



AN ALLETE COMPANY

30 West Superior Street  
Duluth, MN 55802-2093  
[www.mnpower.com](http://www.mnpower.com)



November 1, 2023

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-23-155

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 Commission pursuant to Minn. Stat. § 216B.16, subd. 1.

Over the last decade and beyond, Minnesota Power has managed to accomplish great things for the climate, our customers, and the communities we serve. Minnesota Power is proud to be the first Minnesota utility to deliver a power supply that is 50 percent renewable, and continues to:

- Provide safe, reliable service as we transform our generation fleet and add the skilled resources required for Minnesota Power to achieve Minnesota’s new 100 percent carbon-free by 2040 goal;
- Modernize the transmission grid to facilitate the delivery of renewable energy, such as by successfully completing the energized and under-budget Great Northern Transmission Line (“GNTL”); and
- Accelerate and enhance customer empowerment and conservation through projects such as advanced metering infrastructure, expanded customer affordability programs, and time of day rates.

At the same time, Minnesota Power takes great pride in keeping costs and rates low, and avoiding requests for rate increases to the extent possible. The Company brings this case because it remains critical to timely address revenue fluctuations and recover new costs the utility cannot absorb while maintaining its financial health. First, Minnesota Power’s inflation and labor cost increases, as well as the need to add workforce resources to support the transition of our generation fleet and the electric grid, are expanding the gap between the costs Minnesota Power incurs to provide safe and reliable service and its cost recovery. Second, the concentration of retail load

within only a handful of Minnesota Power's cyclical, large industrial customers continues to create a distinctively higher risk to the Company and significant variations in our energy sales. Third, as the Company continues to make necessary infrastructure investments, such as in renewable generation resources and in additional transmission lines necessary to transmit increasingly renewable power, it is also vital to align cost recovery mechanisms with costs incurred, and to ensure a rate of return that encourages stakeholders to support our investments on behalf of customers.

We understand that no customer wants to see their rates increase. Therefore, it is important to be clear that not all of the requests in this case translate to cost increases for customers. In fact, approximately 30 percent of Minnesota Power's general rate request relates to the transfer of GNTL costs from the Transmission Cost Recovery Rider to base rates and to resetting the level of Production Tax Credits ("PTC") in base rates versus the Renewable Resources Rider. These transfers to base rates will be offset by reductions in rider recovery.

Exclusive of GNTL and PTC transfers, Minnesota Power seeks authority to increase general rates by a net \$89.1 million or approximately 12.0 percent over current rates, effective January 1, 2024. Including the cost transfers between riders and base rates, this equates to a \$127.9 million or 17.2 percent gross increase over current rates. However, these requests also include proposals for straightforward true-up mechanisms of costs driven by state and federal regulations and policies, such as NOx (nitrogen oxide) allowances and chemical reagents. Approval of those mechanisms will help further manage overall costs for both customers and Minnesota Power alike.

The Company recognizes that the Commission will likely elect to suspend the proposed rate increase pursuant to Minn. Stat. § 216B.16, subd. 2. In that event, and pursuant to Minn. Stat. § 216B.16, subd. 3, Minnesota Power requests a net interim rate increase of \$63.8 million or 8.6 percent over current rates, exclusive of rider transfers to base rates, with final rates effective within ten (10) months of the date of the Application. Not including GNTL and PTC transfers to base rates, this equates to a gross interim base rate change of \$102.6 million, or approximately 13.8 percent over current rates. Minnesota Power acknowledges that the interim rate 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**

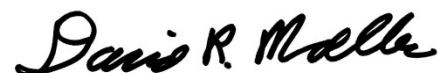
- Volume 4 Index
- Workpapers

Finally, 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](mailto:dmoeller@allete.com).

Yours truly,



David R. Moeller  
*Senior Regulatory Counsel*