

Current CONNECTION



Volume 77 • Number 7

CURRENT CORNER
A Message from
CEO Tim Thompson

IT'S THE FACTS
Basin Electric Facts
and Figures

ENERGY EXPERT
Energy-Saving
Programs

THE BALANCE
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ASK US
Frequently
Asked Questions

Understanding Electricity Increases and What's Driving the Change

A MESSAGE TO OUR MEMBERS

Electricity powers every part of our lives—from the lights in our homes to the digital networks that connect us. As members, you've likely noticed that the cost of goods and services continues to rise, and we understand that this is concerning. Like you, we're feeling the impact of higher costs across the board.

This special edition of Current Connection is designed to explain what's happening in the energy industry, why it matters, and what Crow Wing Power is doing to protect safety and reliability for our members.

A Nation Powering Up

Across the country, electricity demand is climbing faster than it has in decades. Several major trends are driving this surge.

Explosive Data Growth

Artificial intelligence (AI), cryptocurrency, and cloud computing are reshaping how electricity is used. Data centers, the massive facilities that power our online world, are projected to increase their total electricity use by 65% by 2050 (Electric Cooperative Network, 2024).

Manufacturing Comes Home

New federal incentives are driving manufacturing back to the United States, adding

another layer of energy demand. Factories that produce electric vehicles, batteries, semiconductors, and solar power components are expected to use 13,000 gigawatt-hours (GWh) more power each year (Brattle Group, 2024).

DID YOU KNOW?

One gigawatt can power approximately 750,000 average homes for a year.

More Homes, More Usage

As population and economic growth continue, residential energy use is projected to rise 14% to 22% by 2050. Everyday life is becoming more electric, from vehicles and tools to heating and appliances.

Electrification Everywhere

The transition toward electrification

of homes, vehicles, and industries means greater reliance on the power grid. Analysts predict that U.S. peak demand will grow by at least 38 gigawatts (GW) over the next five years, nearly double what was forecast just a few years ago (U.S. Energy Information Administration, 2024).

Building Tomorrow's Grid

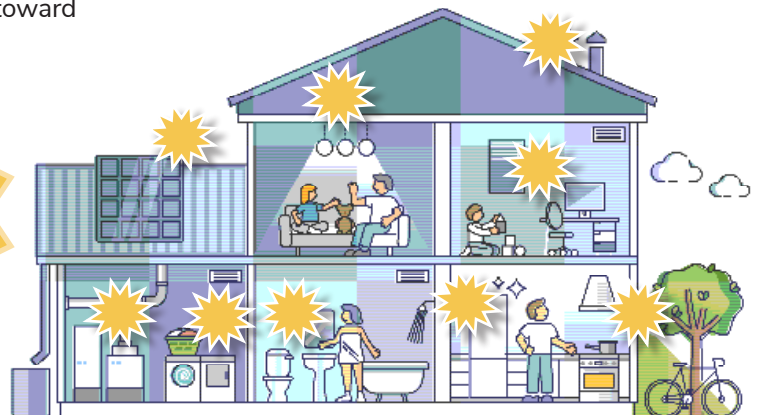
To meet these growing needs, experts agree the United States must build thousands of miles of new and upgraded transmission lines. These lines connect where power is produced, whether from wind, solar, or traditional generation sources, to where it's needed most.

However, that progress comes with significant challenges:

- **Permitting delays:** Large projects can take up to 10 years from planning to completion.

**1 DAY
OF POWERING
A HOUSE*
\$4.82**

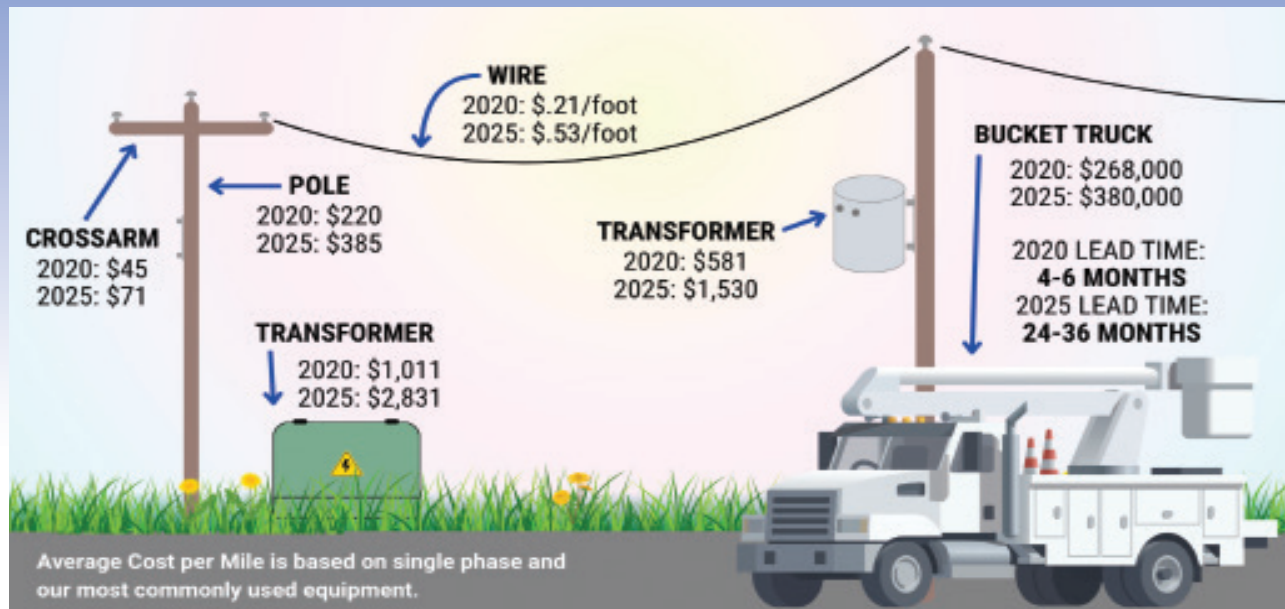
**Based on 860 kWh average energy use.*



AVERAGE COST PER MILE OF OVERHEAD LINE

2020: \$57,000

2025: \$84,000



BE IN THE KNOW

To understand today's costs, consider that the expense of constructing one mile of power line is now more than double what it was 10 years ago. This increase reflects the higher costs of materials, labor, and equipment needed to maintain reliable service.

- **Supply chain shortages:** Essential materials like steel, copper, and transformers remain in short supply, driving costs higher.
- **Policy uncertainty:** Shifting federal regulations can add complexity and increase costs for utilities and cooperatives.
- **An aging grid:** Nearly 70% of America's power grid was built more than 25 years ago and requires modernization to handle today's technology and extreme weather demands.

Our Wholesale Power Provider

Rate pressure also comes from our wholesale power provider, Basin Electric Power Cooperative, which is investing \$11 billion in capital projects over the next decade. These investments will strengthen infrastructure, update technology, and ensure reliability as demand continues to grow, securing your access to reliable power generation.

Basin Electric's rate increases are driven by four primary factors:

1. Growth in traditional load: New generation and transmission projects are more expensive than existing infrastructure.
2. Investments in reliability: Upgrades to facilities and systems are reducing outage times and improving grid performance.
3. Increased planning reserve margins: Regional power authorities are requiring higher reserves to ensure grid stability.
4. Technology and modernization: Continued investment in advanced systems is necessary to maintain long-term reliability.

Your Cooperative Commitment

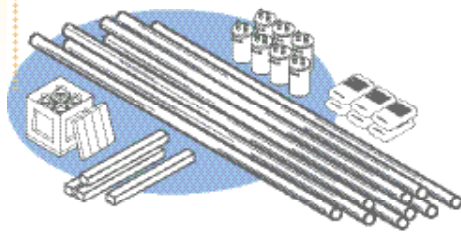
It's important to remember that Crow Wing Power is a not-for-profit cooperative. We do not profit from member rates, every dollar collected is reinvested into maintaining the grid, purchasing power, and serving our members.

INFRASTRUCTURE COSTS

The past five years have been a period of exploding costs for the electric utility industry and for broadband providers, pushed by soaring demand, supply chain challenges, raw materials shortages, increased labor costs and tariffs. The impact has been rapid increases in the cost of producing power, longer and more unpredictable project timelines and the need for more financing, all of which have driven electric rates up for residences, businesses and other end-users. Here's a look at what's contributing to the trend. **Percent increase since 2020:**

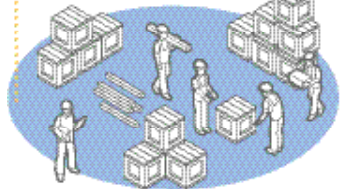
Infrastructure

Utility poles (wood, steel, composite)	+25-40%
Crossarms & braces (steel/wood)	+20-35%
Conductor wire (aluminum/copper)	+30-50%
Transformers	+70-100%
Grain-oriented electrical steel	+80-100%
Oil/dielectric fluids	+25-40%
Copper wiring	+50%
Concrete	+25-35%
Smart meters	+20-35%
Pad-mounted switchgear	+25-40%
Circuit breakers/reclosers	+20-35%



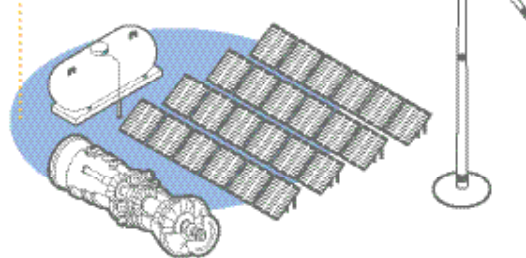
Build-outs

Utility construction labor	+20-40%
Freight/logistics	+30-60%



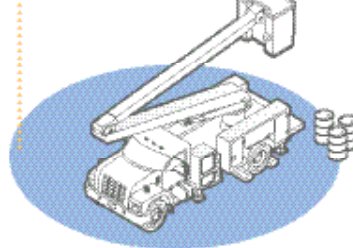
Generation

Diesel gensets	+20-40%
Gas turbines	+20-30%
Solar PV systems	+25-35%
Wind turbines	+25-35%
Hydropower components	+20-30%
Battery storage	+25-40%
SCADA/EMS systems	+20-30%
Inverters	+20-30%
Relays & switchgear	+25-40%
Natural Gas	+20-120%
Coal	+30-60%
Diesel/fuel oil	+40-70%



Fleets

Light trucks	+25-40%
Bucket trucks, digger derricks	+20-50%
Fuel costs (especially diesel)	+20-30%
Maintenance	+15-25%
Insurance premiums	+20%



Our focus remains on four key priorities:

- **Safety:** Ensuring that members and employees remain safe around electricity through planning, infrastructure maintenance, and a culture of doing things the right way.
- **Reliability:** Investing in upgrades and technology to keep power dependable in every season.
- **Cost-competitiveness:** Reviewing every project and contract to maintain fair, competitive pricing.
- **Transparency:** Keeping members informed about what's changing and why.

We understand that higher costs can create real challenges for families and businesses. Our team is here to help members find ways to save through energy efficiency programs, rebates, and budget billing options that can make monthly costs more predictable.

Looking Ahead

The energy landscape is evolving rapidly, but our cooperative values have not changed. Crow Wing Power continues to take proactive steps to plan for future demand while balancing today's financial realities.

As the world becomes more electric, we'll continue working to keep the power flowing, safely and reliably, for generations to come.

References

- Brattle Group. (2024). *Electricity demand growth and forecasting in a time of change*. Retrieved from <https://www.brattle.com>
- Electric Cooperative Network. (2024, June). *Soaring Demand—Infographic*.
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Reliability You Can Count On: Strengthening Our Cooperative's Foundation

A Message from your CEO

As I shared in my August and September columns, our wholesale power provider, Basin Electric, has approved a rate increase of 10% for 2026, with an additional increase planned for 2027. This phased approach is designed to soften the impact for cooperatives like Crow Wing Power, giving us time to plan and manage costs while continuing to serve our members. The rate adjustment reflects Basin Electric's ongoing investments in building new generation resources and upgrading infrastructure—critical projects that keep the system strong, dependable, and capable of meeting growing energy demand across the region.

As we all experience the rising cost of everyday necessities, it's no surprise that the expense of producing and delivering electricity is increasing as well. Across the nation, demand for power continues to grow—driven by advanced manufacturing, the increased needs of data centers, and the ongoing electrification of homes, vehicles, and industries. Much like the original era of how rural electrification transformed our communities, today's energy landscape is once again evolving to meet the needs of a changing world.

At Crow Wing Power, we continually evaluate every possible cost-saving opportunity before making any decision that affects our members. We closely monitor the energy market, inflation, and overall

economic conditions to make certain our financial planning reflects the realities of today's environment.

To support this planning, we engaged an independent rate consultant, Power Systems Engineering (PSE), to perform a comprehensive rate study. Over the course of three months, our leadership team collaborated with PSE to review rate structures, usage patterns, and long-term system needs. As a cooperative, we remain committed to maintaining rates that are fair, equitable, and representative of the true cost of providing dependable service to all members.

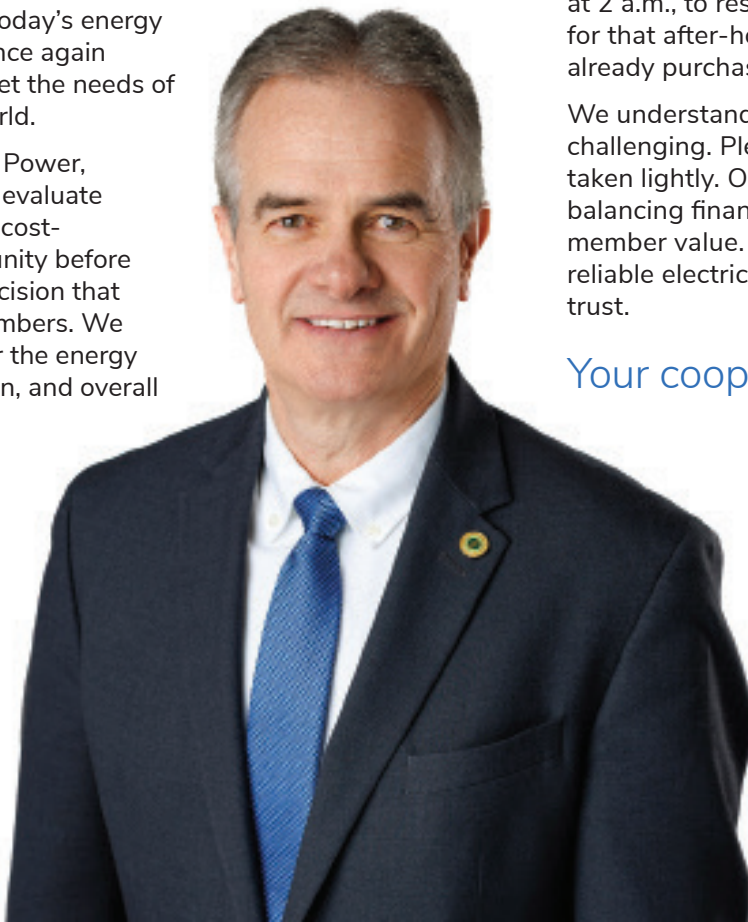
While the upcoming increase will help us maintain and strengthen our infrastructure and financial health of the Cooperative, I firmly believe that electricity continues to be one of the greatest values in our daily lives. For about a dollar a day, you remain connected to the grid—a system that guarantees when a storm strikes and your power goes out, our crews respond immediately, even at 2 a.m., to restore service. And we don't send a bill for that after-hours repair, it's part of the service you've already purchased.

We understand that any change to your budget can be challenging. Please know that rate increases are never taken lightly. Our board and employees are dedicated to balancing financial responsibility, system strength, and member value. Together, we'll continue to provide safe, reliable electricity—delivered by people you know and trust.

Your cooperative, our commitment,

A handwritten signature in black ink that reads 'Tim Thompson'.

Tim Thompson
Chief Executive Officer





BASIN ELECTRIC FACTS AND FIGURES

- Basin Electric's load growth is projected to **increase at 2.5% per year for the next 10 years**, well above the national average
- Basin Electric will more than double its balance sheet, increasing dispatchable generation by **50%** and expanding transmission mileage by more than **30%**.
- Basin Electric's current generation fleet has an average cost on our books of approximately **\$800/kW**, with future costs predicted to be **\$2,700/kW**.
- Basin Electric will invest **\$11 billion** in capital expenditure projects over the next 10 years.
- Basin Electric's 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**.
- Through 2024, Basin Electric and its subsidiaries have invested more than **\$2 billion** of member capital in environmental control technology, and more than **\$190 million** was spent in 2024 alone to operate and maintain those controls.



Energy-Saving Programs

DUAL FUEL HEATING

The Dual Fuel Program is a controlled, home electric heating program that helps save money and conserve energy. This program combines two heat sources to best fit your home heating needs by taking advantage of a low-cost electric heat source combined with an alternative, whole home backup system.

OFF-PEAK WATER HEATING

Water heating can be a major expense for your household. Crow Wing Power has an off-peak water heater program that could save you hundreds of dollars every year. In addition to lower operating costs, off-peak electric water heaters' advantages include; no venting or fuel lines, cheaper to install than gas heaters, quiet and dependable.

REBATES

From appliances to heating and cooling, small changes can mean big energy savings. Crow Wing Power encourages members to make their homes as energy-efficient as possible by offering a variety of rebates for new equipment purchases and energy-efficiency upgrades.

For Energy-saving tips that can make a difference in your monthly electric bills visit:

www.cwpower.com/energyexperts

The Balance: Affordability, Safety, and Reliability

A Message from your Board Chair

As your Board of Directors, we understand that every penny on your electric bill matters. We're members, too, and like you, we keep a close eye on our costs. Yet when the lights go out, our first concern is always safety. Once we know everyone is safe, the next question we all ask is, "When will the power be restored?" That simple question underscores what's most important to your cooperative, safety and reliability.

This balance, between affordability, safety, and reliability, is what I like to call a three-legged stool. Each leg must remain strong to keep our Cooperative stable. If one is weakened, the whole structure becomes unsteady. That's why your board takes its fiduciary responsibility seriously. We plan not only for today but for tomorrow, making sure we maintain reliable, safe power while being good stewards of your dollars.

Since hiring our new CEO, we've taken a deep dive into understanding the ins and outs of the cooperative—where we can trim costs, where we must reinvest, and how to prepare for the long term. We've asked tough questions, reviewed budgets line by line, and focused on what truly matters to you, our members.

Recently, we were notified that Basin Electric Power Cooperative, our wholesale power provider, is increasing its costs. We understand their decision is driven by the need to invest in future reliability, expanding generation resources and transmission infrastructure to keep the lights on for decades to come.

At the same time, we recognize that any increase to your monthly bill can put a squeeze on a household. That's why we have full confidence in our staff to help members navigate these changes with energy-saving tools, rebates, and programs designed to make electricity use more efficient and affordable.

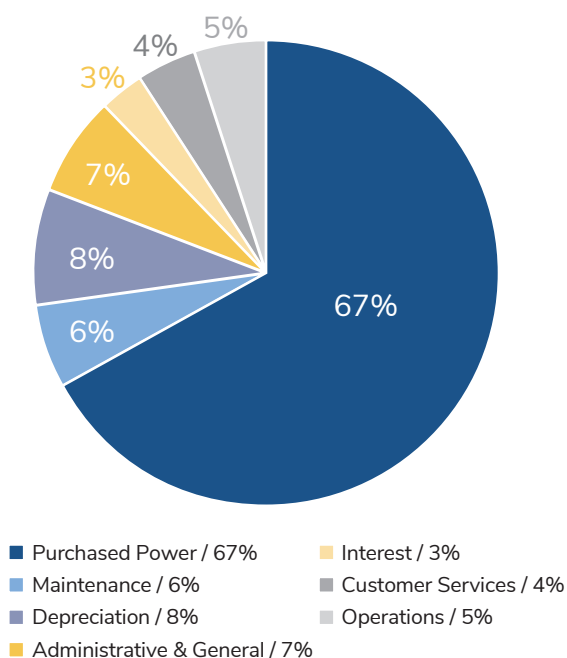
As your board, our commitment remains the same: to ensure the safety, reliability, and financial strength of your cooperative. These are not easy decisions, but they are made with great care, transparency, and a shared understanding of our responsibility to every member we serve.



Mark Ronnei
Board Chair



OPERATING EXPENSES



GOING THE EXTRA MILE

Electric co-ops maintain more miles of power lines per consumer than other electric utilities. Even though we power fewer consumers on our lines compared to other utilities, we'll always go the extra mile for you, the consumer-members we proudly serve.

Electric Cooperatives

Serve 8 consumer-members per mile of line



Other Electric Utilities

Serve 32 consumers per mile of line

Crow Wing Power Rate Increase:

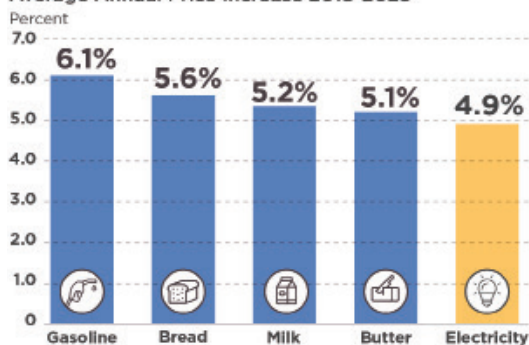
Frequently Asked Questions



ELECTRICITY REMAINS A GOOD VALUE

Although inflation has led to increasing costs in many areas of our lives, the cost of powering your home rises slowly when compared to other common goods. Looking at price increases over the last five years, electricity remains a good value.

Average Annual Price Increase 2018-2023



Source: U.S. Bureau of Labor Statistics
Consumer Price Index

For more FAQ's please visit:
cwpower.com/2026-rate-increase



When will the new rate change take effect?

Rate increase will go into effect on January 1, 2026. Members will see this change on their February bill for January's electric use.

How will this change affect my monthly electric bill?

You will see an increase in the base charge, which reflects Crow Wing Power's cost of delivering electricity and maintaining equipment, regardless of how much power a member uses. Members will also notice an increase in the per kWh rate. Overall, residential members can expect an average increase of approximately 8.6% percent in their monthly electric bill.

What are the main factors driving this rate change?

Several factors contribute to the need for a rate increase. Inflation affects day-to-day operations, and Crow Wing Power is investing in system improvements to maintain reliable service now and plan for the future. These investments include replacing and upgrading aging infrastructure through the four-year construction work plan, adding new infrastructure to support future needs, updating technology systems such as SCADA, maintaining and replacing fleet equipment, and enhancing our right-of-way program to reduce outages and improve reliability. Facility planning at our headquarters is also part of these responsible investments, ensuring the cooperative is prepared to meet the needs of members and employees.

Coupled with the rate increase we are facing from our wholesale power provider, these priorities allow Crow Wing Power to continue delivering safe, dependable electricity while managing costs responsibly for current and future members.

*SCADA is a centralized platform that monitors, controls, and automates our power grid operations to improve reliability, efficiency, and real-time decision-making.

Where can I find more information or ask specific questions about my account?

If you have questions or wish to speak directly to a Cooperative representative, call our office during regular business hours at 800-648-9401

Crow Wing Power Service Rates

Residential Rate	Existing Rate	New Rate
Base Charge	\$29.50	\$39.50
Energy per kWh	11.45¢ per kWh	12.25¢
All Electric Home Rate	Existing Rate	New Rate
Base Charge	\$29.50	\$39.50
Energy per kWh	8.175¢	9.175¢
Small Commercial Rate	Existing Rate	New Rate
Single-Phase	\$29.50	\$39.50
3-Phase	\$29.50	\$50.00
Energy per kWh	11.45¢	12.25¢
Large Power Rate	Existing Rate	New Rate
Base Charge	\$65.15	\$75.15
Demand Charge	16.15 per kWh	\$19.15 per kWh
Energy per kWh	5.76¢ per kWh	5.76¢ per kWh
Irrigation Rate	Existing Rate	New Rate
Base Charge	\$40 under 50hp \$70 under 100 hp \$145 100 hp or greater	\$40 under 50hp \$70 under 100hp \$145 100 hp or greater
Demand Charge	\$20.00 per kW or Off Peak \$4.00/kW	\$22.0 per kW or \$5.25/kW Off Peak
Energy Charge	7.8¢ kWh	8.4¢ kWh
Dual Fuel Rate	Existing Rate	New Rate
Energy Charge	5.6¢/kWh	6.1¢/kWh
	\$1 per meter charge	\$1 per meter charge
Freedom Heating	Existing Rate	New Rate
Energy Charge	7.0¢/kWh	7.5¢/kWh
	\$1 per meter charge	\$1 per meter charge
Off Peak Rate	Existing Rate	New Rate
Energy Charge	4.45¢/kWh	4.95¢/kWh
	\$1 per meter charge	\$1 per meter charge

*Summer PCA (2.5¢) discontinued under new rate structure.



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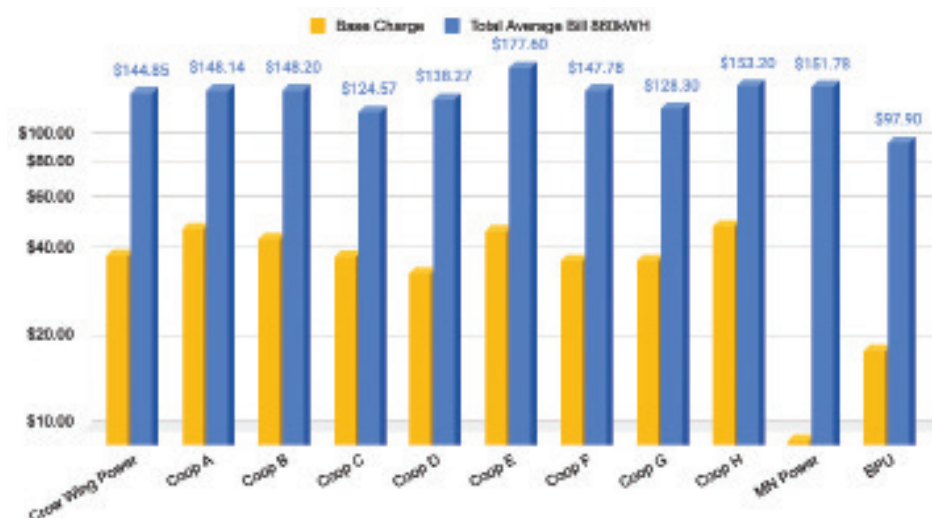
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Board meetings are held the fourth Thursday of each month beginning at 8:00 a.m. This institution is an equal opportunity provider and employer.



Cooperative Rate Comparisons



Crow Wing Power rates are in line with cooperatives across the State of Minnesota.

This chart shows a comparison of Crow Wing Power's Base Charge and average monthly bill minus taxes and fees compared to other MN Cooperatives that are similar in size and location.