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NEWS

MPUC approves Minnesota Power's request to reduce interim rates in response to COVID-19

Customer bills to reflect lower rate beginning May 1

Duluth, Minn. —The Minnesota Public Utilities Commission today unanimously approved Minnesota Power's proposal to reduce the interim rate customers are paying as part of the company's November 2019 rate review. Effective May 1, the current MPUC-approved interim increase of 5.8 percent will be reduced to 4.1 percent.

Minnesota Power requested the lower rate on April 23 as part of its proposed broader resolution to settle its rate case, which was in response to the financial challenges the COVID-19 pandemic is causing for customers and communities.

"We appreciate the Commissioners' willingness to consider and approve this portion of our request so quickly," said ALLETE President and CEO Bethany Owen. "This decision enables us to provide some much-needed relief to our customers during these difficult times as we continue to focus on delivering the safe and reliable energy so important to our communities, homes, hospitals and businesses."

The rate approved today is much lower than the increase requested of 10.59 percent on Nov. 1, 2019, when Minnesota Power filed its initial rate review to cover rising operating expenses, expiring contracts and regulatory costs. While the MPUC today approved the lower rate for customers, it is expected to decide in early June, other components of Minnesota Power's proposed resolution of its November 2019 rate review, including:

- Limiting the request to recovering only the lost income from a large, wholesale market contract that expires April 30.
- A refund of interim rates for all customers of about \$12 million.
- Reclassifying wholesale margin credits as part of the separate Resource Adjustment line item on bills, rather than as part of base rates, similar to what other utilities in the state do. Customers would be billed or credited monthly based on actual power sales, rather than an amount estimated during the most recent rate decision.
- Delaying any future rate proposal until at least March 1, 2021.

As a regulated electric utility, Minnesota Power must receive approval from the MPUC whenever changes in revenue and expenses require adjusting its rates. The company worked closely with various stakeholders on last week's proposal for resolving its rate request. Energy CENTS Coalition, Citizens Utility Board and IBEW Local 31 have publicly stated their support for the resolution.

The MPUC is accepting comments from the public on the proposed resolution of Minnesota Power's rate review through 4:30 p.m. May 11. A hearing is expected in early June. Comments may be made at mn.gov/puc; by email at consumer.puc@state.mn.us; or by mail to Consumer Affairs Office, Minnesota Public Utilities Commission, 121 7th Place East, Suite 350, St. Paul MN 55101.

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, 15 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.