

## Rate changes

On November 2, 2016, Minnesota Power filed an application with the Minnesota Public Utilities Commission (MPUC) for a 9.1 percent increase in electric rates, or about \$55.1 million per year, with an interim rate increase of 8 percent. In February 2017, Minnesota Power reduced its rate increase request to 6.1 percent, or about \$39 million, because of higher-than-expected electricity sales to industrial customers. At the same time, Minnesota Power asked that the interim rate increase that went into effect in January 2017 be lowered from 5.6 percent to 5.1 percent.

The MPUC on May 29, 2018, issued an updated final order increasing rates by \$12 million, or a 1.8 percent average increase, with the allowed percent increase varying by customer class. For the average residential customer, the result is a \$2 reduction on monthly bills, while most other classes of customers will see modest increases.

We have put into effect changes to energy rates for most customers, demand rates for larger commercial and industrial customers, and monthly service charges for some customers. For most customers the biggest change will be higher energy and demand rates because some previously separate billing charges are now part of the demand and energy rates. The increased demand and energy rates will be offset by a decrease in the fuel costs included in the resource adjustment line and decreases to the amounts in other separate charges, resulting in a moderate overall increase for non-residential customers.

## For more information

### Minnesota Power's electric rates

Visit [www.mnpower.com/CustomerService/Rates](http://www.mnpower.com/CustomerService/Rates) or call 800-228-4966 or 218-722-2625.

### Minnesota Power's rate review

Visit the Minnesota Public Utilities Commission's website at [www.mn.gov/puc](http://www.mn.gov/puc). Select eDockets, then type 16 in the year field, enter 664 in the number field, select Search, and the list of documents will appear on the next page.

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

### Consumer Affairs Office

121 7th Place East, Suite 350  
St. Paul, MN 55101  
651-296-0406 or 800-657-3782  
Email: [consumer.puc@state.mn.us](mailto:consumer.puc@state.mn.us)

Customers with hearing or speech disabilities may call the MPUC through their preferred Telecommunications Relay Service.



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# NEW ELECTRIC RATES

**BEGIN WITH THIS BILL**

(Effective December 1, 2018)

## Changes for monthly electric base rates

Final rates for electric service will go into effect on December 1, 2018. The following table shows how the new electric rates will affect monthly bills for an average customer in each customer class compared with rates that were previously in effect.

Customer classification	Average monthly kWh usage	Previous monthly cost		Allowed final monthly increase*		New TOTAL monthly cost**
Residential	744	\$77	-	\$2	=	\$75
Residential CARE	778	\$62	-	\$2	=	\$60
Residential Dual Fuel	1,119	\$96	+	\$2	=	\$97
General Service	2,670	\$283	+	\$9	=	\$293
Commercial and Industrial Dual Fuel	4,278	\$346	+	\$7	=	\$353
Municipal Pumping	6,220	\$640	+	\$27	=	\$667
Large Light and Power	297,246	\$24,012	+	\$323	=	\$24,335
Large Power	57,206,398	\$3,730,369	+	\$37,910	=	\$3,768,278
Street and Area Lighting	364	\$59	+	\$0	=	\$59

\*Monthly costs and increases include all line items on bills except sales tax and municipal franchise fees, and may vary by customer class based on usage.

\*\*Some numbers are affected by rounding to whole dollar amounts.

## Residential energy block rates (¢/kWh)

Residential customers will see four rate levels instead of five in their energy block rates. The revised blocks are intended to simplify rates for customers while still encouraging conservation by having higher rates for higher usage amounts.

Current rates		New rates	
Energy blocks	Charge	Energy blocks	Charge
0-300 kWh	5.098¢	0-400 kWh	7.423¢
301-500 kWh	6.735¢	401-800 kWh	9.767¢
501-750 kWh	8.168¢	801-1200 kWh	12.113¢
751-1000 kWh	8.445¢	Over 1200 kWh	14.653¢
Over 1000 kWh	8.937¢		

Minnesota Power has simplified monthly bills by moving most of the cost of fuel; purchased energy; and certain environmental, renewable and transmission project line items into base rates. The result is a higher energy charge per kWh but a reduction of about two cents per kWh in the separate line items.

## Impact on monthly residential energy bills

Monthly kWh usage	Current cost	New cost	(\$ Increase)	(%) Increase
400	\$41.31	\$39.98	-\$1.33	-3.2%
800	\$83.45	\$80.83	-\$2.62	-3.1%
1,200	\$128.98	\$131.06	\$2.08	1.6%
1,600	\$175.49	\$191.45	\$15.96	9.1%

## Interim rate refund

State law allowed Minnesota Power to collect a temporary, interim rate increase while the MPUC considered its rate request. Because the final rates set by the MPUC are lower than the interim rate that has been in effect, Minnesota Power will refund customers the difference with interest, generally through a bill credit in early 2019. The average refund for residential customers will be about \$57.

## Residential service charge

(\$/month) Customer classification	Current rates	New rates
Residential	\$8.00	\$8.00
Residential—Seasonal	\$8.80	\$10.00
Residential—Controlled Access	\$8.00	\$8.00
Residential—Dual Fuel interruptible	\$8.00	\$8.00

## Commercial and Industrial service charge

(\$/month) Customer classification	Current rates	New rates
General Service (With or without demand meter)	\$10.50	\$12.00
Commercial and Industrial (C & I) (Dual Fuel and Controlled Access service)	\$10.50	\$12.00
Municipal Pumping (With or without demand meter)	\$10.50	\$12.00

## Commercial and Industrial demand and energy charges

Customer classification	Current rates	New rates
General Service		
Without demand meter (¢/kWh)	7.836¢	10.204¢
With demand meter		
Energy charge (¢/kWh)	5.288¢	7.619¢
Demand charge (\$/kW)	\$5.86	\$6.50
C & I Dual Fuel Service (¢/kWh)		
Low voltage	5.178¢	7.563¢
High voltage	4.791¢	6.982¢
Municipal Pumping		
Without demand meter (¢/kWh)	7.836¢	10.204¢
With demand meter		
Energy charge (¢/kWh)	5.163¢	7.619¢
Demand charge (\$/kW)	\$6.20	\$6.50