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Minnesota Power files electric rate proposal to safeguard reliable service and maintain progress of clean-energy transition

Duluth, Minn. — As Minnesota Power continues the transition to a reliable, resilient clean-energy future through its *EnergyForward* strategy, today the company is filing its 2024 electric rate proposal with the Minnesota Public Utilities Commission (MPUC). The 2024 proposal supports the investments that the company is making to continue to advance a clean-energy transition for the region and the state.

Minnesota Power became the first utility in the state to deliver 50% renewable energy in 2020 and hit an all-time high of nearly 60% renewable in 2022, with a goal of being more than 70% renewable by 2030, all while safeguarding reliable service to its 150,000 customers. The 2024 proposal for \$89 million in revenue would add approximately \$11 a month (or 12%) to the average residential customer bills compared with 2023 levels. The rate adjustment supports the rising cost of producing and delivering 24/7 electric service. It will also ensure the company is able to hire and retain the workforce necessary to execute innovative projects that reduce carbon, increase renewable resources, preserve reliable service to homes and businesses, and provide programs and services that help customers control their energy use and monthly bills.

The proposal also includes a \$38.8 million annual reduction in the Minnesota Policy Adjustment line item on customer bills. These costs for the Great Northern Transmission Line and Production Tax Credits were already approved by the MPUC and will move into base electric rates. If the MPUC approves the 2024 proposal, Minnesota Power's monthly residential energy bills would remain among the lowest in the region and below the national average.

"Over the last decade, Minnesota Power has transitioned to become one of the nation's clean-energy leaders, and we are doing this in a sustainable way that always keeps our customers at the forefront," said Jennifer Cady, Minnesota Power vice president of Regulatory and Legislative Affairs. "The Minnesota Legislature has adopted a more aggressive goal for our state's energy transition, and we are embracing the challenge by accelerating our *EnergyForward* plan while continuing our commitment to customers to provide reliable service while keeping their bills as low as possible."

The rate proposal supports the goals of *EnergyForward* by:

- Transitioning to new sources of renewable energy;
- Building more resiliency into the electric grid to continue to ensure year-round reliability;
- Employing the workforce necessary to achieve a clean-energy transition;
- Addressing inflation and supply chain issues; and
- Providing a fair return on investment to attract capital for continued investments in the clean-energy future.

To date, Minnesota Power has retired seven of its nine coal units, with plans to be completely coal-free by 2035. The company will expand its renewable portfolio by adding up to 700 megawatts of wind and solar over the coming years and is investing in the energy grid to strengthen reliability. As market-ready energy storage technology is being developed, the company is ensuring adequate supplies of backup energy through immediately dispatchable, low-carbon natural gas.

As part of the regulatory process, the MPUC will set an interim rate increase that will remain in effect until its decision is made on final rates. The company has requested a net interim rate increase for all customers beginning in January 2024 of 8.6%, or about \$8 per month for residential customers. If the approved final rate is lower, the company will refund the difference to customers with interest.

“Not surprisingly, the transition to more renewable energy and a more reliable and resilient grid is transforming how energy is produced and delivered,” Cady said. “This proposal ensures we can make the investments needed to continue the clean-energy transition toward a carbon-free future while not losing sight of the importance of reliability and affordability. In this unique northern climate, delivering a reliable 24/7 supply of energy remains our highest priority and continues to be the state’s priority.”

Today’s filing is the first step in a full regulatory review of rates and recovery of the company’s expenses for delivering energy to its customers. The 12-month regulatory process will include a review by state agencies and opportunities for customers and other stakeholders to provide input to the MPUC.

The company continues to work hard to keep bills affordable for customers by providing programs for income-eligible customers and state-leading conservation and energy-efficiency programs that help customers save energy and control their monthly bill. This includes leading the way on residential rate transition to a Time-of-Day Rate that is based on not just how much, but when, energy is used. The rate offers price breaks for customers who can commit to shifting their energy use from high-demand, or on-peak, hours to lower-demand, or off-peak or super-off-peak, hours. As the energy transition continues, engaging customers through rate offerings like this will be even more important.

As part of this rate review, Minnesota Power is proposing no increase to the \$9 monthly energy service charge and has kept operations and maintenance expenses below the inflation rate for many years. The company also is pursuing federal grants for renewable and transmission projects that would offset costs for customers.

More information on the rate proposal is at <https://www.mnpower.com/RateReview>.

Minnesota Power provides electric service within a 26,000-square-mile area in northeastern Minnesota, supporting comfort, security and quality of life for 150,000 customers, 14 municipalities and some of the largest industrial customers in the United States. More information can be found at www.mnpower.com.

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