

April 10, 2018

Mr. Daniel Wolf  
Executive Secretary  
MN Public Utilities Commission  
121 Seventh Place East #350  
St. Paul, MN 55101

RE: In the Matter of the Application of Minnesota Power for Authority to Increase Rates for Electric Service in Minnesota: MPUC Docket E015/GR-16-664

Dear Mr. Wolf -

On behalf of the members of the Minnesota Utility Investors (MUI), who are shareholders of ALLETE and ratepayers of Minnesota Power, I am writing to respectfully request the Minnesota Public Utilities Commission (PUC) reconsider some of the decisions made in Minnesota Power's recent general electric rate case.

In particular, we strongly encourage you to reconsider the issues surrounding their ROE.

The decisions by the PUC have had a significant negative impact on the company and many unintended consequences. As you know, on February 21, 2018 Moody's issued a press release: "Moody's affirms ALLETE and SWL&P ratings outlooks changed to negative." As well as Standard & Poor's Global Ratings changing ALLETE's outlook from "stable" to negative. These downgrades harm ALLETE shareholder's and MN Power's customers.

The financial markets were paying attention to the PUC Proceedings on MN Power's rate case as identified in the attached chart – there was a drastic drop in ALLETE's stock at the time the Commission was debating the ROE.

ALLETE is considered a "riskier" utility investment because MN Power, which is 60% of ALLETE, serves such a large load to a small group of customers – approximately 70% of their revenue. And these customers are dependent on the ups and downs of the economy, creating a greater risk.

Because of these considerations, we strongly encourage the Commission to reconsider your decisions on setting MN Power's ROE.

Thank you for your consideration.

Sincerely,

Annette Henkel  
President

# January 18, 2018 ALLETE Stock Chart

