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Changing times for Beartooth Electric Co-op
Where does the cooperative spirit go from here?

Red Lodge, MT – News that Lower Valley Energy and Fall River Rural Electric Cooperative may consolidate has electrified discussion for a third rural co-op: Beartooth Electric. Lower Valley and Fall River jointly announced on January 20 they intend to investigate becoming one entity.

Lower Valley Energy (LVE), a co-op based in Afton, Wyoming, signed a three-year management agreement with Beartooth at the end of 2014, with a provision that the two co-ops may take an option to merge within two years or less. The possible consolidation of LVE and Fall River is likely to heat up decision for members of the Red Lodge-based cooperative.

Fall River Rural Electric Cooperative is headquartered in Ashton, Idaho and serves about 16,000 connections in eastern Idaho, western Wyoming and southwest Montana. Fall River's 2,524 square mile service area frequently abuts the service area of Lower Valley Energy, with Fall River roughly on the northwest side of Yellowstone Park and LVE southeast. Lower Valley serves parts of Lincoln and Teton counties in WY, and so does Fall River. Beartooth Electric reaches into Park County, WY.

In light of their proximity, the possibility of consolidation for the mutual benefit of both Lower Valley and Fall River has been considered for almost 30 years. Changing national and regional energy policies have "made the idea of consolidation more practical than ever," prompting the proposed consolidation. Service by a single entity may save members \$38 million over ten years, according to the joint news release.

The next step is for the boards of the two co-ops to agree on the terms of the consolidation. Then a detailed plan will be presented to their owner-members for a vote later this year.

What does this mean for Beartooth Electric co-op members?

Since a potential merger with LVE was already an option for Beartooth, it has been invited to consider a new and larger cooperative. If Beartooth is part of a consolidation with LVE and Fall River, the three previously independent co-ops become one new organization with a new identity. Under Montana cooperative law, if Beartooth merged with LVE, members would become part of LVE. Under a merger, one of the original co-ops is sustained. Under a consolidation, it's a brand-new co-op.

“Other than that difference in definition, the majority of the legal requirements for a merger or a consolidation are substantially the same” explained Beartooth trustee Arleen Boyd of Fishtail. “The notice and member voting requirements are identical in Montana law,” she said.

The board of Beartooth Electric has been exploring possible options for a stable long-term future for the co-op ever since its 2012 due diligence analysis concluded that an exit from Southern Montana Electric Generation and Transmission Cooperative was necessary. Many options—along with a possible merger or acquisition—have been under study.

“Our job now is to get accurate and properly researched information into the hands of our owner-members so they can assess the options in front of us, remaining independent or joining a larger co-op. A merger or consolidation requires approval by two-thirds of the members who vote,” Boyd stated. “It’s the members’ decision, and in the true spirit of a cooperative, they should be actively involved in these discussions as they go forward.”

District representatives on the Beartooth board of trustees and its risk management committee are working to provide information on the co-op’s options and obtain comments from members. More information is available at beartoothelectric.com.

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