



FOR IMMEDIATE RELEASE

February 26, 2016

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Effective rate decreases determined by Beartooth board

Red Lodge, MT – Electric rates for small commercial power from Beartooth Electric will decline by 12.7 percent as of March 1, 2016, under a rate reduction formula approved by the co-op’s board of trustees on February 23. Residential, large commercial and industrial class electricity users will have their rates reduced by ten percent. Irrigation users will receive a five percent rate decrease.

In January, the co-op’s board of trustees confirmed a ten percent decrease in their revenue requirement for 2016. The co-op’s revenue requirement for 2015 was \$10.1 million. The needed revenue for 2016 is projected at \$1.8 million less, primarily due to lower power supply rates.

The board used a Cost of Service Analysis (COSA) to determine how to distribute the rate decrease across the various classes of consumers. Engineering firm EES Consulting provided an updated COSA for Beartooth on February 15. The study used two different methodologies to calculate revenue to cost ratios for each consumer class.

The report found that costs and revenue are in line for the residential class, large commercial and industrial classes, and they should get the average ten percent decrease. The small commercial class was found to be paying slightly more than its costs and therefore should receive a greater than average rate decrease.

Irrigation class users were found to be underpaying, and a five percent reduction was recommended. Irrigators have an energy rate that is lower than all other classes and distribution costs concentrated in a four to five month period. Beartooth board members held a discussion with irrigators on Monday, February 22 to get their comments prior to the vote on the rate decreases.

“The decision made by the board moves us closer to the true cost to serve each rate class,” said Jim Webb, general manager of Beartooth Electric Cooperative. “A decrease this big gives us the opportunity to balance things out.”

More information is available at beartoothelectric.com, along with the COSA report. Beartooth’s members are urged to go to the website to sign up for email alerts on breaking information from the co-op. The next meeting of the board is March 29. Members are welcome.

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