



BEARTOOTH CONNECTS

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General Manager's Message



COVID-19—A lot has changed.

By Kevin P. Owens, PE, BEC general manager

There isn't much in my files that I have accumulated over the past 43 years that is labeled COVID-19. A pandemic such as this is certainly new territory for all of us. Common sense should prevail and can be backed up with copious amounts of excellent information at our fingertips from local, state, and the federal government. The stay-at-home orders by the governor have allowed all of us to get ahead of this epidemic and work through our favorite recipe box a couple of times over.

We have taken proactive measures to protect our members and employees. Our office was closed to the public on March 16. The office staff has done an excellent job of serving members online and via telephone. Our line crews are now being dispatched from home with only one lineman is assigned per vehicle. They have been outfitted with disinfectants, masks and follow the 6-foot rule religiously, so don't be offended. Our charge is to deliver safe, reliable, and affordable energy, and a pandemic isn't going to change that.

The governor has issued several COVID-19 directives. We comply with those directives. The directive to discontinue disconnects during this period gives me pause and concern. I don't think the message has been strong enough concerning members who are still responsible for accounts in arrears. I would encourage members having a difficult time paying their bills during this emergency period to reach out to your state Low Income Energy Assistance (LIEAP) program, BEC's Residential Home Energy Assistance or Operation Round Up during these challenging times. Beartooth also just announced BEC Cares COVID-19 Emergency Assistance in partnership with Operation Round Up and concerned members to directly assist those members who have lost their income as a result of COVID-19. Check our website for details.

Digging into some home improvement projects while social distancing?

It's crucial to keep in mind the importance of keeping the public safe and connected to critical services in all situations. Calling 811 a few days before any planned digging project will prevent gas, water or other utility service outages, and possible serious injuries. It's easy to enjoy DIY activities during social distancing while also staying safe. Always call 811 before digging, regardless of the depth or familiarity with the property, it's the law.

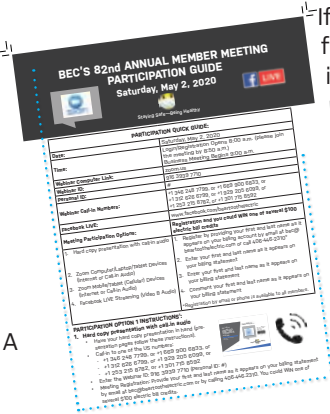
Did you know there are both public and private lines on your property?

Simply put, a utility company owns and maintains a public utility line or cable. While 811 locates are free to you, the utility pays for the service to locate public lines. Meanwhile, a property owner owns and maintains a private utility line. Beyond the meter and up to the building or home is considered a private utility, for which the property owner is responsible (the same for gas, telephone, etc lines). If you require a private locate (usually in addition to the public locate) call our recommended private locator, Last Call Locating at 406-698-9850.

Be Smart-Stay Healthy—



2020 Annual Member Meeting—ZOOM Video Conference



If you've opened these pages upon arrival of the *Rural Montana* magazine, we hope you will plan to join us for the 2020 Annual Member Meeting on Saturday, May 2. The latest member direct mail package included instructions for numerous ways to participate in the meeting, including the hard copy presentation provided in the mailing with call-in audio, ZOOM video conference with both internet or call-in audio, and Facebook LIVE.

The primary purpose of our annual meeting is a business session when the members vote on proposed bylaw amendments and elect trustees to represent them. In addition, the board, committees, staff and auditor report on the previous years' events. This year we have scheduled a one-hour meeting with the primary focus on election/proposed bylaw amendments, our 2019/2018 Audited Financials, and Rate Design.

A financially healthy cooperative is by far, the most critical work for the board. On these next two pages are abbreviated 2019-2018 Revenue & Patronage Capital and Balance Sheet reports. Each year BEC shares this information in *Rural Montana* so members can be confident that your cooperative is in good financial condition.

STATEMENT OF REVENUE & PATRONAGE CAPITAL

Amounts in \$000

	DECEMBER 31, 2019		DECEMBER 31, 2018		Increase (Decrease)
	Amount	% Of Revenue	Amount	% Of Revenue	
TOTAL OPERATING REVENUE	\$8,847	100.0%	\$8,577	100.0%	\$270
OPERATING EXPENSES					
Cost of Power & Transmission	\$3,388	38.3%	\$3,187	37.2%	\$201
Distribution Operations & Maintenance	\$1,795	20.3%	\$1,581	18.4%	\$214
Admin, General & Consumer Expense	\$1,531	17.3%	\$1,523	17.8%	\$8
General Plant Maintenance	\$153	1.7%	\$139	1.6%	\$14
Depreciation	\$1,097	12.5%	\$1,016	11.8%	\$81
Interest Expense	\$597	6.7%	\$608	7.1%	\$(11)
Total Operating Expense	\$8,561	96.8%	\$8,054	93.9%	\$507
Net Operating Margin Before Patronage Capital Credits	\$286	3.2%	\$523	6.1%	\$(237)
Patronage Capital Credits	\$67	0.8%	\$50	0.6%	\$17
Net Operating Margin	\$353	4.0%	\$573	6.7%	\$(220)
Non-Operating Margins					
Interest Income	\$117	1.3%	\$132	1.5%	\$(15)
Other Non-Operating Revenue	\$3	0.0%	\$(3)	0.0%	\$6
Total Non-Operating Margins	\$120	1.3%	\$129	1.5%	\$(9)
Net Margins	\$473	5.3%	\$702	8.2%	\$(229)
PATRONAGE CAPITAL—BEGINNING OF YEAR	\$8,463		\$7,136		
Refund Allocated to Prior Years' Equities and Margins	\$0		\$1,112		
Less: Retirement of Capital Credits	\$(494)		\$(407)		
Add/Less: Margins Transferred from/to Other Equities	\$(41)		\$(29)		
Less: Non-Operating Margins Transferred to Other Equities	\$(129)		\$(51)		
PATRONAGE CAPITAL—END OF YEAR	\$8,272		\$8,463		

Saturday, May 2, 2020
Annual Meeting registration opens at 8:00 a.m.
Business meeting begins at 9:00 a.m.



BALANCE SHEET					
Amounts in \$000					
ASSETS			EQUITIES, MARGINS, LIABILITIES & OTHER CREDITS		
	DECEMBER 2019	DECEMBER 2018		DECEMBER 2019	DECEMBER 2018
UTILITY PLANT (AT COST)			EQUITIES AND MARGINS		
Total Utility Plant	\$33,912	\$33,066	Patronage Capital	\$8,272	\$8,463
Less: Accumulated Depreciation	\$16,506	\$16,213	Other Equities	\$631	\$461
Net Utility Plant	\$17,406	\$16,853	Total Equities & Margins	\$8,903	\$8,924
OTHER PROPERTY & INVESTMENTS			LONG-TERM DEBT		
Investments in Assoc Organizations	\$467	\$450		\$9,345	\$10,131
Investments in CFC	\$275	\$277			
Total Other Property & Investments	\$742	\$727	CURRENT LIABILITIES		
			Note Payable Bank LOC	\$0	\$0
CURRENT ASSETS			Current Portion Long-Term Debt	\$1,211	\$1,242
Cash & Temporary Cash Investments	\$730	\$1,720	Accounts Payable	\$588	\$453
Accounts Receivable & Note Receivable	\$884	\$946	Consumers' Deposits	\$41	\$97
Materials, Supplies, Prepayment & Other	\$426	\$588	Accrued Taxes, Interest & Vacation	\$350	\$384
Total Current Assets	\$2,040	\$3,254	Total Current Liabilities	\$2,190	\$2,176
			DEFERRED CREDITS		
DEFERRED DEBITS			Consumer Energy Prepayments	\$24	\$21
Unamortized Loan Fees	\$6	\$8	Capital Credits Payable	\$212	\$164
Preliminary Surveys & Investigations	\$0	\$10	Other Deferred Credits Payable	\$3	\$60
NorthWestern Transmission Deposit	\$60	\$60			
Southern Montana Prepayment	\$423	\$564			
Total Deferred Debits	\$489	\$642	Total Deferred Credits	\$239	\$245
TOTAL ASSETS	\$20,677	\$21,476	TOTAL EQUITIES, MARGINS, LIABILITIES & OTHER CREDITS	\$20,677	\$21,476



BEC CARES COVID-19 EMERGENCY ASSISTANCE

Thanks to the generosity of the Beartooth Electric Cooperative and Operation Roundup Boards, and concerned members, through their donations a special COVID-19 Emergency Assistance program is now formed to quickly mobilize electric bill payment credits to help ease the economic strain on

BEC members. Any active member who has been directly affected by the COVID-19 Emergency is encouraged to apply for assistance.

BEC Member applications are available on the BEC website, www.beartoothelectric.com COVID-19 page or call the office to request a mailed copy at 406-446-2310.

In addition to BEC Cares, there are many bill payment and home weatherization assistance programs available to our members including:

- BEC's Residential Home Energy Assistance
- Operation Round Up
- Montana and Wyoming's Low Income Energy Assistance (LIEAP) and Weatherization programs
 - Montana 800-433-1411
 - Wyoming 800-246-4221

Visit the BEC website or call the office for more information.

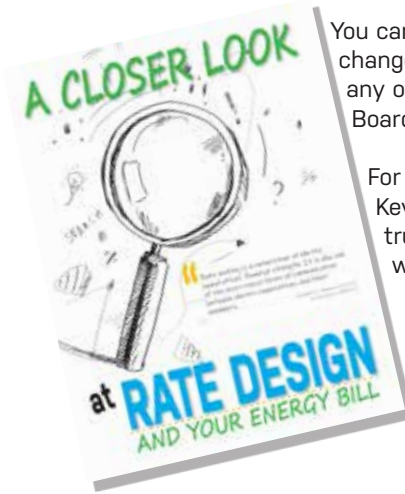
Rate Design: How to bill members fairly and efficiently

Arleen Boyd and Bill Pascoe, Co-chairs Risk Management Committee

In recent weeks we have sent a lot of information to the membership on rate design. This information included a 12-page brochure that explained the ins and outs of the rate design analysis that has been the focal point of the Risk Management Committee's work since October 2018. The committee examined alternatives for how to optimize billing methods to collect projected revenue efficiently and charge members equitably.

Rate design was also featured prominently in the Annual Meeting presentation that was mailed to all members. These materials and much more on rate design can be found on our website at MyBEC/Rate Design.

The next rate design information you will receive is an official notice that the Board will be voting on rate design changes at the June 30 Board meeting. Our bylaws require that members be given notice 30 days in advance of any Board vote to adjust rates. With the proposed rate design changes residential and small commercial members would see a 3-part bill with a system charge for the first time. The proposal is revenue neutral for the co-op with BEC revenues from the system charge offset by reductions in the base and energy rates.



You can comment on the proposed rate design changes by contacting the General Manager or any of the Trustees or by attending the June 30 Board meeting.

For more information: contact General Manager Kevin Owens at 406-446-2310, or any Board trustee using the contact information on the website at MyBEC/Board of Trustees.

The Committee's, "A Closer Look at Rate Design," brochure and library of Rate Design documents are available on the BEC website.

The Committee's extensive library of Rate Design documents is available on the BEC website www.beartoothelectric.com, click the Rate Design icon on the home page, or the link at MyBEC/Rate Design.

POWERING UP A NEW DAY East Rosebud, Roscoe, Montana

Photo By: Tyler Gronbeck, BEC journeyman lineman

CONNECT WITH US!



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