

For more information

Minnesota Power

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Minnesota Public Utilities Commission

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MPUC eDockets

www.mn.gov/puc

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Questions about the Minnesota Public Utilities Commission's review process?

Consumer Affairs Office

121 7th Place East, Suite 350
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651-296-0406 or 1-800-657-3782
consumer.puc@state.mn.us

Customers with hearing or speech disabilities may call through Minnesota Relay 1-800-627-3529 or 711.



Notice of change to residential rates

Effective October 1, 2022



www.mnpower.com/ResidentialRates

People who communicate in a language other than English can request translation services by calling Minnesota Power at 800-228-4966. We also offer a translation option at www.mnpower.com

Minnesota Power has changed how its rates for residential customers are structured.

Under a plan approved by the Minnesota Public Utilities Commission, Minnesota Power has moved from block rates for residential customers to a flat energy rate. We will eventually move to residential rates that vary based on when energy is used, often called time-of-day rates. This multiple-year transition is occurring in phases and is expected to be complete by 2027, when time-of-day rates will become the default residential rate. The first phase began in October 2021 with a change to a flat energy rate. The second phase gets underway in October 2022 with a change to the flat rate and the usage-qualified discount.

What are flat rates?

With a flat rate, you pay the same energy charge per kilowatt-hour no matter how much energy you use. This is generally how electric utilities in Minnesota charge for energy used.

How will the change to the flat rate and usage-qualified discount affect my bill?

The flat rate for residential customers will decrease from \$0.09693/kWh to \$0.08384/kWh starting in October 2022. The discount will remain in place for customers who:

- continue to average 1,000 kWh or less per month AND
- are either approved for the Low Income Home Energy Assistance Program (LIHEAP) or inform Minnesota Power that they are income-qualified through a self-declaration process.

The discount amount on up to the first 600 kilowatt-hours for eligible customers will change from -\$0.03622 to -\$0.03229. The impact on your bill from changing the flat rate and discount will depend on your energy usage and income eligibility. Customers who are income-eligible and average 1,000 kilowatt-hours or less per month will receive a discount on up to their first 600 kilowatt-hours of energy used each month. Starting in October 2022, this means that the energy charge for the first 600 kilowatt-hours for income- and usage-qualified customers will be \$0.05155/kWh. The changes from phase 1 to phase 2 are summarized as follows:

Flat Rate for Residential Customers	Phase 1 (Oct. 1, 2021)	Phase 2 (Oct. 1, 2022)
Residential (all kWh)	\$0.09693	\$0.08384
Usage-Qualified Discount (0-600 kWh)	-\$0.03622	
Income- and Usage-Qualified Discount (0-600 kWh)		-\$0.03229

Is this a rate increase?

No, this change is not an increase to rates, but it is a change to the pricing structure for energy used.

Why is the rate structure for residential customers changing?

Our block rates were in place for many years—even as energy sources have changed. For example, in 2005, Minnesota Power had 95% coal-based energy and today we are delivering 50% renewable energy. Our vision is to deliver 100% carbon-free energy by 2050. You can learn more about *EnergyForward* and our vision for a clean-energy future at www.mnpower.com/CarbonFreeEnergyVision.

Changing how rates are structured will set the stage for the electric grid of the future by recognizing the shift to more renewable energy and enabling a better match of energy usage to the hours when renewable energy is most abundant. We developed our multiyear plan with input from consumer groups, policymakers and other interested parties.

Our phased transition:

- Simplifies a complicated and often confusing rate structure.
- Provides a discount for customers who are income-eligible and use 1,000 kWh or less per month, on average.
- Gives customers more control over how they use energy and their bill.
- Opens the door to additional products and services to benefit customers.
- Reflects changes in technology, what customers want, and state and federal energy policy goals.

Looking ahead

An interim period of a flat rate before full implementation of time-of-day rates will help ensure a smooth transition for customers while retaining important discount features that a block energy rate offers for income-eligible low-energy users. We will keep you informed as the transition for residential rates progresses.

For more details, visit www.mnpower.com/ResidentialRates

A phased transition for residential rates:

