



THE BEC kWh

know what's happening

BEARTOOTH ELECTRIC COOPERATIVE MEMBER NEWSLETTER

DECEMBER 2014

Dear Members—

BEC Quick Look Calendar—

OPEN ENROLLMENT LIEAP-Energy Payment Assistance

Montana: 800-433-1411
Wyoming: 800-246-4221

December 9, 2014

BEC Finance Committee 2015 Operations Budget Review

11 AM - 2 PM
Red Lodge Area Community
Foundation

Deadline:

December 12, 2014

YOUTH TOUR Washington D.C. Trip

Eligibility: High School
Sophomores & Juniors

December 30, 2014

BEC Regular Board Meeting

Noon
Red Lodge Area Community
Foundation

January 27, 2014

BEC Regular Board Meeting/2015 Operations Budget Review

Noon
Red Lodge Area Community
Foundation

Deadline:

January 28, 2015

MECA Memorial Scholarship \$500

Eligibility: 2015 College
Students and Graduating High
School Seniors

Deadline:

January 28, 2015

BEC Achievement Scholarship \$1,000

Eligibility: 2015 Graduating
High School Seniors

Happy holidays to all! This December Santa has brought several great gifts to your cooperative. The Southern Bankruptcy plan was agreed to in June and filed with the federal court and accepted. The plan provided a pay back to the noteholders in four years and an opportunity for Beartooth Electric to buy out of our Southern Contract. Recently we received wholesale pricing information that will enable Southern to payback the noteholders in less than three years.

We are still working with our Southern partners to get out of the present power supply contract with them and take our share of power with us. If this action is successful and we are able to negotiate a new business relationship with a cooperative group in Afton, Wyoming (Lower Valley Energy) we can start thinking about rate relief for our membership. In a recent study it was noted a management agreement would bring a reduction in costs of over \$1,000,000 in operational savings. This will be a very nice stocking stuffer for all the membership.

The board's Finance Committee has been evaluating the operational budget for 2015 and the capital budget. In 2015, based on the four-year work construction work plan, we will be investing about \$1.5 in our infrastructure. The board plans on borrowing about ½ of the needed funds from long term debt capital and the remainder of the capital will be taken out of electric rates. The board will be holding hearings on the 2015 budgets on December 9th and on January 27th. The January meeting is the regularly

scheduled December board meeting. Please take the time to review the issues with your board members or contact the office for any questions you may have.

In January or February 2015 it is the plan of the board to schedule Town Hall meetings in various parts of our service area. At the meetings the board will be updating the membership on the changes on our wholesale power with Southern and the impact of the management agreement. Both of the issues must be reviewed and approved by the Rural Utilities Services (formerly the REA) and the Wyoming Public Service Commission before we can implement any changes.

Since my initial involvement with Beartooth Electric's current board in April 2012 the board has had very simple goals to get out of Southern and reduce rates. The board's hard work is just about to bring fruition to their efforts. I thank all of the membership in supporting your present board of trustees over the past three years. I wish all of you the best of the holidays and look forward to a very bright and prosperous new year for the membership.

Merry Christmas-Richard G. Peck—
Interim General Manager and your
Beartooth
employee's



Richard Peck
Interim General
Manager
446-2310

STUDENTS

Do you qualify for Beartooth Electric Cooperative's Washington D.C. Trip and College Scholarships?

ATTENTION HIGH SCHOOL SOPHOMORES OR JUNIORS !!!



If you live in a home receiving electric service from Beartooth Electric Cooperative, you may qualify for a one-week, all expense paid trip to Washington, D.C., June 12-19.

Get complete details and application from your High School Guidance Counselor, or go online at www.beartoothelectric.com. Apply now for the trip of a lifetime to our Nation's Capitol.

Applications are due at Beartooth Electric Cooperative by Friday, December 12, 2014.

2015 COLLEGE STUDENTS & GRADUATING HIGH SCHOOL STUDENTS



Once again, it's time to nominate deserving students who will be attending college in the fall of 2015. MECA will award one scholarship in the BEC district in the amount of \$500. Members of MECA's Member Services Committee will select the scholarship finalist. In order to apply for the scholarship-applicants, their parents or guardians must be a member of Beartooth Electric Cooperative. All applications must be returned to Beartooth Electric Cooperative and not the statewide office.

Judging criteria will be weighted as follows:

- 20% - Academic strength
- 20% - Activities in school and community, awards and honors
- 20% - Employment, volunteerism and community service
- 40% - Personal statement

Get complete details and application from your High School Guidance Counselor, or go online at www.beartoothelectric.com. Applicants must return their application form, transcripts and letters of reference to Beartooth Electric Cooperative by January 28, 2015.

2015 HIGH SCHOOL GRADUATES



Annually, Beartooth Electric Cooperative, Inc. offers a \$1,000 Scholarship to one senior graduating from each of the high schools in its service territory.

In order to apply for the scholarship-applicants, their parents or legal guardians must be served by Beartooth Electric Cooperative in their primary residence.

Criteria are as follows:

- 20% - Academic Achievement
- 20% - Personal Statement
- 20% - Financial Need
- 20% - Community Activities
- 20% - School Activities

The candidates chosen to receive the Beartooth Electric Cooperative scholarships are determined by the applicant's school. Get complete details and application from your High School Guidance Counselor, or go online at www.beartoothelectric.com. Applications are due to your High School Guidance Counselor by January 28, 2015. Each High School must submit their scholarship winner to BEC no later than February 28, 2015.

We Wish You A Merry Christmas — We Wish You A M

New Power Supply for Southern Montana Electric—Looks Good for BEC

Clearing the Way

As a member of Southern Montana Electric Generation and Transmission Cooperative BEC encouraged Southern to get a power contract in place immediately following U.S. Bankruptcy Court approval of its proposed reorganization plan in June 2014. Southern needed to secure power at a rate that would allow it to meet the terms of the plan. A 3-year wholesale power contract that became effective in October provides a rate that should allow Southern to supply power to its members, cover expenses, pay its Highwood Generating Station (HGS) notes, and meet its other bankruptcy obligations sooner than expected. This is good news for BEC.

Under the reorganization plan Southern may dissolve once the 4-year promissory notes held by HGS lenders are paid. Calculations based on the new power rate show that it is possible for Southern to retire those notes before the end of 2016. Southern's members pay approximately \$70.00 per megawatt-hour to cover all costs at Southern. With power coming from Twin Eagle Resource Management at \$34.25 per megawatt-hour the resulting margin covers all Southern expenses including transmission and is expected to accelerate payment of the bankruptcy obligations.

BEC Exit from Southern

The reorganization plan sets terms whereby BEC may reach an agreement to leave Southern before the HGS notes are paid and all members may leave when payment is completed. We have not yet reached an exit agreement with Southern whose bylaws permit a member to leave only after agreeing to conditions set by Southern. We continue mediation for an early exit even though the projected timeframe for full payment of Southern's bankruptcy obligations is now shortened due to the new power contract. An early exit will reduce the risk of exposure to any negative developments at Southern and allow BEC to freely pursue other business opportunities.

Southern's new power supply agreement allows BEC to take a portion of the contracted power when it leaves Southern. The favorable wholesale power rate will help us keep rates steady and work toward potential reductions. With wholesale rates currently low, BEC is investigating power supply solutions that could follow the 3-year contract.

Improved Bankruptcy Outcome, Remaining Issues

During three years of bankruptcy proceedings we successfully fought proposals that would have held BEC and the other members in Southern much longer with higher wholesale power rates, greater obligations, and much greater risk, especially relating to HGS.

We are addressing ongoing issues related to Southern and the Highwood Generating Station, including the need to close SME Electric Generation and Transmission Cooperative (SME), a co-op started by Southern to build HGS. Visit the BEC website (www.beartoothelectric.com), call a board member, or contact the co-op for updates and additional information.

Arleen Boyd, District 5 Trustee,
Due Diligence Committee Chair
406-328-6645
arleenboyd@montana.net
Submitted November 9, 2014



Member Invitation

BEC Finance Committee Meeting | BEC 2015 Operations Budget Review

December 9, 2014 • 11 AM–2 PM • Red Lodge Area Community Foundation

Merry Christmas — We Wish You A Merry Christmas

Chairman's Message



Roxie Melton
Chairman of the Board
robertsystop@aol.com
406-426-0135

December is here and the end of the year is right around the corner. When I look back at the year there have been many changes and accomplishments. From achieving four years with no work time accidents to celebrating an employees' 35 years of service to an award for our communication efforts.

It's exciting and encouraging as we move into the final stages of some of our due diligence efforts. So much has happened this year and the light at the end of the tunnel has grown to

be a bright beacon of hope. The end is very near and our due diligence and efforts have been positive.

The finance committee has completed the budget for 2015 with a very comprehensive look at the

improvements that need to be implemented and the changes to effectively merge our management services. The scenarios are indicating that a future reduction in rates is highly possible.

The policy committee has finalized the last of the policies and we are on track to implementation. They also complement Lower Valleys' policies to aid in the transition to balancing their services with ours.

In closing, I want to thank our employees for making this a very positive year. To our membership, thank you for the trust and support you have given the board and the co-op. Finally, to all our co-op family and members of the co-op we all want to wish everyone a very Merry Christmas and a Happy New Year.

Roxie Melton

Next Board Meeting
Join us!

December 30, 2014 • 12 Noon • Red Lodge Area Community Foundation

STAY CONNECTED

GET THE LATEST CO-OP NEWS...
Sent directly to your inbox!

Sign up for e-mail updates to receive important member information as it happens.

It's easy and you can unsubscribe at any time.

Go to www.beartoothelectric.com to sign up today.

