



Minnesota Public Utilities Commission Sets New Rates for Minnesota Power

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DULUTH, Minn.--(BUSINESS WIRE)--Jan. 24, 2023-- The Minnesota Public Utilities Commission (MPUC) on Monday approved a rate increase of approximately \$59 million, or approximately 9%, that Minnesota Power, a utility division of ALLETE Inc. (NYSE: ALE), is allowed to recover through the base rates that it charges to residential and business electric customers. The commission also authorized a return on equity of 9.65% for the company. The decision is subject to a final written order and reconsideration.

Under the MPUC decision, rates will increase by approximately 9% for all customer classes. The average residential customer's monthly bill will increase by approximately 2% above the interim rate they currently pay. The 9% increase will also apply to business and industrial customers, whose interim rate was 14%. The applicable difference between final and interim rates will be refunded to business and industrial customers. Final rates are expected to go into effect this summer.

As a regulated utility, Minnesota Power must receive approval from the MPUC whenever changes in revenue or expenses require adjusting its rates. In the past 25 years, Minnesota Power has completed only three full rate reviews, and its residential customers' monthly bills are below the national average while they receive the highest percentage of renewable energy in the state. The company's last rate review filed in 2019 was withdrawn in response to the COVID-19 pandemic and its impacts on customers and the region's economy.

The company has taken a number of steps to mitigate rate impacts for customers, including requesting a lower interim rate for residential customers and adding new programs and bolstering existing ones that provide bill discounts for low-income customers. Due to those efforts, even if the company's full request had been approved, the monthly bills for those customers would not have increased.

The company filed its rate request in November 2021, seeking to increase its annual operating revenue by \$108 million or approximately 18%.

"I'm proud of our Minnesota Power team and all our company has done to lead our state's clean-energy transformation while providing safe and reliable power and keeping residential customers' monthly bills below the national average. Yesterday's decision, however, does not give us the resources and tools we need to do all of this," said Bethany Owen, ALLETE chair, president and CEO. "As utilities are asked to do more and even faster, we expect rate review requests to become more frequent going forward. We plan to file another rate request later this year that will reflect the revenue requirements that Minnesota Power needs in order to advance its state-leading Energy **Forward** strategy."

The company has managed to keep 2022 operations and maintenance expenses lower than its 2010 operations and maintenance expenses, while inflation alone has increased costs nearly 2% annually over the same period. Minnesota Power's residential electric rates have not kept pace with general inflation over the past 10 years, and have decreased by 0.2% annually on an inflation-adjusted basis.

Minnesota Power also is providing customers greater control over their daily energy decisions and monthly bills through new tools that empower customers to reduce how much energy they use; programs to choose their sources of energy; and rate options to customize what they pay for heating, cooling and vehicle charging.

Routine rate reviews are just one part of Minnesota's regulatory framework. In November 2022, the [MPUC approved Minnesota Power's Integrated Resource Plan](#), the roadmap for the company's **EnergyForward** vision to provide 100% carbon-free energy by 2050 while maintaining safe, reliable and affordable electric service to its customers.

Minnesota Power provides electric service within a 26,000-square-mile area in northeastern Minnesota, supporting comfort, security and quality of life for 145,000 customers, 14 municipalities and some of the largest industrial customers in the United States. More information can be found at www.mnpower.com.

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

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