

Dear PPCS Member,

As a cooperative owned and governed by you, our members, we believe in being open and transparent, especially when the news is difficult to share. This message is different from most of our communications, and we ask that you take a few moments to read it carefully, as it contains important information about your electric service and future bills.

Over the past several months, you may have noticed a line on your bill called a Power Cost Adjustment (PCA). This adjustment reflects changes in the cost of wholesale electricity when the price we pay is higher (or occasionally lower) than originally expected. Pierce Pepin Cooperative Services (PPCS) purchases wholesale power from Dairyland Power Cooperative. In 2025, those wholesale power costs were about \$1 million higher than forecasted, which is roughly equivalent to an unplanned 8% increase.

Because of these rising costs, the PPCS Board of Directors determined last fall that a rate increase would likely be necessary in 2026. Since then, our staff and Board have been closely reviewing how best to manage the impact while minimizing the burden on members.

More recently, Winter Storm Fern placed additional strain on the regional power system. During the storm, wholesale market prices spiked, wind generation was unavailable for a period, and Dairyland's JPM power plant experienced an unexpected shutdown due to a maintenance failure. As a result, Dairyland had to purchase more electricity on the open market at much higher prices. While final numbers are still being reviewed, PPCS expects an additional \$500,000 to \$750,000 in costs related to these purchases, which must be recovered through the Power Cost Adjustment.

We know this comes at a time when many members are already feeling financial pressure. PPCS has strongly urged Dairyland to reduce the immediate impact on members by spreading costs over time and absorbing more of the impact internally. Our Board has formally raised these concerns and submitted a resolution calling for greater accountability, and we will continue advocating on behalf of our members.

To recover the increased wholesale power costs, the PPCS Board has approved the following changes:

- A per-kilowatt-hour (kWh) increase for residential and commercial rates
- A modest increase to the monthly facility charge
- An increase to the demand (kW) charge

The facility charge helps cover the cost of operating and maintaining the cooperative. The demand charge reflects the cost of serving periods of high electricity use, which can account for more than 60% of our wholesale power costs. Demand is measured between 5 p.m. and 8 p.m. daily, and you are billed based on your highest usage during that window each month. Reducing electricity use during those hours can help lower your bill.

In addition, beginning in March, PPCS will move to a single billing cycle. More information was shared in our February newsletter, and additional details will be sent in the coming weeks.

Please know that neither the Board nor our staff take these decisions lightly. We remain committed to helping members manage energy costs through conservation programs, budget billing, and prepaid options designed to reduce bill surprises. If you have questions or would like help reviewing your options, we encourage you to contact our office. We are here to help.

Thank you for your understanding and for being a valued member of Pierce Pepin Cooperative Services.

Sincerely,

A handwritten signature in black ink, appearing to read "Nate Boettcher".

Nate Boettcher, President CEO
Pierce Pepin Cooperative Services / SwiftCurrent Connect