TRAVERSE ELECTRIC COOPERATIVE, INC.

2026 Rate Adjustments

BY: JEREMY HUHNSTOCK
General Manager

This December newsletter article is getting very repetitive and old; seems like the same message year after year. I'm bringing bad news in a month that should be full of fun and happiness. Our operating budget for Traverse Electric is very stagnant and doesn't change much year over year. Our Board of Directors and employees do everything necessary to keep our costs down, while still providing safe, reliable, and affordable electricity. Every year Traverse Electric is provided with an estimated load forecast that we calculate our estimated purchase power cost for the year. The difference between 2025 & 2026 is estimated at an increase of $650,000. We don't have much say in what Basin Electric Cooperative does, but they aren't the only Generation & Transmission (G&T) that are increasing rates to keep up with today's electricity demands.

Traverse Electric's Board of Directors and staff (again) worked diligently with STAR Energy Services to come up with the best available options to move forward with these adjustments. With adjustments expected in 2026 & 2027 of over 9%, Traverse had to make a decision to do a 1-step adjustment or a 2-step adjustment. After a lengthy conversation with the Board of Directors, it was advised that we complete a 1-step adjustment in 2026 and carry over deferred revenue into 2027 to offset the adjustment that is expected. We will base our deferred revenue towards the end of 2026 when we have a better outlook at how the end of year margin will look.

Merry Christmas & Happy New Year from the Traverse Electric Team!

Please see the back of this sheet for the rate adjustments for 2026.

BASIN ELECTRIC POWER COOPERATIVE: Understanding the 2026 Rate Increase.

- **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.
- **How was member input used to make this rate decision?**
  After months of communication with the members, Basin Electric carefully evaluated feedback from members and market conditions before deciding to implement a multi-year phased approach.
- **How will this rate increase help ensure reliable electricity for the future?**
  A rate increase helps provide the resources needed to invest in infrastructure, technology, and maintain and upgrade equipment. These investments ensure the system stays strong and reliable, providing members with dependable electricity for their homes and businesses.
- **How has inflation impacted Basin Electric?**
  Rising costs from inflation have made it more expensive to build and maintain infrastructure. Our current generation fleet has an average cost on our books of approximately $800/kW, with future costs predicted to be $2,700/kW. Likewise, our current transmission has an average cost on our books of approximately $400,000/mile of line, with future costs predicted to be $2 million/mile of line.
- **Why are higher margins necessary?**
  Basin Electric is growing, and part of the money for new projects must come directly from its members. This is similar to the concept of homeowner's equity in that a homeowner is required to provide a certain level of equity in their home to secure a mortgage at acceptable and reasonable interest rates.
- **What if actual results are better than then budgeted rate increase in 26' and 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; and adding to the rate stability fund to offset the impact of unexpected events that would otherwise result in rate increase.

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Traverse Electric Rate Adjustment Details

Effective January 1, 2026

General Service	Exiting Rate	New Rate
Fixed Charge	$60 per month	$67 per month
Energy Charge	$0.119 per kWh	$0.129 per kWh
Seasonal Service	**Exiting Rate**	**New Rate**
Fixed Charge	$60 per month	$67 per month
Energy Charge	$0.119 per kWh	$0.129 per kWh
General Service - Time of Use - **New**	**Exiting Rate**	**New Rate**
Fixed Charge	$70 per month	$75 per month
Energy Charge		
Super Off-Peak - 12am - 7am	$0.0625 per kWh	$0.069 per kWh
On-Peak - 7am - 7pm	$0.112 per kWh	$0.123 per kWh
Off-Peak - 7pm - 12am	$0.072 per kWh	$0.078 per kWh
Residential-Small Commercial	**Exiting Rate**	**New Rate**
Fixed Charge	$70 per month	$75 per month
Energy Charge	$0.10 per kWh	$0.111 per kwh
Demand Charge	$2.00 per maximum kW	$3.00 per maximum kW
*Transformer sizes 50, 75, 100 kva		
*Demand based on maximum 30-minute monthly peak		
Multi-Phase & Large Single Phase (4-Part Rate)	**Exiting Rate**	**New Rate**
Fixed Charge	$200 per month	$200 per month
Energy Charge	$0.078 per kWh	$0.08 per kWh
Max Demand Charge (Non-Coincident Peak)	$17.50 per kW	$3.00 per kW
Coincident Peak Demand Charge (Demand based on East River's monthly peak)		$23.50 per kW
*Transformer sizes over 100 kva and under 500 kva		
Irrigation	**Exiting Rate**	**New Rate**
Fixed Charge	$125 per month	$135 per month
Energy Charge	$0.078 per kWh	$0.083 per kWh
Demand Charge	$17.50 per kW	$23.50 per kW
*Demand based on non-coincidental monthly peak		
Heat & Load Management	**Exiting Rate**	**New Rate**
Meter Charge	$5 per month	$5 per month
Energy Charge	$0.062 per kWh	$0.068 per kWh
5/7 Interruptible	**Exiting Rate**	**New Rate**
Fixed Charge	$200 per month	$200 per month
Energy Charge	$0.078 per kWh	$0.085 per kWh
Demand Charge (Jan., Feb., June, July, Aug., Nov., and Dec.)	$21.00 per kW	$23.50 per kW
Demand Charge (March, April, May, Sept., and Oct.)	None	None
*Demand based on a coincidental monthly peak		
Railroad	**Exiting Rate**	**New Rate**
Fixed Charge	$130 per month	$140 per month
Energy Charge	$0.12 per kWh	$0.128 per kWh