

To Our Residential Customers

On December 10, 2012, Minnesota Power received approval of the rates contained herein from the Minnesota Public Utilities Commission. These rates will be applied to usage on and after January 1, 2013.

For your information and convenient reference, this folder contains the following electric service rates and rules:

- **RESIDENTIAL SERVICE**
 - GENERAL
 - SPACE HEATING
 - SEASONAL
- **RESIDENTIAL DUAL FUEL INTERRUPTIBLE ELECTRIC SERVICE**
- **RESIDENTIAL CONTROLLED ACCESS ELECTRIC SERVICE**
- **RESIDENTIAL SERVICE RULES**

Should you desire any further information regarding these rates and how they apply in your home, please visit www.mnpower.com or call **1-800-228-4966**.



AN ALLETE COMPANY

RESIDENTIAL SERVICE

APPLICATION

To electric service for all domestic uses for residential customers in single-family dwellings, subject to the Company's Residential Service Rules, Extension Rules, Electric Service Regulations, and any applicable Riders.

A dwelling will be considered to be occupied seasonally when occupied as the customer's principal dwelling place for eight months or less each year.

TYPE OF SERVICE

Single phase, 60 hertz, at 120 or 120/240 volts, supplied through one meter at one point of delivery.

RATE (Monthly)

| | General and Space Heating | Seasonal |
|---------------------|------------------------------|----------|
| Service Charge | \$8.00 | \$8.80 |
| 0-300 kWh | 5.098¢ | |
| 301-500 kWh (¢/kWh) | 6.735¢ | |
| 501-750 kWh (¢/kWh) | 8.168¢ | |
| 751-1000 (¢/kWh) | 8.445¢ | |
| Over 1000 kWh | 8.937¢ | |
| All kWh (¢/kWh) | | 8.235¢ |

There shall be added to the monthly bill, as computed above, an Affordability Surcharge determined in accordance with the Pilot Rider for Customer Affordability of Residential Electricity (CARE).

Plus any applicable Adjustments.

MINIMUM CHARGE

The Minimum Charge shall be the Service Charge plus any applicable Adjustments.

In the case of Seasonal Service, the Minimum Charge (annually) shall not be less than the guaranteed annual revenue based on the Company's Extension Rules.

PAYMENT

Bills are due and payable 15 days following the date the bill is rendered or such later date as may be specified on the bill.

CONTRACT PERIOD

Not less than 30 days or such longer period as may be required under an extension agreement.

For Seasonal Residential Service, the initial contract period is one year or such longer period as may be required under an extension agreement, with one-year renewal periods.

RESIDENTIAL DUAL FUEL INTERRUPTIBLE ELECTRIC SERVICE

APPLICATION

To the interruptible electric service requirements of all-year residential customers where a non-electric source of energy is available to satisfy these requirements during periods of interruption. Service is subject to Company's Electric Service Regulations and any applicable Riders.

TYPE OF SERVICE

Single phase, 60 hertz, at 120 or 120/240 volts, supplied through one meter at one point of delivery.

RATE (Monthly)

| | |
|-----------------------|--------|
| Service Charge | \$8.00 |
| Energy Charge | |
| All kWh (¢/kWh) | 5.178¢ |

Plus any applicable Adjustments.

MINIMUM CHARGE (Monthly)

The Minimum Charge shall be the Service Charge plus any applicable Adjustments.

PAYMENT

Bills are due and payable 15 days following the date the bill is rendered or such later date as may be specified on the bill.

CONTRACT PERIOD

Not less than 30 days or such longer period as may be required under an extension agreement.

SERVICE CONDITIONS

1. The primary energy source for the Company-approved Dual Fuel installation must be electric. The backup heating source must be a non-electric, externally-vented heating system, of sufficient size, capable of continuous operation. Under no circumstances will firm electric service qualify as the secondary or back-up energy source.
2. The interruptible load of the approved Dual Fuel installation shall be separately served and metered and shall at no time be connected to facilities serving the customer's firm load.
3. The duration and frequency of interruptions shall be at the discretion of the Company. Interruption will normally occur at such times:
 - a. when the Company is required to use oil-fired generation equipment or to purchase power that results in equivalent production cost,
 - b. when the Company expects to incur a new system peak,
 - c. at such other times when in the Company's opinion the reliability of the system is endangered,
 - d. when the Company performs necessary testing for certification of interruptibility of customers' loads.
4. The Company shall not be liable for any loss or damage caused by or resulting from any interruption of service except in the case of gross negligence on the part of the Company.
5. The customer must be prepared to supply all of the interruptible load from an alternative energy source for up to 30% of the customer's Dual Fuel requirements during any annual period.
6. The Company will provide, at the customer's expense, and the customer will install, as directed by the Company, a load-break switch or circuit breaker. The customer must provide a continuous 120 volt AC power source at the Company's control point for operation of the Company's remote control equipment.

7. The rate contemplates that this service will utilize existing facilities with no additional major expenditures. The customer shall pay the Company the installed cost of any additional facilities required which are not supported by this rate.

RESIDENTIAL CONTROLLED ACCESS ELECTRIC SERVICE

APPLICATION

To electric service for residential customers for controlled energy storage or other loads which will be energized only for the time period between 11 p.m. and 7 a.m. daily. Service is subject to the Company's Electric Service Regulations and any applicable Riders.

TYPE OF SERVICE

Single phase, 60 hertz, voltages of 120 to 240 volts, supplied through one meter at one point of delivery.

RATE (Monthly)

Service Charge \$8.00

Energy Charge

All kWh (¢/kWh) 4.332¢

Plus any applicable Adjustments.

MINIMUM CHARGE (Monthly)

The Minimum Charge shall be the Service Charge plus any applicable Adjustments.

PAYMENT

Bills are due and payable 15 days following the date the bill is rendered or such later date as may be specified on the bill.

CONTRACT PERIOD

Not less than 30 days or such longer period as may be required under an electric service agreement.

SERVICE CONDITIONS

1. The controlled load shall be separately served and metered and shall at no time be connected to facilities serving the customer's other loads.
2. The total connected controlled load shall not exceed 100 kW.
3. Any controlled energy storage load to which this service schedule applies must have sufficient capacity to satisfy the customer's energy needs during the non-energized period.
4. The Company shall not be liable for any loss or damage caused by or resulting from any interruption of service except in the case of gross negligence on the part of the Company.
5. The customer's load shall be controlled by a switching device approved or supplied by the Company and paid for and installed by the customer. The customer must provide a continuous 120 volt AC power source at the Company's control point for operation of the Company's control equipment.
6. The rate contemplates that this service will utilize existing facilities with no additional major expenditures. The customer shall pay the Company the installed cost of any additional facilities required which are not supported by this rate.

ADJUSTMENTS APPLICABLE TO ALL ELECTRIC SERVICE RATES LISTED

1. There shall be added to or deducted from the monthly billing, as computed above, a fuel and purchased energy adjustment determined in accordance with the Rider for Fuel and Purchased Energy Adjustment.
2. There shall be added to the monthly bill, as computed above, an emissions-reduction adjustment determined in accordance with the Rider for Arrowhead Regional Emission Abatement (AREA).
3. There shall be added to the monthly bill, as computed above, a transmission investment adjustment determined in accordance with the Rider for Transmission Cost Recovery.
4. There shall be added to the monthly bill, as computed above, a renewable resources adjustment determined in accordance with the Rider for Renewable Resources.

5. There shall be added to the monthly bill, as computed above, a conservation program adjustment determined in accordance with the Rider for Conservation Program Adjustment. The combination of the fuel adjustment and the Conservation Program Adjustment shall be shown on the customer's bill as the Resource Adjustment.
6. Plus the applicable proportionate part of any taxes and assessments imposed by any governmental authority, which are assessed on the basis of meters or customers, or the price of or revenues from electric energy or service sold, or the volume of energy generated, transmitted or purchased for sale or sold.
7. Bills for service within the corporate limits of the cities of Aurora, Duluth, Hermantown, Little Falls, Long Prairie, Nashwauk, Park Rapids, Staples and other cities with approved franchise fee riders shall include an upward adjustment as specified in the applicable franchise fee rider for each city.
8. Minnesota Power will assess a Late Payment Charge of 1.5% or \$1.00 per monthly billing period, whichever is greater, on that portion of a retail customer's account representing charges for utility service(s) past due, if the unpaid utility balance exceeds \$10.00. Any portion of a utility bill under dispute will not be charged a Late Payment Charge while the dispute is being resolved. At the Company's discretion, any Late Payment Charge, or portion thereof, may be waived in accordance with the Minnesota Public Utilities Act. **Residential customers** who qualify for assistance under the Low Income Home Energy Assistance Program (LIHEAP) may request waiver of the Late Payment Charge on future unpaid utility balances.
2. In buildings having two or more apartments (as defined below), each apartment shall be considered a single-family dwelling. For each apartment building or portion of a building used for apartments that is arranged to permit the consumption of electricity by each apartment to be individually metered, Company will install meters to measure the consumption of electricity and will separately bill each individual apartment on the applicable rate schedule. However, where a landlord advises the Company that service applies to a single-metered apartment, the billing shall be to the landlord and in accordance with Minn. Stat. 504B.215. In all other cases, the billing shall be computed as though each apartment used an equal portion of the total service and was independently billed. Service shall not be submetered or resold.
3. An apartment is defined as a portion of a building consisting of two or more rooms completely equipped for living purposes. Janitor's quarters shall be classified as an apartment.
4. A customer occupying a building or apartment for residential and commercial purposes jointly may combine his residential and commercial use on the applicable General Service schedule but not under the Residential Service schedule.
5. The public portion of apartment buildings, such as lobbies, halls, laundry rooms, boiler rooms, etc., and the power equipment, such as coal stokers, oil burners, air conditioners, elevators, etc., shall be served on the applicable General Service schedule.

The Rate Tariff Sheets, Extension Rules and Electric Service Regulations are available at www.mnpower.com.

RESIDENTIAL SERVICE RULES

1. Equipment which is capable of disturbing service to neighboring customers and/or motors operating with phase converters totaling more than 20 horsepower shall be separately metered on the applicable General Service Schedule. Equipment capable of disturbing service to neighboring customers may include, but is not limited to, the following: welders, motors not conforming to the Company's starting current limits, cooking and heating equipment of a design not approved by the Company.