



EXPLAINING THE RESOURCE ADJUSTMENT

What is the Resource Adjustment?

- The Resource Adjustment is a combination of two charges – the **Forecasted Fuel and Purchased Energy Adjustment** and the **Conservation Program Adjustment**. A portion of the state-mandated conservation program is recovered in base rates; the rest is recovered in the Resource Adjustment.
- The forecasted fuel adjustment portion of the Resource Adjustment fluctuates from month to month; the conservation adjustment is changed only once a year and must be approved by the Minnesota Public Utilities Commission. The Resource Adjustment is largely controlled by the forecasted fuel adjustment because it is much greater than the conservation adjustment.
- You won't see these two charges listed separately on your statement; they are combined on one line on your bill called "Resource Adjustment" as required by the MPUC. Both the forecasted fuel adjustment and the conservation 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 will be 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 page 2 and page 3 for Forecasted and True Up Fuel and Purchased Energy Rates

What is the Conservation Program Adjustment?

- Minnesota law requires Minnesota Power and other regulated utilities to invest in energy conservation and energy efficiency programs. Minnesota Power's investments in conservation program rebates, education and outreach are recoverable from customers. For delivering conservation programs that meet or exceed the state-established energy-saving goal, Minnesota Power can earn an incentive, which is also recoverable from customers.
- The conservation adjustment, approved by the MPUC, increased in October 2021. It's now \$0.002015/kilowatt-hour.

Conservation Program Adjustment Rate – Effective 8/1/2022: 0.002002 (\$/kWh)

Forecasted Fuel and Purchased Energy Adjustment Rates- 2023

Forecast	Jan 2023	Feb 2023	Mar 2023	Apr 2023	May 2023	Jun 2023	Jul 2023	Aug 2023	Sep 2023	Oct 2023	Nov 2023	Dec 2023
	\$/kWh											
One Month Fuel Cost	0.03038	0.03095	0.02772	0.02773	0.02780	0.04006	0.04129	0.03766	0.04004	0.03565	0.03081	0.03183
Rate Class	Jan 2023	Feb 2023	Mar 2023	Apr 2023	May 2023	Jun 2023	Jul 2023	Aug 2023	Sep 2023	Oct 2023	Nov 2023	Dec 2023
	\$/kWh											
Residential	0.03081	0.03139	0.02811	0.02812	0.02819	0.04062	0.04187	0.03819	0.04060	0.03615	0.03124	0.03228
Residential On-Peak (TOD)	0.03606	0.03673	0.03290	0.03291	0.03300	0.04755	0.04901	0.04470	0.04752	0.04231	0.03657	0.03778
Residential Off-Peak (TOD)	0.03183	0.03243	0.02905	0.02906	0.02913	0.04198	0.04326	0.03946	0.04196	0.03736	0.03228	0.03335
Residential Super Off-Peak (TOD)	0.02339	0.02383	0.02134	0.02135	0.02141	0.03085	0.03179	0.02900	0.03083	0.02745	0.02372	0.02451
General Service	0.03145	0.03204	0.02870	0.02871	0.02878	0.04147	0.04274	0.03898	0.04145	0.03690	0.03189	0.03295
Large Light and Power	0.03068	0.03125	0.02799	0.02800	0.02807	0.04045	0.04170	0.03803	0.04043	0.03600	0.03111	0.03214
Large Power	0.03008	0.03065	0.02745	0.02746	0.02753	0.03967	0.04089	0.03729	0.03965	0.03530	0.03051	0.03152
Lighting	0.02509	0.02556	0.02289	0.02290	0.02296	0.03308	0.03409	0.03110	0.03306	0.02944	0.02544	0.02628

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1/- June – December 2023 rates could be updated in May 2023 with the results of the Resource Planning Reserve Auction.

2021 True Up Fuel and Purchased Energy Adjustment Rates- 2023

True Up	Jan 2023	Feb 2023	Mar 2023	Apr 2023	May 2023	Jun 2023	Jul 2023	Aug 2023	Sep 2023	Oct 2023	Nov 2023	Dec 2023
	\$/kWh											
One Month Fuel Cost	0.00487	0.00538	0.00506	0.00552	0.00550	0.00566	0.00527	0.00531				
Rate Class	Jan 2023	Feb 2023	Mar 2023	Apr 2023	May 2023	Jun 2023	Jul 2023	Aug 2023	Sep 2023	Oct 2023	Nov 2023	Dec 2023
	\$/kWh											
Residential	0.00494	0.00546	0.00513	0.00560	0.00558	0.00574	0.00534	0.00538				
Residential On-Peak (TOD)	0.00578	0.00639	0.00601	0.00655	0.00653	0.00672	0.00625	0.00630				
Residential Off-Peak (TOD)	0.00510	0.00564	0.00530	0.00578	0.00576	0.00593	0.00552	0.00556				
Residential Super Off-Peak (TOD)	0.00375	0.00414	0.00390	0.00425	0.00423	0.00436	0.00406	0.00409				
General Service	0.00504	0.00557	0.00524	0.00571	0.00569	0.00586	0.00546	0.00550				
Large Light and Power	0.00492	0.00543	0.00511	0.00557	0.00555	0.00572	0.00532	0.00536				
Large Power	0.00482	0.00533	0.00501	0.00547	0.00545	0.00560	0.00522	0.00526				
Lighting	0.00402	0.00444	0.00418	0.00456	0.00454	0.00467	0.00435	0.00438				