Minnesota Power to refund $12 million to customers as part of rate review resolution to help communities during COVID-19

Duluth, Minn.—The Minnesota Public Utilities Commission (MPUC) today unanimously approved Minnesota Power’s proposal to resolve its November 2019 rate request and provide timely rate relief and refunds to customers.

In April, Minnesota Power, a utility division of ALLETE (NYSE: ALE), cited the economic uncertainty related to the COVID-19 crisis and its impact on the health and well-being of customers in seeking a resolution to its November 2019 rate review. In the resolution approved today, Minnesota Power will refund to customers approximately $12 million in interim rates collected from Jan. 1 to April 30, 2020.

Today’s decision follows the Commission’s April approval of part of the Company’s proposal to reduce the interim rate that customers had been paying. The previously Commission approved interim rate was reduced from 5.8 percent to an average increase across customer classes of 4.1 percent. The final rate increase of 4.1 percent is much lower than the proposed increase of 10.59 percent in the initial rate filing where the company was seeking to recover rising operating expenses and regulatory costs, changing sales and expiring contracts.

“We hope the lower rates and refunds we proposed and the Commission approved today will help our customers weather the financial strain caused by COVID-19. These are difficult times for everyone, and we appreciate the support of many stakeholders and the Commission’s prompt action to approve our proposal,” said ALLETE President and CEO Bethany Owen. “Delivering safe, reliable and affordable energy has never been more important to our customers and communities than it is right now.”

The average residential customer can expect to receive a refund of about $20, while business customers can expect to receive a refund of approximately $70. Refunds may vary depending on energy usage and will be returned to customers as soon as is practicable, subject to receiving written orders from the Commission.

The Commission also approved the company’s proposal to limit its rate request to recovery of lost income from a large, expiring wholesale market contract. This 10-year contract, which reduced customers’ monthly bills as Minnesota Power sold excess energy, expired April 30.

Other components of Minnesota Power’s resolution approved today:

- 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 filing until at least March 1, 2021.

The company worked closely with various stakeholders on the early resolution of its rate review, garnering support from the Minnesota Department of Commerce, advocacy groups Energy CENTS Coalition and Citizens Utility Board of Minnesota, and from the International Brotherhood of Electrical Workers Local 31.

“As we all navigate the continuing impacts of this pandemic together, ALLETE’s companies will continue to deliver the energy our customers count on with an unwavering focus on safety, while continuing to step up and find ways to help our communities move toward economic recovery,” Owen said.

Minnesota Power has taken other actions to help residential and small-business customers who are facing financial hardships including immediate suspension of disconnections for residential and small business customers and waiving late payment fees.

Meanwhile, Minnesota Power continues to pursue protocols and safeguards to help protect its employees and customers from COVID-19, including adherence to CDC guidelines when entering a customer’s home or business for emergency-related services.

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.