



## EXPLAINING THE FUEL AND PURCHASED ENERGY ADJUSTMENT

### What is the Fuel and Purchased Energy Adjustment?

- The Fuel and Purchased Energy Adjustment is a mechanism for collecting fuel and purchase power costs that Minnesota Power incurs to serve customer load. It is a combination of approved forecast fuel rates for the current year and approved fuel true up rates from previous years.
- Both the forecasted fuel and the true up fuel rates fluctuate from month to month.
- You won't see the fuel forecast and true up rates listed separately on your statement; they are combined on one line on your bill called "Fuel and Purchased Energy" as required by the MPUC. Both the forecasted fuel adjustment and the true up fuel adjustment are based on the number of kilowatt-hours of energy a customer uses.

### Why is a Fuel and Purchased Energy Adjustment necessary?

- The cost of fuel and purchased power are a large part of an electric utility's expenses. Minnesota Power buys electricity on the open market when customer demand exceeds generation capacity or when outages to generation units occur. Purchasing electricity from other energy providers often costs more than producing it and the Public Utilities Commission allows Minnesota Power to collect the difference. The fuel adjustment is how regulated utilities like Minnesota Power reflect ongoing market fluctuations in the cost of coal and the cost of purchased power.
- Starting January 1, 2020, the Fuel and Purchased Energy Adjustment is an approved forecasted rate with a true up in subsequent years for any differences between forecasted and actual recovered fuel and purchased energy costs.
- Minnesota Power must report its forecasted costs for fuel and purchased power in an annual filing to state regulators for their review and approval. Minnesota Power must also report its actual recovered costs for fuel and purchased power in an annual filing to state regulators for their review and approval of any over/under recovered costs which will be included in a true up in subsequent years.

Please refer to pages 2 - 5 for Forecasted and True Up Fuel and Purchased Energy Rates-

## Rates Effective: January 1, 2024

### Forecasted Fuel and Purchased Energy Adjustment Rates- 2024

<b>Forecast</b>	<b>Jan 2024</b>	<b>Feb 2024</b>	<b>Mar 2024</b>	<b>Apr 2024</b>	<b>May 2024</b>	<b>Jun 2024</b>	<b>Jul 2024</b>	<b>Aug 2024</b>	<b>Sep 2024</b>	<b>Oct 2024</b>	<b>Nov 2024</b>	<b>Dec 2024</b>
	<b>\$/kWh</b>											
One Month Fuel Cost	0.03521	0.03421	0.02937	0.02884	0.03096	0.02740	0.03173	0.03229	0.02961	0.02874	0.02830	0.03159

  

<b>Rate Class</b>	<b>Jan 2024</b>	<b>Feb 2024</b>	<b>Mar 2024</b>	<b>Apr 2024</b>	<b>May 2024</b>	<b>Jun 2024</b>	<b>Jul 2024</b>	<b>Aug 2024</b>	<b>Sep 2024</b>	<b>Oct 2024</b>	<b>Nov 2024</b>	<b>Dec 2024</b>
	<b>\$/kWh</b>											
Residential	0.03587	0.03485	0.02992	0.02938	0.03154	0.02791	0.03232	0.03289	0.03016	0.02928	0.02883	0.03218
Residential On-Peak (TOD)	0.04198	0.04079	0.03502	0.03439	0.03691	0.03267	0.03783	0.03850	0.03530	0.03427	0.03374	0.03766
Residential Off-Peak (TOD)	0.03706	0.03601	0.03091	0.03036	0.03259	0.02884	0.03340	0.03399	0.03117	0.03025	0.02979	0.03325
Residential Super Off-Peak (TOD)	0.02723	0.02646	0.02272	0.02231	0.02395	0.02119	0.02454	0.02498	0.02290	0.02223	0.02189	0.02443
General Service	0.03631	0.03528	0.03029	0.02974	0.03193	0.02826	0.03273	0.03330	0.03054	0.02964	0.02919	0.03258
Large Light and Power	0.03544	0.03443	0.02956	0.02903	0.03116	0.02758	0.03194	0.03250	0.02980	0.02893	0.02849	0.03180
Large Power	0.03487	0.03388	0.02908	0.02856	0.03066	0.02713	0.03142	0.03198	0.02932	0.02846	0.02802	0.03128
Lighting	0.03008	0.02922	0.02509	0.02464	0.02645	0.02341	0.02710	0.02758	0.02529	0.02455	0.02417	0.02698

## Rates Effective: September 1, 2024

### 2023 True Up Fuel and Purchased Energy Adjustment Rates- 2024

<u>True Up</u>	Jan 2024	Feb 2024	Mar 2024	Apr 2024	May 2024	Jun 2024	Jul 2024	Aug 2024	Sep 2024	Oct 2024	Nov 2024	Dec 2024
	\$/kWh											
One Month Fuel Cost									(0.00160)	(0.00156)	(0.00151)	(0.00140)

  

<u>Rate Class</u>	Jan 2024	Feb 2024	Mar 2024	Apr 2024	May 2024	Jun 2024	Jul 2024	Aug 2024	Sep 2024	Oct 2024	Nov 2024	Dec 2024
	\$/kWh											
Residential									(0.00163)	(0.00159)	(0.00154)	(0.00143)
Residential On-Peak (TOD)									(0.00191)	(0.00186)	(0.00180)	(0.00167)
Residential Off-Peak (TOD)									(0.00168)	(0.00164)	(0.00159)	(0.00147)
Residential Super Off- Peak (TOD)									(0.00124)	(0.00121)	(0.00117)	(0.00108)
General Service									(0.00165)	(0.00161)	(0.00156)	(0.00144)
Large Light and Power									(0.00161)	(0.00157)	(0.00152)	(0.00141)
Large Power									(0.00158)	(0.00154)	(0.00150)	(0.00139)
Lighting									(0.00137)	(0.00133)	(0.00129)	(0.00120)

## Rates Effective: January 1, 2025

### Forecasted Fuel and Purchased Energy Adjustment Rates- 2025

<u>Forecast</u>	Jan 2025	Feb 2025	Mar 2025	Apr 2025	May 2025	Jun 2025	Jul 2025	Aug 2025	Sep 2025	Oct 2025	Nov 2025	Dec 2025
	\$/kWh											
One Month Fuel Cost	0.03262	0.03105	0.02821	0.02817	0.02804	0.02722	0.03019	0.03192	0.02952	0.02811	0.02773	0.03186

  

<u>Rate Class</u>	Jan 2025	Feb 2025	Mar 2025	Apr 2025	May 2025	Jun 2025	Jul 2025	Aug 2025	Sep 2025	Oct 2025	Nov 2025	Dec 2025
	\$/kWh											
Residential	0.03323	0.03163	0.02874	0.02870	0.02856	0.02773	0.03075	0.03252	0.03007	0.02864	0.02825	0.03246
Residential On-Peak (TOD)	0.03889	0.03702	0.03363	0.03359	0.03343	0.03245	0.03599	0.03806	0.03520	0.03351	0.03306	0.03799
Residential Off-Peak (TOD)	0.03434	0.03268	0.02969	0.02965	0.02951	0.02865	0.03178	0.03360	0.03107	0.02959	0.02919	0.03354
Residential Super Off- Peak (TOD)	0.02523	0.02402	0.02182	0.02179	0.02169	0.02105	0.02335	0.02469	0.02283	0.02174	0.02145	0.02464
General Service	0.03364	0.03202	0.02910	0.02905	0.02892	0.02807	0.03114	0.03292	0.03045	0.02899	0.02860	0.03286
Large Light and Power	0.03283	0.03125	0.02840	0.02835	0.02822	0.02740	0.03039	0.03213	0.02971	0.02829	0.02791	0.03207
Large Power	0.03230	0.03075	0.02794	0.02790	0.02777	0.02695	0.02990	0.03161	0.02923	0.02784	0.02746	0.03155
Lighting	0.02786	0.02652	0.02410	0.02406	0.02395	0.02325	0.02579	0.02727	0.02522	0.02401	0.02369	0.02721

## Rates Effective: January 1, 2025

### 2023 True Up Fuel and Purchased Energy Adjustment Rates- 2025

<u>True Up</u>	Jan 2025	Feb 2025	Mar 2025	Apr 2025	May 2025	Jun 2025	Jul 2025	Aug 2025	Sep 2025	Oct 2025	Nov 2025	Dec 2025
	\$/kWh											
One Month Fuel Cost	(0.00133)	(0.00148)	(0.00140)	(0.00153)	(0.00149)	(0.00153)	(0.00144)	(0.00145)				

  

<u>Rate Class</u>	Jan 2025	Feb 2025	Mar 2025	Apr 2025	May 2025	Jun 2025	Jul 2025	Aug 2025	Sep 2025	Oct 2025	Nov 2025	Dec 2025
	\$/kWh											
Residential	(0.00135)	(0.00151)	(0.00143)	(0.00156)	(0.00152)	(0.00156)	(0.00147)	(0.00148)				
Residential On-Peak (TOD)	(0.00159)	(0.00176)	(0.00167)	(0.00182)	(0.00178)	(0.00182)	(0.00172)	(0.00173)				
Residential Off-Peak (TOD)	(0.00140)	(0.00156)	(0.00147)	(0.00161)	(0.00157)	(0.00161)	(0.00152)	(0.00153)				
Residential Super Off- Peak (TOD)	(0.00103)	(0.00114)	(0.00108)	(0.00118)	(0.00115)	(0.00118)	(0.00111)	(0.00112)				
General Service	(0.00137)	(0.00153)	(0.00144)	(0.00158)	(0.00154)	(0.00158)	(0.00149)	(0.00150)				
Large Light and Power	(0.00134)	(0.00149)	(0.00141)	(0.00154)	(0.00150)	(0.00154)	(0.00145)	(0.00146)				
Large Power	(0.00132)	(0.00147)	(0.00139)	(0.00152)	(0.00148)	(0.00152)	(0.00143)	(0.00144)				
Lighting	(0.00114)	(0.00126)	(0.00120)	(0.00131)	(0.00127)	(0.00131)	(0.00123)	(0.00124)				