

Why does my bill look different?

In July, new energy rates became effective and the interim rate line was removed.

Have my rates gone up?

No. In fact, they went down May 1 and have stayed at that level. In Late 2019, Minnesota Power did ask the Minnesota Public Utilities Commission (MPUC) for approval of a rate increase of about 10.59 percent overall for business and residential customers. The MPUC set an interim rate increase of 5.8 percent effective Jan. 1, 2020, while it considered our proposal. When the COVID-19 pandemic hit in March, we asked the MPUC to reduce the interim rate increase to 4.1 percent. The commission agreed to the decrease, effective May 1.

In April, we asked the MPUC to consider a settlement of our rate request, and in June the commission set new rates at the 4.1 percent average increase across all customer classes, effective July 1. Minnesota Power will refund to customers about \$12 million for the higher interim rates they paid from Jan. 1 to April 30, 2020. The average residential customer can expect to receive a refund of about \$20, while business customers can expect to receive a refund of approximately \$70. Refunds will vary depending on energy use and will be returned to customers beginning in October.

The closure of the Verso paper mill in Duluth has had no impact on the rates our customers pay. We cannot increase our rates without approval by the MPUC.

Has my energy use increased?

Many of us use more energy in the hot summer months for things such as air conditioning units, fans and dehumidifiers. More people also are working from home due to the pandemic, leading to increased use from plugged-in devices such as electronics, cell phone charging and computer use. Check the use on your bill and compare it to previous months to determine whether your electricity use increased. Depending on the type of meter you have, you could see hourly, daily, and/or monthly use information. You can view, track and compare your energy use to past months/years by registering for MyAccount at <https://www.mnpower.com/myaccount>.

Do I pay more for electricity as my use goes up?

Yes. The way our rates are designed, the more energy you use, the more you pay for each kilowatt hour (kWh). We have four "tiers" for residential customers. The charge per kWh goes up at 400 kWh, 800 kWh and 1,200 kWh. The Minnesota Public Utilities Commission (MPUC) approved this rate structure, seen in the chart below, as an incentive for customers to conserve energy.

RATE (Monthly)

	<u>General & Space Heating</u>	<u>Seasonal</u>
Service Charge	\$8.00	\$10.00
0 kWh to 400 kWh	5.911¢	
401 kWh to 800 kWh	8.255¢	
801 kWh to 1,200 kWh	10.601¢	
Over 1,200 kWh	13.141¢	
All kWh (¢/kWh)		9.341¢

Why does the Resource Adjustment line item on my bill fluctuate?

The Resource Adjustment line fluctuates monthly because it includes the forecasted fuel and purchase costs that Minnesota Power incurs to serve customers. These costs fluctuate monthly based on what Minnesota Power has forecasted for fuel costs, purchases costs, sales margin credits, and other factors. The forecasted monthly costs and rates are filed with the MPUC and approved before the start of the year. Also, as part of our rate settlement with the MPUC, forecasted wholesale energy and capacity sales margin credits are now included in the Resource Adjustment line item rather than in base rates. If we have more than enough energy on our system, we sell the excess on the market and return the earnings to customers through margin credits. If we don't have enough energy, we have to buy it on the market, and customers do not receive a credit. Another reason the Resource Adjustment line fluctuates more than in the past is that all of the forecasted fuel and purchase costs are included in the Resource Adjustment line where previously, part of those costs were included in base rates. This change was effective Jan. 1, 2020. The factors above are the main reasons the Resource Adjustment line item fluctuates more than in the past. The Resource Adjustment also is a per-kWh charge, so it will increase as you use more energy.

Minnesota Power also filed a request with the MPUC to reduce the forecasted fuel and purchase costs that flow through the Resource Adjustment line by \$12.2 million from September to December. This "Significant Events" update was filed because the actual cost of energy on the market has been lower than forecasted during the COVID-19 pandemic. Normally a true-up would be calculated and filed each year in March to reconcile the difference between forecasted costs and actual costs from the previous year.

To learn more about the Resource Adjustment line item, go to our in-depth explanation at <https://www.mnpower.com/Content/Documents/CustomerService/resource-adjustment.pdf>.

What does it mean if my bill says it was estimated?

Minnesota Power uses Advanced Metering Infrastructure and Automated Meter Reading to provide customers with timely usage information that can help them more efficiently control their electric use. This metering also helps the company better monitor and regulate the production of electricity. The technology allows us to automatically and more frequently collect diagnostic and status data from your electric meter, and gives us quick access to meter data used for billing, analyzing and troubleshooting.

Although rare, there are times when we can't get an accurate meter read because of weather conditions, obstructed signal due to trees or large objects, or other reasons. When that happens, we

charge for an estimated amount of electricity used, which is typically calculated by averaging the amounts registered over corresponding periods in previous years. If we don't have that information, we'll use similar periods of known accurate measurement preceding the estimated billing period.

Customers are encouraged to look at their monthly bill or in MyAccount for usage information. The billing period start read and end read are displayed on the bill. The current read on a meter can be easily seen. If a customer thinks the read on their bill and the read on their meter is substantially different, they can call to speak with a representative for assistance and review. Be mindful of the billing period and the end read date when comparing.

If you think your meter might be inaccurate, call us to request that we test the meter's accuracy. If we fail to complete the test within a reasonable time, we will not bill you for any unmeasured electric consumption for the period between your notification and the date the meter was tested.

Can I track my energy use?

Yes. You can track your energy use by signing up for our MyAccount program. You can view your current and past energy use and your billing history, set energy markers, choose energy threshold alerts, and do much more. You also can look at temperature information, which may affect how much energy you use. Register for My Account at www.mnpower.com/myaccount.

How can I lower my energy use and have more control over my bill?

We have many conservation and energy efficiency programs and tips that can help you save energy and money. Please visit our programs and rebates page at <https://www.mnpower.com/ProgramsRebates> or call us at (800) 228-4966 for information.

Where can I get more information?

Visit our Rates web page at <https://www.mnpower.com/CustomerService/Rates> for more details.