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Beartooth signs contract with Lower Valley Energy

Red Lodge, MT – Management of Beartooth Electric Cooperative will be provided by Lower Valley Energy, under a three-year contract signed last week by the governing boards of both rural utility cooperatives. The agreement requires approval from both the Wyoming Public Service Commission and the federal Rural Utilities Service, a review process that is expected to take at least sixty days.

Based in Afton, Wyoming, Lower Valley Energy is an electric cooperative that serves northwestern Wyoming all the way to Yellowstone National Park and areas of eastern Idaho. Beartooth, based in Red Lodge, also serves part of northern Wyoming.

The management agreement reflects a shared strategy focused on affordable rates and quality service. Beartooth's rates for electrical power are among the highest in the nation. Lower Valley Energy offers its members one of the lowest rates for electricity in the U.S.

“Right now our members are paying 17 cents per kilowatt hour,” said the co-op's interim manager, Dick Peck. “This management services agreement provides economies of scale and expertise to help us improve performance and work toward more competitive rates.”

Under the management agreement, LVE's President/CEO Jim Webb will replace Peck's hand on the helm and manage both co-ops. Dick Peck, who came out of retirement to help Beartooth through tough times under the bankruptcy of its generation and transmission cooperative, will stay on during the management transition.

Peck expects to be back fishing on Alaska's Kenai River sometime in the spring. “I'll go off into the sunset knowing that Beartooth is in the hands of one of the best management teams available,” said Peck.

The new management structure will create significant savings for the small cooperative. Combining services for Beartooth's 5,700 meters with LVE's 30,000 meters will also provide economies of scale for both cooperatives. A preliminary independent analysis showed that Beartooth could achieve savings exceeding \$500,000 per year.

A series of town hall meetings will be held in late January and early February to explain details of the management agreement to Beartooth's members and answer questions.

"We're still our own cooperative with our own employees," said Roxie Melton, president of the Beartooth Electric board of trustees. "The board is looking forward to working with Jim Webb and a management team widely known for its successful business practices and innovative thinking," she said.

Provisions in the management agreement allow an option at the end of two years for extension of the contract or a merger. A potential merger must be approved by two-thirds of both co-ops' members.

More information is available at www.beartoothelectric.com.

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