

We invested in a safe, reliable and clean energy future while keeping our rates affordable

We've invested significantly in our EnergyForward strategy to strengthen the safety and reliability of our transmission and distribution systems — the switches, substations, wires, transformers and other equipment that deliver electricity to customers. We're also adding renewable energy sources. We get about 30 percent of our energy from renewables today and will get about half of our energy from renewable sources by 2021. We've done this while keeping our customers' costs down—we have the lowest average residential rates in Minnesota

Like most businesses, our costs will increase over time, particularly to provide the safe, reliable and increasingly renewable energy our customers enjoy. Unlike most other businesses, we need regulatory approval to increase the price of our product. On Nov. 1, 2019, we asked the independent Minnesota Public Utilities Commission (MPUC) to review our request for a \$65.9 million increase in our annual operating revenue and adjust rates for our business and residential customers.

Our annual operating expenses are focused on our EnergyForward vision, under which we've invested significantly in our energy grid and in renewable energy to transform the way we produce and deliver electricity. Reliability is important, and we need support to sustain these investments. It takes a lot of equipment to keep the lights on. When components age, we have to replace them, often with better, more modern and more expensive equipment designed to make our grid smarter, more reliable and more flexible.

We've also invested in a cleaner energy mix, and deliver a higher percentage of renewable energy than any Minnesota utility. We will also reduce our carbon emissions by 50 percent from 2005 levels.

What it means for you

While the MPUC reviews our request, state law allows Minnesota Power to collect higher rates on an interim basis. The MPUC set the interim rate increase at 5.8 percent for all customer classes, or about \$4.50 per month for the average residential customer. The interim rates will go into effect Jan. 1, 2020, and remain in effect until a decision is made on final rates.

Our initial rate proposal, if approved by the MPUC, would raise the average \$78.16 residential bill by \$11.66 per month, and raise the average \$290.94 small-business bill by \$30.05 per month. The MPUC will set the final rates in late 2020 or early 2021.

Public process

Customers can provide input

As a public utility, we are regulated by the independent MPUC. The role of the MPUC is to ensure safe, reliable and efficient utility services at fair and reasonable rates. We support its open and transparent process that will include at least one local public hearing where customers can speak to an administrative law judge overseeing the rate review process. Written comments also are accepted on the MPUC website. We also encourage customers to give feedback directly to us by emailing AskUs@mnpower.com.

Conservation

We can help

We offer conservation programs that provide tools to help customers manage their energy use and reduce their bill, including experts to analyze energy use in your home or business. We also offer rebates for energy efficiency investments such as LED lightbulbs and appliances. You can learn more at mnpower.com/EnergyConservation.

Our online MyAccount portal, also available on our mobile app, allows customers to track their energy use and find more ways to save money on their bills.



We've made significant investments in our transmission and distribution systems since our last rate review. That includes:

- Enhancing the security and resiliency of the energy grid
- Allowing easier integration of renewable energy sources
- Improving the system's ability to withstand severe weather events

Cleaner energy for a better environment

- About 30 percent of our energy comes from renewable sources today, and we'll reach about 50 percent renewable energy by 2021
- Our carbon dioxide emissions will be 50 percent lower by 2021 compared with 2005 levels, far above the state standard of 30 percent lower by 2025
- We're Minnesota's largest hydropower producer.
- ALLETE is the second-largest utility investor in renewable generation, relative to its size, through the combined assets of Minnesota Power and ALLETE Clean Energy.
- Our proposed Nemadji Trail Energy Center natural gas power plant would be an important backup energy source when renewables can't meet regional needs, and also will enable the addition of more renewable energy sources.

Improved efficiency and environmental performance of existing plants

- We reduced emissions of mercury, sulfur dioxide and particulates by more than 90 percent at Boswell Energy Center Unit 4, our largest generator.
- We also installed a high-efficiency steam turbine at Boswell Unit 4 that produces 60 more megawatts of electricity with no additional emissions.
- We converted both units at Laskin Energy Center from coal to cleaner natural gas generation.
- We have retired or repowered seven of nine coal units.

For all the details go to: www.mnpower.com/RateReview