



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 - 3 for Forecasted and True Up Fuel and Purchased Energy Rates-

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	0.02893	0.02883	0.02874	0.02784	0.03087	0.03267	0.03015	0.02881	0.02844	0.03267
<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	0.03062	0.03051	0.03042	0.02947	0.03267	0.03458	0.03191	0.03049	0.03010	0.03458
Residential On-Peak (TOD)	0.03889	0.03702	0.03584	0.03571	0.03560	0.03449	0.03824	0.04047	0.03735	0.03569	0.03523	0.04047
Residential Off-Peak (TOD)	0.03434	0.03268	0.03164	0.03153	0.03143	0.03045	0.03376	0.03573	0.03297	0.03151	0.03110	0.03573
Residential Super Off-Peak (TOD)	0.02523	0.02402	0.02325	0.02317	0.02310	0.02237	0.02481	0.02626	0.02423	0.02315	0.02286	0.02626
General Service	0.03364	0.03202	0.02980	0.02969	0.02960	0.02867	0.03179	0.03365	0.03105	0.02967	0.02929	0.03365
Large Light and Power	0.03283	0.03125	0.02877	0.02867	0.02858	0.02769	0.03070	0.03249	0.02998	0.02865	0.02828	0.03249
Large Light and Power On-Peak (TOD)			0.03367	0.03356	0.03345	0.03241	0.03593	0.03803	0.03509	0.03353	0.03310	0.03803
Large Light and Power Off-Peak (TOD)			0.02973	0.02963	0.02953	0.02861	0.03172	0.03357	0.03098	0.02961	0.02923	0.03357
Large Light and Power Super Off-Peak (TOD)			0.02185	0.02177	0.02170	0.02102	0.02331	0.02467	0.02277	0.02176	0.02148	0.02467
Large Power	0.03230	0.03075	0.02845	0.02835	0.02826	0.02737	0.03035	0.03212	0.02965	0.02833	0.02796	0.03212
Lighting	0.02786	0.02652	0.02582	0.02573	0.02565	0.02485	0.02756	0.02916	0.02691	0.02572	0.02539	0.02916

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)	(0.00148)	(0.00162)	(0.00158)	(0.00162)	(0.00152)	(0.00153)				
Residential On-Peak (TOD)	(0.00159)	(0.00176)	(0.00173)	(0.00190)	(0.00185)	(0.00190)	(0.00178)	(0.00180)				
Residential Off-Peak (TOD)	(0.00140)	(0.00156)	(0.00153)	(0.00167)	(0.00163)	(0.00167)	(0.00157)	(0.00159)				
Residential Super Off-Peak (TOD)	(0.00103)	(0.00114)	(0.00113)	(0.00123)	(0.00120)	(0.00123)	(0.00116)	(0.00117)				
General Service	(0.00137)	(0.00153)	(0.00144)	(0.00158)	(0.00153)	(0.00158)	(0.00148)	(0.00149)				
Large Light and Power	(0.00134)	(0.00149)	(0.00139)	(0.00152)	(0.00148)	(0.00152)	(0.00143)	(0.00144)				
Large Light and Power On-Peak (TOD)			(0.00163)	(0.00178)	(0.00173)	(0.00178)	(0.00168)	(0.00169)				
Large Light and Power Off-Peak (TOD)			(0.00144)	(0.00157)	(0.00153)	(0.00157)	(0.00148)	(0.00149)				
Large Light and Power Super Off-Peak (TOD)			(0.00106)	(0.00116)	(0.00113)	(0.00116)	(0.00109)	(0.00109)				
Large Power	(0.00132)	(0.00147)	(0.00138)	(0.00150)	(0.00147)	(0.00150)	(0.00142)	(0.00143)				
Lighting	(0.00114)	(0.00126)	(0.00125)	(0.00137)	(0.00133)	(0.00137)	(0.00129)	(0.00129)				