

WHAT IS AFFECTING BASIN'S WHOLESALE POWER COSTS?

Across our region and the country, many electric cooperatives and other utilities are facing rising wholesale power costs. These wholesale power costs are Southeastern Electric's single largest expense and represent about 70 cents of every \$1 on your bill each month. As a cooperative, our rates are designed only to cover the actual costs of delivering electricity to our members, not to make a profit. The Southeastern board and management team are determined to keep the necessary rate increase as low as possible, but we anticipate implementing a 7-10% rate increase effective January 1, 2025. The rate change is primarily due to East River's increasing costs to purchase wholesale power on our behalf from Basin Electric and the Western Area Power Association (WAPA). Approximately 83% of the power Southeastern members use is generated by Basin Electric. Learn more about what is driving Basin Electric's rate increase below.



Load Growth and Investments in Reliability

Investments in new generation and transmission facilities are needed to support member load growth, and it's critical to invest in existing facilities to maintain reliability. Basin Electric forecasts investing approximately \$8 billion over the next ten years in transmission and generation assets to ensure reliable electricity for our members.

Decreased Surplus Sales on the West Side of the System

Market dynamics have been impacted by changes in the generating fleet which has influenced prices and the ability to make surplus sales. Overall, this has lowered energy prices from previous years and has impacted the ability to sell Basin's excess West side generation.



Impacts of Inflation

Cost increases for internal labor, contracted labor, materials and maintenance, in addition to higher costs of borrowing money (higher interest rates) and increased insurance premiums.

How is Basin Electric Keeping Rates Affordable?

All-of-the-Above Generation Strategy: Basin's diverse generation fleet, alongside market purchases, is key to keeping rates affordable. Diversifying resources through the All-of-the-Above generation strategy provides pricing stability and energy reliability to our members. Basin Electric has over 4,600 megawatts of dispatchable resources (ex: coal and natural gas units) and approximately 2,100 megawatts of non-dispatchable resources (ex: wind and solar) in its portfolio. Basin Electric's fleet of dispatchable generation resources is vital when people need electricity most, showing its value by helping insulate our members from volatility when market prices spike.

Rate Stability Fund: Basin Electric maintains a Rate Stability Fund in which revenue is deferred and added to the fund when financial results are strong. The fund was created to act as a cushion for Basin Electric's membership to help avoid or slow rate increases. The proposed 2025 rate calculation includes a contribution of deferred revenue of approximately \$58 million which allowed Basin to lower the average member rate increase to \$4 per MWh instead of the proposed \$5.70 per MWh. Using the rate stability fund reduced the rate increase by approximately 3% in 2025.

Utilizing generation across the divide: The geographical location of Basin Electric means our member load and generators exist on both the West and East Interconnection. Our access to Direct Current (DC) ties enables us to move electricity back and forth across the divide as needed. DC ties help Basin Electric utilize energy and generation capacity from one interconnect and move it to the opposite to provide reliable and affordable power to our members.

Investing in our members: Basin Electric has seen significant growth over the last two decades. In 2023, member sales exceeded 32 million MWh compared to 6.7 million MWh in 2000. To serve that growth, total consolidated assets have grown as well. This increase in assets reflects investment in current facilities and new facilities to maintain reliability, which is core to our mission to provide reliable and affordable power.

Legacy of Managing Rates Responsibly

- » From 2017 through 2023, Basin Electric has returned \$247.1 million to members.
- » Basin Electric's last wholesale power cost increase was in 2017.
- » Basin Electric has provided bill credits to members in the amount of \$30 million in 2021 and \$115 million in 2022.
- » Basin Electric reduced its average rate to members by \$1 per MWh in both 2020 and 2023, saving our members over \$200 million to date.
- » Basin Electric utilizes a Rate Stability Fund with a current balance of \$330 million at the end of June 2024. These funds have been drawn upon to avoid or minimize rate increases.

