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Rate decrease for Beartooth Electric Co-op

Red Lodge, MT – A ten percent decrease in electricity rates for Beartooth Electric Co-op members was approved last week at the January meeting of the co-op’s board of trustees. This will be the second reduction in rates since the negotiation of the co-op’s exit from its former wholesale power group, Southern Montana Electric (Southern). Retail electric rates for members went down five percent last August.

“After reviewing a detailed financial forecast and recommendation from our risk management committee, the board approved a ten percent decrease in the co-op’s revenue requirement,” reported Jim Webb, general manager for Beartooth Electric. The financial forecast includes the repayment of a \$1.2 million loan for Beartooth’s share of the Southern debt. The loan is a seven-year note at a rate of 2.80 percent interest with one-year repricing.

Reduced power supply costs help fuel the decrease. The co-op’s 2016 budget shows the cost of power will be almost 40 percent lower than last year. Power supply has accounted for over half of Beartooth’s total annual costs. Beartooth signed new supply contracts that began November 1, 2015, locking in competitive rates for the next seven years.

The board’s next step will be a review of a cost of service analysis (COSA) to determine how a decrease will be distributed across the various consumer rate classes. The cost of service analysis is currently being updated from the previous report developed by EES Consulting in March of 2015. The 2015 report is available at beartoothelectric.com.

“If the ten percent decrease is enacted, and financial results meet our projections, another decrease could happen later this year,” said Dan Dutton, chair of the board’s finance committee.

Founded in 1939, Beartooth Electric Cooperative is owned by approximately 4,360 members in Montana and Wyoming who oversee the actions of the board of trustees. Questions regarding the rate decrease or other co-op matters can be addressed to comments@beartoothelectric.com.

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