

# THE BEC kWh

## know what's happening

BEARTOOTH ELECTRIC COOPERATIVE MEMBER NEWSLETTER

FEBRUARY 2015

## Dear Members—



Richard Peck  
Interim General Manager  
446-2310

This is a real busy time of the year as your staff starts implementing the 2015 work plans and begins the transition of our new management agreement with Lower Valley Energy. On January 6th your board passed the 2015 Operating Budget of \$10,710,000 and a Capital Budget of \$1,570,000. There are no planned rate increases for 2015. A copy of the 2015 budget is available on our web site ([beartoothelectric.com](http://beartoothelectric.com)) or you can contact the office for a copy from your staff. Your board throughout the year will

be evaluating all expenses and seeking ways to reduce future costs. It is a goal of the new Lower Valley management team to reduce your rates in late 2015 or early 2016.

The board's main goals for 2015 are to sustain service excellence and system reliability throughout the service area. Trimming of trees, pole replacements and the replacing of aged underground wire will be key areas of operations for the year. In regards to other communications during the coming months, please watch for the "Beartooth Bulletin" in your February billing envelope that will be outlining an opportunity to receive a billing credit to your electric bill. In the "March Bulletin" and on our web site you will see a schedule of Town Hall meetings throughout the service area. The meetings will outline the impacts of the new Lower Valley management agreement and the future of our wholesale power supply. Both areas are a main concern for your board and are a key to reducing your future electric rates. Power supply represents 50% of your electric bill each month. It is the goal of your board to buyout of our Southern Montana Electric contract and seek new directions for power supply.

Recently approved in the operating budget are funds for the high school students in our service area for travels to Helena,

Washington D.C., and for scholarships. This past month two students from Rapelje were awarded the Washington D.C. trip and will be joining other students in June from around Montana and the nation to learn more about rural electrification and the governance of our nation. The funding of these programs is from your unclaimed Capital Credits (profits) that were returned to your cooperative. In late April eleven students from our local high schools will be awarded \$1,000 scholarships for their continuing education. Information on these scholarships can be obtained from your high school counselors or again on our BEC web site. If the funds were not used for youth or educational activities they are required to be returned (escheated) to the state of Montana.

In 2009, the Eagle Mountain fire near Columbus was inadvertently started by our power lines. Your cooperative maintains liability insurance for these types of issues. The cooperative was involved in a lawsuit on this liability issue and the court awarded damages to the plaintiff's that was more than the appraised value of the land. In some cases it was more than two or three times the appraised value of the property. The cooperative has joined with our state wide association MECA to change the law, statue 50-63-104 and add the following: "but in no event shall such restoration costs be greater than the fair market value of the property immediately before the fire". We believe this suggested change to the state statue is fair and reasonable and will provide adequate compensation to our membership. For your information the cooperative increased our liability coverage from \$7 million to \$10 million in 2012 after the plaintiffs were awarded unreal values with much higher premiums. Your boards goal is to compensate our members for their loses but at a reasonable level.

And, I'd like to remind members that we have a BEC News e-mail program that will send news flash information directly to your e-mail. Sign-up today on our website. Thanks and Happy Valentine's Day to all.

### GET CONNECTED

Get BEC News delivered right to your in-box. Sign-up now at [www.beartoothelectric.com](http://www.beartoothelectric.com)



# Congratulations BEC 2015 Delegates

Bianey Lara Ambriz & Brianna M. Erfle

Congratulations Bianey Lara Ambriz and Brianna M. Erfle of Rapelje High School! BEC's 2015 Youth Tour delegates.

Annually, more than 1,500 students from all across America take part in the Youth Tour experience.

This June, Bianey and Brianna will travel to Washington, D.C., where they will have the opportunity to meet our U.S. Representatives and Senators. This unique trip will give them the opportunity to watch history come alive as they explore the museums, memorials and monuments.

In addition, they will meet student leaders from nearly every state and hear dynamic speakers on Youth Day.

Bottom line, they will make friendships that will last a lifetime and be part of a group that has more

than 50,000 alumni in every walk of life including U.S. Senators and CEOs.

The BEC board of trustees and staff thank each student who participated in this year's competition.

Special thanks to Jordan Marsh, this year's Youth Tour alternate.

The qualifying process was not easy, particularly with the requirement to write an essay. We greatly appreciate the effort, time and talent these students put forth in this competition.

Bianey and Brianna, enjoy the 2015 Youth Tour! We are proud to have you representing Beartooth Electric Cooperative.



# E-BILL & AUTO PAY

## Sign up now!

### View and pay your electric bill on-line

Beartooth Electric's E-Bill system allows you to view and pay your electric bill instantly with internet access.

You can also view your payment history, usage history and look at graphs of your annual usage patterns. If a paper record of your bill is needed, you can simply print it out or if you would like to continue to receive billing by mail, simply check the send me a statement by mail box.



When you sign up for E-Bill you will be sent an e-mail every month informing you that your bill is ready to be viewed and paid.

### How do you sign up to use E-Bill?

To sign up for E-Bill just go to [www.beartoothelectric.com](http://www.beartoothelectric.com), click the 'Bill Pay' icon on our home page and you will be immediately directed to the New User Sign In Form. You will need to know your account number in order to sign up for E-Bill.

### Login to E-Bill

After you enter your account number you will need to type in your name Then enter your e-mail address and a password. Now enjoy the ease of viewing and paying your monthly bill.

Remember, when your next bill is ready you will receive an e-mail informing you your next bill is now available to you.

Take the worry out of mailing payments and sign-up for auto pay too. You can have your monthly bill automatically charged to your major credit card, debit card or deducted from any bank account.

Sign-up for E-Bill, Auto Pay or both and receive a one-time \$33.50 energy bill credit. So visit [www.beartoothelectric.com](http://www.beartoothelectric.com) now and start saving time, money (no more stamps) and get your \$33.50 energy bill credit today!

# \$33.50 BILL CREDIT

# Getting Closer, Work to Do

**Beartooth Position—** As the New Year begins BEC is well positioned. Our interim manager, hired in 2011, has cut costs and helped us evaluate power supply and business alternatives. Our financial model shows a solid path forward with reduced distribution costs. The new management agreement with Lower Valley Energy brings us an outstanding management team focused on reducing costs, maintaining high quality service, and planning for power supply after 2017 when the current contract supplying our power ends.

We have examined the potential impacts of leaving Southern Montana Electric, our wholesale power supplier. The impacts include significant financial benefits. We remain a member of Southern, but mediation continues for a fair exit. We are confident that an exit would remove risks associated with remaining in Southern and allow us to move forward with goals for rate control and possible reductions.

Mediation activity was slow during the holiday season. We are back on track negotiating to exit Southern after prepayment of a share of Southern's debt for the Highwood Generating Station notes. With an exit we would take our share of the power Southern is contracted to purchase for its members through October 2017.

**Southern Montana Electric—** Southern's financial projections continue to show possible completion of payments to the note-holders before the end of 2016. When the notes are paid the court-approved reorganization plan allows Southern's members to close the cooperative if they choose.

For Southern many potential liabilities that could affect projected note payment have been addressed. There are fewer uncertainties than existed even a few months ago. Additional liabilities include a First Interstate Bank (FIB) loan exceeding \$600,000 secured by land owned by Southern and by SME Electric, the cooperative Southern's four co-op members formed to build HGS. The reorganization plan anticipates payment through proceeds from sale of the properties, which are being appraised for sale. A second FIB loan to Southern was unsecured and holds no obligation for payment by Southern. Because that loan was guaranteed by the four member co-ops, each of them, including BEC, is responsible for a share of \$1,250,000. BEC has budgeted to pay its share in the third quarter of 2015.

In 2010 Southern, Cascade County, and Plains Grains (a group including some HGS neighbors) reached a settlement agreement on challenges to HGS permitting. The agreement requires pavement of Salem Road that leads to the Highwood Generating Station. This is an unknown expense not reflected in Southern's current financial forecasts.



Arleen Boyd,  
Due Diligence Chair  
December 2014

## Cooperative Principles, Democratic Governance, and Member

**Control—** At BEC we have new management, a new power supply contract, and a potential end in sight to our relationship with Southern, our generation and transmission cooperative. Montana law does not provide regulation of electric cooperatives by the Public Service Commission. Electric co-ops maintain that their members regulate them. Regulation and oversight only happen when members are informed and participate. Our board meetings are open. We post financials, board minutes and reports, and industry information on our website. We require transparency and encourage it at Southern. We are available for calls. Please pay attention, participate, and provide oversight for your co-op.

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### Energy Efficiency Tip of the Month



Did you know that 90 percent of the energy used to operate a washing machine comes from using hot water? A simple switch from hot to cold can save a great deal of energy! Also, consider air drying or even line drying to save even more household energy.

Source: U.S. Department of Energy

# ENERGY

## Powerful smartphone apps

The smartphone is enabling the world to take advantage of the “Internet of things” and the “connected home” unlike any other device to come before it. In case you are not familiar with these two phrases, they both boil down to this – more products and appliances are being sold ready to connect to the Internet. The goal of this connectivity is many fold, including control, management, troubleshooting, comfort, convenience, security and entertainment.

Where does the smartphone enter this picture? According to several estimates, more than 50 percent of cell phones used in the United States qualify as smartphones. Because smartphone users almost never leave home without their device, and most keep it with them while they are home, it has become the catalyst that makes the “Internet of things” and the “connected home” a reality. Through apps for smartphones, appliances and products can now be commanded, controlled and managed from a single device.

Let’s take a look at a selection of powerful smartphone apps. Since we are an electric cooperative, energy control and efficiency rank high on our list of priorities. Let’s start there. Nest ([www.nest.com](http://www.nest.com)) cracked the smart thermostat market open a few years back. Their device connects directly to your Wi-Fi network. This connectivity allows access for temperature control and monitoring, plus simplifies software updates to fix bugs and add features. Since then, Nest has introduced a smoke and carbon monoxide detector, as well as a video camera. And the company is working with other companies to allow their devices to work with Nests. Honeywell (<http://lyric.honeywell.com>) and Ecobee (<https://www.ecobee.com>) also offer their own lines of smart thermostats that are also controllable via an app.

Companies such as Belkin and Insteon have a wide range of products for home automation that include energy control features. Let’s look at Insteon (<http://www.insteon.com>) for a moment. They offer replacement receptacles and switches that can be controlled via their app. They also offer sensors and security devices so you can create your own home security system. Insteon’s products work with the app to send alerts, allow you to create schedules, monitor the devices and of course, directly control them. Belkin’s entry falls under the name of WeMo (<http://www.belkin.com/us/p/P-F7C030/>) and offers similar functionality.

Aside from automating your home, there are a lot of additional things your smartphone can do. For those who are Star Trek fans, think of Spock’s tri-corder, that marvelous device that allowed him to perform science magic on alien planets. The smartphone is bringing a tri-corder to everyone who has an interest. With small attachments, you can do amazing things. Camera buffs can use the Lumu Light Meter (<http://lu.mu>) to calculate light conditions for precise photography. Or you can simply download the LightMeter app from whitegoods to measure foot-candle levels wherever you desire.

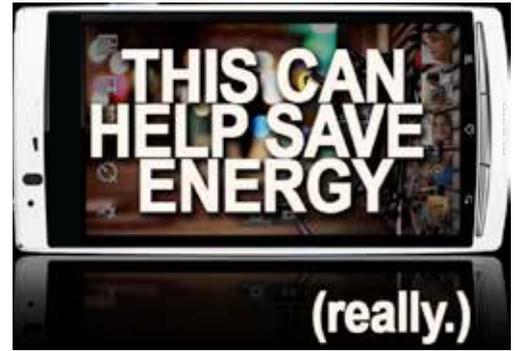
For a truly Spock-esque experience, delve into the Lapka (<https://www.mylapka.com/pem>) world of Personal Environment Monitoring. With these modules and their app, you can measure organic (bacteria) levels, radiation, electromagnetic

field and relative humidity. Or, if you want to know how much heat is leaking around your windows or if that manifold on the car is cool enough to touch, you can choose between the Seek (<http://obtain.thermal.com/category-s/1818.htm>) and Flir (<http://flir.com/flirone/atHome.cfm>) offerings. Of course, these allow you the opportunity to establish your own fledgling paranormal and big foot investigation unit for a fraction of the price of larger Infrared gear.

Other things smartphone-able include: padlocks, glucose monitors, door locks, light bulbs, personal protection, pet monitors and more health apps than you can shake a stick at. The list in practically endless!

As you may have already guessed, the proliferation of apps means a couple of things for smartphone users. One, they are going to need more memory and two, at some point, there will be a need to consolidate their apps to provide convenient control and monitoring. In an homage to J. R. R. Tolkien, we will need one app to control them all. An enterprising firm, Wink (<http://www.wink.com>), is already at work to consolidate home control. In the meantime, grab your smartphone, an app or two and see how you can shape your world.

*Tom Tate writes on cooperative issues for the National Rural Electric Cooperative Association, the Arlington, Va.-based service arm of the nation’s 900-plus consumer-owned, not-for-profit electric cooperatives.*



**We’re here to serve you!**  
**Give us a call—**  
**406-446-2310**