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State commission approves interim rates for Minnesota Power

Duluth, Minn. – The Minnesota Public Utilities Commission (MPUC) today approved interim rates for Minnesota Power’s customers, the first step of a longer process to evaluate the company’s recently filed electric rate proposal.

The MPUC has approved an overall interim rate increase of about 8.6%, or \$63.8 million in annual Minnesota Power revenue, when combined with decreases in the Minnesota Policy Adjustment line item expected in 2024. Under these changes, monthly bills for the average residential customer will increase by about \$8. Interim rates will begin in January 2024 and remain in effect until final rates are decided by the MPUC, likely by early 2025.

Minnesota Power, a utility division of ALLETE (NYSE: ALE), [filed its rate proposal on Nov. 1](#) with state regulators seeking to increase its annual operating revenue by \$89 million. Minnesota Power’s monthly residential energy bills would remain among the lowest in the region and below the national average even if the MPUC approves the full rate proposal.

The approximately 12% final rate increase proposed by the company supports the investments that the company is making under its **EnergyForward** strategy to continue to advance a clean-energy transition for the region and the state. In 2020, Minnesota Power became the first utility in the state to deliver 50% renewable energy and hit an all-time high of nearly 60% renewable in 2022. The **EnergyForward** strategy established a goal of being more than 70% renewable by 2030, all while safeguarding reliable service to Minnesota Power’s 150,000 customers.

The rate proposal will ensure the company is able to preserve reliable service to homes and businesses, increase renewable resources, hire and retain the workforce necessary to provide vital service and execute innovative projects that reduce carbon emissions, and provide programs and services that help customers control their energy use and monthly bills.

“We appreciate the MPUC’s approval of interim rates and their recognition that we have a lot of hard work and investment in front of us, and that our employees are critical to accomplishing our state’s carbon-free goals,” said Vice President of Regulatory and Legislative Affairs Jennifer Cady. “During the open rate review process over the coming months, we will be listening to input from our customers and stakeholders as we prepare for the next phase of our **EnergyForward** transition to a carbon-free energy supply. This rate request is essential for Minnesota Power’s ability to make the best investments, including in our workforce, to achieve these carbon-free goals while maintaining safe, reliable and affordable energy for our customers.”

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 review 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 a number of programs to help customers keep bills affordable including 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.

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.

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.