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Minnesota Power reaches electric rate settlement with state agencies and large power customers

Duluth, Minn. —Minnesota Power, a utility division of ALLETE Inc. (NYSE: ALE), has reached a settlement agreement on its 2024 electric rate proposal with the Minnesota Department of Commerce, Minnesota Attorney General's Office and Large Power Intervenors.

If approved by the Minnesota Public Utilities Commission (MPUC), the agreement would set final rate increases of about 4.9% for residential and small business customers and about 4.4% for industrial and large commercial customers. It also would set Minnesota Power's return on equity at 9.78% and allow cost recovery outside a rate case for certain environmental costs and capacity purchases.

The MPUC approved an interim rate increase of 8.6%, or about \$8 per month for the average residential customer over 2023 rates, that went into effect January 1, 2024. The difference between the interim rate and final rate, which is about a \$5 per month increase for the average residential customer over 2023 rates, will be refunded to customers, with interest, through bill credits after the final rates are approved.

"I'm grateful for the hard work on this by all of the parties, who agreed that this settlement is the right path forward for everyone," said ALLETE Chair, President and CEO Bethany Owen. "This agreement recognizes the importance of considering the needs of our customers and communities. Taken as a whole, it results in a lower rate increase for customers than we originally requested while also allowing Minnesota Power to make the investments and hire the workforce needed to ensure we can meet the state's ambitious climate goals."

The MPUC will continue its statutory rate review process while the settlement agreement is in place. An administrative law judge will hold public hearings on the rate proposals in May, and the MPUC will consider approval of the agreement's proposed rate increases later in 2024. More information on the rate proposals is at <https://www.mnpower.com/RateReview>.

Minnesota Power [filed its rate proposal](#) in November 2023 to support the goals of its EnergyForward strategy: Transitioning to new sources of renewable energy, building more resiliency into the electric grid to continue to ensure year-round reliability, employing the workforce necessary to achieve a clean-energy transition, addressing inflation and supply chain issues, and providing a fair return on investment to attract capital for continued investments in the clean-energy future.

“We appreciate the willingness of our regulatory agencies and large power customers to work collaboratively to reach a mutually beneficial settlement agreement and find common ground for setting new rates for the electric utility,” said Jennifer Cady, Minnesota Power vice president of Regulatory and Legislative Affairs. “This commitment to outreach, collaboration and communication will only become more important as we continue to execute this historic clean-energy transition.”

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.

ALLETE, Inc. is an energy company headquartered in Duluth, Minnesota. In addition to its electric utilities, Minnesota Power and Superior Water, Light and Power of Wisconsin, ALLETE owns ALLETE Clean Energy, based in Duluth; BNI Energy in Bismarck, North Dakota; and New Energy Equity, headquartered in Annapolis, Maryland; and has an 8% equity interest in the American Transmission Co. More information about ALLETE is available at www.allete.com.

Minnesota Power calculates and reports carbon emissions based on the GHG Protocol. Details in ALLETE's [Corporate Sustainability Report](#).

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.