



AN ALLETE COMPANY

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November 1, 2021

Will Seuffert
Executive Secretary
Minnesota Public Utilities Commission
121 Seventh Place East, Suite 350
St. Paul, MN 55101-2147

RE: *In the Matter of the Application of Minnesota Power for Authority to Increase Rates for Electric Utility Service in Minnesota*
Docket No. E015/GR-21-335

Dear Mr. Seuffert:

Today, Minnesota Power is filing with the Minnesota Public Utilities Commission (“Commission”) an Application for Authority to Increase Rates for Electric Utility Service in Minnesota (“Application”). This Application is being filed with the Minnesota Public Utilities Commission (“Commission”) pursuant to Minn. Stat. § 216B.16, subd. 1.

This Application is critically important to Minnesota Power. We have filed only three completed rate cases in the past 25 years, the last of which was in 2016. In order to support a financially healthy utility going forward, it is crucial that Minnesota Power be able to establish rates that reflect our current revenue and cost structures. Indeed, Minnesota Power’s authorized operations and maintenance expenses have remained essentially the same for over a decade – since the end of the Great Recession in 2010 – and our current rates do not reflect Minnesota Power’s investments and state-leading efforts towards system decarbonization and ensuring the reliability and integrity of our system in that time. Additionally, we have experienced a significant loss of customer load, due primarily to partial or complete closures of large industrial customers’ facilities. This high concentration of load within only a handful of large industrial customers creates a distinctively high risk to the Company and significant variations in our energy sales. Managing this risk is essential to Minnesota Power’s financial sustainability, which likes depends on avoiding any future credit ratings downgrades similar to what occurred after the 2016 rate case.

Through this application, Minnesota Power is seeking to build on our record of keeping rates affordable, especially for low-income customers, while maintaining a financially sound utility that can continue the investments needed to support the climate, our customers, and our communities. To accomplish these goals, we look forward to partnering with the Commission and stakeholders to achieve the following important objectives:

1. Recover prudent costs and investments;
2. Maintain a strong, investment-grade credit rating;
3. Provide a reasonable return on equity; and
4. Attract and retain a talented workforce that adapts and innovates.

In addition to addressing rates and revenues, this rate case also presents opportunities for Minnesota Power to continue our state leading decarbonization efforts, further enhance reliable and safe service to customers, and improve rate products to suit our customer classes. We are proud that Minnesota Power was the first Minnesota utility to deliver a power supply that is 50 percent renewable, and we are committed to delivering 100 percent carbon-free energy by 2050 through our *EnergyForward* plan. The Company will also continue modernizing the grid through projects such as advanced meter infrastructure and meter data management system deployment, which will support advanced time of day rates and facilitate greater customer control over their energy bills while delivering system benefits.

While Minnesota Power has managed to accomplish great things for the climate, our customers, and the communities we serve despite significant economic and unique customer challenges, these initiatives are not sustainable without ensuring the good financial standing of the utility going forward. Obtaining a rate case outcome that provides us with the opportunity to meet the above objectives will empower us with the tools and financial strength needed to advance Minnesota Power's 100 percent carbon-free future, while providing our customers with a valuable essential service that is safe, reliable, and increasingly carbon-free at an affordable price.

To these ends, and through this Application, Minnesota Power seeks authority to increase general rates by \$108.3 million, or approximately 17.58 percent over current rates, effective January 1, 2022. If the Commission elects to suspend the proposed rate increase pursuant to Minn. Stat. § 216B.16, subd. 2, pursuant to Minn. Stat. § 216B.16, subd. 3, Minnesota Power requests an interim rate increase of \$87.3 million, or approximately 14.23 percent over current rates, to be effective January 1, 2022 with final rates effective within ten (10) months of the date of the Application. Minnesota Power acknowledges that this period may be extended by 90 days pursuant to Minn. Stat. § 216B.16, subd. 2(f).

Minnesota Power's Application is presented in four volumes as described below:

Volume 1

- Filing Letter
- Volume 1 Index
- Statement Regarding Trade Secret Information
- Statement on Rounding
- Summary of Filing
- Notice of Change in Rates
- Notice and Petition for Interim Rates
- Index of Interim Rate Schedules
- Interim Rate Schedules
- Interim Rates Tariff Sheets – Redlined and Clean
- Proposed Notice to Counties and Municipalities
- Proposed Notice to Customers
- Proposed Newspaper Publication
- Agreement and Undertaking
- Certification

- List of Counties and Cities
- Completeness Checklist
- Certificate of Service
- Service List

Volume 2

- Volume 2 Index
- Direct Testimony in Support of Change of Rates

Volume 3

- Volume 3 Index
- Required Filing Schedules
- Final Rates Tariff Sheets – Redlined and Clean

Volume 4

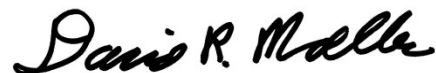
- Volume 4 Index
- Workpapers

Please note that certain portions of the enclosed documents and exhibits contain non-public, trade secret information. Relevant pages or documents containing non-public, trade secret information are designated as such. The index of non-public information attached to the Statement Regarding Trade Secret Information contained herein summarizes the documents and exhibits that have been designated as non-public and/or trade secret and the justification for those designations.

Minnesota Power appreciates the Commission's attention to this request, and looks forward to productive discussions with all stakeholders.

If you have any questions regarding this filing, please contact me at (218) 723-3963 or dmoeller@allete.com.

Yours truly,



David R. Moeller
*Senior Attorney and
Director of Regulatory Compliance*

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Attach.