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State utility regulators approve interim rates for Minnesota Power

Decision starts extensive public process to evaluate Minnesota Power's request for rate increase

Duluth, Minn. – The Minnesota Public Utilities Commission (MPUC) today found Minnesota Power's Nov. 1 rate request filing complete and approved interim rates for the company's customers. This is the first step of a longer process to evaluate Minnesota Power's most recent request to change its rates.

The decision will increase rates by approximately 7% for residential customers and approximately 14% for all other customers, effective Jan. 1, 2022. Under the change, monthly bills for the average residential customer will increase by about \$5.89. Interim rates will remain in effect until final rates are decided by the MPUC, likely by early 2023.

Minnesota Power, a utility division of ALLETE (NYSE: ALE), filed a rate review on Nov. 1 with state regulators seeking to increase its annual operating revenue by \$108 million. The approximately 18% increase proposed by the company reflects changes in both revenue and expenses related to Minnesota Power's ongoing **EnergyForward** clean energy transition, evolving customer energy demand, business operations and regulatory requirements since the company's last completed rate review submitted in 2016. In the past 25 years, Minnesota Power has completed only three full rate reviews.

After initially requesting an interim rate increase of approximately 14% for all customers, Minnesota Power worked closely with consumer advocate Energy CENTS Coalition (ECC) to reduce the interim rate increase for the residential customer class, with the remainder to be considered during the overall rate review. The proposal recognizes that residential customers in the region continue to face unique circumstances as we emerge from the impacts of the COVID-19 pandemic. Those circumstances include customers who are still working to reduce their past due balances incurred during the moratorium on disconnections. The proposal is also supported by Citizens Utility Board of Minnesota (CUB).

"We appreciate the MPUC's approval of interim rates and the efforts of stakeholders to reach a compromise on a reduced interim rate for our residential customers," said Chief Operating Officer Josh Skelton. "We will continue to work closely with all stakeholders throughout this rate review process as we prepare for the next phase of our **EnergyForward** transition to a carbon-free energy supply while maintaining safe, reliable and affordable delivery of our essential services. For Minnesota Power, it is important that the outcome of this rate review strengthens our ability to make the smartest investments to achieve these goals."

Through **EnergyForward**, Minnesota Power achieved an unprecedented milestone in late 2020, becoming the first Minnesota utility to deliver more than 50% of its energy supply from renewable sources and closing or transitioning seven of nine of its coal units. In its Integrated Resource Plan submitted to state regulators on Feb. 1, 2021, Minnesota Power announced its goals to achieve a 70% renewable energy mix by 2030, an 80% carbon reduction and end to all coal operations by 2035, and reach a 100% carbon-free energy supply by 2050.

As a regulated electric utility, Minnesota Power must receive approval from the MPUC whenever changes in revenue and expenses require adjusting its rates. Under state statute, the MPUC sets interim rates because the state regulatory review may last as long as 12-18 months. During the process, the public will have the opportunity to provide feedback to the MPUC and an administrative law judge before a final decision sets new rates. By law, Minnesota Power must refund any interim rate revenue that exceeds rates allowed by the MPUC.

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.