and circumstances, and a termination of employment shall occur if all Related Companies and the Participant reasonably anticipate that no further services shall be performed after a certain date or that the level of bona fide services the Participant shall perform after such date (as an employee or an independent contractor) shall permanently decrease to no more than 20 percent of the average level of bona fide services performed (whether as an employee or an independent contractor) over the immediately preceding 36-month period (or the full period of services to the Related Companies if the Participant has been providing services to the Related Companies less than 36 months). A Participant shall not be considered to separate from service during a bona fide leave of absence for less than six (6) months or longer if the Participant retains a right to reemployment with any Related Company by contract or statute. With respect to disability leave, a Participant shall not be considered to separate from service for 29 months unless the Participant otherwise terminates employment or is terminated by all Related Companies

2.14 “Target Award” means the percent of base salary set out at the beginning of the Performance Year, a percentage of which is earned based on performance.

Article 3. Administration

3.1 The Committee. The Plan shall be administered by the Committee.

3.2 Authority of the Committee. The Committee shall have full power to administer the Plan, including, without limitation, the following: to determine the size of Awards; to determine the terms and conditions under which Awards will be made; to interpret the Plan as it deems appropriate; to establish, amend or waive rules relating to the administration of the Plan; and to delegate its authority as it deems appropriate. 3.3 Costs. The Company shall pay all costs of administration of the Plan.

Article 4. Funding

4.1 Required Funding. The required funding for Awards under the Plan will be determined before the start of each Performance Year by summing the Target Awards of the Participants.

4.2 Adjustments. As soon as practical after the end of the Performance Year, Awards will be calculated and the funded Award pool will be adjusted accordingly. If the sum total of actual Awards is greater than the sum total of Target Awards, the difference may be paid out of the additional Company profit generated by the results causing the higher payout.

Article 5. Eligibility and Participation

5.1 Eligibility. Eligible Employees may include officers and key employees of Related Companies, including employees who serve as members of the Company’s Board of Directors, as determined by the Company’s Chief Executive Officer and approved by the Committee.

Article 6. Performance Measurement

6.1 Financial Measures. Within ninety (90) days of the start of the Performance Year, the Committee shall approve any financial performance goals using measurements such as the following: return on gross investment (ROGI), free cash flow, revenue growth, earnings before interest, taxes, depreciation, amortization and leases (EBITDAL), and/or earnings per share (EPS).

6.2 Non-financial Measures Employed. Within ninety (90) days of the start of the Performance Year, the Committee will approve any non-financial performance goals based on strategic objectives.

Article 7. Award Determination

7.1 Award Calculation. As soon as possible after the close of the Performance Year, based on audited financial statements (for financial goals) and other records (for non-financial goals), each Participant's Award shall be calculated. The Committee reserves the right to select from all Eligible Employees, an employee or employees who will not receive Awards under the Plan due to individual performance.

7.2 Awards. Any Award with respect to a Performance Year shall be paid between January 1 and March 15 of the year following the close of such Performance Year.

Article 8. Other Awards

The Committee shall have the right to make other Awards which it deems appropriate based on outstanding individual or team performance. The Committee may grant shares of the Company's common stock in lieu of cash from time to time.

Article 9. Beneficiary Designation

Each Participant under the Plan may name any beneficiary to whom any benefit under the Plan is to be paid in case of his or her death before he or she receives any or all of such benefit. Each such designation shall revoke all prior designations by the same Participant, shall be in a form prescribed by the Committee, and will be effective only when filed by the Participant in writing with the Committee during the Participant's lifetime. In the absence of any such designation, benefits remaining unpaid at the Participant's death shall be paid to the Participant's estate.

Article 10. Deferrals

The Committee may permit a Participant to defer such Participant's receipt of an Award. If any such deferral election is permitted, the Committee shall, in its sole discretion, establish rules and procedures for such payment deferrals.

Article 11. New Hires

A new employee may become a Participant in the year hired and become eligible to earn a Prorated Award for the Performance Year corresponding to the year of hire.

Article 12. Transfers

If during a Performance Year the Participant transfers to a different Business Unit and remains a Participant in the new Business Unit but with different performance goals, different opportunity level or both, the Participant will be eligible to earn a total Prorated Award equal to the sum of: (a) the Prorated Award applicable to the portion of the Performance Year spent in the Business Unit from which the Participant transferred and (b) the Prorated Award applicable to the portion of the Performance Year spent in the Business Unit to which the Participant transferred.

Article 13. Promotions

If during a Performance Year the Participant transfers to a different position in the same Business Unit but with a different opportunity level, the Participant will be eligible to earn a total Prorated Award equal to the sum of: (a) the Prorated Award applicable to the portion of the Performance Year spent in the position from which the Participant transferred and (b) the Prorated Award applicable to the portion of the Performance Year spent in the position to which the Participant transferred.

Article 14. Retirement or Disability

In the case of Retirement or Disability, the Participant will receive a Prorated Award based on the number of months within the Performance Year which had elapsed as of the date of Retirement or Disability.

Article 15. Death

Prorated Awards earned based on the number of months during the Performance Year spent in the employ of the Company until death will be paid to the Participant's beneficiary or, if no beneficiary is named, to the Participant's estate.

Article 16. Separation from Service

Separation from Service other than for Retirement, Disability or death before December 31 of any Performance Year results in forfeiture of any Award unless otherwise determined by the Committee.

Article 17. Rights of Employees

17.1 Employment. Nothing in the Plan shall interfere with or limit in any way the right of the Company to terminate any Participant's employment at any time, for any reason or for no reason in the Company's sole discretion, nor confer upon any Participant any right to continue in the employ of the Company.

17.2 Participation. No employee shall have the right to be selected to receive an Award under the Plan, or, having been so selected, to be selected to receive a future Award.

Article 18. Change in Control

Upon the occurrence of a Change in Control, as defined herein, Awards under the Plan will be calculated as if the end of the Performance Year had occurred, based on the Company's performance to date. If Awards are earned, Participants will receive a Prorated Award based on the number of months in the Performance Year which had elapsed as of the Change in Control.

Article 19. Withholding

The Company shall have the power and the right to deduct or withhold, or require a Participant to remit to the Company, an amount sufficient to satisfy federal, state and local taxes (including a Participant's FICA obligation) required by law to be withheld with respect to an Award made under the Plan.

Article 20. Amendments; Adjustments

The Company reserves the right to cancel, amend, terminate, suspend or otherwise change the Plan or outstanding Awards for any reason at any time before, during or after the Performance Year to which an Award relates, upon authorization of its Board of Directors. The Committee of the Company's Board of Directors may (without amendment to the Plan) expand, reduce or otherwise change any and all opportunities, Awards, and any and all financial factors, non-financial measures, timing provisions or other provisions or limitations in the Plan or outstanding Awards for any reason at any time before, during or after the Performance Year to which an Award relates. All changes described in this paragraph are at the sole discretion of the Company's Board of Directors and/or the Committee, may be made at any time, and may have a retroactive effective date.

ALLETE, Inc.

Bethany M. Owen

Its: Chair, President, & Chief
Executive Officer

By _____

Attest:

By _____

Margaret A. Thickens

Its: ALLETE Vice President, Chief Legal Officer and Corporate Secretary

**ALLETE Executive Annual Incentive Plan
Form of Award
Effective 2024
[Eligible Executive Employees]**

Target Award Opportunity

Base Salary	\$
Times	
Award Opportunity (percent of base salary)	%
Equals	
Target Award	\$

Performance Levels and Award Amounts

Goal Performance Level	Payout as Percent of Target Award	Award Amount
Superior	200%	\$
Target	100%	\$
Threshold	44%	\$
Below Threshold	0%	\$

Goals

	Goal Weighting
Financial Goals	
Net Income	50%
Cash from Operating Activities	20%
Strategic and Operational & Values Goals	
	<u>30%</u>
	100%

Compensation Subject to Compensation Recovery Policy

Annual Incentive Plan Compensation is subject to recoupment as defined in the Compensation Recovery policy.

**ALLETE Executive Annual Incentive Plan
Form of Award
Effective 2024
[Eligible ALLETE Clean Energy Employees]**

Target Award Opportunity

Base Salary	\$
Times	
Award Opportunity (percent of base salary)	%
Equals	
Target Award	\$

Performance Levels and Award Amounts

Goal Performance Level	Payout as Percent of Target Award	Award Amount
Superior	200%	\$
Target	100%	\$
Threshold	50%	\$
Below Threshold	0%	\$

Goals

	Goal Weighting
Financial Goals	
ALLETE Net Income	15%
ALLETE Clean Energy Net Income	45%
Strategic and Operational & Values Goals	<u>40%</u>
	100%

Compensation Subject to Compensation Recovery Policy

Annual Incentive Plan Compensation is subject to recoupment as defined in the Compensation Recovery policy.

**ALLETE AND AFFILIATED COMPANIES
SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN II**

Amended and Restated Effective October 27, 2023

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ALLETE AND AFFILIATED COMPANIES
SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN II

Effective October 27, 2023

ARTICLE 1
Establishment, Purpose and Intent

- 1.1 **Establishment.** This document includes the terms of the ALLETE and Affiliated Companies Supplemental Executive Retirement Plan II. The purpose of SERP II is to provide eligible Employees an opportunity to elect to defer compensation. SERP II also provides eligible Employees a supplemental Retirement Benefit designed to compensate for annual compensation limits and maximum benefit limitations imposed by the Code on Retirement Plans maintained by the Company.

SERP II is a successor to the ALLETE and Affiliated Companies Supplemental Executive Retirement Plan (“SERP I”). On December 31, 2004, the Company froze SERP I with respect to all deferrals and vested accrued Retirement Benefits (if any). On January 1, 2005, the Company established SERP II to govern (a) amounts initially deferred after December 31, 2004 and investment earnings thereon; (b) Retirement Benefit accruals after December 31, 2004; and (c) accrued but unvested SERP I Retirement Benefits as of December 31, 2004. From January 1, 2005 to the effective date hereof, the Company operated and administered the Plan in all material respects in good faith compliance with the applicable requirements of Section 409A, the final and proposed Treasury Regulations, IRS Notice 2005-1, and all other IRS guidance. The Company amended and restated SERP II in its entirety, effective January 1, 2009, to comply with Section 409A. The Company intends that SERP II constitute an unfunded deferred compensation plan for a select group of management or highly compensated employees within the meaning of ERISA sections 201(2), 301(a)(3) and 401(a)(1). All provisions of SERP II shall be interpreted and administered to the extent possible in a manner consistent with the stated intentions.

Effective January 20, 2009, the Company amended SERP II to narrow the salary-grade eligibility requirements to receive an Annual Make-Up Award for employees who first became eligible to participate in SERP II after September 30, 2006.

Effective January 1, 2011, the Company amended SERP II to incorporate any compensation recovery policy adopted by the Company and to provide that certain benefits may be subject to forfeiture for Misconduct.

Effective January 1, 2015, the Company amended SERP II to reflect the reduction to the Flexible Dollar Makeup in connection with amendments to the ALLETE and Affiliated Companies Flexible Compensation Plan that eliminate the life insurance percentage (age-rated) flexible dollars benefit commencing with the Plan Year that begins on January 1, 2015.

Effective January 1, 2019, the Company hereby amends SERP II to and to narrow the salary-grade eligibility requirements to defer compensation, to reflect the discontinuation

of additional non-elective 162(m) Deferrals beginning with the Plan Year that commences on January 1, 2019, to freeze credited service as of December 31, 2018, for all Participants eligible for a SERP II Retirement Benefit, and to modify the amount of the Annual Make-up Award.

Effective January 1, 2021, the Company hereby amends SERP II to freeze final average earnings for Retirement Benefit purposes as of the earlier of a Participant's Separation from Service or December 31, 2021, and to clarify the Salary used to determine Annual Make-up Awards.

Effective October 27, 2023, the Company hereby amends SERP II in accordance with the provisions of Section 2.3 and Article 12 to better ensure compliance with Section 409A.

Capitalized terms, unless otherwise defined herein, shall have the meaning provided in Appendix A.

- 1.2 **Compensation Recovery Policy.** All amounts payable to Participants in accordance with this Plan are subject to, and the Company hereby incorporates into this SERP II, the terms of any compensation recovery policy or policies established and amended by the Company from time to time ("Compensation Recovery Policy").

ARTICLE 2

Section 409A Plans and Organization

- 2.1 **Section 409A Plans.** The provisions of SERP II include terms and conditions applicable to the following 409A Plans:
- 2.1.1 An elective account balance plan for Employees for purposes of Elective Deferrals;
 - 2.1.2 A non-elective account balance plan for Employees for purposes of Non-Elective Deferrals; and
 - 2.1.3 A non-account balance plan for Employees.
- 2.2 **Organization.** Except as otherwise provided in this section or in a specific section, all provisions of the Plan apply to all amounts deferred under any Article of the Plan.
- 2.1.1 The provisions of Article 5 apply only for purposes of identifying employees eligible to receive an Annual Make-Up Award and the amount of the award, if any.
 - 2.1.1 The provisions of Articles 6 and 7 apply only to the extent that SERP II provides for Employees' Elective Deferrals, or Non-Elective Deferrals or both, which, for purposes of Section 409A, represent the elective and non-elective account balance plans identified in subsections 2.1.1 and 2.1.2, respectively.
 - 2.1.2 The provisions of Article 8 apply only to the extent that SERP II provides for Retirement Benefits, which represent the non-account balance plan identified in subsection 2.1.3.

- 2.3 **Section 409A Compliance.** To the extent that any provision of the Plan would cause a conflict with the requirements of Section 409A, or would cause the administration of the Plan to fail to satisfy Section 409A, such provision shall be deemed null and void to the extent permitted by applicable law. Nothing herein shall be construed as a guarantee of any particular tax treatment to a Participant.

ARTICLE 3 **Administration**

- 3.1 **Administrator.** The Administrator shall administer the Plan or may delegate any of its duties to such other person or persons from time to time as it may designate. Members of the Employee Benefit Plans Committee may participate in SERP II; however, any individual serving on the Employee Benefit Plans Committee shall not vote or act on any matter relating solely to himself or herself.
- 3.2 **Duties.** The Administrator has the authority to construe and interpret all provisions of the Plan and, to the extent permitted by Section 409A, the Administrator is authorized to remedy any errors, inconsistencies or omissions, to resolve any ambiguities, to adopt rules and practices concerning the administration of the Plan, and to make any determinations and calculations necessary or appropriate hereunder. The Company shall pay all expenses and liabilities incurred in connection with Plan administration.
- 3.3 **Agents.** The Administrator may engage the services of accountants, attorneys, actuaries, investment consultants, and such other professional personnel as are deemed necessary or advisable to assist in fulfilling the Administrator's responsibilities. The Administrator, the Company and the Board may rely upon the advice, opinions or valuations of any such persons.
- 3.4 **Binding Effect of Decisions.** The decision or action of the Administrator with respect to any question arising out of or in connection with the administration, interpretation and application of the Plan and the rules and regulations promulgated hereunder shall be final, conclusive and binding upon all persons having any interest in the Plan. Neither the Administrator, its delegates, nor the Board shall be personally liable for any good faith action, determination or interpretation with respect to the Plan, and each shall be fully protected by the Company in respect of any such action, determination or interpretation.
- 3.5 **Employer Information.** To enable the Administrator to perform its duties, each Employer shall supply full and timely information to the Administrator on all matters relating to the compensation of its Participants, the date and circumstances of the Participant's death, Disability or Separation from Service, and other pertinent information as the Administrator may reasonably require.

ARTICLE 4 **Participation**

- 4.1 **Eligibility and Commencement of Participation.** Eligible Employees may participate in the Plan, except to the extent provided in Section 8.1 regarding eligibility for Retirement Benefits. Each Plan Year, the Administrator shall notify Eligible Employees of their eligibility to participate in the Plan during the following Plan Year. An Eligible

Employee shall become a Participant either upon the initial submission of an election form on which the Eligible Employee has elected Elective Deferrals or upon first receiving an allocation of Non-Elective Deferrals.

- 4.2 **Special Rule for Initial Participation.** Within 30 days after the date an individual first becomes an Eligible Employee, the individual may elect to commence participating with respect to compensation to be paid for services performed after the election is filed. This election relating to initial participation in the Plan is available only to Participants who do not participate in any Aggregated Plans. If an Employee whose participation in the Plan is terminated again becomes an Eligible Employee, he or she may elect to defer pursuant to this Section only if the Employee was ineligible to defer compensation in this Plan and all other Related Company elective account balance plans, within the meaning of Section 409A, for the 24 months preceding the date on which the Participant again became eligible to participate in this Plan.
- 4.3 **Termination of Participation.** If the Administrator determines in good faith that a Participant is no longer an Eligible Employee, the Participant shall cease active participation in the Plan on the last day of the Plan Year during which the Participant ceased to be an Eligible Employee, and the terms of this Plan shall continue to govern Participant's Account until the Participant's Account is paid in full.

ARTICLE 5

Annual Make-Up Award

- 5.1 **Eligibility.** An Employee who: (i) was a Participant as of September 30, 2006, (ii) has continuously remained an Employee in ALLETE management salary grade SA-SM, and (iii) has continuously participated in the ALLETE Executive Annual Incentive Plan or been eligible to receive a Bonus shall be eligible to receive an Annual Make-up Award. Any other Employee shall be eligible to receive an Annual Make-up Award if the Employee: (i) initially becomes, or again becomes, a Participant after September 30, 2006, (ii) is in ALLETE management salary grade SG-SM, and (iii) participates in the ALLETE Executive Annual Incentive Plan or is eligible to receive a Bonus.
- 5.2 **Amount of Annual Make-Up Award.** Commencing with the Plan Year that begins on January 1, 2019, the Annual Make-Up Award shall equal the product of 13% and an amount equal to the sum of: (a) the total of the Participant's Annual Incentive Award and other awards (to the extent included in calculations for the Retirement Plans) for such year, and (b) the Participant's Salary in excess of the Code section 401(a)(17) limitation in effect for the Plan Year.
- 5.3 **Payment.** Except to the extent deferred in accordance with this Plan, the Annual Make-Up Award for any year shall be paid between January 1 and March 15 of the year following the year to which the award relates.
- 5.4 **Forfeiture of Annual Make-Up Award.** Notwithstanding any other term or provision of this Article 5, if a Participant engages in Misconduct, the Participant shall forfeit or repay, as necessary, any Annual Make-Up Award payable on account of the period

during which the Misconduct occurred and any subsequent period. In addition, notwithstanding any other term or provision of this Article 5, if a Participant has a Separation from Service that is not also a Retirement, the Participant shall forfeit any Annual Make-Up Award that has not yet been paid to the Participant.

ARTICLE 6
SERP II Account Balance Plan for Employees

6.1 Elective Deferrals.

- 6.1.1 **Eligibility.** Beginning with the Plan year that commences on January 1, 2019, only employees in ALLETE management salary grade SG-SM will be eligible to elect to make elective deferrals in accordance with this Article 6.
- 6.1.2 **Deferral Elections.** For each Plan Year, an eligible Participant may elect to defer some or all of Salary, Bonus, and, if eligible, an Annual Make-up Award, Severance Pay, and Other Awards. Elections are effective on a calendar year basis and become irrevocable no later than the date specified by the Administrator, but in any event before the beginning of the Plan Year to which the elections relate. An eligible Participant's elections will become effective only if the forms required by the Administrator have been properly completed and signed by the Participant, timely delivered to the Administrator, and accepted by the Administrator. An eligible Participant who fails to file elections before the required date will be treated as having elected not to defer any amounts for the following Plan Year. For any Plan Year the Administrator may, in its sole discretion, decide not to allow one or more Participants to defer certain types of compensation.
- 6.1.3 **Special Rule for Performance-Based Compensation.** The Administrator, in its complete and sole discretion, may allow a Participant to revise a deferral election with respect to a Bonus if the Administrator determines that the Bonus is performance-based compensation within the meaning of Section 409A and the election becomes irrevocable no later than the earlier of: (a) six months preceding the end of the performance period to which the Bonus relates; or (b) the date as of which the Bonus has become readily ascertainable, within the meaning of Section 409A.
- 6.1.4 **Special Rule for Severance Pay.** An eligible Participant may elect to defer all or a portion of Severance Pay by filing with the Administrator an irrevocable deferral election no later than the date the Participant obtains a legally binding right to the Severance Pay.
- 6.1.5 **Cancellation of Deferral Election due to Disability.** If an eligible Participant becomes disabled, the Administrator may, in its sole discretion, cancel the Participant's deferral election, with respect to amounts to be deferred on or after the cancellation, by the end of the year during which the Participant becomes disabled, or, if later, the 15th day of the third month following the date on which the Participant becomes disabled. For purposes of this Section, a Participant shall be disabled if the Participant is suffering from any medically determinable physical or mental impairment resulting in the Participant's inability to perform the duties of his position or any substantially similar position, if such impairment

can be expected to result in death or can be expected to last for a continuous period of six months.

The Participant may elect to defer amounts for the Plan Year following his return to employment and for every Plan Year thereafter while an Eligible Employee, provided the Participant's deferral election otherwise complies with all of the requirements of this Section.

- 6.1.6 **Cancellation of Deferral Election due to Unforeseeable Emergency.** If an eligible Participant experiences an Unforeseeable Emergency during a Plan Year, the Participant may submit to the Administrator a written request to cancel Elective Deferrals for the Plan Year to satisfy the Unforeseeable Emergency. If the Administrator either approves the Participant's request to cancel Elective Deferrals for the Plan Year, or approves a request for a distribution of in accordance with Section 6.4.6, then effective as of the date the request is approved the Administrator shall cancel the Participant's deferral elections for the remainder of the Plan Year. A Participant whose Elective Deferrals are canceled during a Plan Year in accordance with this section may elect Elective Deferrals for the following Plan Year; provided, however, if required to comply with Treasury Regulations section 1.401(k)-1(d)(3), the Participant may not elect to defer any amounts attributable to periods less than six months from the date on which the Participant receives a distribution on account of an Unforeseeable Emergency.
- 6.1.7 **Withholding of Deferrals.** The Administrator will withhold Elective Deferrals not later than the end of the calendar year during which the Company would otherwise have paid the amounts to the Participant but for the Participant's deferral election. The Administrator will not withhold Elective Deferrals from a Participant's Salary during any period in which the Participant is on an unpaid leave of absence.
- 6.2 **Non-Elective Deferrals.** If the Administrator determines that an eligible Participant's Salary exceeds the Code section 401(a)(17) limit, the Administrator shall automatically credit the Participant's Annual Make-up Award to the Participant's Account
- 6.3 **FICA and Other Taxes.** For each Plan Year during which a Participant has Deferrals, the Participant's Employer(s) shall, in a manner determined by the Employer(s), withhold the Participant's share of FICA and other required employment or state, local, and foreign taxes on Deferrals from that portion of the Participant's Salary, Bonus, Annual Make-up Award, Severance Pay, Other Award and in the event of a 162(m) Deferral, the Participant's compensation generally, that is not deferred. To the extent permitted by Section 409A, the Administrator may reduce a Participant's Deferrals to the extent necessary to pay FICA and other employment, state, local and foreign taxes.
- 6.4 **Distributions.** The Plan provides for distributions in a Specified Year, or upon a Separation from Service, death, Disability, or Unforeseeable Emergency. At the time of a Participant's initial deferral election, a Participant may elect to receive a distribution: (i) with respect to Elective Deferrals, in a Specified Year; and (ii) with respect to all Deferrals, upon the earlier of Separation from Service, death or Disability. In each subsequent Plan year, a Participant may elect to have all or any portion of that year's Elective Deferrals distributed either in a Specified Year, subject to the restrictions in Section 6.4.1, or in accordance with the Participant's prior elections for distributions other than in a Specified Year. Except as otherwise provided in the Plan, a Participant's distribution elections are irrevocable and will govern the Deferrals to which the election

relates until the amounts covered by the election are paid in full or until subsequently changed in accordance with Section 6.6. Notwithstanding any elections by a Participant, all distributions are subject to the provisions of Sections 1.2 and 6.5.

- 6.1.1 **Specified Year.** A Participant may elect to receive a distribution of Elective Deferrals in a Specified Year, which may be no earlier than the third Plan Year beginning after the date on which the Participant initially elects to receive a distribution in a Specified Year. Except as otherwise provided in this subsection or in Section 6.6, once a Participant has elected to receive a distribution in a Specified Year, the Participant may not elect to receive a distribution in a different Specified Year. Beginning during the year preceding any Specified Year previously elected by the Participant, the Participant may elect to receive a distribution of Elective Deferrals in a later Specified Year, subject, however, to the restrictions of this subsection. All amounts distributed in a Specified Year will be paid in a single lump sum.
- 6.1.2 **Separation from Service.** A Participant may elect to receive a distribution commencing either upon a Separation from Service, or during any of the first five years following the year of the Separation from Service. A Participant may elect to receive a distribution in the form of a lump sum, monthly installments over a period of five (5), ten (10), or fifteen (15) years, or a combination of both a lump sum and installments.
- 6.1.3 **Disability.** A Participant may elect to receive a distribution on account of Disability. Distributions upon Disability will commence on the earlier of the Participant's 65th birthday or the second anniversary of the Disability, unless changed in accordance with Section 6.6. A Participant may elect to receive the distribution in the form of a lump sum, monthly installments over a period of five (5), ten (10), or fifteen (15) years, or a combination of both a lump sum and installments. Notwithstanding any other election by a Participant relating to a distribution upon Disability, if a Participant dies after commencement of a Disability but before the year during which distributions would commence, the Participant's Account shall be distributed in accordance with the Participant's election regarding distributions upon death.
- 6.1.4 **Death.** A Participant may elect to receive a distribution commencing upon death or during any of the first five years following the year of death. A Participant may elect to receive a distribution in the form of a lump sum, monthly installments over a period of five (5), ten (10), or fifteen (15) years, or a combination of both a lump sum and installments.
- 6.1.5 **Unforeseeable Emergency.** A Participant may submit a written request for a distribution on account of an Unforeseeable Emergency. Upon approval by the Administrator of a Participant's request, the Participant's Account, or that portion of a Participant's Account deemed necessary by the Administrator to satisfy the Unforeseeable Emergency (determined in a manner consistent with Section 409A) plus amounts necessary to pay taxes reasonably anticipated because of the distribution, will be distributed in a single lump sum.

6.5 Additional Distribution Rules.

- 6.1.1 **Default Time and Form of Distribution.** If a Participant fails timely to elect a time and form of distribution, the Participant's Account will be distributed upon

any Separation from Service, including death, in the form of a single lump sum payment.

- 6.1.2 **Commencement of Distributions.** Except as otherwise provided in this section, if a Participant has elected to receive a distribution commencing upon a Distribution Event, or if a distribution is required upon a Distribution Event, distribution will commence between the date of the Distribution Event and the end of the year in which the Distribution Event occurs. If a Participant has elected, or is required, to receive a distribution commencing upon a Distribution Event, and the Distribution Event occurs on or after October 1 of a Plan Year, the distribution may, to the extent permitted by Section 409A, commence after the Distribution Event and on or before the 15th day of the third calendar month following the Distribution Event, even if after the end of the year during which the Distribution Event occurs; provided, however, the Participant will not be permitted, directly or indirectly, to designate the taxable year of the distribution. If a Participant has elected to receive a distribution commencing during any of the first five years following the year of a Distribution Event, the distribution will commence during the year elected by the Participant. If a Participant has elected to receive a distribution in a Specified Year, the distribution will occur during the Specified Year. Any distribution that complies with this section shall be deemed for all purposes to comply with the Plan requirements regarding the time and form of distributions.
- 6.1.3 **Installments.** If a Participant elects to receive distributions in monthly installments, the Participant's Account will be paid in substantially equal monthly installments in consecutive years over the period elected by the Participant. Each monthly installment will be paid during the Plan Year in which it is due, commencing as described in Section 6.5.2. During the Plan Year in which distributions commence, the Participant will receive one installment for each calendar month beginning after the date of the Distribution Event, or, if the Participant has elected to receive a distribution commencing during any of the first five years following the year of a Distribution Event, one monthly installment for each calendar month beginning after the anniversary date of the Distribution Event. For deferrals made in connection with any Plan Year that commenced on or before January 1, 2018, during the distribution period, the Participant's Account will be credited with interest compounded monthly at a rate of 7.5% per year. For deferrals made in connection with any Plan Year that commences on or after January 1, 2019, the Participant's Account will be credited or debited with notional gains and losses based on the investment funds selected by the Participant, from among the options provided by the Company, until all amounts credited have been distributed. Any installment distribution that complies with this section shall be deemed for all purposes to comply with the Plan requirements regarding the time and form of distributions.
- 6.1.4 **Death After Commencement of Distributions.** Upon the death of a Participant after distributions of the Participant's Account have commenced, the balance of the Participant's Account will be distributed to the Participant's Beneficiary at the same times and in the same forms that the Account would have been distributed to the Participant if the Participant had survived.
- 6.1.5 **Distributions to Specified Employees.** Notwithstanding anything to the contrary in this Plan, if a Participant becomes entitled to a distribution on account of a Separation from Service and is a Specified Employee on the date of the Separation from Service, distributions shall not commence until the earlier of: (i)

the expiration of the six-month period beginning on the date of Participant's Separation from Service, or (ii) the date of Participant's death. Payments to which a Specified Employee would otherwise be entitled during this six-month period shall be accumulated and paid, together with earnings that have accrued during this six-month delay, during the seventh month following the date of the Participant's Separation from Service, or, if earlier, the date of the Participant's death.

- 6.1.6 **Effect of Change in Control.** Notwithstanding a Participant's elections regarding distributions upon a Separation from Service and a distribution in a Specified Year, if the Participant has a Separation from Service within two years following a Change in Control, the Participant shall receive a distribution of the Participant's entire Account in a single lump sum upon the Separation from Service, whether or not distributions have already commenced.
- 6.6 **Subsequent Changes in Time and Form of Distributions.** A Participant may, in accordance with rules, procedures and forms specified from time to time by the Administrator, elect to change the time of commencement or change the form in which the Participant's Account is distributed or both, provided that: (i) the Participant elects at least twelve (12) months prior to the date on which payments are otherwise scheduled to commence; (ii) the new election does not take effect for at least twelve (12) months; and (iii) with respect to changes applicable to distributions in a Specified Year or upon Separation from Service, the distributions must be deferred for at least five (5) years from the date the distributions would otherwise have been paid, or in the case of installment payments, five (5) years from the date the installments were scheduled to commence. For purposes of this section, distributions on account of a Specified Year are considered scheduled to commence on January 1 of the Specified Year and all other distributions are considered to commence on the date of the Distribution Event, or if the Participant has elected a later year for commencement, January 1 of the year elected by the Participant. Any election in accordance with this section to change the time or form or both shall be irrevocable on the date it is filed with the Administrator unless subsequently changed pursuant to this Section.

ARTICLE 7 Accounts and Investments

- 7.1 **Establishment of Accounts.** The Company will establish notional accounts for each Participant as the Administrator deems necessary or advisable from time to time. The Company will establish a Participant's Account at the earlier of the time a Participant first elects to defer any amounts into the Account or the time the Company first credits non-elective amounts to the Account. Each Account shall be credited as appropriate with deferrals and earnings with respect to deferrals and debited for distributions from the Account.
- 7.2 **Timing of Credits to Accounts.** The Administrator shall credit a Participant's Elective Deferrals to the Participant's Account(s) not later than the end of the calendar year during which the Company would otherwise have paid the amounts to the Participant but for the Participant's deferral election. The Administrator shall credit Non-Elective Deferrals at such times and in such amounts as the Administrator determines.
- 7.3 **Vesting.** All Participant Accounts are fully vested at all times.

- 7.4 **Investments.** The Administrator may select investment funds to use for measuring notional gains and losses credited or debited to Participant's Accounts. The Administrator will establish, from time to time, rules and procedures for allowing each Participant who has not had a Distribution Event to designate which one or more of the selected investment funds will be used to determine the notional gains and losses credited or debited to the Participant's Accounts prior to commencement of distributions.
- 7.5 **Valuation Date.** As of each Valuation Date, each Account will be adjusted to reflect the effect of notional investment gains or losses, additions, distributions, transfers and all other transactions with respect to that Account since the previous Valuation Date.

ARTICLE 8

SERP II Retirement Benefit

- 8.1 **Eligibility.** The provisions of Article 8 apply only to Eligible Employees who were eligible for Retirement Benefits on September 30, 2006. Effective October 1, 2006, the Company froze eligibility for Retirement Benefits and individuals who were not Participants on that date are not eligible for Retirement Benefits. Any Participant who was accruing Retirement Benefits on September 30, 2006 or who was eligible to accrue Retirement Benefits on that date because the Participant received an Annual Incentive Award or Other Award and was serving in management salary grades SA – SM, will remain eligible for Retirement Benefits in accordance with this section; provided the Participant remains an Employee of a Related Company.
- 8.2 **Vesting; Forfeiture of Unvested Retirement Benefit.** Participants will fully vest in the Retirement Benefit upon: (i) Retirement; (ii) becoming Disabled after attaining both age 50 and 10 years of Vesting Service; or (iii) upon attaining age 50 and 10 years of Vesting Service after becoming Disabled. Participants will forfeit unvested Retirement Benefits and prior years of Vesting Service upon Separation from Service or death prior to full vesting.
- 8.3 **Retirement Benefit.** The amount of the Retirement Benefit shall equal a single life annuity determined in the manner provided in the Retirement Plans, including any applicable early retirement factors and cost of living adjustments, but using a Participant's Final Average Earnings and years of Credited Service as described in this section.
- 8.3.1 **Final Average Earnings.** As described herein, final Average Earnings shall be determined as of the earlier of the Participant's Separation from Service or December 31, 2021. Final Average Earnings include the sum of: (i) the Participant's four highest consecutive Annual Incentive Awards and Other Awards within the "applicable 15-year period," and (ii) the Participant's highest Basic Compensation during any consecutive 48-month period within the "applicable 15-year period" to the extent that Basic Compensation exceeds the limitation on compensation imposed by Code section 401(a)(17). Compensation in excess of the limitation on compensation imposed by Code section 401(a)(17) shall be determined by using the limit in effect on the first day of the 48-month period described in (i) and the next three anniversaries of that date. With respect to a Participant who becomes entitled to a distribution upon Retirement before December 31, 2021, the "applicable 15-year period" shall be the 15- year period that ends on the date of Retirement. With respect to a Participant who becomes

entitled to a distribution upon Retirement on or after December 31, 2021, the “applicable 15-year period” shall be the 15-year period that ends on December 31, 2021. With respect to a Participant who becomes entitled to a distribution because of Disability that occurs before December 31, 2021, the “applicable 15-year period” shall be the 15-year period that: (i) ends no earlier than the Participant’s Disability and no later than the Participant’s sixty-fifth (65th) birthday; and (ii) would result in the greatest Retirement Benefit. With respect to a Participant who becomes entitled to a distribution because of a Disability that occurs on or after December 31, 2021, the “applicable 15-year period” shall be the 15-year period that ends on December 31, 2021.

- 8.3.2 **Years of Credited Service.** A Participant will receive credit for years of Credited Service after September 30, 2006, only to the extent that: (i) the Participant has been continuously employed since that date by a Related Company in management salary grades SA – SM; and (ii) distributions of Retirement Benefits have not commenced. Notwithstanding the foregoing, no Participant will receive credit for years of Credited Service after December 31, 2018.
- 8.4 **Forfeiture of Vested Retirement Benefit for Misconduct.** Notwithstanding any other term or condition in this Article 8, a Participant will forfeit any vested Retirement Benefit attributable to any year during which the Participant engaged in Misconduct and any subsequent period. For purposes of calculating the Retirement Benefit of any Participant who engaged in Misconduct, the Participant’s Final Average Earnings and Years of Credited Service will exclude the period during which the Participant engaged in Misconduct and any subsequent period.
- 8.5 **Time and Form of Distributions.** Subject to the provisions of Section 8.6, a Participant will become entitled to a distribution of vested Retirement Benefits, in the form determined by this section, upon the earlier of: (i) Retirement; (ii) Disability; or (iii) solely with respect to a Participant who vests after becoming Disabled, the earlier of death or attainment of age 65.
- 8.5.1 **Election of Alternative Forms of Distribution.** A Participant may elect to receive the Retirement Benefit in one of the following forms, each of which shall be actuarially equivalent: (i) monthly installments over a 15-year period, (ii) a monthly life annuity, (iii) a lump sum payment; or (iv) a combination of a lump sum and either (i) or (ii). Actuarially equivalence will be calculated using actuarial factors adopted by the Administrator from time to time. Effective as of December 31, 2008, Participant elections regarding the form of distribution are irrevocable and will remain in effect until the Retirement Benefits are paid in full unless a Participant elects to change the time and form of payment in accordance with Section 8.7.
- 8.5.2 **Default Form of Payment.** If a Participant fails to elect a form of payment with respect to the Participant’s Retirement Benefit before December 31, 2008, the Retirement Benefit will be paid in the form of monthly installments over a 15-year period unless the Participant elects to change the time and form of payment in accordance with Section 8.7.
- 8.6 **Additional Distribution Rules.**

- 8.6.1 **Commencement of Distributions.** Distributions on account of a Distribution Event other than Disability will commence between the date of the Distribution Event and the end of the year in which the Distribution Event occurs. If a Distribution Event other than Disability occurs on or after October 1 of a Plan Year, the distribution may, to the extent permitted by Section 409A, commence after the Distribution Event and on or before the 15th day of the third calendar month following the Distribution Event, even if after the end of the year during which the Distribution Event occurs; provided, however, the Participant will not be permitted, directly or indirectly, to designate the taxable year of the distribution. Any distribution that complies with this section shall be deemed for all purposes to comply with the Plan requirements regarding the time and form of distributions.
- 8.6.2 **Distributions to Specified Employees.** Notwithstanding anything to the contrary in this Plan, if a Participant becomes entitled to a distribution on account of a Retirement and is a Specified Employee on the date of the Retirement, distributions shall not commence until the earlier of: (i) the expiration of the six-month period beginning on the date of Participant's Retirement, or (ii) the date of the Participant's death. Payments to which a Specified Employee would otherwise be entitled during this six-month period shall be accumulated and paid, together with earnings (calculated using the interest rate adopted by the Administrator for determining actuarial equivalence) that have accrued during this six-month delay, during the seventh month following the date of the Participant's Retirement, or, if earlier, the date of the Participant's death.
- 8.6.3 **Disability.** Unless subsequently changed in accordance with the Plan, distributions on account of Disability will commence on the earlier of the Participant's 65th birthday or the second anniversary of the Disability.
- 8.6.4 **Annuity Payments and Installments.** If a Participant elects to receive all or a portion of the distributions in monthly installments, that portion to be paid in installments will be paid in substantially equal monthly installments in consecutive months over a 15-year period. If a Participant elects to receive all or a portion of the distributions in the form of a life annuity, that portion to be paid as a life annuity will be paid in monthly installments in consecutive months for the remainder of the Participant's life, in the case of a unmarried Participant, and in the case of a married Participant over the lives of the Participant and the Participant's Eligible Surviving Spouse. Each monthly installment or life annuity payment will be paid during the Plan Year in which it is due, commencing as described in Section 8.6.1. During the Plan Year in which distributions commence, the Participant will receive one installment or life annuity payment for each calendar month beginning after the date of the Distribution Event. If the Participant has elected to be paid in installments, during the distribution period the portion of the Participant's Account to be paid in installments will be credited with interest compounded monthly at the interest rate used by the Administrator to determine actuarial equivalence. Any distribution that complies with this section shall be deemed for all purposes to comply with the Plan requirements regarding the time and form of distributions.
- 8.6.5 **Death After Commencement of Benefits.** Upon the death of a Participant after distributions of the Participant's Retirement Benefit have commenced, the remainder of the Participant's Retirement Benefit will continue to be distributed to the Participant's Beneficiary at the same time and in the same form as the benefit would have been distributed to the Participant had the Participant

survived, except to the extent that the Participant had elected a life annuity: (i) if the Participant has an Eligible Surviving Spouse on the date of death, the surviving spouse will receive 60% of the Participant's life annuity benefit for the remainder of the spouse's life and (ii) if the Participant does not have an Eligible Surviving Spouse, the annuity will cease as of the first day of the month following the month during which the Participant died.

8.6.6 **Effect of Change in Control.** With respect to any Participant whose Retirement Benefit distributions have commenced, or would commence, upon a Separation from Service, if the Participant's Separation from Service occurs within two years following a Change in Control, then notwithstanding the Participant's elections regarding distributions upon a Separation from Service, the Participant shall receive a distribution of the Participant's entire remaining vested Retirement Benefit in a single lump sum upon the Separation from Service, whether or not distributions have already commenced. Any Retirement Benefit that does not become payable in a lump sum in accordance with this section will vest, if at all, in accordance with Section 8.2, will become payable in accordance with Section 8.5, and will otherwise remain subject to the provisions of Article 8.

8.7 **Subsequent Changes in Time and Form of Payment.** A Participant may, in accordance with rules, procedures and forms specified from time to time by the Administrator, elect to change the form in which the Participant's Retirement Benefit is distributed, provided that: (i) the Participant elects at least twelve (12) months prior to the date on which payments are otherwise scheduled to commence; (ii) the new election does not take effect for at least twelve (12) months; and (iii) with respect to changes applicable to distributions upon Retirement or, solely with respect to a Participant who vests after becoming Disabled, distributions upon attaining age 65, distributions must be deferred for at least five years from the date the distributions would otherwise have been paid, or in the case of installment payments or life annuity payments, five years from the date the installments or life annuity payments were scheduled to commence. Any such election shall be irrevocable on the date it is filed with the Administrator unless subsequently changed pursuant to this section. For purposes of this section, distributions are considered to commence on the date of the Distribution Event.

8.8 **FICA and Other Taxes.** At the time of a Participant's Distribution Event, the Participant's Employer(s) shall, in a manner determined by the Employer(s), calculate the FICA and other required employment or state, local, and foreign taxes due on the lump sum present value, calculated using the factors adopted by the Administrator for determining actuarial equivalence, of the Participant's Retirement Benefit and shall reduce the Participant's Retirement Benefit by the amount of any such taxes payable by the Participant. The amount of the Participant's Retirement Benefit remaining after reduction for any taxes shall be payable in accordance with Sections 8.6 and 8.7.

ARTICLE 9 **Payment Acceleration and Delay**

9.1 **Permitted Accelerations of Payment.** Except as otherwise provided herein or permitted by Section 409A, the Plan prohibits the acceleration of the time or schedule of any payment due under the Plan.

9.1.1 **Distribution in the Event of Taxation.** If, for any reason, all or any portion of any benefit provided by the Plan becomes taxable to a Participant because of a violation of Section 409A prior to receipt, the Participant may file a written request with the Administrator for a distribution of that portion of the Plan benefit

that has become taxable. Upon the grant of such a request, which grant shall not be unreasonably withheld, the Participant shall receive a distribution equal to the taxable portion of the Plan benefit. If the request is granted, the tax liability distribution shall be paid between the date on which the Participant's request is approved and the end of the Plan Year during which the approval occurred, or if later, the 15th day of the third calendar month following the date on which the Participant's request is approved.

- 9.1.2 **Compliance with Ethics Laws or Conflicts of Interests Laws.** The Administrator is authorized, in its sole discretion, to accelerate the time or schedule of a payment to the extent necessary to avoid the violation of any applicable federal, state, local, or foreign ethics law or conflicts of interest law as provided in Section 409A.
- 9.1.3 **Small Accounts.** The Administrator may, in its sole discretion, distribute in a single lump sum the aggregate amounts of Deferrals or Elective Deferrals or both credited to the Participant's Account, along with any related earnings, provided: (i) the distribution results in the payment of the Participant's entire interest in the Account and all Aggregated Plans, and (ii) the total payment does not exceed the applicable dollar limit under Code section 402(g)(1)(B). The Administrator shall notify the Participant in writing if the Administrator exercises its discretion pursuant to this Section.
- 9.1.4 **Settlement of a Bona Fide Dispute.** The Administrator may, in its sole discretion, accelerate the time or schedule of a distribution as part of a settlement of a bona fide dispute between the Participant and the Employer over the Participant's right to a distribution provided that the distribution relates only to the deferred compensation in dispute and the Employer is not experiencing a downturn in financial health.
- 9.1.5 **Settlement of Debt.** The Administrator may, in its sole discretion, accelerate the time or schedule of a payment to satisfy an ordinary debt owed by the Participant to the Employer at the time the debt becomes due as provided in Section 409A.
- 9.2 **Permissible Payment Delays.** Notwithstanding anything in the Plan to the contrary, to the extent permitted by Section 409A, the Administrator may, in its sole discretion, delay a distribution to a Participant:
- 9.1.1 If the distribution would jeopardize the Employer's ability to continue as a going concern, provided that the delayed amount is distributed in the first calendar year in which the payment would not have such effect.
- 9.1.2 If the Company reasonably anticipates that its deduction with respect to a distribution, if paid as scheduled, could be limited or barred by the application of Code section 162(m), provided the delayed amount is distributed in the first calendar year in which the Company reasonably anticipates that the deduction would not be limited or barred by the application of Code section 162(m).
- 9.1.3 If the distribution would violate Federal securities or other applicable laws, provided that the delayed amount is distributed at the earliest date at which the Administrator reasonably anticipates that the distribution will not cause such violation.

9.1.4 If calculation of the distribution is not administratively practicable due to events beyond the control of the Participant, provided that the delayed amount is distributed in the first calendar year in which the calculation of the distribution is administratively practicable.

9.3 **Suspension Not Allowed.** If a Participant whose distributions have commenced becomes eligible again to defer compensation as a Participant in any plan subject to Section 409A maintained by a Related Company, distribution of the Participant's Retirement Benefit or Account may not be suspended.

ARTICLE 10 **Beneficiary Designation**

10.1 **Beneficiary.** Each Participant shall have the right, in accordance with procedures established from time to time by the Administrator, to designate a Beneficiary(ies) (both primary as well as contingent) to whom Plan benefits shall, if permitted by the Plan, be paid if a Participant dies prior to complete distribution of benefits. Each Beneficiary designation shall be in a written form prescribed by the Administrator, and will be effective only when filed with the Administrator during the Participant's lifetime. Any Beneficiary designation may be changed by a Participant without the consent of the previously named Beneficiary by filing a new Beneficiary designation with the Administrator. The most recent Beneficiary designation received by the Administrator shall control the payment of all benefits under the Plan in the event of the Participant's death.

10.2 **No Beneficiary Designation.** In the absence of an effective Beneficiary designation, or if all designated Beneficiaries predecease the Participant or die prior to the complete distribution of the Participant's benefits, benefits shall be paid in the following order of precedence: (a) the Participant's surviving spouse; (b) the Participant's children (including adopted children), per stirpes; or (c) the Participant's estate.

ARTICLE 11 **Claims Procedures**

11.1 **Presentation of Claim.** Any Participant or Beneficiary of a deceased Participant (such Participant or Beneficiary being referred to below as a "Claimant") may file with the Administrator a written claim for a determination with respect to Plan benefits. The claim must state with particularity the determination desired by the Claimant.

11.2 **Notification of Decision.** The Administrator shall consider a Claimant's claim, and, except as provided below, within 90 days after the claim is received, shall notify the Claimant in writing:

11.2.1 That the claim has been allowed in full; or

11.2.2 That the claim has been denied, in whole or in part, and such notice must set forth in a manner calculated to be understood by the Claimant:

- (a) The specific reason(s) for the denial of the claim, or any part of it;
- (b) Specific reference(s) to pertinent provisions of the Plan upon which such denial was based;
- (c) A description of any additional material or information necessary for the Claimant to perfect the claim, and an explanation of why such material or information is necessary; and
- (d) An explanation of the claim review procedures and time limits, including a statement of the Claimant's right to initiate a civil action pursuant to section 502(a) of ERISA following an adverse determination upon review.

11.2.3 If the Administrator determines that an extension of time for processing is required, written notice of the extension shall be furnished to the Claimant prior to termination of the original 90-day period. In no event shall such extension exceed 90 days from the end of such initial period.

11.2.4 In the case of a claim for disability benefits, the Administrator shall notify the Claimant, in accordance with subsection 11.2.2 above, within 45 days after the claim is received. The notification shall advise the Claimant whether the Administrator's denial relied upon any specific rule, guideline, protocol or scientific or clinical judgment.

11.2.5 In the case of a claim for disability benefits, if the Administrator determines that an extension of time for processing is required due to matters beyond the control of the Plan, written notice of the extension shall be furnished to the Claimant prior to termination of the original 45-day period. Such extension shall not exceed 30 days from the end of the initial period. If, prior to the end of the first 30-day extension period, the Administrator determines that, due to matters beyond the control of the Plan, an additional extension of time for processing is required, written notice of a second 30-day extension shall be furnished to the Claimant prior to termination of the first 30-day extension.

11.3 **Review of a Denied Claim.** Within 90 days after receiving a notice from the Administrator that a claim has been denied, in whole or in part, a Claimant (or the Claimant's duly authorized representative) may file a written request for a review of the denial of the claim and of pertinent documents. The Claimant (or the Claimant's duly authorized representative):

11.2.1 May request reasonable access to, and copies of, all documents, records, and other information relevant to the claim, which shall be provided to Claimant free of charge; and

11.2.2 May submit written comments or other documents.

11.4 **Decision on Review.** The Administrator shall review all comments or other documents submitted by the Claimant relating to the claim, without regard to whether such information was submitted or considered in the initial benefit determination. The Administrator shall render its decision on review promptly, and not later than 60 days after the filing of a written request for review of the denial (or, if other special circumstances require additional time and written notice of such extension and circumstances is given to the Claimant within the initial 60-day period). The

Administrator shall notify the Claimant, in language calculated to be understood by the Claimant:

11.2.1 That the claim has been allowed in full; or

11.2.2 That the claim has been denied, in whole or in part, and such notice must set forth:

- (a) Specific reasons for the decision;
- (b) Specific reference(s) to the pertinent Plan provisions upon which the decision was based;
- (c) A statement that Claimant is entitled to reasonable access to, and copies of, all documents, records or other information relevant to the claim upon request and free of charge;
- (d) A statement regarding the Claimant's right to initiate an action pursuant to section 502(a) of ERISA; and
- (e) Such other matters as the Administrator deems relevant.

11.2.3 In the case of a claim for disability benefits, the notice shall set forth:

- (a) Whether the Administrator's denial relied upon any specific rule, guideline, protocol or scientific or clinical judgment; and
- (b) The following statement: "You and your Plan may have other voluntary alternative dispute resolution options, such as mediation. One way to find out what may be available is to contact your local U.S. Department of Labor Office and your State insurance regulatory agency."

11.5 **Other Remedies.** A Claimant's compliance with the foregoing procedures is a mandatory prerequisite to a Claimant's right to pursue any other remedy with respect to any claim relating to this Plan.

ARTICLE 12

Amendment or Termination

The Company hereby reserves the right to amend, modify, or terminate any one or more of the 409A Plans, at any time by action of the Board, with or without prior notice. No amendment or termination shall reduce any Participant's Account or Retirement Benefit without the written consent of the affected Participant. Notwithstanding anything herein to the contrary, to the extent consistent with Section 409A, the Board may terminate the Plan and distribute to each Participant the Participant's Account and the Participant's Retirement Benefit, if any, in a lump sum; provided that all distributions (i) commence no earlier than the date that is twelve (12) months following the termination date (or any earlier date that would comply with Section 409A) and (ii) are completed by the date that is twenty-four (24) months following the termination date (or any later date that would comply with Section 409A). In addition, payments may be accelerated upon termination of any 409A Plan only if, to the extent required under Section 409A, (i) the Company terminates all Aggregated Plans, and (ii) for three years

following the date of termination of the 409A Plan, the Company does not adopt any new arrangement that would have been an Aggregated Plan of the terminated 409A Plan.

ARTICLE 13
Miscellaneous Provisions

- 13.1 **Unsecured General Creditor.** Participants and their Beneficiaries, heirs, successors and assigns shall have no legal or equitable rights, interests or claims in any property or assets of an Employer. An Employer's obligation under the Plan shall be merely that of an unfunded and unsecured promise to pay money in the future.
- 13.2 **Employer's Liability.** An Employer's liability for benefits shall be defined only by the Plan. An Employer shall have no obligation to a Participant except as expressly provided in the Plan.
- 13.3 **Nonassignability.** Neither a Participant nor any other person shall have any right to commute, sell, assign, transfer, pledge, anticipate, mortgage or otherwise encumber, transfer, hypothecate, alienate or convey in advance of actual receipt, the amounts, if any, payable hereunder, or any part thereof, which are, and all rights to which are expressly declared to be, unassignable and non-transferable. No part of the amounts payable shall, prior to actual payment, be subject to seizure, attachment, garnishment or sequestration for the payment of any debts, judgments, alimony or separate maintenance owed by a Participant or any other person, be transferable by operation of law in the event of a Participant's or any other person's bankruptcy or insolvency or be transferable to a spouse as a result of a property settlement or otherwise.
- 13.4 **No Right to Employment.** Nothing contained in this Plan or any documents relating to the Plan shall: (a) confer on a Participant any right to continue in the employ of a Related Company, (b) constitute any contract or agreement of employment, (c) interfere with the right of a Related Company to terminate the Participant's employment at any time, with or without cause.
- 13.5 **Incompetency.** If the Administrator determines that a distribution under this Plan is to be paid to a minor, a person declared incompetent or to a person incapable of handling the disposition of that person's property, the Administrator may direct such distribution to be paid to the guardian, legal representative or person having the care and custody of such minor, incompetent or incapable person. The Administrator may require proof of majority, competence, capacity, guardianship, or status as a legal representative as it may deem appropriate prior to distribution of a payment. Any distribution shall be a payment for the account of the Participant and the Participant's Beneficiary, as the case may be, and shall be a complete discharge of any liability for such payment amount.
- 13.6 **Tax Withholding.** To the extent required by the law in effect at the time of any distribution, the Participant's Employer shall withhold from any payments to a Participant hereunder any taxes required to be withheld by the federal or any state or local government, in amounts and in a manner to be determined in the sole discretion of the Employer(s).
- 13.7 **Furnishing Information.** A Participant or his Beneficiary will cooperate with the Administrator by furnishing any and all information requested by the Administrator and take such other actions as may be requested in order to facilitate the administration of the Plan and the distributions hereunder, including but not limited to taking such physical examinations as the Administrator may deem necessary.

- 13.8 **Notice.** Any notice or filing required or permitted under the Plan shall be sufficient if in writing and if (i) hand-delivered or sent by telecopy, (ii) sent by registered or certified mail, or (iii) sent by nationally-recognized overnight courier. Such notice shall be deemed given as of (i) the date of delivery if hand-delivered or sent by telecopy, (ii) as of the date shown on the postmark on the receipt for registration or certification, if delivery is by mail, or (iii) on the first business day after dispatch, if sent by nationally-recognized overnight courier.
- 13.9 **Gender and Number.** Except when otherwise indicated by context, words in the masculine gender shall include the feminine and neuter genders, the singular shall include the plural, and the plural shall include the singular.
- 13.10 **Headings.** The headings contained in this Plan are for convenience only and will not control or affect the meaning or construction of any of the terms or provisions of this Plan.
- 13.11 **Applicable Law and Construction.** The Plan shall be governed by, construed and administered in accordance with the applicable provisions of ERISA, and any other applicable Federal law, including Section 409A, and to the extent not preempted by Federal law, this Plan shall be governed by, construed and administered in accordance with the laws of the State of Minnesota, other than its laws respecting choice of law.
- 13.12 **Invalid or Unenforceable Provisions.** If any provision of this Plan shall be held invalid or unenforceable, such invalidity or unenforceability shall not affect any other provisions hereof and the Administrator may elect in its sole discretion to construe such invalid or unenforceable provisions in a manner that conforms to applicable law or as if such provisions, to the extent invalid or unenforceable, had not been included.
- 13.13 **Successors.** This Plan shall bind any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of the Company, in the same manner and to the same extent that the Company would be obligated under this Plan if no succession had taken place. In the case of any transaction in which a successor would not be bound by the foregoing provision or by operation of law be bound by this Plan, the Company shall require such successor expressly and unconditionally to assume and agree to perform the obligations of the Company and each Employer under this Plan, in the same manner and to the same extent that the Company and each Employer would be required to perform if no such succession had taken place.

APPENDIX A

“162(m) Deferrals” means the portion of a Participant’s Annual Incentive Award for a Plan Year ending on or before December 31, 2018, that the Company reasonably anticipates is not deductible by the application of Code section 162(m).

“409A Plan” means one of the separate non-qualified deferred compensation arrangements described in Section 2.1.

“Account” means the Company’s bookkeeping entry representing a Participant’s Deferrals, and such other accounts or sub-accounts as the Administrator deems necessary or appropriate.

“Administrator” means the Employee Benefit Plans Committee appointed by the Board or delegates of the Employee Benefit Plans Committee.

“Aggregated Plans” means, with respect to any 409A Plan, that plan and all other non-qualified deferred compensation plans which must be aggregated with that plan in accordance with the plan aggregation rules of Section 409A.

“Annual Incentive Award” means the annual award received by a Participant under the ALLETE Executive Annual Incentive Plan or any predecessor or successor plan.

“Basic Compensation” shall have the meaning prescribed in Retirement Plan A except: (1) Basic Compensation shall be calculated without regard to the limitation on compensation imposed by Code section 401(a)(17); and (2) for Retirement Benefit purposes, only compensation earned through December 31, 2021 shall be considered.

“Beneficiary” means one or more persons, trusts, estates or other entities, designated in accordance this Plan, that are entitled to receive Plan benefits upon the death of a Participant.

“Board” means the Board of Directors of the Company.

“Bonus” means any incentive compensation, including Annual Incentive Awards, that is payable to the Participant in addition to the Participant’s Salary.

“Change in Control” means the earliest of:

the date any one Person, or more than one Person acting as a group (as the term “group” is used in Treasury Regulations section 1.409A-3(i)(5)(v)(B)), acquires ownership of stock of the Company that, together with stock previously held by the acquirer, constitutes more than fifty (50%) percent of the total fair market value or total voting power of Company stock. If any one Person, or more than one Person acting as a group, is considered to own more than fifty (50%) percent of the total fair market value or total voting power of Company stock, the acquisition of additional stock by the same Person or Persons acting as a group does not cause a Change in Control. An increase in the percentage of stock owned by any one Person, or Persons acting as a group, as a result of a transaction in which Company acquires its stock in exchange for property, is treated as an acquisition of stock;

(b) the date any one Person, or more than one Person acting as a group (as the term “group” is used in Treasury Regulations section 1.409A-3(i)(5)(v)(B)), acquires (or has acquired during the twelve (12) month period ending on the date of the most recent acquisition by that Person or Persons) ownership of Company stock possessing at least thirty (30%) percent of the total voting power of Company stock;

(c) the date a majority of the members of the Company’s board of directors is replaced during any twelve (12) month period by directors whose appointment or election is not endorsed by a majority of the members of the board of directors prior to the date of appointment or election; or

(d) the date any one Person, or more than one Person acting as a group (as the term “group” is used in Treasury Regulations section 1.409A-3(i)(5)(v)(B)), acquires (or has acquired during the twelve (12) month period ending on the date of the most recent acquisition by that Person or Persons) assets from the Company that have a total gross fair market value equal to at least forty (40%) percent of the total gross fair market value of all the Company’s assets immediately prior to the acquisition or acquisitions. For this purpose, “gross fair market value” means the value of the corporation’s assets, or the value of the assets being disposed of, without regard to any liabilities associated with these assets.

In determining whether a Change in Control occurs, the attribution rules of Code section 318 apply to determine stock ownership. The stock underlying a vested option is treated as owned by the individual who holds the vested option, and the stock underlying an unvested option is not treated as owned by the individual who holds the unvested option. The term “Person” used in this definition means any individual, corporation (including any non-profit corporation), general, limited or limited liability partnership, limited liability company, joint venture, estate, trust, firm, association, organization or other entity or any governmental or quasi-governmental authority, organization, agency or body.

“Claimant” shall have the meaning set forth in Section 11.1.

“Code” means the Internal Revenue Code of 1986, as it may be amended from time to time.

“Company” means ALLETE, Inc., a Minnesota Corporation, and any successor to all, or substantially all, of the Company’s assets or business.

“Credited Service” shall have the meaning prescribed in the Retirement Plan A.

“Deferrals” means Elective Deferrals and Non-Elective Deferrals.

“Disability” or “Disabled” when used with an initial capital letter, means a physical or mental condition in which the Participant is:

unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months;

by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, receiving income replacement benefits for a period of not less than three (3) months under the Employer's accident and health plan;

determined to be totally disabled by the Social Security Administration; or

disabled pursuant to an Employer-sponsored disability insurance arrangement provided that the definition of disability applied under such disability insurance program complies with the foregoing definition of Disability.

When the term "disability" (without an initial capital letter) is used in the Plan, it shall have the meaning prescribed in the definition of "Separation from Service."

"Distribution Event" means, with respect to Article 6, a Specified Year, a Separation from Service, death, Disability or the Administrator's determination regarding the occurrence of an Unforeseeable Emergency and, with respect to Article 8, Retirement, Disability or solely with respect to a Participant who vests after becoming Disabled, the earlier of death or attainment of age 65.

"Elective Deferrals" means any portion of a Participant's Salary, Bonus, Severance Pay, Annual Make-up Award or Other Award that a Participant irrevocably elects to defer.

"Eligible Employee" means an Employee in management salary grades SA-SM, who has been notified in writing by the Administrator of eligibility to participate in the Plan.

"Eligible Surviving Spouse" shall have the meaning prescribed in Retirement Plan A.

"Employee" means a person who is a common-law employee of any Related Company.

"Employer(s)" means the Company and any Related Company (now in existence or hereafter formed or acquired) that have been selected by the Administrator to participate in the Plan.

"ERISA" means the Employee Retirement Income Security Act of 1974, as it may be amended from time to time.

"IRS" means the Internal Revenue Service.

"Misconduct" means the occurrence of either or both of the following, as determined in its sole discretion by either the Executive Compensation Committee of the Company's Board of Directors with respect to Section 16 Officers of the Company, or the Administrator with respect to any other Participant:

- (a) an act or omission by the Participant involving dishonesty in connection with his or her responsibilities as an employee of the Company; or
- (b) the Participant's conviction of, or entry of a plea of *nolo contendere* to, any felony or a misdemeanor involving moral turpitude, provided that a misdemeanor motor vehicle violation will not constitute a crime of moral turpitude unless it involves driving while

impaired within the scope of employment or another serious driving offense committed within the scope of employment.

For purposes of clarifying the foregoing definition, Misconduct can occur regardless of whether the Company discovers the Misconduct before or after the Participant's Separation from Service and regardless of whether the Participant has a Separation from Service on account of the Misconduct.

"Non-Elective Deferrals" means 162(m) Deferrals and the Annual Make-up Award credited to the Account of any Participant whose Salary exceeds the Code section 401(a)(17) limit.

"Other Award" means an award, other than an Annual Incentive Award or Severance Pay, that a Participant may defer at the Administrator's discretion.

"Participant" means any Eligible Employee (i) who has elected to defer amounts under the Plan, (ii) who is eligible to receive a Retirement Benefit or (iii) whose compensation, or a portion thereof, was deferred as a Non-Elective Deferral.

"Plan" means SERP II.

"Plan Year" means a period beginning on January 1 of each calendar year and continuing through December 31 of such calendar year.

"Related Company" means the Company and all persons with whom the Company would be considered a single employer under Code section 414(b) (employees of controlled group of corporations), and all persons with whom such person would be considered a single employer under Code section 414(c) (employees of partnerships, proprietorships, etc., under common control); provided that in applying Code sections 1563(a)(1), (2), and (3) for purposes of determining a controlled group of corporations under Code section 414(b), the language "at least 50 percent" is used instead of "at least 80 percent" each place it appears in Code sections 1563(a)(1), (2), and (3), and in applying Treasury Regulations section 1.414(c)-2 for purposes of determining trades or businesses (whether or not incorporated) that are under common control for purposes of Code section 414(c), "at least 50 percent" is used instead of "at least 80 percent" each place it appears in Treasury Regulations section 1.414(c)-2.

"Retirement" means Separation from Service, for reasons other than death, on or after attaining both 50 years of age and 10 years of Vesting Service.

"Retirement Benefit" means the benefit payable pursuant to Article 8.

"Retirement Plans" mean the Minnesota Power and Affiliated Companies Retirement Plan A and Minnesota Power and Affiliated Companies Retirement Plan B, as amended from time to time.

"Retirement Savings and Stock Ownership Plan" or "RSOP" means the Minnesota Power and Affiliated Companies Retirement Savings and Stock Ownership Plan, as amended from time to time.

"Salary" means the Participant's earnings during a calendar year, before any reduction pursuant to Code sections 125, 132(f)(4), or 401(k) and this Plan. It does not include overtime compensation, if any, Bonuses, Annual Incentive Awards and Other Awards, expense reimbursements, allowances, commission payments, employer contributions or awards under this Plan or other employee benefit plans, imputed income (whether such imputed income is from

vehicle use, life insurance premiums, or any other source) payments made pursuant to the Results Sharing Program, payment of stock options and performance shares under the Long Term Incentive Compensation Plan, and any other payments of a similar nature. In the case of a Participant who is employed jointly by the Company and an affiliated company (as defined in the RSOP), Salary as defined herein shall include amounts received from all such companies.

“Section 409A” means both section 409A of the Code and Treasury Regulations section 1.409A-1 et seq., as they both may be amended from time to time, and other guidance issued by the Treasury Department and Internal Revenue Service thereunder.

“Separation from Service” means that the Participant terminates employment within the meaning of Treasury Regulations section 1.409A-1(h) and other applicable guidance with all Related Companies. Whether a termination of employment has occurred is determined under the facts and circumstances, and a termination of employment shall occur if all Related Companies and the Participant reasonably anticipate that no further services shall be performed after a certain date or that the level of bona fide services the Participant shall perform after such date (as an employee or an independent contractor) shall permanently decrease to no more than 20 percent of the average level of bona fide services performed (whether as an employee or an independent contractor) over the immediately preceding 36-month period (or the full period of services to the Related Companies if the Participant has been providing services to the Related Companies less than 36 months). A Participant shall not be considered to separate from service during a bona fide leave of absence for less than six (6) months or longer if the Participant retains a right to reemployment with any Related Company by contract or statute. With respect to disability leave, a Participant shall not be considered to separate from service for 29 months unless the Participant otherwise terminates employment or is terminated by all Related Companies. For purposes of determining whether a Separation from Service has occurred on account of a disability, a Participant shall be disabled if the Participant is suffering from any medically determinable physical or mental impairment resulting in the Participant’s inability to perform the duties of his position or any substantially similar position, if such impairment can be expected to result in death or can be expected to last for a continuous period of 6 months.

“SERP II” means the ALLETE and Affiliated Companies Supplemental Executive Retirement Plan II, as amended from time to time.

“Severance Pay” means the cash payment(s) to a Participant payable in connection with his Separation from Service in accordance with the terms of a severance arrangement that is the subject of bona fide, arm’s length negotiations between a Related Company and the Participant at the time of the Separation from Service.

“Specified Year” means a calendar year during which a Participant has elected to receive a distribution of Elective Deferrals.

“Specified Employee” means an Employee who is subject to the six-month delay rule described in Code section 409A(2)(B)(i). The Board shall adopt guidelines for identifying Specified Employees in a manner consistent with Section 409A, and may amend the guidelines from time to time as permitted by Section 409A.

“Unforeseeable Emergency” means an unanticipated emergency that is caused by an event beyond the control of the Participant that would result in severe financial hardship to the Participant resulting from (i) an illness or accident of the Participant or the Participant’s spouse, the Participant’s beneficiary, or the Participant’s dependent (as defined in Code section 152, without regard to Code sections 152(b)(1), (b)(2), and (d)(1)(B)), (ii) a loss of the Participant’s property due to casualty, or (iii) such other similar extraordinary and unforeseeable

circumstances arising as a result of events beyond the control of the Participant, all as determined in the sole discretion of the Administrator.

“Valuation Date” means each day that the U.S. stock markets are open or such other dates as may be set by the Administrator from time to time.

“Vesting Service” shall have the meaning prescribed in the Retirement Plan A. Participants will continue to receive credit for Vesting Service after October 1, 2006. A Disabled Participant will receive credit for Vesting Service on account of any period after the commencement of the Disability during which the Participant is characterized as an active employee on the Related Company’s employment records.

IN WITNESS WHEREOF, ALLETE, Inc. has caused these presents to be signed by its duly authorized officers, effective as of October 27, 2023.

ALLETE, Inc.

By: _____

Bethany M. Owen

Its: Chair, President and Chief
Executive Officer

ATTEST

By: _____

Its: ALLETE Vice President, Chief Legal Officer and Corporate Secretary

ALLETE

**EXECUTIVE LONG-TERM INCENTIVE COMPENSATION PLAN
RESTRICTED STOCK UNIT GRANT**

Name

In accordance with the terms of ALLETE's Executive Long-Term Incentive Compensation Plan, as amended (the "Plan"), and as determined by and through the Executive Compensation Committee of ALLETE's Board of Directors, ALLETE hereby grants to you (the "Participant") Restricted Stock Units ("RSU's") as set forth below, payable in the form of ALLETE Common Stock, subject to the terms and conditions set forth in this Grant, including Annex A hereto, and all documents incorporated herein by reference:

Number of Restricted Stock Units: #
Date of Grant: January 25, 2024
Vesting Period: Period ending December 31, 2026

This Grant is made in accordance with the Plan.

Further terms and conditions of the Grant are set forth in Annex A hereto, which is an integral part of this Grant.

Any term, provision or condition applicable to the Restricted Stock Units set forth in the Plan and not set forth herein is hereby incorporated by reference. To the extent any provision hereof is inconsistent with a Plan provision, the Plan provision will govern.

YOU SHOULD CAREFULLY READ AND REVIEW THE TERMS AND CONDITIONS SET FORTH IN THIS GRANT, INCLUDING ANNEX A HERETO, WHICH CONTAINS IMPORTANT INFORMATION, INCLUDING MANDATORY CLAIMS AND ARBITRATION PROCEDURES.

You will be deemed to have accepted this Grant on the Date of Grant, and all its associated terms and conditions, including the mandatory claims and arbitration procedures set forth in Annex A, unless you notify the Company of your non-acceptance of the Grant by contacting the Director – Human Resources, in writing within sixty (60) days of the Date of Grant.

IN WITNESS WHEREOF, ALLETE has caused this Grant to be executed by its Chair, President and Chief Executive Officer as of the date and year first above written.

ALLETE

By:

Chair, President & CEO

Attachment: Annex A

ANNEX A
TO
ALLETE
EXECUTIVE LONG-TERM INCENTIVE COMPENSATION PLAN
RESTRICTED STOCK UNIT GRANT

The grant of restricted stock units (each, a “RSU”) under the ALLETE Executive Long-Term Incentive Compensation Plan (the “Plan”), evidenced by the Grant to which this is annexed, is subject to the following additional terms and conditions:

1. Form and Timing of Payment. Subject to the provisions hereof, each RSU will be paid in the form of one share of ALLETE common stock (each, a “Share”), plus accrued Dividend Equivalents. Shares will be deposited into your ALLETE Invest Direct plan account. Except as otherwise provided in sections 3 and 4, below, payment will be made during the period ending sixty days after the end of the vesting period; provided, however, the Participant will not be permitted, directly or indirectly, to designate the taxable year of the distribution. Payment will be subject to withholding Shares equal in value to the minimum amount of tax required to be withheld by law.

2. Dividend Equivalents. You will receive Dividend Equivalents in connection with the RSUs granted. Dividend Equivalents will be calculated and credited to you at the time the underlying RSUs are paid. Dividend Equivalents will be in the form of additional RSUs, which will be added to the number of RSUs subject to the grant, and will equal the number of Shares (including fractional Shares) that could have been purchased on applicable dividend payment dates, based on the closing ALLETE common stock price as reported in the consolidated transaction reporting system on that date, with cash dividends that would have been paid on the underlying RSUs, if such RSUs were Shares. Dividend Equivalents will only become payable if and to the extent the underlying RSUs vest and become payable.

3. Payment Upon Retirement, Death or Disability; Forfeiture Upon Other Termination of Employment, Default on Certain Agreements or Unsatisfactory Job Performance.

3.1 Subject to Section 3.4 below, if during the vesting period you (i) Retire, (ii) die while employed by a Related Company, or (iii) become Disabled, a portion of the unvested RSUs subject to the Grant will vest and be paid to you (or your beneficiary or estate) during the period ending sixty days after such event; provided, however, you will not be permitted, directly or indirectly, to designate the taxable year of the distribution. Except as otherwise provided in Section 4, payment pursuant to this Section 3.1 will be prorated, after giving effect to accumulated Dividend Equivalents, based on the number of whole calendar months within the vesting period that had elapsed as of the date of Retirement, death or Disability in relation to the number of calendar months in the vesting period. For purposes of this calculation, you will be credited with a whole month if you were employed on the 15th of the month.

3.2 Except as otherwise provided in Section 4, if during the vesting period or prior to payment of all RSUs you have a Separation from Service for any reason other than those specified in Section 3.1 above, all unvested or unpaid RSUs subject to the Grant (and related Dividend Equivalents) will be forfeited on the date of such Separation from Service.

3.3 If during the vesting period or prior to payment of all RSUs you are demoted, you default on any written agreement with a Related Company related to a restrictive employment covenant (such as confidentiality, non-disclosure, non-competition, non-

solicitation, or the like), or if ALLETE determines, in its sole discretion, that your job performance is unsatisfactory, ALLETE may cancel or amend your grant relating to any unpaid RSUs, resulting in the forfeiture of some portion or all of your unpaid RSUs (and related Dividend Equivalents).

3.4 Notwithstanding anything herein to the contrary, if you become entitled to a payment of the RSUs by reason of your Retirement and if you are a Specified Employee on the date of such Retirement, payment shall not be made until the earlier of: (i) the expiration of the six-month period beginning on the date of your Retirement, or (ii) the date of your death. The payment to which a Specified Employee would otherwise be entitled during this six-month period shall be paid, together with Dividend Equivalents that have accrued during this six-month delay, during the seventh month following the date of the Participant's Retirement, or, if earlier, the date of the Participant's death.

4. Change in Control. Upon a Change in Control, unless the Committee provides otherwise prior to the Change in Control, outstanding unvested RSUs shall be prorated (as described below) and such prorated RSUs shall immediately vest and be payable to you during the period ending sixty days after the Change in Control. The RSUs will not be subject to proration and immediately vest, however, if and to the extent that the Grant is, in connection with the Change in Control, fully assumed by the successor corporation or parent thereof; in such case, the RSUs shall be prorated and immediately vest upon your termination of employment by the successor corporation for reasons other than cause within 18 months following the Change in Control and be payable to the Participant during the period ending sixty days after the termination of employment. Any payment on account of or in connection with a Change in Control will be prorated, after giving effect to the accumulation of Dividend Equivalents, based on the number of whole calendar months within the vesting period that had elapsed as of the date of the Change in Control or termination of employment, as applicable, in relation to the number of calendar months in the vesting period. For purposes of this calculation, you will be credited with a whole month if you were employed on the 15th of the month. In no event will you be permitted, directly or indirectly, to designate the taxable year of the distribution on account of or in connection with a Change in Control.

5. Compensation Recovery Policy. The Grant is subject to the terms of any compensation recovery policy or policies established by ALLETE as may be amended from time to time ("Compensation Recovery Policy"). ALLETE hereby incorporates into the Grant the terms of the Compensation Recovery Policy.

6. Section 409A Compliance. This Grant is intended to comply with Section 409A or an exemption thereunder, and, accordingly, to the maximum extent permitted, the Plan and the Grant shall be interpreted and administered in compliance therewith. Notwithstanding any other provision of the Grant, payments provided pursuant to the Grant may only be made upon an event and in a manner that complies with Section 409A or an applicable exemption. Any payments pursuant to the Grant that may be excluded from Section 409A as a short-term deferral shall be excluded from Section 409A to the maximum extent possible. To the extent that any provision of the Grant would cause a conflict with the requirements of Section 409A or would cause the administration of the Grant to fail to satisfy Section 409A, such provision shall be deemed null and void to the extent permitted by applicable law. Nothing herein shall be construed as a guarantee of any particular tax treatment. ALLETE makes no representation that the Grant complies with Section 409A and in no event shall ALLETE be liable for the payment of any taxes and penalties that you may incur under Section 409A.

7. Claims Procedure and Arbitration. The Grant is subject to the following claims procedures:

7.1 Mandatory Claims Procedures. If you or any person acting on your behalf (the “Claimant”) has any claim or dispute related in any way to the Grant or to the Plan, the Claimant must follow these claims procedures. All claims must be brought no later than one year following the date on which the claim first arose and any claim not submitted within such time limit will be waived.

7.2 Claim Submission. Any claim must be made in writing to the Claims Administrator. The Claims Administrator, or its delegate, shall notify the Claimant of the resolution of the Claim within 90 days after receipt of the claim; provided, however, if the Claims Administrator determines that an extension is necessary, the 90-day period shall be extended to up to 180 days upon notice to that effect to the Claimant.

7.3 Notice of Denial. If a claim is wholly or partially denied, the denial notice shall contain (i) the reason or reasons for denial of the claim, and (ii) references to the pertinent Plan provisions upon which the denial is based. Unless the claim is submitted for arbitration as provided below and in the Plan, the Claims Administrator’s decision or action shall be final, conclusive and binding on all persons having any interest in the Plan.

7.4 Arbitration. If, after exhausting the procedures set forth above, a Claimant wishes to pursue legal action, any action by the Claimant with respect to a claim, must be resolved by arbitration in the manner described herein.

- 1) Time Limits. A Claimant seeking arbitration of any determination by the Claims Administrator must, within six (6) months of the date of the Claims Administrator’s final decision, file a demand for arbitration with the American Arbitration Association submitting the Claim to resolution by arbitration. A Claimant waives any claim not filed timely in accordance with this Section.
- 2) Rules Applicable to Arbitration. The arbitration process shall be conducted in accordance with the Commercial Law Rules of the American Arbitration Association.
- 3) Venue. The arbitration shall be conducted in Minneapolis, Minnesota.
- 4) Binding Effect. The decision of the arbitrator with respect to the claim will be final and binding upon the Company and the Claimant. BY PARTICIPATING IN THE PLAN, AND ACCEPTING THE GRANT, YOU, ON BEHALF OF YOURSELF AND ANY PERSON WITH A CLAIM RELATING TO YOUR GRANT, AGREE TO WAIVE ANY RIGHT TO SUE IN COURT OR TO PURSUE ANY OTHER LEGAL RIGHT OR REMEDY THAT MIGHT OTHERWISE BE AVAILABLE IN CONNECTION WITH THE RESOLUTION OF THE CLAIM.
- 5) Enforceability. Judgment upon any award entered by an arbitrator may be entered in any court having jurisdiction over the parties.
- 6) Waiver of Class, Collective, and Representative Actions. Any claim shall be heard without consolidation of such claims with any other person or entity. To the fullest extent permitted by law, whether in court or in arbitration, by participating in the Plan, you waive any right to commence, be a party to in any way, or be an actual or putative class member of any

class, collective, or representative action arising out of or relating to any claim, and you agree that any claim may only be initiated or maintained and decided on an individual basis.

- 7) Standard of Review. Any decision of an arbitrator on a claim shall be limited to determining whether the Claims Administrator's decision or action was arbitrary or capricious or was unlawful. The arbitrator shall adhere to and apply the deferential standard of review set out in *Conkright v. Frommert*, 130 S. Ct. 1640 (2010), *Metropolitan Life Insurance Co. v. Glenn*, 554 U.S. 105 (2008), and *Firestone Tire and Rubber Company v. Bruch*, 489 U.S. 101 (1989), and shall accord due deference to the determinations, interpretations, and construction of the Plan document by the Claim's Administrator.
- 8) General Procedures.
 - i. Arbitration Rules. The arbitration hearing will be conducted under the AAA Commercial Arbitration Rules (as amended or revised from time to time by AAA) (hereinafter the "AAA Rules"), before one AAA arbitrator who is from the Large, Complex Case Panel and who has experience with matters involving executive compensation and equity compensation plans. The AAA Rules and the terms and procedures set forth here may conflict on certain issues. To the extent that the procedures set forth here conflict with the AAA Rules, the procedures set forth here shall control and be applied by the arbitrator. Notwithstanding the amount of the claim, the Procedures for Large, Complex Commercial Disputes shall not apply.
 - ii. Substantive Law. The arbitrator shall apply the substantive law (and the laws of remedies, if applicable), of Minnesota or federal law, or both, depending upon the claim. Except to the extent required by applicable law, the Claimant shall keep any arbitration decision or award strictly confidential and not disclose to anyone other than his or her spouse, attorney, or tax advisor.
 - iii. Authority. The arbitrator shall have jurisdiction to hear and rule on prehearing disputes and is authorized to hold prehearing conferences by telephone or in person as the arbitrator deems necessary. The arbitrator will have the authority to hear a motion to dismiss and/or a motion for summary judgment by any party and in doing so shall apply the standards governing such motions under the Federal Rules of Civil Procedure.
 - iv. Pre-Hearing Procedures. Each party may take the deposition of not more than one individual and the expert witness, if any, designated by another party. Each party will have the right to subpoena witnesses in accordance with the Federal Arbitration Act, Title 9 of the United States Code. Additional discovery may be had only if the arbitrator so orders, upon a showing of substantial need.
 - v. Fees and Costs. Administrative arbitration fees and arbitrator compensation shall be borne equally by the parties, and each party shall be responsible for its own attorney's fees, if any; provided, however, that the Committee will authorize payment by the Company of all

administrative arbitration fees, arbitrator compensation and attorney's fees if the Committee concludes that a Claimant has substantially prevailed on his or her claims. Unless prohibited by statute, the arbitrator shall assess attorney's fees against a party upon a showing that such party's claim, defense or position is frivolous, or unreasonable, or factually groundless. If either party pursues a claim by any means other than those set forth in this Article, the responding party shall be entitled to dismissal of such action, and the recovery of all costs and attorney's fees and losses related to such action, unless prohibited by statute.

- (9) Interstate Commerce and the Federal Arbitration Act. The Company is involved in transactions involving interstate commerce, and the employee's employment with the Company involves such commerce. Therefore, the Federal Arbitration Act, Title 9 of the United States Code, will govern the interpretation, enforcement, and all judicial proceedings regarding the arbitration procedures in this Section.

8. Ratification of Actions. By receiving the Grant or other benefit under the Plan, you and each person claiming under or through you shall be conclusively deemed to have indicated your acceptance and ratification of, and consent to, any action taken under the Plan or the Grant by ALLETE, the Board, or the Committee.

9. No Impact on Other Benefits. The Grant or payment on account thereof shall not be taken into account in determining any benefits under any severance, retirement, welfare, insurance or other benefit plan of ALLETE or any affiliate except to the extent otherwise expressly provided in writing in such other plan or an agreement thereunder.

10. Notices. Any notice hereunder to ALLETE shall be addressed to ALLETE, 30 West Superior Street, Duluth, Minnesota 55802, Attention: Director – Human Resources, and any notice hereunder to you shall be directed to your address as indicated by ALLETE's records, subject to the right of either party to designate at any time hereafter in writing some other address.

11. Governing Law and Severability. To the extent not preempted by the Federal law, the Grant will be governed by and construed in accordance with the laws of the State of Minnesota, without regard to its conflicts of law provisions. In the event any provision of the Grant shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of the Grant, and the Grant shall be construed and enforced as if the illegal or invalid provision had not been included.

12. Definitions. Capitalized terms not otherwise defined herein shall have the meanings given them in the Plan. The following definitions apply to the Grant and this Annex A:

12.1 “**Claims Administrator**” means ALLETE's Chief Executive Officer, unless the claimant is (or is acting on behalf of) an ALLETE executive officer (within the meaning of Exchange Act Rule 3b-7), in which case the Claims Administrator is the Executive Compensation Committee of the Board of Directors.

12.2 “**Change in Control**” means the earliest of:

- (a) the date any one Person, or more than one Person acting as a group (as the term “group” is used in Treasury Regulations section 1.409A-3(i)(5)(v)(B)), acquires ownership of stock of the Company that, together with stock

previously held by the acquirer, constitutes more than fifty (50%) percent of the total fair market value or total voting power of Company stock. If any one Person, or more than one Person acting as a group, is considered to own more than fifty (50%) percent of the total fair market value or total voting power of Company stock, the acquisition of additional stock by the same Person or Persons acting as a group does not cause a Change in Control. An increase in the percentage of stock owned by any one Person, or Persons acting as a group, as a result of a transaction in which Company acquires its stock in exchange for property, is treated as an acquisition of stock;

- (b) the date any one Person, or more than one Person acting as a group (as the term “group” is used in Treasury Regulations section 1.409A-3(i)(5)(v)(B)), acquires (or has acquired during the twelve (12) month period ending on the date of the most recent acquisition by that Person or Persons) ownership of Company stock possessing at least thirty (30%) percent of the total voting power of Company stock;
- (c) the date a majority of the members of the Company’s board of directors is replaced during any twelve (12) month period by directors whose appointment or election is not endorsed by a majority of the members of the board of directors prior to the date of appointment or election; or
- (d) the date any one Person, or more than one Person acting as a group (as the term “group” is used in Treasury Regulations section 1.409A-3(i)(5)(v)(B)), acquires (or has acquired during the twelve (12) month period ending on the date of the most recent acquisition by that Person or Persons) assets from the Company that have a total gross fair market value equal to at least forty (40%) percent of the total gross fair market value of all the Company’s assets immediately prior to the acquisition or acquisitions. For this purpose, “gross fair market value” means the value of the corporation’s assets, or the value of the assets being disposed of, without regard to any liabilities associated with these assets.

In determining whether a Change in Control occurs, the attribution rules of Code section 318 apply to determine stock ownership. The stock underlying a vested option is treated as owned by the individual who holds the vested option, and the stock underlying an unvested option is not treated as owned by the individual who holds the unvested option. The term “Person” used in this definition means any individual, corporation (including any non-profit corporation), general, limited or limited liability partnership, limited liability company, joint venture, estate, trust, firm, association, organization or other entity or any governmental or quasi-governmental authority, organization, agency or body.

12.3 “**Code**” means the Internal Revenue Code of 1986, as it may be amended from time to time.

12.4 “**Disability**” or “**Disabled**” means a physical or mental condition in which the Participant is:

- (a) unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months;

- (b) by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, receiving income replacement benefits for a period of not less than three (3) months under the Employer's accident and health plan;
- (c) determined to be totally disabled by the Social Security Administration; or
- (d) disabled pursuant to an Employer-sponsored disability insurance arrangement provided that the definition of disability applied under such disability insurance program complies with the foregoing definition of Disability.

12.5 “**Related Company**” means the ALLETE, Inc. and all persons with whom the ALLETE, Inc. would be considered a single employer under Code section 414(b) (employees of controlled group of corporations), and all persons with whom such person would be considered a single employer under Code section 414(c) (employees of partnerships, proprietorships, etc., under common control); provided that in applying Code sections 1563(a)(1), (2), and (3) for purposes of determining a controlled group of corporations under Code section 414(b), the language “at least 50 percent” is used instead of “at least 80 percent” each place it appears in Code sections 1563(a)(1), (2), and (3), and in applying Treasury Regulations section 1.414(c)-2 for purposes of determining trades or businesses (whether or not incorporated) that are under common control for purposes of Code section 414(c), “at least 50 percent” is used instead of “at least 80 percent” each place it appears in Treasury Regulations section 1.414(c)-2.

12.6 “**Retirement**” or “**Retires**” means Separation from Service, for reasons other than death or Disability, on or after attaining normal retirement age or early retirement age as defined in the most applicable qualified retirement plan sponsored by the Related Company that employed the Participant immediately preceding the Separation from Service, without regard to whether the Participant is a participant in such plan, or if the employer Related Company does not sponsor such retirement plan, on or after attaining Normal Retirement Age or Early Retirement Age as defined in the ALLETE and Affiliated Companies Retirement Plan A, without regard to whether the Participant is a participant under the ALLETE and Affiliated Companies Retirement Plan A.

12.7 “**Section 409A**” means Section 409A of the Code and Treasury Regulations section 1.409A-1 et seq., as they both may be amended from time to time, or other guidance issued by the Treasury Department and Internal Revenue Service thereunder.

12.8 “**Separation from Service**” means that the Participant terminates employment within the meaning of Treasury Regulations section 1.409A-1(h) and other applicable guidance with all Related Companies. Whether a termination of employment has occurred is determined under the facts and circumstances, and a termination of employment shall occur if all Related Companies and the Participant reasonably anticipate that no further services shall be performed after a certain date or that the level of bona fide services the Participant shall perform after such date (as an employee or an independent contractor) shall permanently decrease to no more than 20 percent of the average level of bona fide services performed (whether as an employee or an independent contractor) over the immediately preceding 36-month period (or the full period of services to the Related Companies if the Participant has been providing services to the Related Companies less than 36 months). A Participant shall not be considered to separate from service during a bona fide leave of absence for less than six (6) months or longer if the Participant retains a right to reemployment with any Related Company by

contract or statute. With respect to disability leave, a Participant shall not be considered to separate from service for 29 months unless the Participant otherwise terminates employment or is terminated by all Related Companies.

12.9 “**Specified Employee**” means an Participant who is subject to the six-month delay rule described in Code section 409A(2)(B)(i), determined in accordance with guidelines adopted by the Board from time to time as permitted by Section 409A of the Code and Treasury Regulations section 1.409A-1 et seq., as they both may be amended from time to time, and other guidance issued by the Treasury Department and Internal Revenue Service thereunder.

ALLETE
EXECUTIVE LONG-TERM INCENTIVE COMPENSATION PLAN
PERFORMANCE SHARE GRANT

Name

In accordance with the terms of ALLETE's Executive Long-Term Incentive Compensation Plan, as amended (the "Plan"), and as determined by and through the Executive Compensation Committee of ALLETE's Board of Directors, ALLETE hereby grants to you (the "Participant") Performance Shares, as set forth below, subject to the terms and conditions set forth in this Grant, including Annex A and Annex B hereto and all documents incorporated herein by reference:

Number of Performance Shares Granted: #
[#]-Total Shareholder Return Metric #
[#]-Compound Annual Growth Rate Metric #

Date of Grant: January 25, 2024

Performance Period: January 1, 2024 through December 31, 2026

Performance Goals: See Annex B

This Grant is made in accordance with the Plan.

Further terms and conditions of the Grant are set forth in Annex A hereto and Performance Goals are set forth in Annex B hereto, both of which are integral parts of this Grant.

Any term, provision or condition applicable to the Performance Shares set forth in the Plan and not set forth herein is hereby incorporated by reference. To the extent any provision hereof is inconsistent with a Plan provision, the Plan provision will govern.

YOU SHOULD CAREFULLY READ AND REVIEW THE TERMS AND CONDITIONS SET FORTH IN THIS GRANT, INCLUDING ANNEX A HERETO, WHICH CONTAINS IMPORTANT INFORMATION, INCLUDING MANDATORY CLAIMS AND ARBITRATION PROCEDURES.

You will be deemed to have accepted this Grant on the Date of Grant and all its associated terms and conditions, including the mandatory claims and arbitration procedures set forth in Annex A, unless you notify the Company of your non-acceptance of the Grant by contacting the Director – Human Resources, in writing within sixty (60) days of the Date of Grant.

IN WITNESS WHEREOF, ALLETE has caused this Grant to be executed by its Chair, President and Chief Executive Officer as of the date and year first above written.

ALLETE

By:

Chair, President & CEO

Attachments: Annex A and Annex B

ANNEX A
TO
ALLETE
EXECUTIVE LONG-TERM INCENTIVE COMPENSATION PLAN
PERFORMANCE SHARE GRANT

The Performance Share Grant to which this is annexed is subject to the following additional terms and conditions:

1. Dividend Equivalents. You will receive Dividend Equivalents with respect to Performance Shares that are earned and payable. Dividend Equivalents are calculated and credited to you after the Performance Period has ended. The Dividend Equivalents will be in the form of additional Performance Shares, which will be added to the number of Performance Shares earned, and will equal the number of Shares (including fractional Shares) that could have been purchased on applicable dividend payment dates, based on the closing ALLETE common stock price as reported in the consolidated transaction reporting system on that date, with cash dividends that would have been paid on underlying Performance Shares, if such Performance Shares were Shares. Dividend Equivalents will only become payable if and to the extent the underlying Performance Shares are earned and become payable.
2. Satisfaction of Goals. Performance Shares remain unearned unless and until Performance Goals are achieved. After the Performance Period has ended, the Executive Compensation Committee (the "Committee") will determine the extent to which the Performance Goals have been met. You will not earn any Performance Shares if the threshold performance level has not been met. Subject to the provisions of Section 4 below and to provisions in the Plan for change in control, Performance Shares will be earned as follows: If the threshold level has been met, you will have earned 50% of the Performance Shares (as increased by the Dividend Equivalents). If the target level has been met, you will have earned 100% of the Performance Shares (as increased by the Dividend Equivalents). If the superior level has been met, you will have earned 200% of the Performance Shares (as increased by the Dividend Equivalents). Straight line interpolation will be used to determine earned awards based on achievement of goals between the threshold, target and superior levels.
3. Payment. Subject to the provisions of Section 4 below and to provisions in the Plan for Change in Control, Performance Shares (as increased by the Dividend Equivalents) shall be paid in full after the Committee has determined the extent to which Performance Goals have been met and within two and one half months after the end of the Performance Period. Payment shall be made, after withholding Performance Shares in an amount equal in value to the minimum amount of tax required to be withheld by law, by depositing ALLETE common stock into your Invest Direct account. Performance Share awards shall not vest until paid.
4. Payment Upon Death, Retirement or Disability; Forfeiture of Unvested Performance Shares Upon Demotion, Unsatisfactory Job Performance, Default on Certain Agreements or Other Separation from Service.
 - 4.1 If during a Performance Period you (i) Retire, (ii) die while employed by a Related Company, or (iii) become Disabled, you (or your beneficiary or estate) will receive a payment of any Performance Shares (as increased by the Dividend Equivalents) after the end of the Performance Period in accordance with Section 3 above. The payment shall be prorated based upon the number of whole calendar months within the Performance Period which had elapsed as of the date of death, Retirement or Disability in relation to the number of calendar months in the full Performance Period. A whole month is counted in the calculation if you were in the position as of the 15th of the month.

4.2 If after the end of a Performance Period, but before any or all Performance Shares have been paid, you Retire, die or become Disabled, you (or your beneficiary or estate) will be entitled to full payout of all earned Performance Shares (as increased by the Dividend Equivalents) in accordance with Section 3 above.

4.3 If, prior to payment of all Performance Shares, you are demoted, you default on any written agreement with a Related Company related to a restrictive employment covenant (such as confidentiality, non-disclosure, non-competition, non-solicitation, or the like) or ALLETE determines, in its sole discretion, that your job performance is unsatisfactory, ALLETE reserves the right to cancel or amend your grant relating to any unpaid Performance Shares, with the result that some portion or all of your unpaid Performance Shares (and related Dividend Equivalents) will be forfeited.

4.4 If you have a Separation from Service for any reason other than those specified in subsection 4.1 above, all Performance Shares (and related Dividend Equivalents), to the extent not yet paid, shall be forfeited on the date of such Separation from Service, except as otherwise provided by the Committee.

5. Compensation Recovery Policy. The Grant is subject to the terms of any compensation recovery policy or policies established by ALLETE as may be amended from time to time (“Compensation Recovery Policy”). ALLETE hereby incorporates into the Grant the terms of the Compensation Recovery Policy.

6. Section 409A Compliance. This Grant is intended to comply with Section 409A of the Code (“Section 409A”) or an exemption thereunder, and, accordingly, to the maximum extent permitted, the Plan and the Grant shall be interpreted and administered in compliance therewith. Notwithstanding any other provision of the Grant, payments provided pursuant to the Grant may only be made upon an event and in a manner that complies with Section 409A or an applicable exemption. Any payments pursuant to the Grant that may be excluded from Section 409A as a short-term deferral shall be excluded from Section 409A to the maximum extent possible. To the extent that any provision of the Grant would cause a conflict with the requirements of Section 409A or would cause the administration of the Grant to fail to satisfy Section 409A, such provision shall be deemed null and void to the extent permitted by applicable law. Nothing herein shall be construed as a guarantee of any particular tax treatment. ALLETE makes no representation that the Grant complies with Section 409A and in no event shall ALLETE be liable for the payment of any taxes and penalties that you may incur under Section 409A.

7. Claims Procedure and Arbitration. The Grant is subject to the following claims procedures:

7.1 Mandatory Claims Procedures. If you or any person acting on your behalf (the “Claimant”) has any claim or dispute related in any way to the Grant or to the Plan, the Claimant must follow these claims procedures. All claims must be brought no later than one year following the date on which the claim first arose and any claim not submitted within such time limit will be waived.

7.2 Claim Submission. Any claim must be made in writing to the Claims Administrator. The Claims Administrator, or its delegate, shall notify the Claimant of the resolution of the claim within 90 days after receipt of the claim; provided, however, if the Claims Administrator determines that an extension is necessary, the 90-day period shall be extended to up to 180 days upon notice to that effect to the Claimant.

7.3 Notice of Denial. If a claim is wholly or partially denied, the denial notice shall contain (i) the reason or reasons for denial of the claim, and (ii) references to the pertinent Plan provisions upon which the denial is based. Unless the claim is submitted for arbitration as provided below and in the Plan, the Claims Administrator’s decision or action shall be final, conclusive and binding on all persons having any interest in the Plan.

7.4 Arbitration. If, after exhausting the procedures set forth above, a Claimant wishes to pursue legal action, any action by the Claimant with respect to a claim, must be resolved by arbitration in the manner described herein.

- 1) Time Limits. A Claimant seeking arbitration of any determination by the Claims Administrator must, within six (6) months of the date of the Claims Administrator's final decision, file a demand for arbitration with the American Arbitration Association submitting the claim to resolution by arbitration. A Claimant waives any claim not filed timely in accordance with this Section.
- 2) Rules Applicable to Arbitration. The arbitration process shall be conducted in accordance with the Commercial Law Rules of the American Arbitration Association.
- 3) Venue. The arbitration shall be conducted in Minneapolis, Minnesota.
- 4) Binding Effect. The decision of the arbitrator with respect to the claim will be final and binding upon the Company and the Claimant. BY PARTICIPATING IN THE PLAN, AND ACCEPTING THE GRANT, YOU, ON BEHALF OF YOURSELF AND ANY PERSON WITH A CLAIM RELATING TO YOUR GRANT, AGREE TO WAIVE ANY RIGHT TO SUE IN COURT OR TO PURSUE ANY OTHER LEGAL RIGHT OR REMEDY THAT MIGHT OTHERWISE BE AVAILABLE IN CONNECTION WITH THE RESOLUTION OF THE CLAIM.
- 5) Enforceability. Judgment upon any award entered by an arbitrator may be entered in any court having jurisdiction over the parties.
- 6) Waiver of Class, Collective, and Representative Actions. Any claim shall be heard without consolidation of such claims with any other person or entity. To the fullest extent permitted by law, whether in court or in arbitration, by participating in the Plan, you waive any right to commence, be a party to in any way, or be an actual or putative class member of any class, collective, or representative action arising out of or relating to any claim, and you agree that any claim may only be initiated or maintained and decided on an individual basis.
- 7) Standard of Review. Any decision of an arbitrator on a claim shall be limited to determining whether the Claims Administrator's decision or action was arbitrary or capricious or was unlawful. The arbitrator shall adhere to and apply the deferential standard of review set out in *Conkright v. Frommert*, 130 S. Ct. 1640 (2010), *Metropolitan Life Insurance Co. v. Glenn*, 554 U.S. 105 (2008), and *Firestone Tire and Rubber Company v. Bruch*, 489 U.S. 101 (1989), and shall accord due deference to the determinations, interpretations, and construction of the Plan document by the Claims Administrator.
- 8) General Procedures.
 - i. Arbitration Rules. The arbitration hearing will be conducted under the AAA Commercial Arbitration Rules (as amended or revised from time to time by AAA) (hereinafter the "AAA Rules"), before one AAA arbitrator who is from the Large, Complex Case Panel and who has experience with matters involving executive compensation and equity compensation plans. The AAA Rules and the terms and procedures set forth here may conflict on certain issues. To the extent that the procedures set forth here conflict with the AAA Rules, the procedures set forth here shall control and be applied by the

arbitrator. Notwithstanding the amount of the claim, the Procedures for Large, Complex Commercial Disputes shall not apply.

- ii. Substantive Law. The arbitrator shall apply the substantive law (and the laws of remedies, if applicable), of Minnesota or federal law, or both, depending upon the claim. Except to the extent required by applicable law, the Claimant shall keep any arbitration decision or award strictly confidential and not disclose to anyone other than his or her spouse, attorney, or tax advisor.
- iii. Authority. The arbitrator shall have jurisdiction to hear and rule on prehearing disputes and is authorized to hold prehearing conferences by telephone or in person as the arbitrator deems necessary. The arbitrator will have the authority to hear a motion to dismiss and/or a motion for summary judgment by any party and in doing so shall apply the standards governing such motions under the Federal Rules of Civil Procedure.
- iv. Pre-Hearing Procedures. Each party may take the deposition of not more than one individual and the expert witness, if any, designated by another party. Each party will have the right to subpoena witnesses in accordance with the Federal Arbitration Act, Title 9 of the United States Code. Additional discovery may be had only if the arbitrator so orders, upon a showing of substantial need.
- v. Fees and Costs. Administrative arbitration fees and arbitrator compensation shall be borne equally by the parties, and each party shall be responsible for its own attorney's fees, if any; provided, however, that the Committee will authorize payment by the Company of all administrative arbitration fees, arbitrator compensation and attorney's fees if the Committee concludes that a Claimant has substantially prevailed on his or her claims. Unless prohibited by statute, the arbitrator shall assess attorney's fees against a party upon a showing that such party's claim, defense or position is frivolous, or unreasonable, or factually groundless. If either party pursues a claim by any means other than those set forth in this Article, the responding party shall be entitled to dismissal of such action, and the recovery of all costs and attorney's fees and losses related to such action, unless prohibited by statute.

(9) Interstate Commerce and the Federal Arbitration Act. The Company is involved in transactions involving interstate commerce, and the employee's employment with the Company involves such commerce. Therefore, the Federal Arbitration Act, Title 9 of the United States Code, will govern the interpretation, enforcement, and all judicial proceedings regarding the arbitration procedures in this Section.

8. Ratification of Actions. By receiving the Grant or other benefit under the Plan, you and each person claiming under or through you shall be conclusively deemed to have indicated your acceptance and ratification of, and consent to, any action taken under the Plan or the Grant by ALLETE, the Board or the Committee.

9. No Impact on Other Benefits. The Grant or payment on account thereof shall not be taken into account in determining any benefits under any severance, retirement, welfare, insurance or other benefit plan of ALLETE or any affiliate except to the extent otherwise expressly provided in writing in such other plan or an agreement thereunder.

10. Notices. Any notice hereunder to ALLETE shall be addressed to ALLETE, 30 West Superior Street, Duluth, Minnesota 55802, Attention: Director – Human Resources, and any notice hereunder to you shall be directed to your address as indicated by ALLETE's records, subject to the right of either party to designate at any time hereafter in writing some other address.

11. Governing Law and Severability. To the extent not preempted by the Federal law, the Grant will be governed by and construed in accordance with the laws of the State of Minnesota, without regard to its conflicts of law provisions. In the event any provision of the Grant shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of the Grant, and the Grant shall be construed and enforced as if the illegal or invalid provision had not been included.

12. Definitions. Capitalized terms not otherwise defined herein shall have the meanings given them in the Plan. The following definitions apply to the Grant and this Annex A:

12.1 “**Claims Administrator**” means ALLETE’s Chief Executive Officer, unless the claimant is (or is acting on behalf of) an ALLETE executive officer (within the meaning of Exchange Act Rule 3b-7), in which case the Claims Administrator is the Executive Compensation Committee of the Board of Directors.

12.2 “**Code**” means the Internal Revenue Code of 1986, as it may be amended from time to time.

12.3 “**Disability**” or “**Disabled**” means a physical or mental condition in which the Participant is:

- (1) unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months;
- (2) by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, receiving income replacement benefits for a period of not less than three (3) months under the Employer’s accident and health plan;
- (3) determined to be totally disabled by the Social Security Administration; or
- (4) disabled pursuant to an Employer-sponsored disability insurance arrangement provided that the definition of disability applied under such disability insurance program complies with the foregoing definition of Disability.

12.4 “**Related Company**” means ALLETE, Inc. and all persons with whom the ALLETE, Inc. would be considered a single employer under Code section 414(b) (employees of controlled group of corporations), and all persons with whom such person would be considered a single employer under Code section 414(c) (employees of partnerships, proprietorships, etc., under common control); provided that in applying Code sections 1563(a)(1), (2), and (3) for purposes of determining a controlled group of corporations under Code section 414(b), the language “at least 50 percent” is used instead of “at least 80 percent” each place it appears in Code sections 1563(a)(1), (2), and (3), and in applying Treasury Regulations section 1.414(c)-2 for purposes of determining trades or businesses (whether or not incorporated) that are under common control for purposes of Code section 414(c), “at least 50 percent” is used instead of “at least 80 percent” each place it appears in Treasury Regulations section 1.414(c)-2.

12.5 “**Retirement**” or “**Retires**” means Separation from Service, for reasons other than death or Disability, on or after attaining normal retirement age or early retirement age as defined in the most applicable qualified retirement plan sponsored by the Related Company that employed the Participant immediately preceding the Separation from Service, without regard to whether the Participant is a participant in such plan, or if the employer Related Company

does not sponsor such retirement plan, on or after attaining Normal Retirement Age or Early Retirement Age as defined in the ALLETE and Affiliated Companies Retirement Plan A, without regard to whether the Participant is a participant under the ALLETE and Affiliated Companies Retirement Plan A.

12.6 “**Separation from Service**” means that the Participant terminates employment within the meaning of Treasury Regulations section 1.409A-1(h) and other applicable guidance with all Related Companies. Whether a termination of employment has occurred is determined under the facts and circumstances, and a termination of employment shall occur if all Related Companies and the Participant reasonably anticipate that no further services shall be performed after a certain date or that the level of bona fide services the Participant shall perform after such date (as an employee or an independent contractor) shall permanently decrease to no more than 20 percent of the average level of bona fide services performed (whether as an employee or an independent contractor) over the immediately preceding 36-month period (or the full period of services to the Related Companies if the Participant has been providing services to the Related Companies less than 36 months). A Participant shall not be considered to separate from service during a bona fide leave of absence for less than six (6) months or longer if the Participant retains a right to reemployment with any Related Company by contract or statute. With respect to disability leave, a Participant shall not be considered to separate from service for 29 months unless the Participant otherwise terminates employment or is terminated by all Related Companies.

Effective 2024
[Eligible Executive Employees]
ANNEX B
TO
ALLETE

EXECUTIVE LONG TERM INCENTIVE COMPENSATION PLAN
PERFORMANCE SHARE GRANT

Financial Measure:

Fifty percent (50%) of the total performance share opportunity is based on Total Shareholder Return (TSR) computed over the three-year performance period January 1, 2024 to December 31, 2026.

Fifty percent (50%) of the total performance share opportunity is based on the Company's Compound Annual Growth Rate (CAGR) computed over the three-year performance period January 1, 2024 to December 31, 2026.

Performance Share Award (TSR metric):

Achievement will be weighted on TSR performance in accordance with ALLETE's TSR ranking as follows: at the 85th percentile or higher among the peer group (superior performance), 200% of the weighted Performance Share Grant will be earned. If ALLETE's TSR ranking is at the 50th percentile among the peer group (target performance), 100% of the weighted Performance Share Grant will be earned. If ALLETE's TSR ranking is at the 30th percentile (threshold performance), 50% of the weighted Performance Share Grant will be earned. If TSR ranking is below threshold, no weighted Performance Shares will be earned. Straight-line interpolation will be used to determine earned awards based on the TSR ranking between threshold, target and superior.

Peer Group:

The integrated utility companies comprising Edison Electric Institute (EEI) Stock Index as of December 31, 2026 that have been in the EEI Stock Index for at least three years as of December 31, 2026 will constitute the peer group used to determine actual payout results. The table below lists the EEI Stock Index as of December 31, 2023, based on published information available as of that date:

Alliant Energy Corporation	Entergy Corporation	Otter Tail Corporation
Ameren Corporation	Eversource Energy	PG&E Corporation
American Electric Power Company	Exelon Corporation	Pinnacle West Capital Corporation
Avangrid, Inc.	FirstEnergy Corporation	PNM Resources, Inc.
Avista Corporation	Hawaiian Electric Industries, Inc.	Portland General Electric Company
Black Hills Corporation	IDACORP, Inc.	PPL Corporation
CenterPoint Energy, Inc.	MDU Resources Group, Inc.	Public Service Enterprise Group, Inc.
CMS Energy Corporation	MGE Energy, Inc.	Sempra Energy
Consolidated Edison, Inc.	NextEra Energy, Inc.	The Southern Company
Dominion Energy, Inc.	NiSource, Inc.	Unitil Corporation
DTE Energy Company	NorthWestern Corporation	WEC Energy Group, Inc.
Duke Energy Corporation	OGE Energy Corp.	Xcel Energy, Inc.
Edison International		

Any Company that is no longer included in the EEI Stock Index as of December 31, 2025 due to corporate restructuring during the performance period (e.g., mergers, acquisitions, divestitures, spin-offs, etc.) will be excluded from the results calculation entirely. If a corporate restructuring during the performance period results in a company remaining in the EEI Stock Index following the transaction (and thus not being excluded from the results calculation entirely), from the point of the transaction forward, the results calculation will track only the entity that remains in the EEI Stock Index and ignore other entities, regardless of whether such other entities are publicly traded.

Performance Share Award (CAGR metric):

CAGR will be calculated by using the baseline pro forma Earnings per Share (EPS) for the year ending December 31 of the year prior to the beginning of the three-year performance period and the pro forma EPS at the end of the three-year performance period. Achievement will be weighted on CAGR performance in accordance with the following table:

Compound Annual Growth Rate	Payout Percentage (% of Target Award)
Superior 8%	200%
Target 6%	100%
Threshold 4%	50%

If CAGR percentage result is below threshold, no weighted Performance Shares will be earned. Straight-line interpolation will be used to determine earned awards based on the CAGR percentage result between threshold, target and superior.

AMENDED AND RESTATED

ALLETE AND AFFILIATED COMPANIES

CHANGE IN CONTROL SEVERANCE PLAN

ALLETE's Board of Directors has determined that it is in the best interest of ALLETE and its shareholders to foster the continued dedication and objectivity of certain key members of the Company's management notwithstanding the possibility or occurrence of an acquisition by another company or other change in control of the Company.

Effective as of the "Effective Date," the Board has adopted this Amended and Restated Change in Control Severance Pay Plan, which supersedes all prior versions of the plan.

Section 1. Definitions. For purposes of the Plan, the following terms shall have the meanings indicated below:

"Act" means the Securities Exchange Act of 1934, as amended from time to time.

"Affiliate" means any entity directly or indirectly controlled by, controlling or under common control with, ALLETE.

"ALLETE" means ALLETE, Inc., a Minnesota Corporation.

"Base Salary" shall mean, as to any Participant, the highest amount a Participant is entitled to receive annually as base salary at any time during the Protection Period, without reduction for any pre-tax contributions to benefit plans.

"Benefit Continuation Payment" means the payment described in Section 2.1.2.

"Board" means the Board of Directors of ALLETE.

"Bonus Amount" shall mean, as to any Participant, an amount equal to the Participant's annual bonus which would have been payable under the Bonus Plan in which the Participant participates (x) as of immediately prior to the Change in Control had the Participant continued in employment until the end of the fiscal year of the Employer in which the Change in Control occurs and had bonuses been payable at "target" levels for such year or (y) if greater, as of the Termination Date had the Participant continued in employment until the end of the fiscal year of the Employer in which the Termination Date occurs and had bonuses been payable at "target" levels for such year.

"Bonus Plan" shall mean an annual bonus plan, including, but not limited to, the ALLETE Executive Annual Incentive Plan, the U.S. Water Management Incentive Plan, and any similar or successor annual bonus plan, excluding plans intended to qualify under Section 401(a) of the Code.

“Cause” means:

(a) the Participant’s willful and continued failure to perform the duties and responsibilities of the Participant’s position (other than as a result of the Participant’s disability or anticipated failure after the Participant gives notice of Termination for Good Reason by the Participant) after there has been delivered to the Participant a written demand for performance which describes the basis for the belief that the Participant has not substantially performed the Participant’s duties and after the Participant fails to take full corrective action within twenty (20) days of receipt of such notice; or

(b) any material act of personal dishonesty taken by the Participant in connection with the Participant’s responsibilities as an employee of the Company which is demonstrably and materially injurious to the Company; or

(c) the Participant’s conviction of, or plea of *nolo contendere* to, a felony that the Company (or in the case of the Chief Executive Officer, the Board) reasonably believes has had or will have a material detrimental effect on the Company’s business or reputation.

“Change in Control” means the earliest of:

(a) the date any one Person, or more than one Person acting as a group (as the term “group” is used in Treasury Regulation section 1.409A-3(i)(5)(v)(B)), acquires ownership of stock of ALLETE that, together with stock previously held by the acquiror, constitutes more than fifty (50%) percent of the total fair market value or total voting power of ALLETE stock. If any one Person, or more than one Person acting as a group, is considered to own more than fifty (50%) percent of the total fair market value or total voting power of ALLETE stock, the acquisition of additional stock by the same Person or Persons acting as a group does not cause a Change in Control. An increase in the percentage of stock owned by any one Person, or Persons acting as a group, as a result of a transaction in which ALLETE acquires its stock in exchange for property, is treated as an acquisition of stock;

(b) the date any one Person, or more than one Person acting as a group (as the term “group” is used in Treasury Regulation section 1.409A-3(i)(5)(v)(B)), acquires (or has acquired during the twelve (12) month period ending on the date of the most recent acquisition by that Person or Persons) ownership of a ALLETE stock possessing at least thirty (30%) percent of the total voting power of ALLETE stock;

(c) the date a majority of the members of the ALLETE board of directors is replaced during any twelve (12) month period by directors whose appointment or election is not endorsed by a majority of the members of the board of directors prior to the date of appointment or election; or

(d) the date any one Person, or more than one Person acting as a group (as the term “group” is used in Treasury Regulation section 1.409A-3(i)(5)(v)(B)), acquires (or has acquired during the twelve (12) month period ending on the date of the most recent acquisition by that Person or Persons) assets from ALLETE that have a total gross fair market value equal to at least forty (40%) percent of the total gross fair market value of all ALLETE’s assets immediately prior to the acquisition or acquisitions. For this purpose, “gross fair market value”

means the value of the corporation's assets, or the value of the assets being disposed of, without regard to any liabilities associated with these assets.

In determining whether a Change in Control occurs, the attribution rules of Code Section 318 apply to determine stock ownership. The stock underlying a vested option is treated as owned by the individual who holds the vested option, and the stock underlying an unvested option is not treated as owned by the individual who holds the unvested option.

In determining whether a Change in Control occurs, the attribution rules of Code Section 318 apply to determine stock ownership. The stock underlying a vested option is treated as owned by the individual who holds the vested option, and the stock underlying an unvested option is not treated as owned by the individual who holds the unvested option.

“Change in Control Severance Payment” means the Severance Payment and Benefit Continuation Payment.

“Code” means the Internal Revenue Code of 1986, as amended from time to time.

“Committee” means the committee responsible for administering the Plan, as described in Section 5.

“Company” means ALLETE and its Affiliates and except for purposes of determining whether a Change in Control has occurred, shall include any successor in interest to its business or assets which assumes the obligations of the Plan as required in Section 6.1 or which becomes bound by the terms of the Plan by operation of law.

“Effective Date” means October 27, 2023.

“Good Reason” means the occurrence of any of the following without the Participant's consent, which will permit the Participant to terminate employment within ninety (90) days after the end of the Cure Period (defined below):

(a) a material diminution of the Participant's authority, duties, or responsibilities relative to the authority, duties or responsibilities of the Participant prior to such reduction; or

(b) a material diminution by the Company in the Participant's total compensation, including base pay, aggregate incentive compensation opportunities (but excluding any reduction in incentive compensation awards as the result of the performance of the Participant or the Company) and aggregate benefits, as in effect immediately prior to such reduction; or

(c) the relocation of the Participant to a location or facility more than fifty (50) miles from the Participant's location immediately prior to change; or

(d) a material diminution by the Company of the authority, duties, or responsibilities of the supervisor to whom the Participant is required to report relative to the authority, duties or responsibilities of the supervisor prior to such reduction, including a requirement that the Participant report to a corporate officer or employee instead of reporting directly to the Board; or

- (e) a material diminution in the budget over which the Participant retains authority relative to the budget prior to such reduction; or
- (f) any other action or inaction that constitutes a material breach by the Company of an agreement under which a Participant provides services.

Notwithstanding the foregoing, the Participant may not resign for Good Reason without first providing the Employer with written notice (except in the case of ALLETE's Chief Executive Officer who shall provide such notice to the Board) of the condition that could constitute a "Good Reason" event within ninety (90) days of the initial existence of the condition and then only if such condition has not been remedied by the Employer within thirty (30) days of such written notice (the "Cure Period").

"Employer" shall mean, as applicable to any Participant, ALLETE or an Affiliate that employs the Participant.

"Involuntary Separation" means, with respect to a Participant, an involuntary termination of employment by the Employer without Cause, or a voluntary termination by the Participant with Good Reason.

"Participant" means an individual who the Committee has selected to participate in the Plan and who has received written notification of both the eligibility to participate and status as either a "Group A Participant," a "Group B Participant," a "Group C Participant," or a "Group D Participant."

"Person" means any individual, corporation (including any non-profit corporation), general, limited or limited liability partnership, limited liability company, joint venture, estate, trust, firm, association, organization or other entity or any governmental or quasi-governmental authority, organization, agency or body.

"Plan" means this Amended and Restated ALLETE and Affiliated Companies Change in Control Severance Plan.

"Protection Period" means the period beginning on the date that is six (6) months prior to a Change in Control and ending on the date that is twenty four (24) months after a Change in Control.

"Severance Duration Multiplier" means with respect to any Group A Participant, 2.5; with respect to any Group B Participant, 2; with respect to any Group C Participant, 1.5; and with respect to any Group D Participant, 1.

"Severance Payment" means the payment described in Section 2.1.1.

"Termination Date" shall mean, with respect to a Participant, the date of the Participant's Involuntary Separation.

Section 2. Change in Control Severance Benefits.

2.1 Involuntary Separation in Connection with Change in Control. If a Participant has an Involuntary Separation on any date during the Protection Period, Participant will receive the following severance benefits from the Employer:

2.1.1 Severance Payment. Participant will receive a lump sum cash payment in an amount equal to the product of (a) the applicable Severance Duration Multiplier and (b) the sum of (i) the Participant's Base Salary and (ii) the Participant's Bonus Amount.

2.1.2 Benefit Continuation Payment. Participant will receive an additional lump sum cash payment in an amount equal to the applicable Severance Duration Multiplier times the sum of: (i) the annual premium for medical and dental benefits in effect on the Termination Date as determined for individuals who are entitled to elect continuation coverage pursuant to the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA"); (ii) the annual premium the Employer would have paid to maintain core life insurance on behalf of the Participant had the Participant remained an employee of the Employer; and (iii) an amount the Employer would have allocated to the Participant annually under the ALLETE and Affiliated Companies Flexible Compensation Plan, determined with reference to the Participant's Base Salary.

Participants will be responsible for electing benefit continuation coverage, if such coverage is desired, pursuant to COBRA, within the time period prescribed pursuant to COBRA, and for paying all COBRA premiums for any continuation coverage so elected.

2.1.3 Outplacement Services. The Company will pay up to an aggregate of \$25,000 for outplacement services obtained by Participant on or before the end of the second year following the year including the Termination Date, provided that the services commence not later than three (3) months following the later of the Change in Control or the Termination Date, and all amounts must be paid by the end of the third year following the year including the Termination Date. Outplacement services will be provided only in kind; the Company will pay the outplacement service provider(s) directly for services rendered to the Participant in accordance with this Section. No cash will be paid in lieu of outplacement services, nor will cash compensation to the Participant be increased if the Participant declines or does not use outplacement services.

2.2 Timing of Severance Payments. Subject to Sections 2.5 and 3.1, the Company will pay any Change in Control Severance Payment to which a Participant is entitled within 30 days after the later of the Termination Date or the effective date of the Separation Agreement and Release, but in no event more than seventy-four (74) calendar days after the later of the date of the Change of Control or the Termination Date.

2.3 Voluntary Resignation; Termination for Cause. If Participant's employment with the Company terminates for any reason other than Involuntary Separation, Participant will not receive any payments under this Plan.

2.4 Coordination with other Payments. The payments and benefits under this Plan to a Participant are intended to constitute the exclusive payments in the nature of severance or termination pay that shall be due to a Participant upon termination of the Participant's employment without Cause or for Good Reason in connection with a Change in Control and shall be in lieu of any such other payments under any agreement, plan, practice or policy of the Company, except as otherwise expressly provided in a written agreement between the Company and the Participant that such severance payments or benefits are to be paid in addition to any payment or benefit described herein. Accordingly, if a Participant is a party to an employment, severance, termination, salary continuation or other similar agreement with the Company or any of its Affiliates, or is a participant in any other severance plan, practice or policy of the Company or any of its Affiliates that does not expressly provide that such severance payments or benefits are to be paid in addition to any payment or benefit described herein, the severance pay to which the Participant is entitled under this Plan shall be reduced (but not below zero) by the amount of severance pay to which the Participant is entitled under such other agreement, plan, practice or policy; provided that the reduction set forth in this sentence shall not apply as to any other such agreement, plan, practice or policy that contains a reduction provision substantially similar to this Section 2.4 so long as the reduction provision of such other agreement, plan, practice or policy is applied.

2.5 Code Section 409A. To the extent that any payment under this Plan is deemed to be deferred compensation subject to the requirements of Section 409A of the Code, or any final regulations or guidance promulgated thereunder ("Section 409A"), the plan will be operated in compliance with Section 409A with respect to the subject payment. Notwithstanding anything in this Plan to the contrary, if Participant is a Specified Employee, the payment of any amount under this Plan that is Nonqualified Deferred Compensation, and that becomes payable on account of a Separation from Service, will be delayed and paid in a lump sum, with interest from the date on which it would otherwise have been paid in accordance with Section 2.2 at the short-term applicable federal rate, on the first date on which any such amount may be paid without triggering a tax under Section 409A, but in no event before the date that is six (6) months and one (1) day following the Participant's Separation from Service. The Plan is intended to comply with the requirements of Section 409A so that none of the severance payments and benefits to be provided hereunder will be subject to the additional tax imposed under Section 409A, and any ambiguities herein will be interpreted to so comply. The Company may amend or modify the plan, at any time, to comply with Section 409A. The terms "Specified Employee," "Nonqualified Deferred Compensation," and "Separation from Service" shall have the meaning provided by Section 409A and the applicable Treasury Regulations.

Section 3. Conditions to Receipt of Benefits; No Mitigation.

3.1 Separation Agreement and Release of Claims. No Change in Control Severance Payment shall be provided to a Participant unless, within sixty (60) days following the later of the Change in Control or Participant's Termination Date, the Participant delivers to the Company a Separation Agreement and Release, that has been properly executed on or after the Participant's Termination Date and has become irrevocable as provided therein. The initial form of the Separation Agreement and Release, including non-solicitation, non-competition and non-disparagement provisions, is attached to this Plan as Appendix A. Prior to the occurrence of a Change in Control, the Company may revise the Separation Agreement and Release. The Company may in any event modify the Separation Agreement and Release to conform it to the

laws of the local jurisdiction applicable to a Participant or a change in applicable federal law so long as such modification does not increase the obligations of the Participant thereunder.

3.2 No Duty to Mitigate. Participant will not be required to mitigate the amount of any payment or benefit contemplated by this Plan, nor will any earnings that Participant may receive from any other source reduce any such payment or benefits.

Section 4. Limitation on Payments.

If it is determined that any payment or distribution in the nature of compensation (within the meaning of Section 280G(b)(2) of the Code) to or for the benefit of the Participant, whether paid or payable pursuant to this Plan or otherwise (a "Payment") would constitute an "excess parachute payment" within the meaning of Section 280G of the Code, the aggregate present value of the Payments under the Plan shall be reduced (but not below zero) to the Reduced Amount (defined below), provided that the Payments shall be reduced only if the Accounting Firm (described below) determines that the reduction will provide the Executive with a greater net after-tax benefit than would no reduction. The "Reduced Amount" shall be an amount expressed in the present value which maximizes the aggregate present value of Payments under this Plan without causing any Payment under this Plan to be subject to the excise tax imposed under Code Section 4999, determined in accordance with Code Section 280G(d) (4). Payments under this Plan shall be reduced on a nondiscretionary basis in such a way as to minimize the reduction in the economic value deliverable to the Participant. Any such reduction shall be implemented in a manner consistent with the requirements of Code Section 409A, and if more than one payment has the same value for this purpose and they are payable at different times, they will be reduced on a pro rata basis. The determination of whether any Payments constitute an "excess parachute payment" within the meaning of Code Section 280G and, if so, the amount to be delivered to the Participant pursuant to this Section of the Plan shall be determined by an independent accounting firm (the "Accounting Firm") selected by the Participant and the Company. The Accounting Firm shall be a nationally recognized United States public accounting firm. If the Participant and the Company cannot agree on the Accounting Firm, the Participant and the Company shall each designate one (1) accounting firm and those two firms shall jointly select the accounting firm to serve as the Accounting Firm. All fees and expenses of the Accounting Firm shall be borne solely by the Company. Any determination by the Accounting Firm shall be binding upon the Company and the Participant.

Section 5. Plan Administration.

5.1 The Plan shall be interpreted, administered and operated by the Executive Compensation Committee of the Board ("Committee"). Subject to the express terms of the Plan, the Committee shall have complete authority, in its sole discretion, to determine who shall be a Participant, to interpret the Plan, to prescribe, amend and rescind rules relating to the Plan, and to make all other determinations necessary or advisable for the administration of the Plan. Notwithstanding the foregoing, the Committee may delegate any of its duties hereunder to such Person or Persons from time to time as it may designate.

5.2 All expenses and liabilities that members of the Committee incur in connection with the administration of the Plan shall be borne by the Company. The Committee may employ

attorneys, consultants, accountants, appraisers, brokers, or other Persons, and the Committee, the Company and the Company's officers and directors shall be entitled to rely upon the advice, opinions or valuations of any such Persons. No member of the Committee or the Board shall be personally liable for any action, determination or interpretation made in good faith with respect to the Plan, and all members of the Committee shall be fully protected by the Company in respect of any such action, determination or interpretation.

Section 6. Successors.

6.1 The Company's Successors. This Plan shall bind any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company, in the same manner and to the same extent that the Company would be obligated under this Plan if no succession had taken place. In the case of any transaction in which a successor would not by the foregoing provision or by operation of law be bound by this Plan, the Company shall require such successor expressly and unconditionally to assume and agree to perform the obligations of the Company and each Employer under this Plan, in the same manner and to the same extent that the Company and each Employer would be required to perform if no such succession had taken place.

6.2 Participant's Successors. All rights of the Participant under this Plan will inure to the benefit of, and be enforceable by, the Participant's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees, legatees or other beneficiaries. If a Participant dies while any amount is payable to such Participant hereunder (other than amounts which, by their terms, terminate upon the death of the Participant) if such Participant had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Plan to the executors, personal representatives or administrators of such Participant's estate.

Section 7. Notices.

7.1 General. Notices and all other communications provided for in the Plan shall be in writing and shall be deemed to have been duly given when personally delivered or when mailed by United States registered or certified mail, return receipt requested and postage prepaid. In the case of a Participant, mailed notices will be sent to the Participant's home address most recently communicated to the Company in writing. In the case of the Company, mailed notices will be addressed to its corporate headquarters, and all notices will be directed to the attention of its Vice President, Human Resources.

7.2 Notice of Termination. Any termination of a Participant's employment by the Company for Cause or by a Participant for Good Reason will be communicated by a notice of termination to the other party given in accordance with Section 7.1 of the Plan.

Section 8. Miscellaneous.

8.1 No Waiver. No waiver by the Company or any Participant, as the case may be, at any time of any lack of compliance with any condition or provision of this Plan to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the

same, or at any prior or subsequent time. All other plans, policies and arrangements of the Company in which the Participant participates during the term of this Plan shall be interpreted so as to avoid the duplication of benefits paid hereunder.

8.2 No Right to Employment. Nothing contained in this Plan or any documents relating to the Plan shall: (a) confer on a Participant any right to continue in the employ of the Company or a subsidiary, (b) constitute any contract or agreement of employment, or (c) interfere in any way with the right of the Company to terminate the Participant's employment at any time, with or without Cause.

8.3 Legal Fees and Expenses. If a Participant commences a legal action to enforce any of the obligations of the Company under this Plan and Participant prevails on the merits of the substantive issues in dispute in such proceeding, the Company shall pay the Participant the amount necessary to reimburse the Participant in full for all actual reasonable expenses (including reasonable attorneys' fees and legal expenses) incurred by the Participant with respect to such action.

8.4 Plan Termination; Amendment of Plan. Prior to a Change in Control, the Plan may be amended or modified in any respect, and may be terminated, in any such case by resolution adopted by the Executive Compensation Committee of the Board; provided, however, that no such amendment, modification or termination that would adversely affect the benefits or protections hereunder of any individual who is a Participant as of the date such amendment, modification or termination is adopted shall be effective as it relates to such individual unless no Change in Control occurs within one year after such adoption, any such attempted amendment, modification or termination adopted within one year prior to a Change in Control being null and void ab initio as it relates to all such individuals who were Participants prior to such adoption (it being understood, however, that the hiring, termination of employment, promotion or demotion of any employee of the Company prior to a Change in Control shall not be construed to be an amendment, modification or termination of the Plan); provided, further, however, that the Plan may not be amended, modified or terminated, (i) at the request of a third party who has indicated an intention or taken steps to effect a Change in Control and who effectuates a Change in Control or (ii) otherwise in connection with, or in anticipation of, a Change in Control which actually occurs, any such attempted amendment, modification or termination being null and void ab initio. Any action taken to amend, modify or terminate the Plan which is taken after the execution of an agreement providing for a transaction or transactions which, if consummated, would constitute a Change in Control shall conclusively be presumed to have been taken in connection with a Change in Control. From and after the occurrence of a Change in Control, the Plan may not be amended or modified in any manner that would in any way adversely affect the benefits or protections provided hereunder to any individual who is a Participant in the Plan on the date the Change in Control occurs. From and after the occurrence of a Change in Control, except to the extent specifically permitted by the last sentence of Section 3.1, the revision of the Separation Agreement and Release, attached hereto as Appendix A, shall be deemed to be a modification of the Plan for purposes of this Section 8.4. If a Change in Control occurs, this Plan shall continue in full force and effect and shall not terminate or expire until after all Participants who have become entitled to Change in Control Severance Payments hereunder shall have received such payments in full.

8.5 Benefits not Assignable. Except as otherwise provided herein or by law, no right or interest of a Participant under the Plan shall be assignable or transferable, in whole or in part, either directly or by operation of law or otherwise, including without limitation by execution, levy, garnishment, attachment, pledge or in any manner; no attempted assignment or transfer thereof shall be effective; and no right or interest of a Participant under the Plan shall be liable for, or subject to, any obligation or liability of such Participant. When a payment is due pursuant this Plan to a Participant who is unable to care for the Participant's affairs, payment may be made directly to the Participant's legal guardian or personal representative.

8.6 Tax Withholding. All amounts payable hereunder shall be subject to withholding of applicable federal, state and local taxes.

8.7 Minnesota Law. This Plan will be construed and interpreted, and the rights of the Company and Participants will be determined in accordance with, the laws of the State of Minnesota (without regard to the conflicts of laws principles thereof), to the extent not preempted by federal law, which shall otherwise control.

8.8 Validity. The invalidity or unenforceability of any provision of this Plan shall not affect the validity or enforceability of any other provision of this Plan, which shall remain in full force and effect. If this Plan shall for any reason be or become unenforceable by either party, this Plan shall thereupon terminate and become unenforceable by the other party as well.

Now, therefore, ALLETE has adopted this Amended and Restated Change in Control Severance Plan effective as of the Effective Date.

ALLETE, Inc.

By _____

Its _____

Attest:

By _____

Its _____

Appendix A

Form of
SEPARATION AGREEMENT AND RELEASE

WHEREAS << [Insert:] Full Name >> (“Executive”) is a Participant in the Amended and Restated ALLETE and Affiliated Companies Change in Control Severance Plan (“the Plan”), and whereas Executive’s employment with <<[Select:] ALLETE, Inc. or applicable Affiliate >> (together with all affiliates of ALLETE, Inc., the “Company”) terminated effective <<[Insert] Termination Date>> (“<<”[Select] Termination Date” or “Retirement Date”>>) under circumstances that make Executive eligible to receive certain compensation and other benefits under the Plan, and whereas Executive enters into this Separation Agreement and Release (“Agreement”) of << [Select:] the Participant’s>> own free will and deed; therefore, as of the date written below the Company and Executive agree as follows:

1. **Separation Benefit.** Executive will receive from the Company the payment and other benefits provided by the Plan and delivered in accordance with the Plan provided that this Agreement becomes effective and Executive has not rescinded the Agreement within the Reconsideration Period (defined below).

2. **Non-Solicitation.** From the <<[Select:] Termination Date” or “Retirement Date”>> and for a period continuing through the date that twenty four (24) months following the later of the <<[Select:] Termination Date” or “Retirement Date”>> or a Change in Control (as defined in the Plan) Executive will not solicit, or assist any Person (as defined in the Plan) in the solicitation of, any director, officer or employee of the Company for employment other than with the Company, or otherwise interfere with or disrupt any employment relationship (contractual or otherwise) of the Company.

3. **Non-Competition.** For a period of [twelve (12) months] [for Participants other than the CEO and CFO] [eighteen (18) months] [for the CEO and CFO] following the later of the <<[Select:] Termination Date” or “Retirement Date”>> or a Change in Control (as defined in the Plan) Executive will not, without the written express consent of the Company, directly or indirectly, alone or as a partner, owner, officer, director, employee, or consultant of any other firm, business or entity, engage in any activity in competition with the Company. This prohibition will apply only to activities in which the Company is engaged at any time during the Executive’s employment with the Company and only with respect to those geographic regions in which the Company is engaged in such business activities or reasonably anticipates engaging in such business activities. <<[Provide specific areas or examples as appropriate]>>. Notwithstanding the foregoing, nothing herein shall prohibit Executive from owning stock of any corporation, if such stock is traded on a recognized national securities exchange. In the event that the full duration of the Non-Competition Period described above is not enforceable under applicable law, the duration of such covenant shall be reduced to the minimum extent required so that the duration is permitted under applicable law.

4. Nondisparagement. Except as expressly permitted in Paragraph 5 and Paragraph 7, for a period of twelve (12) months following the later of the <<[Select:] Termination Date” or “Retirement Date>> or a Change in Control (as defined in the Plan) Executive will not, directly or indirectly, knowingly and materially disparage, criticize, or otherwise make derogatory statements regarding the Company or any aspect of management policies, operations, practices, or personnel of the Company. Notwithstanding the foregoing, nothing contained herein will be deemed to restrict the Participant from providing information to any governmental or regulatory agency (or in any way limit the content of such information) to the extent the Participant is required to provide such information pursuant to applicable law or regulation; nor will the foregoing restrict the Participant from enforcing the Participant’s rights under this Agreement or the Plan. The Company promises that its officers will not disparage Executive, and will do nothing intentionally calculated to harm the Executive’s reputation.

5. Non Disclosure. Executive agrees to keep confidential all information and trade secrets to which Executive has had access during and in the course of Executive’s employment by the Company, (whether written, prepared or made by him or others), including but not limited to the terms of this Agreement, the business practices, strategies, and opportunities of the Company, and any other non-public information relating to the Company’s business. Notwithstanding the foregoing, Executive may reveal the existence of this Agreement, its terms and conditions, and the facts and circumstances leading up to this Agreement with Executive’s spouse, attorneys, accountants, tax consultants, and to state and federal tax authorities or as may be required by law. Additionally, nothing in this Agreement or any prior agreement restricts or prohibits Executive from initiating communications directly with, responding to any inquiries from, providing testimony before, reporting possible violations of law or regulation to, or filing a charge, complaint, or claim with or directly assisting with an investigation with a federal, state, or local self-regulatory authority or a government agency or entity, including the U.S. Equal Employment Opportunity Commission, the Department of Labor, the National Labor Relations Board, the Department of Justice, the Securities and Exchange Commission, the Congress, and any agency Inspector General (collectively, “Government Agency”); from making other disclosures that are protected under the whistleblower provisions of federal, state, or local law or regulation; or from engaging in the conduct set forth in Paragraph 7 of this Agreement. Executive does not need the prior authorization of the Company to engage in conduct protected by this Paragraph, and Executive does not need to notify the Company that you have engaged in such conduct. Please take notice that federal law provides criminal and civil immunity to federal and state claims for trade secret misappropriation to individuals who disclose a trade secret to their attorney, a court, or a government official in certain, confidential circumstances that are set forth at 18 U.S.C. §§ 1833(b)(1) and 1833(b)(2), related to the reporting or investigation of a suspected violation of the law, or in connection with a lawsuit for retaliation for reporting a suspected violation of the law.

6. Waiver and Release. Except with respect to Executive’s rights under this Agreement and the Plan, Executive on behalf of Executive and Executive’s heirs, executors, administrators, representatives, successors and assigns, agrees to release and forever discharge ALLETE, Inc., and its affiliates, subsidiaries, predecessors, successors, related entities, insurers and the current and former officers, directors, shareholders, employees, attorneys, agents and trustees or administrators of any benefit plan of each of the foregoing (any and all of which are referred to as “Released Parties”) of and from any claim for future employment, and of and from any claims, rights, or causes of action or other demands whatsoever, which Executive, or Executive’s heirs, executors, administrators, successors, or assigns may now have or hereafter can, shall or

may have for, upon, or by any reason of any matter, cause or thing, whatsoever, which has happened, developed or occurred on or before the date of this Waiver and Release, arising out of Executive's employment with or termination of employment from the Company, including, but not limited to claims for wrongful termination, discrimination, retaliation, invasion of privacy, defamation, slander, fraud, intentional infliction of emotional distress as well as claims arising out of any federal, state or local discrimination, civil rights or labor laws, rules or regulations, contract, tort, or common law as it relates to the employment relationship between Executive and the Company, including, without limitation, claims arising under: the Age Discrimination and Employment Act of 1967, as amended by the Older Workers Benefit Protection Act of 1990; Title VII of the Civil Rights Act of 1964, as amended; the Civil Rights Act of 1991; the Equal Pay Act of 1963; The Fair Labor Standards Act, the National Labor Relations Act, as amended; the Americans with Disabilities Act, as amended; the Americans with Disabilities Amendment Act; the Family Medical Leave Act; the Employee Retirement Income Security Act (but only as to claims arising thereunder prior to the date hereof); and the Minnesota Human Rights Act. Executive understands that the claims that Executive is releasing include but are not limited to any claim that the Company in any way discriminated against Executive on account of race, color, religious creed, sex, marital status, familial status, sexual orientation, age, national origin, ancestry, alienage, veteran status, and disability, as well as any claim that the Company wrongfully terminated my employment or breached any express or implied employment contract. Executive understands and agrees that, with respect to any individual Released Party, Executive is releasing such Released Party in the Participant's individual capacity as well as the Participant's official capacity.

7. Specific Limitations on Waiver and Release. The foregoing Waiver and Release shall not release any claims that cannot be waived or released as a matter of law. Therefore, Executive does not waive or release the right:

- a) to file a charge or complaint with the Equal Employment Opportunity Commission ("EEOC"), National Labor Relations Board ("NLRB"), U.S. Securities and Exchange Commission ("SEC"), the Minnesota Department of Human Rights, or other federal, state or local government agency; provided, however, if Executive does file a charge or complaint with a government agency, or if someone else files on Executive's behalf or for Executive's benefit, and if it would otherwise be covered by the Waiver and Release, Executive waives and releases all individual rights, remedies, claims, and causes of action, known and unknown, contingent or absolute, Executive might have against the Company to receive any damages, attorneys' fees, costs, disbursements, and other monetary and personal relief, except that this provision does not impact Executive's ability to receive and retain an award from a government-administered whistleblower award program for providing information directly to a Government Agency to receive and retain an award from a government-administered whistleblower award program for providing information directly to a Government Agency; also, if the charge or complaint is followed by a lawsuit brought by Executive or by someone else on Executive's behalf, Executive waives and releases all individual rights, remedies, claims, and causes of action, known and unknown, contingent or absolute, Executive might have against the Company to receive any damages, attorneys' fees, costs, disbursements, and other monetary and personal relief in the lawsuit;

- b) to testify, assist, or otherwise participate in any investigation, hearing, or other proceeding conducted by any Government Agency;
- c.) to bring claims under the Minnesota Workers' Compensation Act, as amended, pertaining to workers' compensation benefits; except, however, Executive waives the right to bring claims under Minn. Stat. § 176.82; or
- d.) to challenge in court the validity of Executive's waiver and release under the Age Discrimination in Employment Act of 1967, as amended; however, Executive has no reason to believe that the above Waiver and Release under that Act is invalid or unenforceable, it being in the best interests of the parties that such waiver and release is valid and enforceable.
- e.)

8. Acknowledgments. Executive specifically acknowledge, understand and agree as follows:

- a.) Executive's election to sign this Agreement is wholly voluntary, made of Executive's own free will, free from coercion by the Company or any of its officers or employees and with full knowledge that it is intended, to the maximum extent permitted by law, as a complete and final release and waiver of any and all claims;
- b.) Executive will receive from the Company consideration, meaning something of value beyond that which Executive was already entitled to receive prior to signing this Agreement;
- c.) Executive has been advised by the Company in writing (and given the opportunity) to consult with an attorney before signing this Agreement;
- d.) Executive has made these decisions only after Executive has had the opportunity to carefully consider the benefits available and the ramifications of the Waiver and Release and Executive has not relied on any explanations, statements or promises made by the Company or its agents or attorneys other than as set forth in this Agreement.
- e.) Executive has also been advised by the Company (and given the opportunity) to discuss this Release with family and other advisors, as Executive deems appropriate;
- f.) Executive has been given a period of at least <<[Select:] twenty-one (21) or forty-five (45)>> calendar days from the day that Executive received this Agreement, not counting the day on which Executive received it, to consider whether Executive wished to participate and to sign this Agreement. If Executive signs this Agreement before the end of the <<[Select:] 21-day or 45-day>> period, it will be Executive's voluntary decision to do so because Executive decided that additional time was not not to decide whether to sign this Agreement; and
- g.) Executive may revoke this Agreement and rescind the Waiver and Release of claims within fifteen (15) days of the date of this Agreement, (the "Reconsideration Period")

Executive understands this Agreement does not become effective until the 15-day period lapses without such revocation by Executive, and that no payment under the Plan will be made to Executive unless and until this Agreement is effective.

9. Severability. Should any provision of this agreement be held invalid or illegal, such illegality shall not invalidate the whole of this agreement, but, rather, the agreement shall be construed as if it did not contain the illegal part, and the rights and obligations of the parties shall be construed and enforced accordingly.

10. Voluntary Agreement. This Agreement is entered into on a completely voluntary basis by both Executive and Minnesota Power, and represents the complete agreement between the parties, superseding any previous agreements.

Date Executive's Signature (Notarized)

Subscribed to before me this
____ day of _____, 201 ____.

Notary Public

ALLETE, Inc. << or applicable affiliate employer >>

By: _____

Title: _____

SUBSIDIARIES OF THE REGISTRANT
As of December 31, 2023

Name of Organization <i>(a)</i>	State or Country
ALLETE, Inc. <i>(d/b/a ALLETE; Minnesota Power; Minnesota Power, Inc.; Minnesota Power & Light Company)</i>	Minnesota
ALLETE Automotive Services, LLC	Minnesota
ALLETE Enterprises, Inc.	Minnesota
ALLETE Clean Energy, Inc.	Minnesota
ACE O&M, LLC	Delaware
ACE Solar LLC	Delaware
ACE Wind LLC	Delaware
ACE Mid-West Holdings, LLC	Delaware
ACE Gopher Holdings, LLC	Delaware
ACE Lincoln Heights Holdings, LLC	Delaware
Cisco Holdings, LLC	Delaware
MWW Holdings, LLC	Delaware
Lake Benton Power Associates LLC	Delaware
Lake Benton Holdings LLC	Delaware
Lake Benton Power Partners L.L.C.	Delaware
Storm Lake Power Partners I LLC	Delaware
Storm Lake II Power Associates LLC	Delaware
Storm Lake II Holdings LLC	Delaware
Storm Lake Power Partners II LLC	Delaware
Red Barn Energy, LLC	Minnesota
Whitetail Wind, LLC	Minnesota
ACE South Holdings, LLC	Delaware
ACE Caddo Class B LLC	Delaware
ACE-SRE Caddo Holdings, LLC	Delaware
Caddo Holding Company, LLC	Delaware
Caddo Wind, LLC	Delaware
Diamond Spring QOZB, LLC	Delaware
ACE DS Class B LLC	Delaware
Diamond Spring, LLC	Delaware
ACE West Holdings, LLC	Delaware
ACE GAWW Class B LLC	Delaware
Great American West Wind, LLC	Delaware
Glen Ullin Energy Center, LLC	Delaware
South Peak Wind LLC	Delaware
Condon Wind Power, LLC	Delaware
Ruso Wind Partners, LLC	Delaware
Armenia Holdings, LLC	Delaware
AMW I Holding, LLC	Delaware
Armenia Mountain Wind, LLC	Delaware
Armenia Mountain Wind II, LLC	Delaware
Thunder Spirit Wind, LLC	Delaware
ALLETE Enterprises QOF, LLC	Delaware
ALLETE Power Systems, Inc.	Minnesota
ALLETE Renewable Resources, Inc.	North Dakota
ALLETE Transmission Holdings, Inc.	Wisconsin
ALLETE Transmission Ventures, LLC	Delaware
ALLETE NPC Holdings, LLC	Delaware
ASW Partners, LLC	Delaware
ALLETE South Wind, LLC	Delaware
Nobles 2 Power Partners, LLC	Delaware

Name of Organization (a)	State or Country
BNI Energy, Inc.	North Dakota
BNI Coal, Ltd.	North Dakota
DLS Manager, LLC	Delaware
DLS Holdco, LLC	Delaware
MP Affiliate Resources, Inc.	Minnesota
New Energy Equity LLC	Delaware
Rainy River Energy Corporation	Minnesota
South Shore Energy, LLC	Wisconsin
Upper Minnesota Properties, Inc.	Minnesota
Upper Minnesota Properties - Development, Inc.	Minnesota
ALLETE Properties, LLC (d/b/a ALLETE Properties)	Minnesota
ALLETE Commercial, LLC	Florida
Lehigh Acquisition, LLC	Delaware
Florida Landmark Communities, LLC	Florida
Interlachen Lakes Estates, LLC	Florida
Palm Coast Land, LLC	Florida
ALLETE Water Services, Inc.	Minnesota
Energy Land, Incorporated	Wisconsin
MP Investments, Inc.	Delaware
RendField Land Company, Inc.	Minnesota
Superior Water, Light and Power Company	Wisconsin

(a) Certain insignificant subsidiaries are omitted.

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (Nos. 333-266383, 333-262769) and Form S-8 (Nos. 333-162890, 333-183051, 333-190336, 333-207846, 333-228120, 333-253190, 333-265211) of ALLETE, Inc. of our report dated February 20, 2024, relating to the financial statements, financial statement schedule, and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP
Minneapolis, Minnesota
February 20, 2024

**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, certify that:

1. I have reviewed this annual report on Form 10-K for the fiscal year ended December 31, 2023, of ALLETE, Inc.;
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.

Date: February 20, 2024

/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, Steven W. Morris, certify that:

1. I have reviewed this annual report on Form 10-K for the fiscal year ended December 31, 2023, of ALLETE, Inc.;
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.

Date: February 20, 2024

/s/ Steven W. Morris

Steven W. Morris

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 Annual Report on Form 10-K of ALLETE for the fiscal year ended December 31, 2023, (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.

Date: February 20, 2024 /s/ Bethany M. Owen
Bethany M. Owen
Chair, President and Chief Executive Officer

Date: February 20, 2024 /s/ Steven W. Morris
Steven W. Morris
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 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 year ended December 31, 2023, BNI Energy, owner of Center Mine, received one citation under Section 104(a) of the Mine Safety Act, none of which were significant and substantial (S&S) citations. For the year ended December 31, 2023, BNI Energy paid \$431 in penalties for citations closed during the period. For the year ended December 31, 2023, there were no citations, orders, violations or notices received under Sections 104(b), 104(d), 107(a), 104(e) or 110(b)(2) of the Mine Safety Act and there were no fatalities.

ALLETE, INC.
EXECUTIVE COMPENSATION RECOVERY POLICY

I. Purpose

The Board of Directors (the “Board”) of ALLETE, Inc. (the “Company”) has adopted this Executive Compensation Recovery Policy (this “Policy”) to implement a mandatory clawback policy in the event of a Restatement in compliance with the Applicable Rules.

Any capitalized terms used in this Policy, and not otherwise immediately defined, shall have the meanings set forth in Section II.

II. Defined Terms

- a. “Applicable Rules” means Section 10D of the Exchange Act and Rule 10D-1 promulgated thereunder, Section 303A.14 of the Listed Company Manual (“Manual”) of the New York Stock Exchange LLC (“NYSE”), and any other national stock exchange rules that the Company is or may become subject to.
- b. “Clawback Compensation” means Incentive-Based Compensation or any other recovered incentive compensation, in each case as determined to be subject to repayment pursuant to this Policy.
- c. “Clawback Event” means a required compensation recovery of Incentive-Based Compensation in the event of a Restatement.
- d. “Committee” means the Executive Compensation and Human Capital Committee of the Board.
- e. “Exchange Act” means the Securities Exchange Act of 1934, as amended.
- f. “Executive Officer” means any person currently or formerly designated by the Board as an “officer” for purposes of Section 16 of the Exchange Act and the related promulgated rules, or as otherwise determined by the Board in accordance with the definition of executive officer as set forth in the Applicable Rules.
- g. “Financial Reporting Measures” mean (i) measures that are determined and presented in accordance with the accounting principles used in preparing the Company’s financial statements, and any measures that are derived wholly or in part from such measures, (ii) the Company’s stock price, or (iii) total shareholder return in respect of the Company. A Financial Reporting Measure need not be presented within the Company’s financial statements or included in a filing with the SEC.

- h. "Incentive-Based Compensation" means any compensation that is granted, earned, or vested, based wholly or in part upon the attainment of a Financial Reporting Measure. Incentive-Based Compensation does not include, among other forms of compensation, equity awards that vest exclusively upon completion of a specified time period without any performance condition, or bonus awards that are discretionary or based on subjective goals or goals that are unrelated to Financial Reporting Measures.
- i. "Received"—Incentive-Based Compensation is deemed "Received" for the purposes of this Policy in the Company's fiscal period during which the Financial Reporting Measure applicable to the Incentive-Based Compensation award is attained, even if the payment or grant of the Incentive-Based Compensation occurs after the end of that period.
- j. "Recovery Period" means the three completed fiscal years immediately preceding the date on which the Company is required to prepare a Restatement, which date is the earlier of (i) the date that the Board, a committee of the Board, or the officer or officers of the Company authorized to take such action if Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare a Restatement; or (ii) a date that a court, regulator, or other legally authorized body directs the Company to prepare a Restatement.
- k. "Regulators" means, as applicable, the SEC and the NYSE.
- l. "Restatement" means an accounting restatement of the Company's financial statements that the Company is required to prepare due to the Company's material noncompliance with any financial reporting requirement under the securities laws, including (i) any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements, or (ii) that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period.
- m. "SEC" means the U.S. Securities and Exchange Commission.

III. Administration

This Policy shall be administered by the Committee, which shall make all determinations with respect to this Policy, provided that this Policy shall be interpreted in a manner consistent with the requirements of the Applicable Rules.

Notwithstanding the foregoing, the Board may assume any or all powers and authority of the Committee with respect to the administration of this Policy, in which case references to the Committee shall be deemed to include the Board, as applicable.

IV. Recovery on a Restatement

In the event that the Company is required to prepare a Restatement, the Company shall reasonably promptly recover the amount, as calculated pursuant to Section IV, of any erroneously awarded Incentive-Based Compensation that is Received by an Executive Officer during the Recovery Period. The amount of erroneously Received Incentive-Based Compensation will be the excess of the amount of Incentive-Based Compensation that is Received by the Executive Officer (whether in cash or shares) based on the erroneous data in the original financial statements over the amount of Incentive-Based Compensation that would have been Received by the Executive Officer (whether in cash or in shares) had such Incentive-Based Compensation been based on the restated results, without respect to any tax liabilities incurred or paid by the Executive Officer.

Without limiting the foregoing, for Incentive-Based Compensation based on the Company's stock price or total shareholder return, where the amount of erroneously awarded compensation is not subject to mathematical recalculation directly from the information in the Restatement, (i) the amount shall be based on a reasonable estimate of the effect of the Restatement on the stock price or total shareholder return upon which the Incentive-Based Compensation was Received, and (ii) the Company shall maintain documentation of the determination of that reasonable estimate and provide such estimate to NYSE.

V. Coverage and Application

Except as provided in Section X below, this Policy covers all persons who are Executive Officers at any time during the Recovery Period for which Incentive-Based Compensation is Received. Incentive-Based Compensation shall not be recovered under this Policy to the extent Received by any person before the date the person served as an Executive Officer. Subsequent changes in an Executive Officer's employment status, including retirement or termination of employment, do not affect the Company's right to recover Incentive-Based Compensation pursuant to this Policy. Subject to Section XI below, this Policy shall apply to Incentive-Based Compensation that is Received by any Executive Officer on or after October 2, 2023 that resulted from attainment of a Financial Reporting Measure based on or derived from financial information for any fiscal period ending on or after October 2, 2023.

VI. Exceptions to Policy

No recovery of Incentive-Based Compensation shall be required if any of the following conditions are met and the Committee determines that, on such basis, recovery would be impracticable:

- a. the direct expense paid to a third party to assist in enforcing this Policy would exceed the amount to be recovered; provided that prior to making a determination that it would be impracticable to recover any Incentive-Based Compensation based on the expense of enforcement, the Company shall (i) have made a reasonable attempt to recover the Incentive-Based Compensation, (ii) have documented such reasonable attempts to recover, and (iii) provide the documentation to NYSE;
- b. recovery would violate home country law where that law was adopted prior to November 28, 2022; or
- c. recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees, to fail to meet the requirements of Section 401(a)(13) or Section 411(a) of the Internal Revenue Code of 1986, as amended, and U.S. Treasury regulations promulgated thereunder.

VII. Public Disclosure

The Company shall make all required disclosures and filings with the Regulators with respect to this Policy in accordance with the requirements of the Applicable Rules, and any other requirements applicable to the Company, including any disclosures required in connection with SEC filings.

VIII. Methods of Recovery

In the event of a Clawback Event, subject to applicable law, the Committee may take any such actions as it deems necessary or appropriate, including, without limitation:

- a. The forfeiture, reduction, or cancellation of any Clawback Compensation in the form of vested or unvested equity or equity-based awards that have not been distributed or otherwise settled prior to the date of determination;
- b. The recovery of any Clawback Compensation that was previously paid to the Executive Officer;
- c. The recovery of any gain realized on the vesting, exercise, settlement, sale, transfer, or other disposition of any Covered Compensation in the form of equity or equity-based awards;
- d. The offset, withholding, or elimination of any compensation that could be paid or awarded to the Executive Officer after the date of determination;
- e. The recovery of any amount in respect of Clawback Compensation contributed to a plan that takes into account Clawback Compensation (excluding certain tax-qualified plans, but including long-term disability, life insurance, supplemental executive retirement plans) and any earnings accrued to date on that notional amount; and
- f. The taking of any other remedial and recovery action permitted by law, as determined by the Committee.

In addition, the Committee may authorize legal action for breach of fiduciary duty or other violation of law and take such other actions to enforce the Executive Officer's obligations to the Company as the Committee deems appropriate.

IX. No Indemnification

The Company shall not indemnify any current or former Executive Officer against the loss of erroneously awarded compensation. Nor shall the Company pay or reimburse any Executive Officer for premiums incurred or paid for any insurance policy to fund such Executive Officer's potential recovery obligations.

X. No Substitution of Rights; Non-Exhaustive Rights

Any right of recovery under this Policy is in addition to, and not in lieu of, any other remedies or rights of recovery that may be available to the Company pursuant to: (a) the Amended and Restated ALLETE Executive Long-Term Incentive Compensation Plan, or any other incentive plan of the Company or any of its subsidiaries or affiliates; (b) the terms of any similar policy or provision in any employment agreement, compensation agreement or arrangement, or similar agreement; or (c) any other legal remedies available to the Company.

In addition to recovery of compensation as provided for in this Policy, the Company may take any and all other actions as it deems necessary, appropriate and in the Company's best interest in connection with a Clawback Event, including, without limitation, termination of an Executive Officer's employment and initiating legal action against an Executive Officer, and nothing in this Policy limits the Company's rights to take any such or other appropriate actions.

XI. Amendment

The Board, based upon the recommendation of the Committee, may amend this Policy at any time for any reason, subject to any limitations under the Applicable Rules.

XII. Effective Date

This Policy shall be effective as of December 1, 2023 (the "Effective Date"). This Policy expressly supersedes the ALLETE and Affiliated Companies Compensation Recovery Policy, which was first adopted by the Board effective as of January 1, 2011, and was most recently reviewed and approved by the Board on July 24, 2019 (the "Prior Policy"). For the avoidance of doubt, the terms and conditions of this Policy shall govern any historical period in which the Prior Policy would otherwise have been in effect.



NEWS

Exhibit 99

For Release:

February 20, 2024

Investor Contact:

Vince Meyer

218-723-3952

vmeyer@allete.com

ALLETE, Inc. reports 2023 earnings of \$4.30 per share; clean energy transition drives \$4.3 billion capital investment plan over the next five years

DULUTH, Minn. - ALLETE, Inc. (NYSE: ALE) today reported 2023 earnings of \$4.30 per share on net income of \$247.1 million and operating revenue of \$1.9 billion. Reported results from 2022 were \$3.38 per share on net income of \$189.3 million and operating revenue of \$1.6 billion.

“We are very pleased with our solid financial results in 2023 and our team’s execution of strategic initiatives that will drive strong earnings growth and investment in clean energy for years to come,” said ALLETE Chair, President, and Chief Executive Officer Bethany Owen. “ALLETE’s Sustainability in Action strategy is gaining momentum, with important regulatory decisions in 2024, that will further support Minnesota Power’s *EnergyForward* clean energy transformation.”

Owen continued, “Our updated five-year capital expenditure plan of \$4.3 billion reflects the tremendous growth opportunities at Minnesota Power. We’ve added approximately \$1 billion to our previous plan, reflecting the significant investments in regulated renewable and transmission projects necessary to advance a clean-energy future and meet state carbon-free energy goals. By building on our successful strategic initiatives of 2023 and 2024 and refining our capex plan, we project that ALLETE will achieve our annual growth objective of 5 percent to 7 percent commencing in 2025, through our forecast period of 2028 and beyond. We are confident in our strong growth outlook supported by our robust pipeline of clean energy and transmission opportunities, a constructive regulatory environment, and our highly skilled employees.”

“Our consolidated 2023 earnings were in line with our revised and higher earnings guidance for the year, including negative weather impacts of approximately 5 cents per share in the fourth quarter,” said ALLETE Senior Vice President and Chief Financial Officer Steve Morris. “Our regulated businesses performed within our guidance range; ALLETE Clean Energy’s strong financial results were positively impacted by the arbitration award and improved our liquidity position, however, did include negative effects from historically low wind and weather conditions along with an outage at a nearby substation impacting one of its facilities. We expect this outage to negatively impact earnings into the first quarter of 2024. New Energy performed slightly above our expectations, and we project strong growth momentum continuing in 2024.”

Earnings in 2023 reflect a net positive impact of a \$40.5 million, or 71 cents per share, after-tax gain recognized from a favorable arbitration award involving a subsidiary of ALLETE Clean Energy. This positive result was partially offset by the negative impacts of weather conditions throughout 2023. Earnings per share dilution in 2023 was 11 cents due to additional shares of common stock outstanding in 2023.

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 \$147.2 million, compared to \$149.9 million in 2022. Net income at Minnesota Power was slightly lower than 2022 primarily due to higher operating and maintenance, depreciation and interest expenses, and lower kilowatt hour sales to residential and commercial customers due to less favorable weather conditions in 2023 compared to 2022. These decreases were

ALLETE 30 West Superior Street, Duluth, Minnesota 55802

partially offset by increased sales to industrial customers in 2023 and lower property tax expense in 2023. Our after-tax equity earnings in ATC were higher than 2022 reflecting period over period changes in ATC's estimate of a refund liability related to the appeals court decision on MISO return on equity complaints in 2022.

ALLETE Clean Energy recorded 2023 net income of \$71.7 million, compared to \$16.3 million in 2022. Net income in 2023 reflects the gain recognized for the favorable arbitration award. Net income in 2023 also included the gain on sale of the Red Barn project in 2023 of \$4.3 million after-tax. These increases were partially offset by historically low wind resources and availability at its wind energy facilities in 2023, as well as negative earnings impact from a forced network outage near its Caddo wind energy facility. Net income in 2022 included reserves for an anticipated loss on the sale of ALLETE Clean Energy's Northern Wind project and earnings from the legacy Northern Wind facilities, which were decommissioned in April 2022 as part of the project.

Corporate and Other businesses, which include New Energy Equity, BNI Energy, ALLETE Properties and investments in renewable energy facilities, recorded net income of \$28.2 million in 2023, compared to net income of \$23.1 million in 2022. Net income in 2023 reflects higher earnings at New Energy Equity as a result of more renewable development projects closed during 2023 and the impact of purchase price accounting in 2022. Net income in 2023 also reflects earnings from Minnesota solar projects placed into service in the fourth quarter of 2022 and the second quarter of 2023, and a \$3.8 million after-tax income tax expense for the consolidated tax impact related to the favorable arbitration award. Net income in 2022 included transaction costs of \$2.7 million after-tax related to the acquisition of New Energy in April 2022.

Details of the Company's 2024 earnings guidance were filed as part of today's Form 8-K filing.

Live webcast on February 20, 2024; financial slides posted on company website.

ALLETE's earnings conference call will be at 10:00 a.m. (EST), February 20, 2024, at which time management will discuss 2023 financial results and 2024 earnings guidance. Interested parties may participate live by registering for the call at www.allete.com/earningscall or may listen to the live audio-only webcast, accompanied by supporting slides, which will be available on ALLETE's Investor Relations website investor.allete.com/events-presentations. The webcast will be accessible for one year at 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., New Energy Equity headquartered in Annapolis, MD, 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.

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ALLETE 30 West Superior Street, Duluth, Minnesota 55802

ALLETE, Inc.
Consolidated Statement of Income
For the Periods Ended December 31, 2023 and 2022

	Quarter Ended		Year to Date	
	2023	2022	2023	2022
Millions Except Per Share Amounts				
Operating Revenue				
Contracts with Customers – Utility	\$319.2	\$299.0	\$1,238.3	\$1,259.3
Contracts with Customers – Non-utility	82.3	125.5	636.4	303.8
Other – Non-utility	1.2	1.3	5.1	7.6
Total Operating Revenue	402.7	425.8	1,879.8	1,570.7
Operating Expenses				
Fuel, Purchased Power and Gas – Utility	132.1	128.1	482.9	545.5
Transmission Services – Utility	21.9	19.2	88.2	76.7
Cost of Sales – Non-utility	36.8	85.9	473.5	182.8
Operating and Maintenance	91.1	80.8	345.3	318.9
Depreciation and Amortization	63.6	60.8	251.8	242.2
Taxes Other than Income Taxes	14.1	17.3	57.2	70.4
Total Operating Expenses	359.6	392.1	1,698.9	1,436.5
Operating Income	43.1	33.7	180.9	134.2
Other Income (Expense)				
Interest Expense	(19.9)	(19.9)	(80.8)	(75.2)
Equity Earnings	5.6	5.6	21.7	18.7
Other	9.7	6.0	85.0	22.4
Total Other Income (Expense)	(4.6)	(8.3)	25.9	(34.1)
Income Before Non-Controlling Interest and Income Taxes	38.5	25.4	206.8	100.1
Income Tax Expense (Benefit)	7.5	(11.8)	27.9	(31.2)
Net Income	31.0	37.2	178.9	131.3
Net Loss Attributable to Non-Controlling Interest	(20.5)	(14.5)	(68.2)	(58.0)
Net Income Attributable to ALLETE	\$51.5	\$51.7	\$247.1	\$189.3
Average Shares of Common Stock				
Basic	57.5	57.2	57.3	55.9
Diluted	57.6	57.2	57.4	56.0
Basic Earnings Per Share of Common Stock	\$0.89	\$0.90	\$4.31	\$3.38
Diluted Earnings Per Share of Common Stock	\$0.89	\$0.90	\$4.30	\$3.38
Dividends Per Share of Common Stock	\$0.68	\$0.65	\$2.71	\$2.60

Consolidated Balance Sheet
Millions

	Dec. 31, 2023	Dec. 31, 2022		Dec. 31, 2023	Dec. 31, 2022
Assets			Liabilities and Equity		
Cash and Cash Equivalents	\$71.9	\$36.4	Current Liabilities	\$377.6	\$716.2
Other Current Assets	396.2	681.6	Long-Term Debt	1,679.9	1,648.2
Property, Plant and Equipment – Net	5,013.4	5,004.0	Deferred Income Taxes	192.7	158.1
Regulatory Assets	425.4	441.0	Regulatory Liabilities	574.0	526.1
Equity Investments	331.2	322.7	Defined Benefit Pension & Other Postretirement Benefit Plans	160.8	179.7
Goodwill and Intangibles – Net	155.4	155.6	Other Non-Current Liabilities	264.3	269.0
Other Non-Current Assets	262.9	204.3	Redeemable Non-Controlling Interest	0.5	—
			Equity	3,406.6	3,348.3
Total Assets	\$6,656.4	\$6,845.6	Total Liabilities and Equity	\$6,656.4	\$6,845.6

ALLETE, Inc. Income (Loss)	Quarter Ended December 31,		Year to Date December 31,	
	2023	2022	2023	2022
Millions				
Regulated Operations	\$34.8	\$30.5	\$147.2	\$149.9
ALLETE Clean Energy	5.3	1.3	71.7	16.3
Corporate and Other	11.4	19.9	28.2	23.1
Net Income Attributable to ALLETE	\$51.5	\$51.7	\$247.1	\$189.3
Diluted Earnings Per Share	\$0.89	\$0.90	\$4.30	\$3.38

Statistical Data

Corporate				
Common Stock				
High	\$62.16	\$67.45	\$66.69	\$68.61
Low	\$49.29	\$47.77	\$49.29	\$47.77
Close	\$61.16	\$64.51	\$61.16	\$64.51
Book Value	\$48.81	\$47.03	\$48.81	\$47.03

Kilowatt-hours Sold

Millions				
Regulated Utility				
Retail and Municipal				
Residential	277	297	1,089	1,148
Commercial	325	332	1,347	1,359
Industrial	1,866	1,698	7,044	6,745
Municipal	116	121	466	540
Total Retail and Municipal	2,584	2,448	9,946	9,792
Other Power Suppliers	811	605	2,819	3,149
Total Regulated Utility	3,395	3,053	12,765	12,941

Regulated Utility Revenue

Millions				
Regulated Utility Revenue				
Retail and Municipal Electric Revenue				
Residential	\$38.7	\$33.4	\$150.3	\$156.7
Commercial	42.0	42.7	177.5	178.5
Industrial	153.3	142.2	590.2	585.7
Municipal	8.2	8.3	33.4	40.2
Total Retail and Municipal	242.2	226.6	951.4	961.1
Other Power Suppliers	42.9	41.2	146.1	165.8
Other (Includes Water and Gas Revenue)	34.1	31.2	140.8	132.4
Total Regulated Utility Revenue	\$319.2	\$299.0	\$1,238.3	\$1,259.3

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.