Understanding the 2027 Rate Increase – Member Q&A

BASIN ELECTRIC POWER COOPERATIVE
A Touchstone Energy® Cooperative

What are the primary drivers behind the rate increase?

Growth in traditional load, commodity price variability, increased planning reserve margins, and continued investments in reliability.

What factors are NOT behind the rate increase?

While large loads (data centers, crypto mining, AI, etc..) are a hot topic across the nation, they are not behind the 2027 rate increase. In collaboration with its membership, Basin Electric developed a Large Load Commercial Program designed to insulate our existing members from the costs and risks associated with serving new large electric loads.

How was member input used to make this rate decision?

Basin Electric carefully evaluated member feedback and market conditions before deciding to implement a multi-year phased approach. This phased approach allows Basin Electric to address rising costs while providing members with greater predictability in their wholesale power costs.

How is inflation contributing to the rising cost of providing electricity?

Inflation continues to increase the cost of the equipment and materials electric cooperatives rely on to serve their members. According to CFC's recently published General Price Index (GPI), electric distribution equipment costs have increased about 100% since 2019. As of the second quarter of 2026, the year-over-year inflation rate reached 9.1%, up from 7.1% in the first quarter. Basin is experiencing these same inflationary increases.

How will this rate increase help ensure reliable electricity for members in the future?

A rate increase provides the resources needed to invest in infrastructure and technology, and to maintain and upgrade equipment. These investments ensure the system stays strong and reliable, providing members with dependable electricity for their homes and businesses.

What if actual results are better than the budgeted rate increase in '27 or beyond?

Basin Electric has a history of pulling a variety of levers in situations when results are better than expected, including providing bill credits in 2021 and 2022; implementing rate decreases in 2020 and 2023; declaring special patronage distributions; and adding to the rate stability fund to offset the financial impact of unexpected events that would otherwise result in rate increases.

The financial results in 2026 have been favorable compared to projections. What is expected to change in 2027?

While 2026 results have benefited from favorable conditions, several cost pressures are expected in 2027:

- **Commodity prices:** Power and natural gas prices are expected to increase from the lows experienced in 2026.
- **Maintenance:** Maintenance shifted from prior periods will need to be completed in 2027 to support the reliability of Basin's generating fleet.
- **Capital investment:** Continued investment in new generation and transmission facilities is expected to result in higher capital expenditures and funding requirements.