MPUC sets new rates for Minnesota Power retail customers

Duluth, Minn. – The Minnesota Public Utilities Commission today finalized a new retail rate structure for Minnesota Power’s electric customers, completing its decisions on the rate filing that the company initially submitted in November 2016. Earlier this month, the Commission approved an increase of $13 million in the annual revenue that Minnesota Power is allowed to recover through the base rates that it charges to residential and business customers.

The annual increase in revenue approved by the Commission includes recovery of approximately $15 million in revenue that supports the EITE competitive rate discount for qualified industries that are energy-intensive and trade-exposed, such as mining and paper customers. Due to an increase in projected energy sales to large power customers, Minnesota Power non-EITE customers will not be charged an EITE surcharge in 2018 to pay for the rate discount.

Minnesota Power expects to transition to the new rate structure by the end of 2018. Residential and small business customers will receive a 3.5 percent rate increase. Industrial customers will receive between a one and two percent increase. However, all customer classes will see a modest reduction in their electric bills when final rates go into effect, as all customers have been paying an interim rate increase of five percent since January 2017.

Today’s decision comes after 14 months of public meetings, testimony and deliberations.

“Any rate review takes a significant amount of time, in large part because Minnesota has an open process that encourages both customers and other stakeholders to provide input into Minnesota Power’s rate requests,” said David McMillan, executive vice president of Minnesota Power. “In the end, the MPUC is asked to balance the interests of our customers, the needs of the company and its shareholders, external stakeholders and the state of Minnesota energy goals. The length of the process reflects the importance of the issues.”

The majority of Minnesota Power’s request was related to capital investments that have been made as part of the company’s EnergyForward strategy, including upgrades to transmission and distribution infrastructure, measures to protect against extreme weather events and enable the safe integration of renewable resources, and the continuation of efficiency and environmental improvements at the company’s existing power plants.

Other items reviewed were general operating costs, federally mandated funding of employee and retiree pension costs, allowed return on equity, which the commission approved at 9.25 percent, and new products for residential and commercial customers.

“This is a very complex decision, and we will evaluate whether there are issues that require further consideration or clarification through the Commission’s process,” McMillan said.
The MPUC is expected to issue its written decision by March 12 and will then review Minnesota Power’s compliance and implementation plans. The interim rate increase on customer bills will remain in effect until late 2018 when final rates are expected to go into effect.

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, 16 municipalities and some of the largest industrial customers in the United States. More information can be found by visiting 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.

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