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Beartooth members discuss next steps at Annual Meeting

Roberts – The last three years have been tough ones for the rural electric cooperative, but there seemed to be a palpable sense of hope in the air as a future after Southern was batted around at the member gathering on September 27 at Roberts High School. The bankruptcy proceedings of Southern Montana Electric Generation & Transmission Cooperative were largely concluded with its confirmed reorganization early this summer. As one of the four remaining members of Southern, Beartooth is responsible for about \$3.5 million of its bankruptcy debt.

“We have documented our need to leave Southern and defended that position throughout the bankruptcy,” Beartooth trustee and Southern Board member Arleen Boyd reported to the membership. “An immediate exit is still in our best interests, and requires that we prepay our required share of the debt,” she said.

“Under Southern, we’ve just agreed to a new contract for power at better rates, and the savings will allow Southern to pay off the debt in less than the four-year payment period specified in the bankruptcy,” Boyd said. “The worst case would be three years and maybe less.”

Since Beartooth is still in mediation with the other members of Southern, rules of confidentiality apply. The Beartooth board expects to be able to share contract provisions and the outcome of the exit mediation by November.

“We do not intend to remain the co-op with the highest rates in the region,” Boyd said.

Financial Report

Financial reports from committee chair Dan Dutton and CPA Rick Matusiak also provided cheering news now that Southern’s uncertainty is past.

“We have not raised rates or taken on any new debt in the past three years,” Dutton said. “In spite of numerous cost-cutting measures, we haven’t laid anyone off.”

“In the meantime, Beartooth has seen \$11,760,000 in improvements over the past ten years,” Matusiak pointed out.

Trustee Election Results

Ballots were counted and election results were announced for three uncontested trustee positions.

Dan Dutton, District 1 (Bridger, MT and Clark, WY services areas), and Dave Peterson, District 7 (Columbus, Reed Point, Rapelje service areas), were both returned for a second three-year term. Julie Lindgren, who was appointed earlier this year to represent Roberts and Bear Creek was confirmed for her first three-year term.

“I feel very proud to work with this board; they are very professional,” said Julie Lindgren.

On behalf of the volunteers who served on the election committee, Peterson reported that 670 votes were received by mail and two were turned in on-site—a total of 672 voters out of 4,361 eligible voters.

“We only had 15.41 percent voter participation,” said Peterson, “and that’s not very good.”

Possible Management Contract

The contract of Interim General Manager Richard Peck has already been extended twice. He recommended that the co-op reduce its management costs and achieve economies of scale by contracting with Lower Valley Energy (LVE) for management services, rather than hiring a replacement general manager and financial manager when he and Robert Walker leave later this year.

“It’s the best recommendation based on my 47 years of experience. Our revenue is decreasing and our costs are increasing,” Peck emphasized. Peck explained that shared management is a rising trend among small co-ops, enabling them to afford highly competent management. Lower Valley Energy, which serves the northwest corner of Wyoming and areas of eastern Idaho, has the lowest electrical energy rates in the U.S.

Rod Jensen, a 22-year board member of LVE, told the assembled members that, like Beartooth’s leadership, they believe in transparency, ethical business practices, customer service and safety.

“The goal for both co-ops is the same—maximizing member value,” explained Jensen.

Richard Peck and LVE’s president and CEO, Jim Webb, will meet in October to put together an agreement with benefits and safeguards for both organizations. The document will go to the two boards for review and then to the members.

Richard Peck, who resides in Kenai, Alaska, plans to make his retirement permanent once he leaves Beartooth.

“I’m going home to teach my grandchildren to fish,” he said.

Fall and Winter Meetings

Board president Roxie Melton encouraged all members to watch for announcements and plan to attend fall and winter town hall meetings. The meetings will be held to keep members informed on the progress of Beartooth’s potential exit from Southern Montana Electric Generation and Transmission Cooperative and evolving financial challenges and commitments.

“Leaving Southern would require us to borrow funds, and under our bylaws, members must be informed, so we’ll hold another round of meetings,” said Melton.

Members were also urged to sign up for email updates so they can receive information from the Board and the co-operative as it develops. The email sign-up is on the website: www.beartoothelectric.com.

Winners

A lot of people walked away winners from this year's meeting, thanks to donations from several vendors, the Northwest Public Power Association and Beartooth. Among many valuable prizes awarded to members, Dorothy Olson received a \$500 credit on her power bill, Janet Luloff received a Beartooth energy certificate valued at \$300 and Gerald Koch received a \$500 cash award. Other prizes included tools and gift cards. Two lucky members also successfully bid on a 2002 and 2003 pickup during a live auction.

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