
LETTER TO THE EDITOR

March 14, 2016

To the Editors:

Re: Beartooth Electric Trustees Play Politics Setting Rates / A Call To Action

“Fair and equitable” is a basic objective when setting electric rates. Beartooth Electric Co-op Trustees have repeatedly affirmed this goal, however two recent rate actions demonstrate bias in favor of Irrigation customers.

Cost of Service Analyses (COSAs) in 2015 and 2016 both reported that revenues from Irrigation users do not cover the costs of serving them and that other customers are making up the shortfall by paying more than they would if rates were “fair and equitable.”

The COSA dated March 31, 2015 documented that Irrigation customers were paying only 38.7% to 47.2% of their cost of service, with the shortfall subsidized by other customers. (See Tables 9 and 10, page 26 of this report on our Co-op’s web site.)

Outcome: Trustees disregarded the study’s comparisons of revenues and costs and gave all customers, including the Irrigation classification, a 5% reduction on the energy charge.

The COSA dated February 15, 2016, updated to recognize that there is some diversity among Irrigation customer loads yielded similar disturbing conclusions. Irrigation customers were shown to be paying only 63.6% to 81% of their cost of service, with the shortfall subsidized by other customers. (See Tables 4 and 5, page 6 of this report on our Co-op’s web site.)

On the evening prior to the February 23, 2016 Trustee meeting, Irrigation customers were invited to an informal meeting with a quorum of the Trustees present in person and by telephone to discuss three rate reduction options listed on page 8 of the 2016 COSA. No notice of the meeting was published and no minutes were taken. Readers, judge for yourself whether or not we have here an example of special interest politics. A “Town Hall” type meeting with all customer classifications invited to attend would have been more appropriate.

Outcome: Trustees approved Option 2 from 2016 COSA: 5% decrease for Irrigation, 12.7% decrease for Small Commercial and 10% decrease for all others, applied to the energy charge.

A Call to Action: Another opportunity to further reduce and rationalize rates is expected soon. All membership classifications must become more involved in Co-op governance if bias free, “fair and equitable” electric rates are to become a reality, not just a talking point. It is evident that Irrigation customers receive special consideration to the disadvantage of other customers. When the first rate reduction was considered last year, Trustee comments were to the effect that everyone should get a 5% reduction this time and rationalizing of rates will be addressed next time. Similar comments were made last month by a Trustee who advocated for a 10% decrease for all customers this time (Option 1, page 8 of the 2016 COSA) then no decrease for Irrigation customers next time. Trustees compromised and awarded a second unwarranted 5% reduction to Irrigation customers. The Trustees will likely continue to compromise and give Irrigation customers more reductions unless and until other customers show up speak up and demand equity.

Sincerely,

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