

“Beartooth Electric is *my* electric cooperative.”

# your cooperative newsletter

August 2017



**PLUG INTO THE POWER OF YOUR MEMBERSHIP**

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**Fishtail Family Fun Day**

## President's Message

**Finding a manager**—Last month I reported on our search for a new manager and an expected selection decision. As I write this in early July, the board is working on hiring a candidate, and you will most likely hear an announcement well before this is published and sent to you in early August. All candidates we interviewed were very good, with the final group presenting excellent credentials, experience and insight about how to manage Beartooth Electric and build on its current success.

**Learning from the hiring process**—Among the many important issues we explored in the interviews were how each candidate would understand and address everyday operations at Beartooth and how each one would approach planning and work with the board. We looked for someone with a commitment to our member-oriented values.

The interview process gave us a chance to do more than just compare candidates.

We learned a lot from conversations with excellent candidates who had different training, experience, skills and perspectives on running a co-op.



*David Peterson,  
BEC Board President,  
Trustee District 7*

We heard how conventional practices have been used successfully by different utilities and we explored how new approaches to managing load, structuring rates, replacing obsolete meters and new technologies have been implemented successfully by utilities in different locations. All of the candidates felt that the electric power business is changing rapidly and success will come through managing change creatively and well.

**Listening to Members**—With power contracts through at least 2024 in place, a forecast plan completed and a new manager joining us, it is time for the board to look toward renewing our strategic plans. At the annual meeting, our new manager will share his thinking and early plans with members. We are hoping for a big turnout for the meeting and we will give plenty of opportunities for members to talk with the manager and the board.

We are planning to conduct a survey similar to surveys we have used in the past to get an overview of member opinions and concerns. Survey results will help the new manager understand

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# District Manager's Report



Angie Jennings  
BEC District Manager,  
LVE Staff

I want to thank the members, the board, the communities and the Beartooth Electric employees for the opportunity to have been a part of Beartooth Electric Cooperative. I have had the privilege of working in the Red Lodge office, as the District Manager, two to three weeks a month over the past couple of years. I have met so many outstanding members

of the communities, many of whom serve on the cooperative's committees. The Board of Trustees have worked diligently in making sure that BEC is in great shape as it continues to move forward as an independent cooperative.

My primary goal in addressing the members at this time is to recognize the employees of Beartooth Electric. The members and board could not have a better team looking after the welfare of the cooperative and the system. They are loyal, dedicated and have so much initiative and integrity that it has truly been an honor to work with them. Our dedicated linemen work hard every day safely building new lines, upgrading existing facilities and restoring power as quickly as possible during outages. Our highly efficient office staff is constantly multi-tasking to fill all of the needs it takes to do the accounting, billing, capital credits, warehouse/material handling, engineering, communications and marketing duties to name a few.

We have set system goals for the employees to meet for the past two years as part of the requirements to make Beartooth Electric operate with excellent customer service, reliability and reasonable rates. The goals address important issues like safety, budget, new programs and a well-maintained system. The goals are set with the idea that they will have to stretch to meet them and to continually improve. In 2016 the employees met 80% of the system goals. They are striving to do as well or better in 2017.

I applaud the efforts of the Beartooth Electric employees and ask that next time you call, stop by the office or meet one of them on the street, that you thank them for a job well done.

Thank you again to all that have been a part of making this experience a great one. Until we meet again, stay safe and best wishes!



BEC COLUMBUS CREW

## 2017 GOALS

1. No lost-time accidents during the year.
2. Score a 90% or better on three random safety inspections.
3. At least two hazard identifications will be reported by the employees each month and documentation of the solution implemented.
4. At least 70% of our members will rate their overall satisfaction with BEC an eight or better on our annual survey.
5. Total number of outages will be less than the average of the past three years.
6. Year-end expenses will be less than 105% of the budgeted amounts.
7. Complete 100% of the system maintenance plan.
8. Overtime hours will be less than the average of the past three years.
9. Sign up an additional 50 members to Operation Round Up.
10. Implement and train all office employees to use Smart Hub and to sign up 50 members to use Smart Hub.



BEC RED LODGE CREW



# YOU'RE INVITED! BEC'S 79TH ANNUAL MEMBER MEETING

## PLUG INTO THE POWER OF YOUR MEMBERSHIP



### WHEN:



### TRUSTEE NOMINATIONS

DEADLINE: AUGUST 4  
TO BE ON THE BALLOT

CANDIDATE ORIENTATION 8/7/17  
AT THE BEC OFFICE 7 PM

### AGENDA:

- NEW GM INTRO
- TRUSTEE ELECTIONS
- BYLAWS AMENDMENT VOTING
- FUTURE POWER SUPPLY
- ALL ABOUT SMARTHUB AND OTHER BEC PROGRAMS
- LOTS OF PRIZES
- GREAT LUNCH
- FUN, FUN, FUN

### WHERE:



Anipro Event Center  
2878 MT-78  
Absarokee, Montana

### VOTE:

• **BALLOT  
MAILING 8/28**

• **VOTE-BY-  
MAIL RETURN  
DEADLINE 9/22**

• **VOTING  
AVAILABLE AT  
THE ANNUAL  
MEETING**



### Your electric co-op is just that ... yours

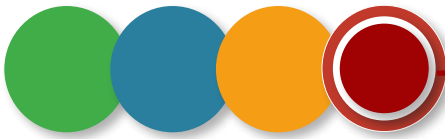
Membership in your co-op is powerful. It means you have an energy source you can trust. That's because your co-op is owned by the very members it serves—built to deliver its members reliable electric power at the lowest possible price. So as a member, you hold all the power.

*President's Message continued from page 3*

our membership and work with the board on development and implementation of short-term and long-term strategic plans. We will try to build on information from previous surveys so we can compare member concerns over time. We would like to hear from you about new concerns or opinions you would advise us to include in the survey. The survey may be done through random telephone contacts, by mail or both.

**Connecting with Members**—On Saturday, June 24, HDR Engineering joined BEC for Fishtail Family Fun Day. HDR Engineer Cristy Hoferer brought tabletop kits that let kids connect circuits to power up lights, fans and other devices. Several HDR employees spent hours working with kids who were excited to get a chance to experiment with circuits. Four BEC trustees attended and BEC employees Kaaren Robbins and Marcus Urbanik spent pretty much all day in Fishtail talking with members who stopped by. It was great to have a chance to answer questions and hear comments—especially about the rate reduction implemented July 1.

We can't have the engineering experts available all the time but we can try. We also would like to come to community events just to talk with members, so, please call a trustee or the co-op and invite us to your event.



# PROVIDING POWER.

## That's why we're here.



Arleen Boyd  
Board Vice President,  
Risk Management  
Committee Chair,  
Trustee District 5

**The Beartooth Electric forecast model projects steady rates for members for at least seven years. A new contract with Energy Keepers extends BEC power supply through 2024**

**with wholesale rates in line with the forecast.** In June the Beartooth Electric Cooperative Board of Trustees approved a two-year contract for wholesale power with Montana-based Energy Keepers, Inc. (EKI) that will supply power from October 1, 2022 through September 30, 2024. A five-year contract with Morgan Stanley supplies BEC power from October 1, 2017 through September 30, 2022, following our current power supply agreement with Twin Eagle that ends September 30, 2017. BEC purchases about eight percent of its power from the Western Area Power Administration (WAPA) with the balance coming from these current and future contracts. The contracts are projected to meet BEC power requirements at prices that will maintain member rates consistent with the seven-year plan that is posted on the BEC website.

**With today's low wholesale power rates, we are examining the opportunity to secure a ten-year supply.** The new agreement with EKI includes an option to extend the contract for three additional years. The option expires on September 10 and, as required by BEC bylaws (Beartooth Electric Bylaws Article IV, Section 1, G\*), the co-op has given members sixty-day notice of a possible new contract totaling five years and asked for questions and comments. If BEC declines to exercise the extension option, the co-op could begin other negotiations with EKI for additional years of power

supply. A successful negotiation could increase the term of a new power contract beyond the two years permitted without member notification. The bylaw is designed to ensure that members know when long-term decisions are being made.

**The load-following two-year contract serves every hour at the contract price, removing the risk of having too little power or being financially responsible for too much power if BEC load declines.**

Additional years also would provide load-following provisions. The EKI contract permits BEC to develop up to 2,000 kilowatts of renewable energy projects, allowing BEC and its members to consider projects amounting to between five and ten percent of our load. We will disclose the two-year EKI price after August 26 (sixty days after contract execution). If we exercise the option or enter into other negotiations with EKI for a five-year contract, we will disclose the five-year price sixty days after entering a contract.

The primary source of power supplied by EKI is the Seli's Ksanka Qlispe' Project (formerly Kerr Dam) on the Flathead River at the outlet of Flathead Lake.

**It is common for power contracts to run for decades.** Many electric distribution cooperatives, including most in Montana, receive wholesale power from generation and transmission cooperatives that own generating facilities and hold long-term contracts for power. G&Ts, particularly those with major investments in power plants, manage financial planning and depreciate assets over as much as sixty years. That means that many co-ops have 40- to 60-year all-requirements

contracts with G&Ts that may raise rates at any time to cover costs. We are one of two co-ops in Montana not affiliated with a G&T. Our seven- or ten-year contract positions us to identify new contract opportunities periodically. Our analysis reveals more risk with a 40-60 year commitment to a single contract/supplier than we face seeking power for additional periods as we evaluate market potential.

Next month we will address principles of rate structure-how co-ops and other utilities are working to set rates fairly for all classes of customers.

You may also send questions or comments to [info@beartoothelectric.com](mailto:info@beartoothelectric.com) or contact any member of the Beartooth Board of Trustees.



**JOIN US —**  
BEC BOARD OF TRUSTEES MEETING  
BEC Red Lodge Office  
August 29 at NOON