TREC 2027 Rate Update

Dear Member-Owner,

At Tongue River Electric Cooperative (TRECO), our mission is to deliver safe, reliable, and affordable electricity to your home, ranch, or business. To maintain our high level of grid reliability, we must occasionally adjust rates to keep pace with rising wholesale costs.

Beginning **January 1, 2027**, TRECO will implement an average rate adjustment of **approximately 8.2%** across our system. This change will first appear on the bills you receive in **February 2027** (reflecting January energy usage).

Why are rates increasing?
This adjustment is a direct pass-through of rising regional power supply costs. Basin Electric Power Cooperative—our wholesale provider—is implementing the second phase of a planned multi-year rate restructuring, resulting in a wholesale cost increase for 2027. Key cost drivers include:

- **Skyrocketing Infrastructure Costs:** Driven by inflation, critical equipment prices have surged. Industry-wide, the cost of transformers has jumped 70% to 100%, and copper wiring is up 50%.
- **Regional Grid Growth:** Power demand across our region is growing faster than the national average, requiring an $11 billion investment over the next decade in new generation and transmission lines to secure long-term stability.
- **Market Volatility:** Extreme weather and a higher reliance on intermittent energy sources have significantly increased the real-time cost of balancing the grid.

Note on Large Loads: High-demand industrial projects like data centers, AI facilities, and crypto-mining are **not** driving this increase. Under Basin Electric's *Large Load Program*, these operations must fully pay for their own infrastructure, ensuring cooperative members are insulated from the costs.

The Cooperative Difference
As a not-for-profit utility, we do not operate for outside shareholders. We only adjust rates when strictly necessary to cover the actual cost of delivering power. Any revenues exceeding our operational expenses belong to you and are returned over time as capital credits. Even with this 2027 adjustment, TRECO's rates remain among the most competitive in the region. We appreciate your understanding and partnership as we work to power our community for the future.

For questions regarding your specific rate class, or to explore energy efficiency programs to help lower your monthly usage, please visit our website or contact our office at **406-784-2341**. The second page of this letter provides detailed information regarding specific rate classes.

Sincerely,



Nick Oelkers
General Manager, Tongue River Electric Cooperative

Tongue River Electric Cooperative, Inc. PO Box 138 Ashland, MT 59003

What will my rates change to January of 2027? (Increased from the old rate are in red, and no changes are shown in black)

SINGLE PHASE RATE CLASS A:

Base Rate*	$ 42.00 per month (increased by $3.00)
Demand fee	$ 1.00 per kW per month
First 1500 kWh	$.1312 kWh per month (increased by $0.0100)
Excess kWh	$.1235 kWh per month (increased by $0.0100)
Heat Rate	$ .0811 kWh per month (increased by $0.0070)

No changes to Minimum Charges or Net Metering Service Charge

GENERAL SERVICE 3-PHASE 30KW or Less:

Base Rate*	$ 69.00 per month (Increased by $3.00)
Demand fee	$ 1.00 per kW per month
First 1500 kWh	$.1312 kWh per month (increased by $0.0100)
Excess kWh	$.1235 kWh per month (increased by $0.0100)

IRRIGATION SERVICE:

Base Rate	$ 600 per year (increased by $100/yr)
Demand fee	$ 11.00 per kW per month
First 4,500 kWh	$ .1312 kWh per month (increased by $0.0100)
All over 4500 kWh	$ .1123 kWh per month (increased by $0.0100)

LARGE POWER OVER 30 KW:

Demand fee	$ 24.96 per kW per month (increased by $2.13)
1st 50 kWh used per month per KW billing demand	$ .0952 per kWh (increased by $0.0100)
All remaining kWh used per month	$ .0565 per kWh (increased by $0.0025)

No changes to the Minimum Monthly Charge

(Please See our official rate schedules on our web page www.tongueriverelectric.com for more details)