

Beartooth Electric Cooperative, Inc.

FINANCIAL POLICY NO. 303

1. SUBJECT: FINANCIAL POLICY

2. OBJECTIVE:

2.1. To ensure Beartooth Electric Cooperative, Inc. (BEC) is operated in accordance with good business practice and is fiscally sound.

3. POLICY: The following provisions shall govern the financial operations and activities of BEC:

3.1. A Long Range Financial Planning Program shall be used to assure the financial integrity of BEC. In addition the Capital Management Policy (FP305) shall also be considered in BEC's financial planning. The following reports will be updated and discussed with the Board as completed and appropriate:

3.1.1. Annual Work Plan and Budget, subject to the finance committee's recommendation, shall be prepared, presented to and approved by the Board each year.

3.1.2. A Power Requirements Study shall be prepared and presented to the Board projecting BEC's needs.

3.1.3. Financial Forecast shall be prepared and presented as appropriate.

3.1.4. Capital management shall be reviewed and any patronage capital rotation approved as part of the Annual Work Plan and BEC budget process.

3.1.5. Cost of Service Study shall be prepared and presented as needed.

3.2. Short-range (less than one year) fiscal activities will be projected in an Annual System Budget based on the long-range plans of BEC.

3.3. An effective cash management program shall be utilized to assure responsible utilization of BEC's assets. General Funds expenditures shall be utilized for the following items based on Board approval of the Annual Work Plan and Budget:

3.3.1. General operation, maintenance, and administration of BEC.

3.3.2. Additions to utility plant as specified in the long range work plan and implemented in the annual capital plan.

3.3.3. Retirement of Patronage Capital.

4. RESPONSIBILITY

The General Manager shall ensure that the provisions of this policy are followed.

Adopted: 11/25/2014

Attest: /s/ David Peterson

Revised: 02/28/2017

Board President

Reference: LV BP307, BEC III.A.5, BEC Bylaws Article X

Review Date: February 2019

Attest: /s/ Julie Lindgren

Secretary/Treasurer