

Legislative Energy Commission

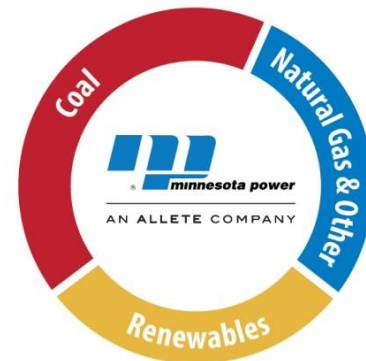
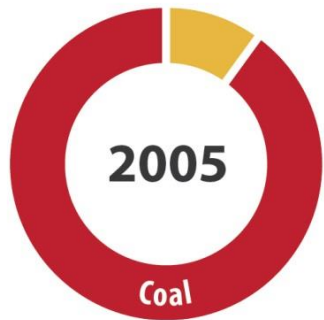
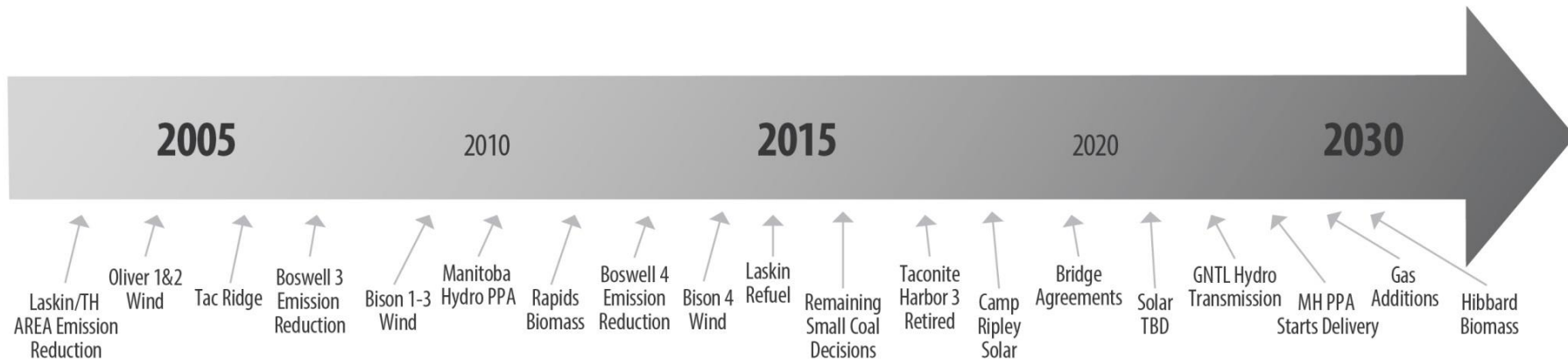
Trends in Electricity Prices

March 3, 2016

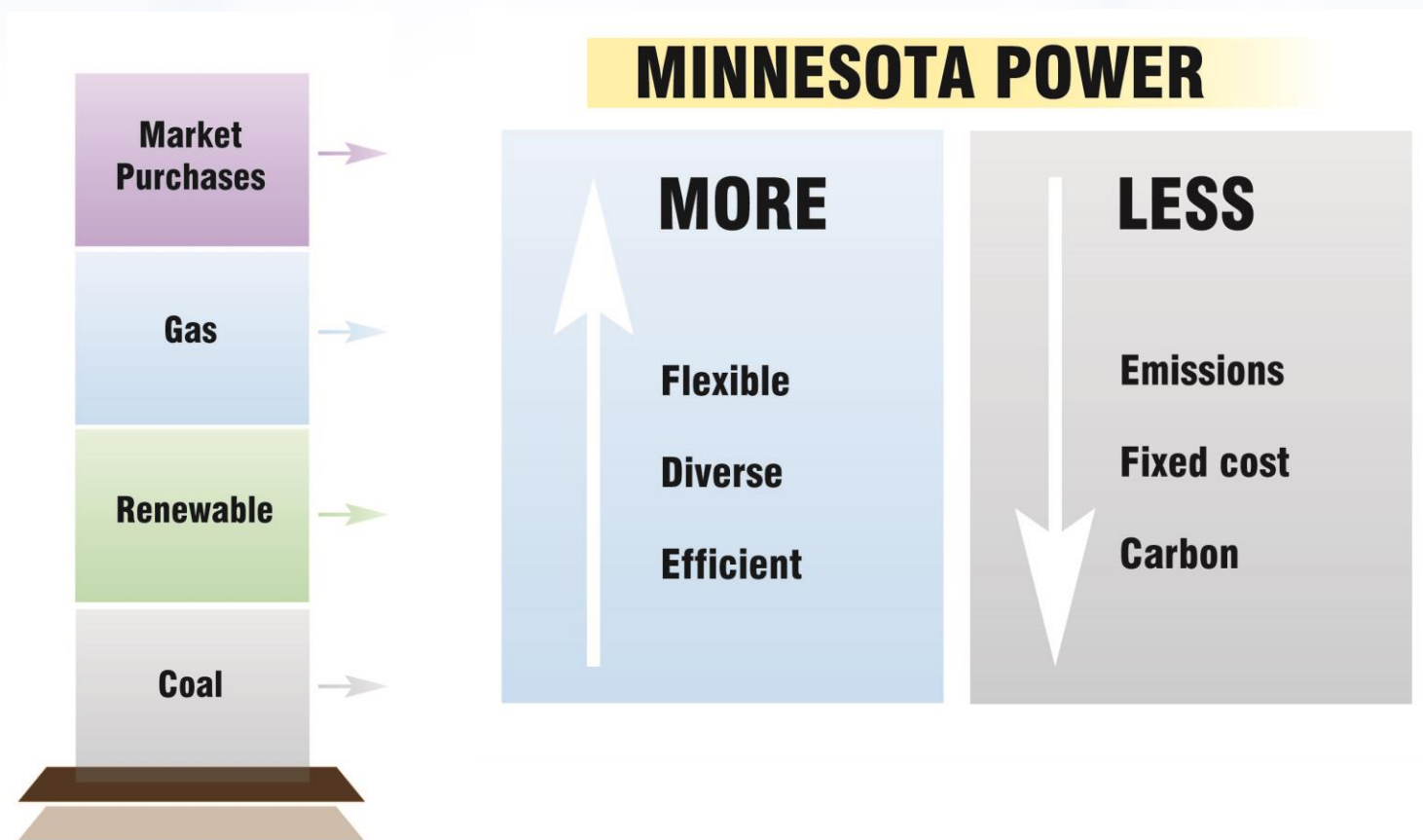
Jason Risdall – Manager, Regional Accounts



Resource Transformation

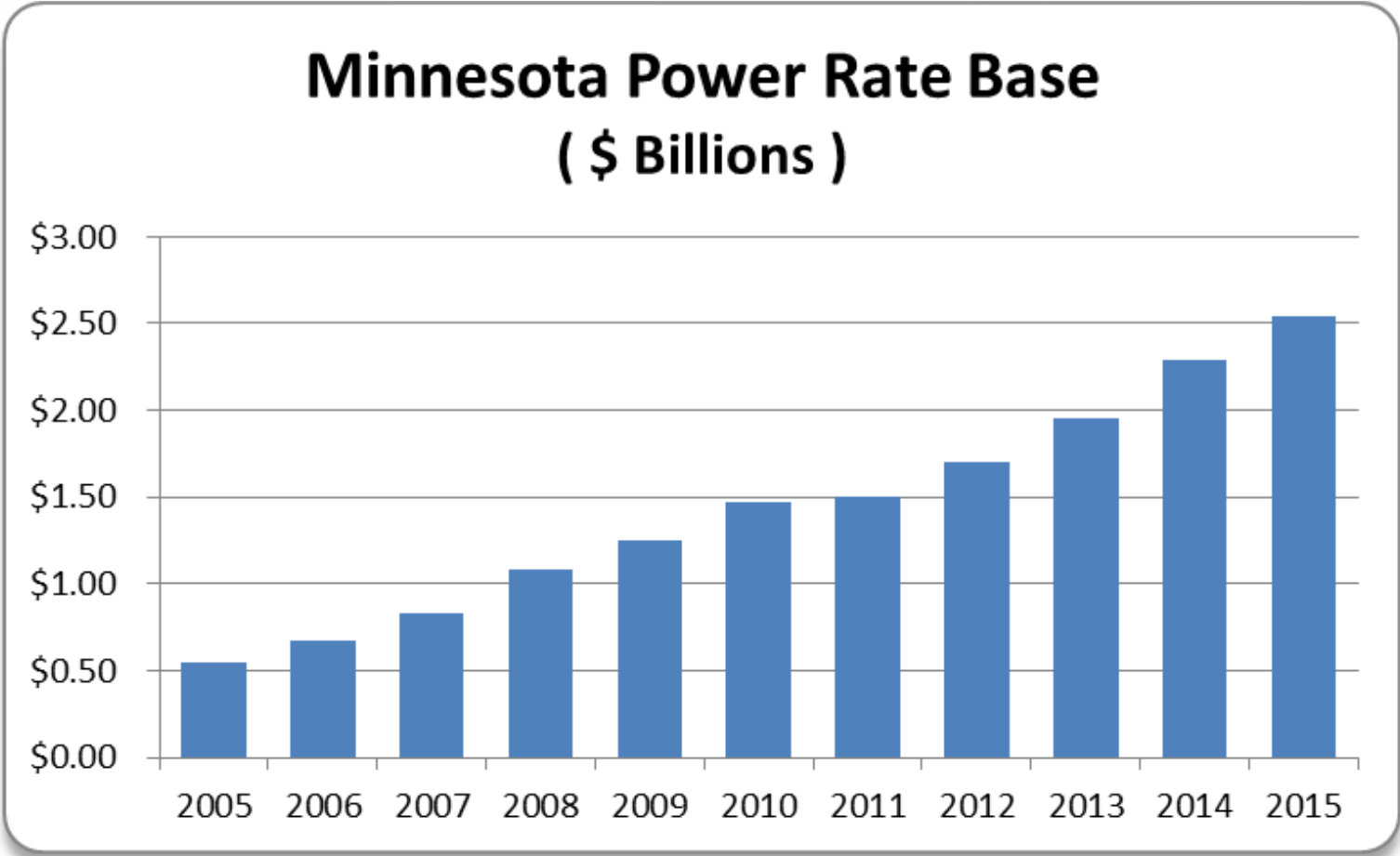


Power Supply Principles



Moving customer power supply to more flexible, efficient and diverse options while protecting affordability and enhancing environmental performance

Significant Increase in Investments



Major Projects



Environmental Compliance

Total Cost: ~ \$700 million

Renewable Energy

Total Cost: ~ \$1 billion

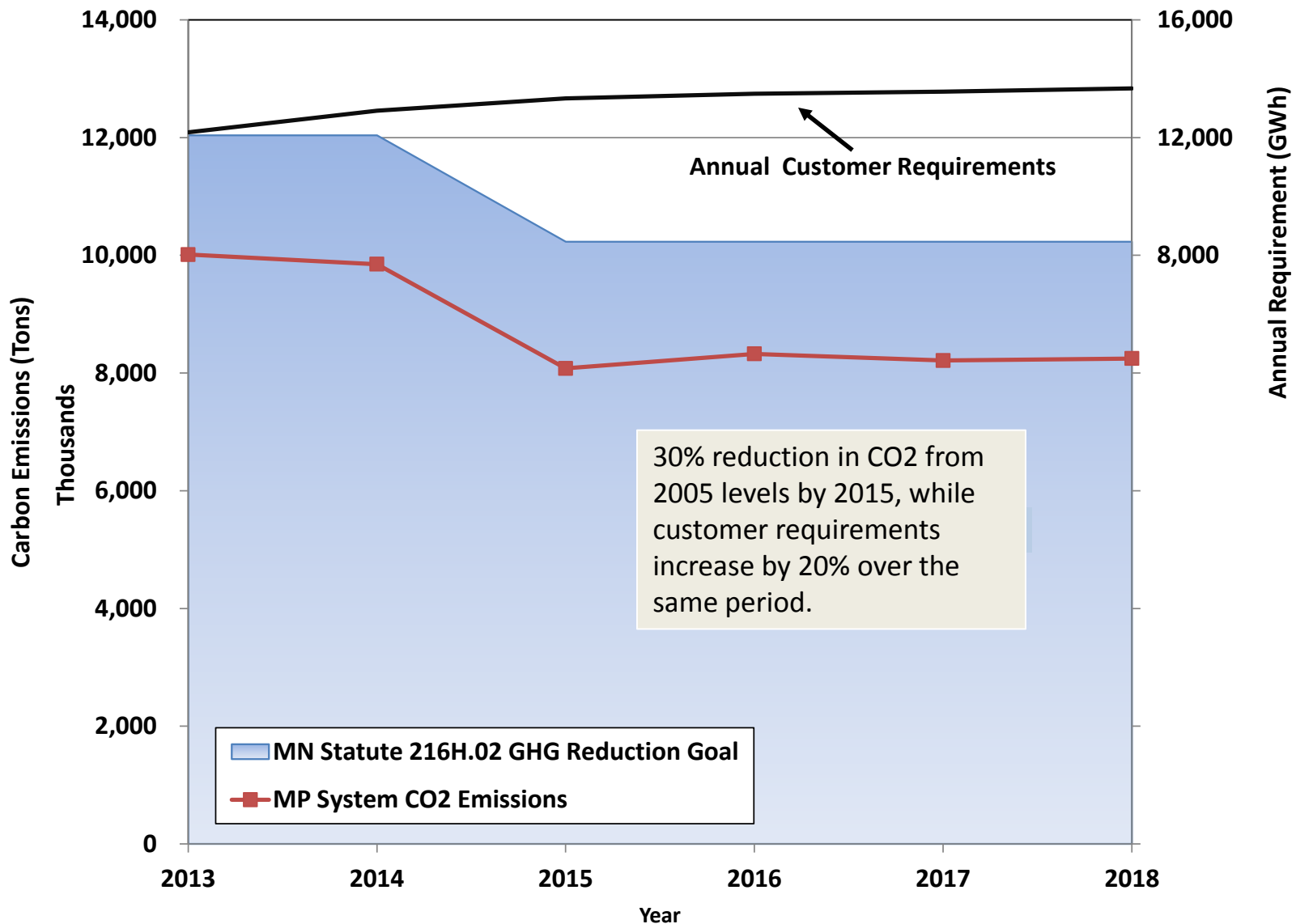


Transmission

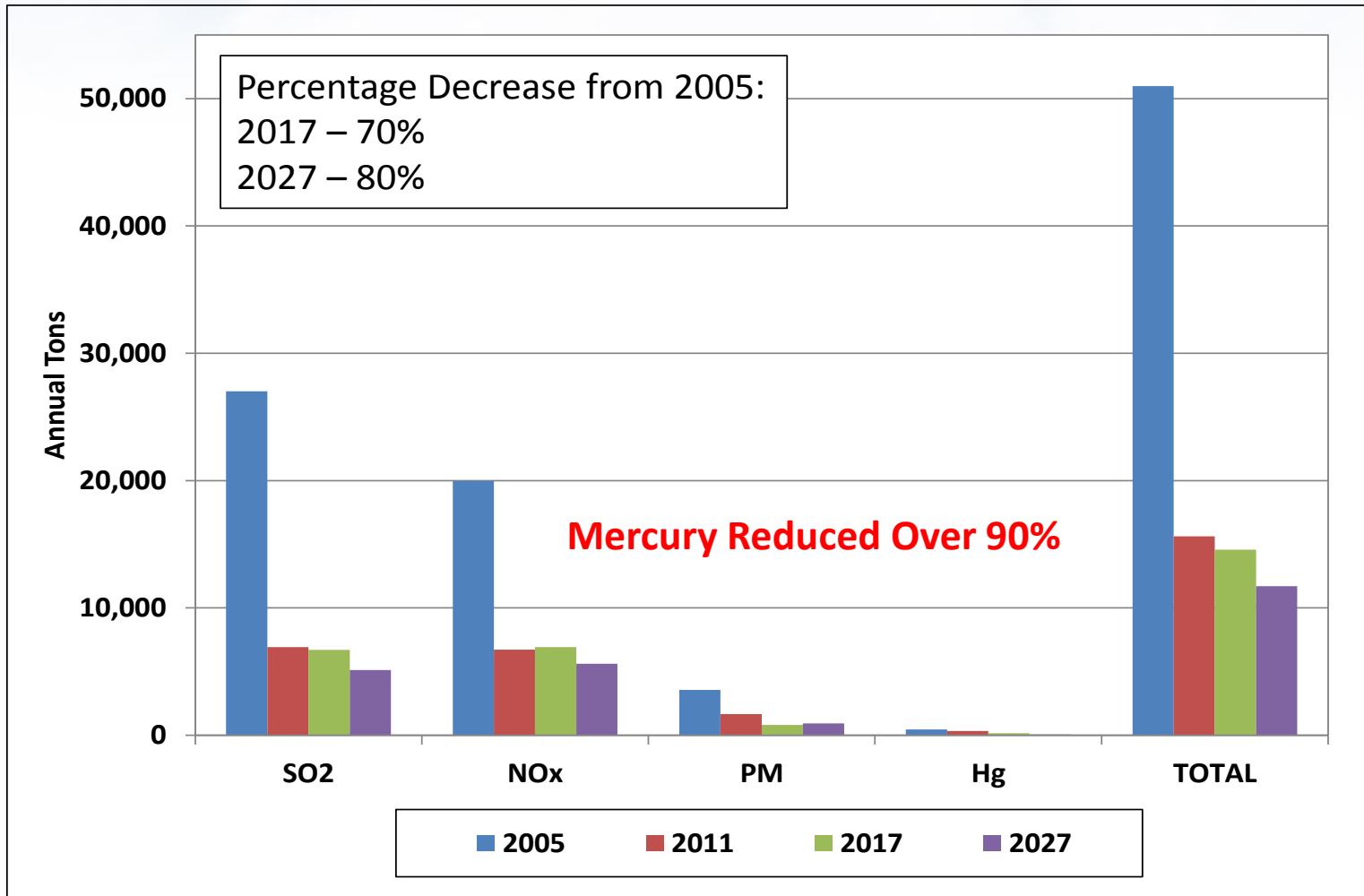
Total Cost: ~ \$200 million

Cutting Carbon Emissions

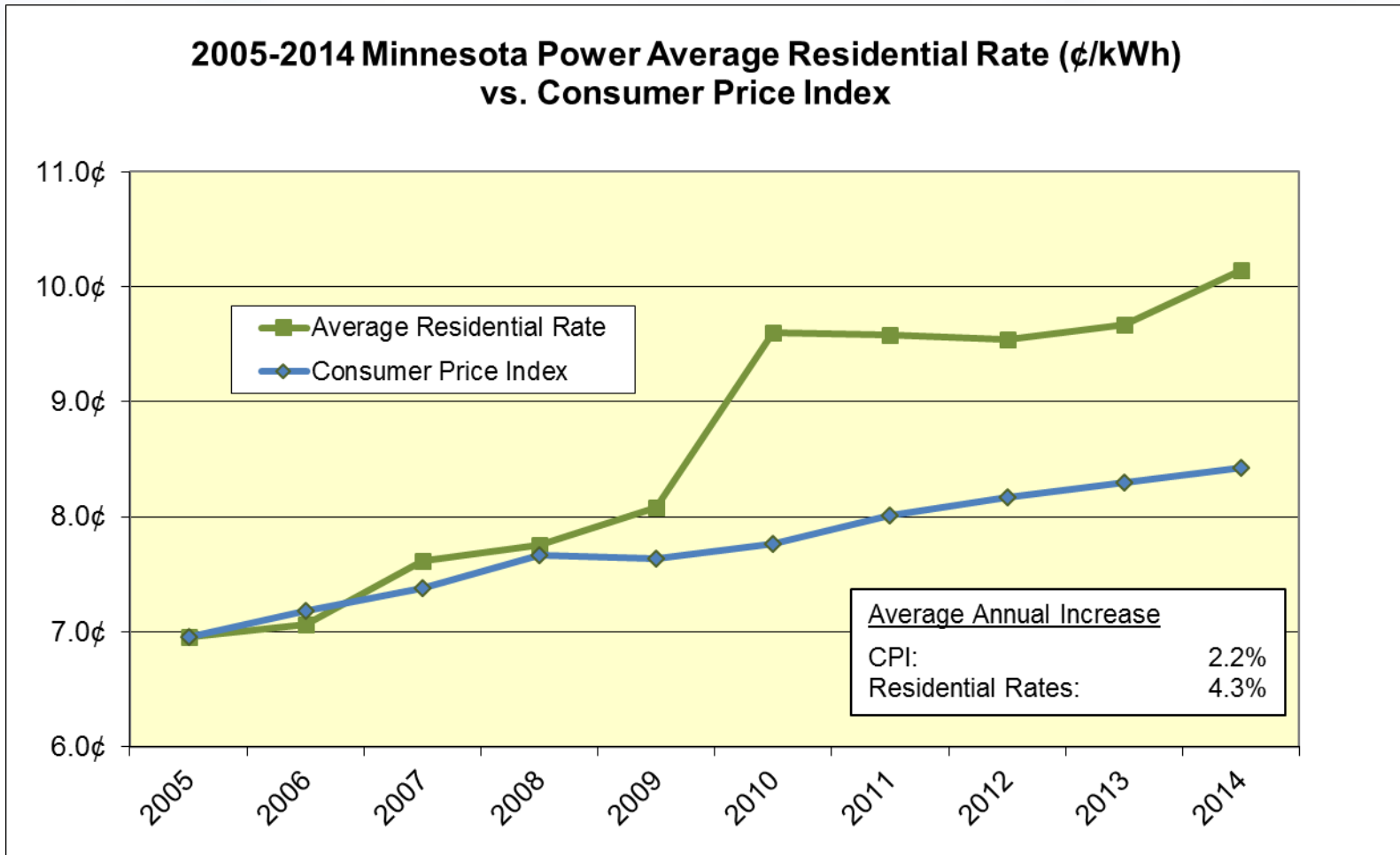
While customers electric needs increase !



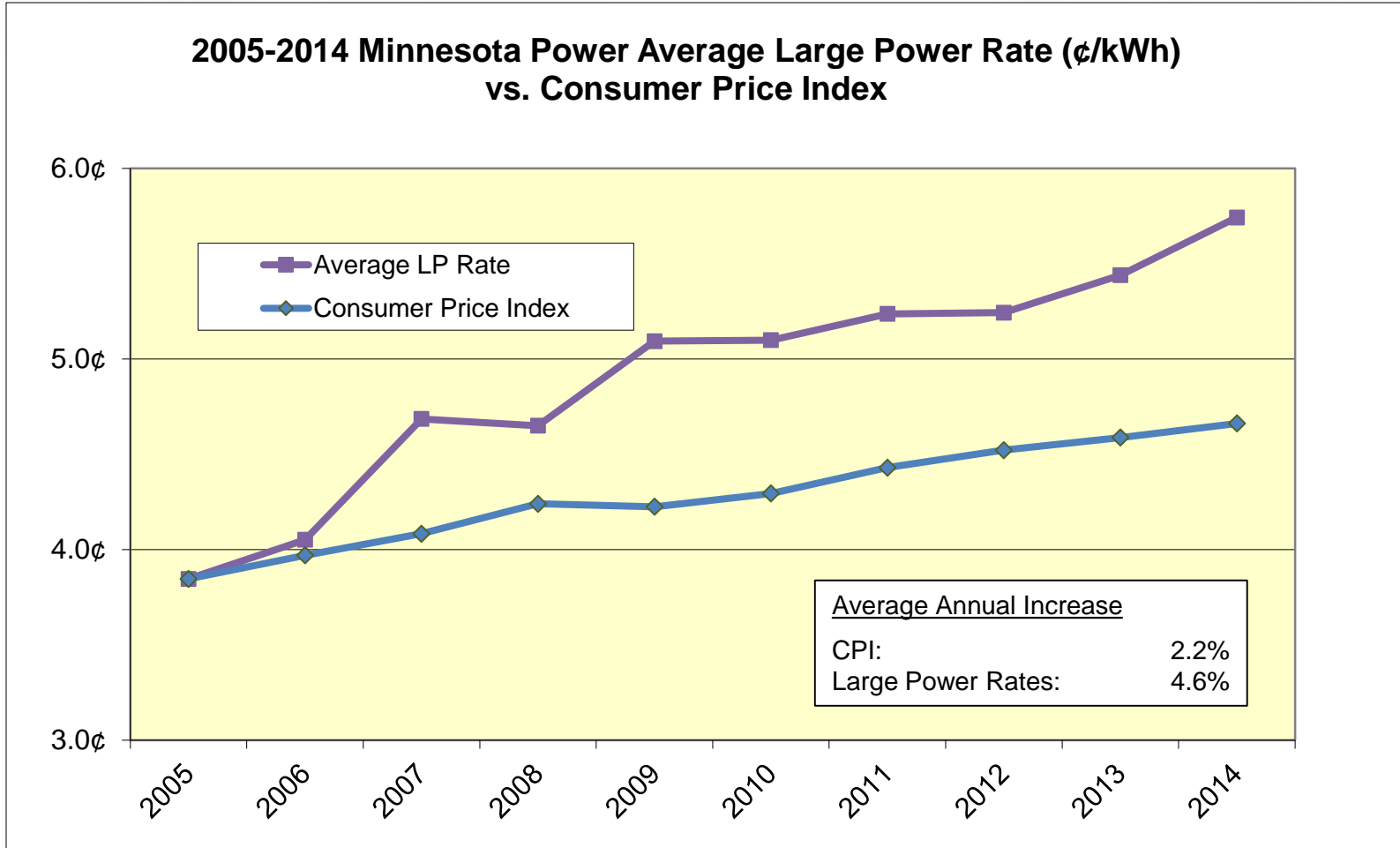
Environmental Stewardship - a Core Value



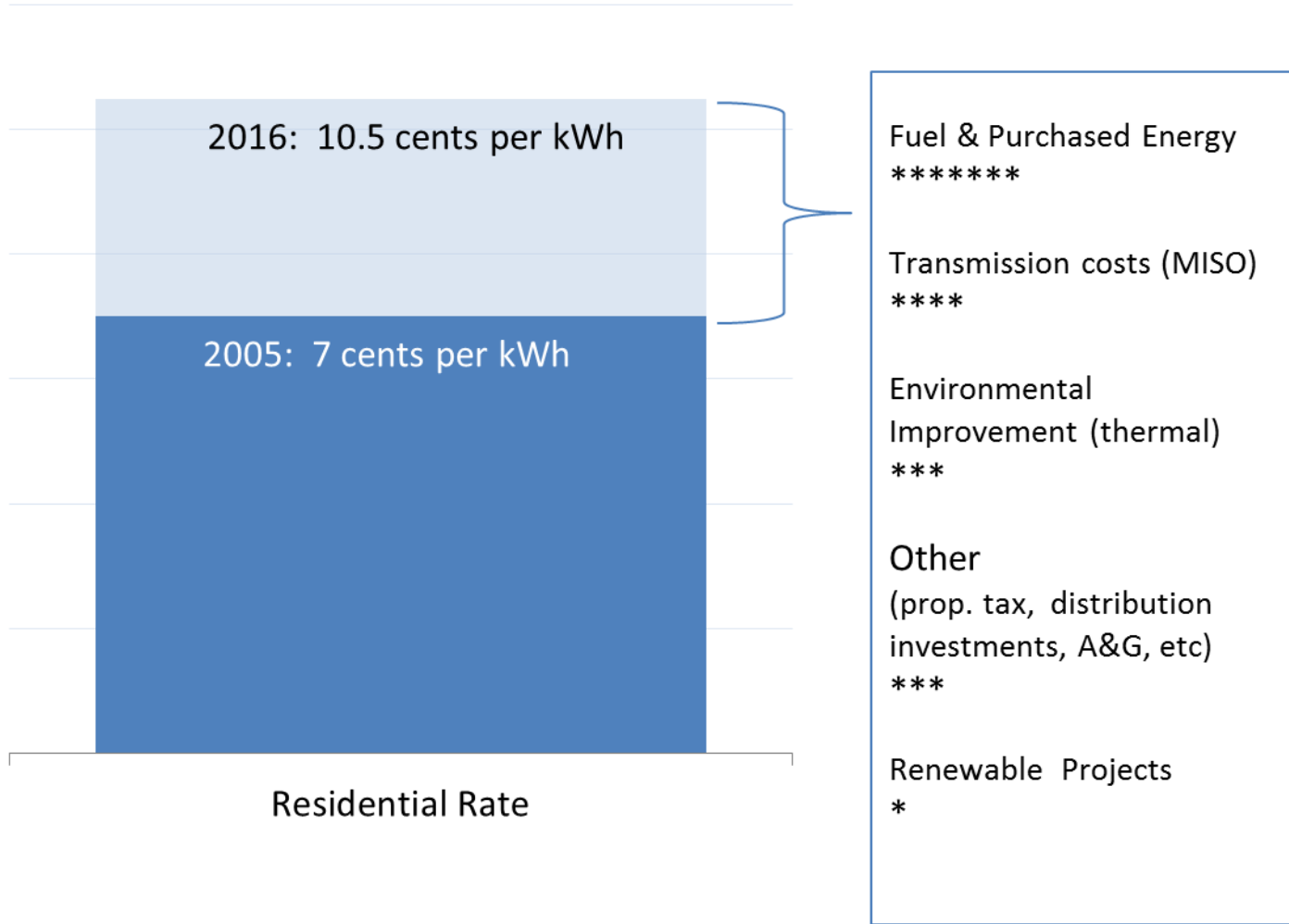
Rate Trends



Rate Trends



Breakdown of Cost Impact on Residential Rates



Renewable and Solar Energy Standards

- In meeting the Renewable Energy Standard, Minnesota Power has made investments in renewable resources, primarily wind, that are competitive with alternative power supply options.
- At this time, investments to meet Solar Energy Standard will cost more than alternative supply options, these costs, however, continue to trend downward.

Looking Ahead

- Continued focus on cost reduction through O&M and labor efficiencies
 - Over 100 employee reduction in workforce in 2015 through attrition/consolidation of tasks
- Capital expenditure timing and management
- Fuel cost management

Questions?

Thank You.