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## LETTER TO THE EDITOR

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### Guest Opinion - Billings Gazette

August 23, 2016

I would like to share with the directors and members of the Beartooth Electric Cooperative my reasons for strongly opposing the proposed merger between BEC and Wyoming-based Lower Valley Energy Cooperative. My family has ranched outside of Fishtail since 1891, and we have been members of BEC since its inception. As a retired lawyer, economist and rancher, I see nothing but legal and financial problems resulting from this course of action.

We all remember the excruciating amount of time, effort and money that went into making possible our departure from Southern Montana Electric Generation and Transmission Cooperative. If we enter into the proposed merger, there is literally no way out. We may decide in a few years that our 4,420 members do not have enough say in the management of our co-op (by then Lower Valley Energy), but there will be absolutely nothing that we can legally do about it. We will not have the voting power.

We would have only one director on the anticipated combined board of 7-9 directors, and 4,420 votes on all matters on which members are allowed to vote, against approximately 17,000 votes by LVE members. Our position would be even weaker if the proposed consolidation with Fall River Electric Co-op goes through.

#### **Benefits of stand-alone**

The reasons expressed by board members who appear to favor this merger are the excellent management and cost sharing arrangements provided by LVE under the current management agreement. This same kind of arrangement is easily available without the drastic and irrevocable step of actually merging.

If LVE does not wish to continue our existing arrangements without a merger, other electric co-ops may be willing to enter into a similar agreement with us. We can also hire our own manager and continue as a stand-alone co-op.

If you have not read Arleen Boyd's thoughtful comments in the August issue of *Rural Montana*, please do so now, especially the following: "Analysis of BEC as a stand-alone cooperative shows BEC well-positioned for a member rate decrease this year and a solid financial performance for at least seven years, while meeting required financial ratios and making necessary investments."

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## **State's laws differ**

There are differences between Montana law and the Wyoming law which will control after the merger. For example, in Montana, directors' compensation must be specifically approved by the members, although they can be paid a fixed sum for attendance at meetings. The Wyoming statute appears to say that unless the cooperative's articles of incorporation or bylaws provide otherwise, the board of directors may fix the compensation without member approval. This may seem like a small distinction, but what it means is that in Montana the members must vote in favor of compensating directors, while in Wyoming the directors can do as they please on this matter. It also appears that in Wyoming directors may amend bylaws without member approval.

Ten years from now we will either be glad we remained a stand-alone co-op or we may regret our minority and almost meaningless voice in a merged co-op. It is our duty as members to make sure that we fully understand why each of our directors is or is not in favor of the proposed merger. Ask questions, read the documents as they are provided, require financial analyses, demand legal opinions. If we don't, we will have only ourselves to blame for the legal and financial problems which I believe will ultimately result from the proposed merger.

Beverly Bates Hall

Fishtail

[http://billingsgazette.com/news/opinion/guest/guest-opinion-beware-of-proposed-mont--wyo-co-op/article\\_2157bb13-7ae1-577c-a13f-35452d42d028.html](http://billingsgazette.com/news/opinion/guest/guest-opinion-beware-of-proposed-mont--wyo-co-op/article_2157bb13-7ae1-577c-a13f-35452d42d028.html)