



# ALLETE Reaches Key Agreement with Minnesota Department of Commerce to Deliver Enhanced Benefits for Customers and Communities

On July 11, ALLETE and its transaction partners Canada Pension Plan Investment Board (CPP Investments) and Global Infrastructure Partners (GIP) reached an agreement with the Minnesota Department of Commerce that will deliver immediate cost savings and substantial benefits to Minnesota Power customers and communities following Minnesota Public Utilities Commission approval and completion of the proposed transaction.

## Expanded Stakeholder Commitments

### Immediate Cost Savings for Customers

- ✔ **One-year base rate freeze** will ensure stability for customers during a period of economic uncertainty
- ✔ **Reducing Return on Equity (ROE)** from 9.78% to 9.65% post-close until a future rate case, directly lowering costs passed through to customers

### Maintaining Strong Customer Service Levels

- ✔ **Agreement establishes accountability mechanism** based on strict performance measures
- ✔ **Ensures customers will continue to receive exceptional levels of service quality and reliability they expect**

### Supporting the Clean Energy Transition

- ✔ **Guaranteed access to capital** to fund ALLETE's 5-year plan and support transmission and renewable energy goals
- ✔ **\$50 million investor-funded Clean Firm Technology Fund** to advance local projects and partnerships critical to a reliable and sustainable energy transition

### Strengthened Governance and Transparency

- ✔ **Agreement to establish a holding company structure** for regulated assets, further protecting MP customers from risks associated with non-utility business activities
- ✔ **Six directors of 14-member Board will be independent with several from MN and WI**, ensuring regional voices have significant voice in utility decision-making

In addition to the new benefits being offered through this agreement, ALLETE and its transaction partners remain focused on delivering on their previously announced stakeholder commitments



Retaining ALLETE's workforce + maintaining current compensation levels and benefits programs



Maintaining headquarters in Duluth, Minnesota, with Bethany Owen continuing as CEO and management team remaining in place



Honoring existing union contracts and extending ALLETE's collective bargaining agreement with the IBEW Local 31 by two years



Contributing to local communities, including through an up to \$3.5 million partner-funded residential customer arrearage forgiveness program designed to support eligible low-income customers

"This agreement demonstrates our commitment to listening and working collaboratively with our stakeholders and we've appreciated the close collaboration with the Minnesota Department of Commerce to address matters raised by the Department and others through this process. The strong and growing local support we've received reflects a shared understanding that this transaction is the right step forward for Minnesota Power. With increasing clean energy and infrastructure needs now and well into the future, partnering with the two experienced, long-term investors we've chosen is crucial to advancing our company's commitment to building a clean-energy future and achieving the state's carbon reduction goals, while safeguarding reliable power and keeping customer bills as low as possible."

— ALLETE CHAIR, PRESIDENT, AND CHIEF EXECUTIVE OFFICER BETHANY OWEN

### Growing Body of Support for Proposed Transaction



International Brotherhood of Electrical Workers (IBEW) Local 31



Laborers' International Union of Minnesota & North Dakota



International Union of Operating Engineers Local 49



North Central States Regional Council of Carpenters



Head of the Lakes United Way



Duluth Area Chamber of Commerce