

Rate Changes

We have implemented changes to monthly service charges and energy rates for most customers, and demand rates for larger commercial and industrial customers. The residential monthly service charge (which includes the first 50 kWh of energy usage) will increase from \$5.00 to \$8.00. The energy charge for the next 300 kWh of energy usage will be unchanged at \$0.04773 per kWh, and the energy charge for monthly usage in excess of 350 kWh will increase from \$0.07218 to \$0.08004 per kWh. More details about the increase in rates are provided in the tables inside this Notice.

Your Refund

Under state law, Minnesota Power was allowed to collect an interim (temporary) rate increase while the MPUC considered our rate request. The interim increase of \$35.5 million annually, or 7.5 percent, took effect on August 1, 2008. The MPUC's final decision in Minnesota Power's rate case resulted in an adjusted interim rate increase of \$14.9 million, or 3.1 percent, annually during this interim period. Since the adjusted interim rate increase is less than the amount collected during the interim rate period, Minnesota Power will refund the difference, with interest, on your December or January bill. A typical residential customer's refund will be about \$40 (based upon 741 kWh average monthly usage).

For More Information

If you would like more information about the new electric rates, please visit www.mnpower.com/straightanswers; inquire at Minnesota Power's General Office Building at 30 West Superior Street, Duluth, Minnesota, between 8:00 a.m. and 4:30 p.m. Monday through Friday; or call 218-722-2625 or 800-228-4966.



Customer Notice of New Electric Rates

New Electric Rates Begin With Usage in
November 2009

In May 2008, Minnesota Power filed a request with the Minnesota Public Utilities Commission (MPUC) for an electric retail rate increase of \$45.5 million or 9.5 percent annually. The MPUC issued its final Order on August 10, 2009, approving a \$20.4 million final increase, or a 4.4 percent average overall change in rates for all customer classes. The approved rates will increase a typical residential customer's bill by about 10 percent over previous rates. The MPUC approval increased electric rates for all customer classes except Lighting. The amounts of these increases are explained in the tables inside this Notice.

Final Rates

Final rates will go into effect for electric service on November 1, 2009. The following table shows how the new electric rates will affect monthly bills for an average customer in each customer class. The monthly increase amounts include all line items on customer bills, including the cost of fuel, purchased power, and most riders but does not include sales taxes and municipal franchise fees. These amounts may vary by individual customer based on energy usage.

Change in Monthly Electricity Bills

Customer Classification	Average Monthly kWh Usage	Average Monthly Bill-Previous Rates	Monthly Increase
Residential	741	\$60	\$6
Seasonal Residential	242	\$28	\$3
Residential Controlled Access	2,335	\$124	\$11
Dual Fuel—Residential	1,171	\$67	\$9
General Service	2,653	\$211	\$21
Dual Fuel—Commercial and Industrial	15,520	\$779	\$85
Municipal Pumping	22,495	\$1,497	\$130
Large Light and Power	147,146	\$9,506	\$282
Large Power	46,814,402	\$2,268,218	\$36,769
Street and Area Lighting	347	\$47	\$0

How the changes affect your bill will vary depending on the amount of electricity you use. Your monthly bill will also vary due to changes in the cost of market energy and fuel purchased by Minnesota Power to generate electricity for your use.

Residential Service

Minimum Monthly Service Charge—\$/month	Current	New Rates
Residential	\$5.00	\$8.00
Residential—Seasonal	\$5.50	\$8.80
Residential—Controlled access service	\$5.00	\$8.00
Residential—Dual fuel interruptible	\$5.00	\$8.00
Energy Rates—\$/kWh		
Residential		
1st 50 kWh or less	\$0.00	\$0.00
next 300 kWh	\$.04773	\$.04773
all additional kWh	\$.07218	\$.08004
Seasonal	\$.07587	\$.07574
Controlled access service	\$.03500	\$.03943
Dual fuel interruptible	\$.03700	\$.04300

Commercial and Industrial Service

Minimum Monthly Service Charge—\$/month	Current	New Rates
General Service (with or without demand meter)	\$3.81	\$10.50
C & I (Dual Fuel Service and Controlled Access Service)	\$10.00	\$10.50
Municipal Pumping (with or without demand meter)	\$3.85	\$10.50
Demand and Energy Rates		
General Service		
without demand meter (\$/kWh)	\$0.06456	\$0.07084
with demand meter		
energy charge (\$/kWh)	\$0.04612	\$0.05020
demand charge (\$/kWh)	\$4.36	\$4.87
C & I Dual Fuel Service (\$/kWh)		
low voltage	\$0.03700	\$0.04300
high voltage	\$0.03400	\$0.04025
Municipal Pumping		
without demand meter (\$/kWh)	\$0.07043	\$0.07854
with demand meter		
energy charge (\$/kWh)	\$0.03797	\$0.04284
demand charge (\$/kWh)	\$5.12	\$5.81