

THE BEC kWh

know what's happening

BEARTOOTH ELECTRIC COOPERATIVE MEMBER NEWSLETTER

August 2015

SAVE THE DATE—

BEC 77TH ANNUAL MEMBER MEETING

September 26,
2015

Roberts High
School
Gymnasium

- **Trustee Elections**
- **NEW BEC Management Team**
- **Power Supply**

Join Us!

Dear Beartooth Electric Cooperative Members—



*James R. Webb
BEC General Manager
Lower Valley Energy,
President/CEO*

We are very excited to announce a rate decrease - the last time Beartooth Electric Cooperative (BEC) rates decreased was 5 years ago. The 5% reduction is based on the tightening of our budgeted revenue requirement, and is the

result of many thoughtful decisions by your BEC Board of Trustees. Because the monthly base charge will remain the same, the entire reduction has been applied to the energy charge. The actual rate reduction will vary based on usage.

The rate decrease is a healthy signal of BEC's financial strength. Your BEC Board of Trustees and staff have been working tirelessly at uncovering all stones to find ways to reduce rates. Where BEC will get its power from is a very large stone to uncover. The potential exit from Southern will have a very positive impact on rates and allow us to reduce the amount we are paying for wholesale power. We have also been evaluating longer-term power supply

opportunities. Our market research indicates that we are in a very fortuitous time for BEC to be contracting for long-term power supply. The power supply committee has progressed to evaluating proposals from various suppliers.

The management agreement with Lower Valley Energy (LVE) continues to prove fruitful via the technical and management resources of a much larger, successful cooperative utility. The combined staffs of BEC/LVE have hit the ground running and already found ways to reduce inventory, billing, accounting and member communications costs, while focusing on maintaining BEC's vast footprint of over 5,800 active meters and almost 1,800 miles of line.

As we move forward, the BEC Board of Trustees will continue to monitor progress with the LVE agreement as well as all other alternative options. As always, your comments are welcome at comments@beartoothelectric.com or by calling 406-446-2310. We also look forward to answering your questions and discussing the future of BEC at our Annual Meeting on September 26 at the Roberts High School. We are confident the future is bright for BEC members.

*James R. Webb,
BEC General Manager
Reach me at —
comments@beartoothelectric.com*

YVAS OSPREY NEST MONITORING PROJECT

Yellowstone Valley Audubon Society has been monitoring Osprey nests and recording data along the Yellowstone River from Gardiner to Miles City, Montana since 2009. Dedicated volunteers adopt one or two nests early in the spring and follow up with visits to each nest for 30 minutes every one to two weeks recording dates and data including: the osprey's spring arrival at the nest, nest building, copulation, incubation, brooding, fledging, and other interesting and important observations. All data is submitted to the Montana Natural Heritage Program where it is recorded and made available to all individuals, organizations or groups.

YVAS has supported and participated in the banding of Osprey fledglings along the Yellowstone and Stillwater Rivers since 2012. Dr. Marco Restani provides the expertise for this work and for continuing education for those interested in learning more about Osprey and their migration stories.

Another major and important goal for YVAS' Osprey Project is establishing safe nesting sites for these raptors. Ospreys have a dangerous habit of building nests on top of active power poles. These nests not only endanger the Ospreys and their young but they create problems for utility companies, cause power outages and create fire hazards. YVAS has been working with utility companies to establish free standing osprey nesting poles and platforms along the Yellowstone River and its tributaries. In many cases, utility companies have donated their material, equipment and manpower toward these projects. YVAS also helps to fund the materials when needed. Some of these recent sites and projects include:

March 2015 – River Road west of Duck Creek, 2 poles/platforms provided by YVEC
December 2014 – Swinging Bridge Fishing Access on Hwy 78 provided by BEC
March 2014 – Osprey Outpost on Hwy 212 south of Laurel provided by YVEC
Fall 2013 – Cattleland Substation west of Park City provided by NWE's Columbus Office
Fall 2013 – Prince Concrete Site in Forsyth provided by MDU
May 2011 – Riverfront Park provided by NWE's Billings Office
March 2010 – Duck Creek Fishing Access provided by YVEC
Over the recent years – various sites along the Upper Yellowstone River provided by PEC

Besides the Ospreys' love of utility poles, some are obsessed with decorating their nests in baling twine. The nestlings easily get entwined and without human intervention, they most certainly would die. A bucket truck is required to rescue the entangled Osprey. In 2012 three nestlings were entangled (two died and one was freed and fledged normally); in 2013 one nestling was entangled (it was freed and fledged normally); and in 2014 four nestlings were entangled (all freed and fledged normally). If you are interested in becoming involved with the YVAS Baling Twine Committee, contact Lisa Bessasparis at 406-698-9405 or ospreyBTC@gmail.com. For more information on the YVAS Osprey Nest Monitors, contact Deb Regele at 406-962-3115 or debregle@gmail.com.

If you would like to make a tax deductible donation, it can be mailed to Yellowstone Valley Audubon Society, P.O. Box 1075, Billings, MT 59103. [Continued on Page 4](#)



The Osprey, sometimes known as the Fish Eagle, Sea Hawk, River Hawk, or Fish Hawk, is a diurnal, fish-eating bird of prey. It is a large raptor, reaching more than two feet in length and five feet across the wings. It is brown on the upperparts and predominantly greyish on the head and underparts.



Eric Elton, BEC Operations Manager coddles an Osprey hatchling for tagging.



BEC Journeymen Linemen give the project a lift.



Frank Willett, Vice-Chair BEC Finance Committee assists with the Osprey hatchling tagging.

New Committee Name, Same Focus: Making Informed Decisions

The BEC Due Diligence Committee has asked the Board of Trustees for a new name, *BEC Risk Management Committee*. The committee says risk management is easier to understand and better reflects the comprehensive scope of their work with the board.

Due diligence is our culture. We define opportunities, identify options, enlist expertise, measure, compare, and decide. Highlighting risk management does not mean that risk is growing. In fact, the committee's work over the past four years has helped us reduce risk. We focused on numbers and eliminated potential alternatives that would not work. Now we are incorporating management of identified risks into constructive business plans knowing that we can deal with risk effectively and affordably.

We are close to ending our membership in Southern Montana Electric (Southern), which has been a financial drain with enormous legal and financial risks. We have excellent power supply and business alternatives to compare and an outstanding management team from Lower Valley Electric to help us evaluate them.

Improved Financial Position

With trustees committed to conservative financial oversight and due diligence, BEC has improved its financial results and is implementing a rate reduction in August. BEC's financial position was threatened by the condition of Southern, its bankrupt generation and transmission cooperative. Risks for BEC were reduced when Southern was reorganized under a court-approved plan that lowered the debt for the Highwood Generating Station (HGS) and opened the door for Southern to contract for power at reasonable rates. After years of cash calls and debt obligations to finance HGS, BEC resources now are available for investment in operations at home.

BEC has cut operating expenses, reduced long-term debt, and made timely write-offs of losses associated with Southern. The current management agreement with Lower Valley Energy demonstrates LVE confidence in BEC and a commitment to continue reducing expenses and improving member service. Current contracts with the Rural Utility Service and other creditors reflect confidence in BEC's financial position.

Power Supply for BEC

This is a good time for BEC to seek a power contract to follow our current power supply agreement, which ends in September 2017. The market offers good rates,

longer term market projections look unusually stable, and BEC's financial position holds little risk for suppliers. We are seeing very positive responses to our Request for Indicative Proposals (RFIP) and plan to report on the power search at the annual meeting in September. Members may continue to offer comments and questions regarding the power supply process at comments@beartoothelectric.com or by calling the co-op or a board member.



*Arleen Boyd,
District 5 Trustee
Due Diligence/
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Submitted July 11, 2015*

Southern and Selling HGS

At any time HGS could be sold. In June 2014 the U.S. Bankruptcy Court approved a reorganization plan for Southern and creation of a liquidation trust to sell the HGS assets. Southern remained responsible for paying its debt to the HGS noteholders. The trust assumed an entirely separate financial obligation to maintain and sell HGS for the noteholders. When the plant sells -- as an operating resource to generate electricity or for sale of its dismantled assets -- the bankruptcy will be one step closer to wrapping up. Southern continues to estimate full payment of its remaining debt to the HGS noteholders by the end of 2016 and has expressed intent to close when the debt is paid.

Our objective is to leave Southern by October 2015. We still are officially mediating and cannot share details of a proposal that is circulating among Southern and its co-op members (Beartooth, Fergus, Mid Yellowstone, Tongue River) to allow our exit.

Under the court-approved bankruptcy plan Southern board members may be legally constrained from discussing the terms of a sale publicly. Beartooth's representatives on the Southern board (Laurie Beers and Arleen Boyd) will share details of the sale with the BEC board and others as legally permitted.

Chairman's Message



Roxie Melton
Chairman of the Board
robertsystop@aol.com
406-426-0135

The dog days of summer are heating up and fans and air conditioners are kicking in. The Coop is also heating up with anticipation of the exit from Southern. Also, the changeover to Lower Valley Electric for the management agreement is transitioning very smoothly.

I had the opportunity to visit Lower Valley this past month and attend a Board meeting and their Annual meeting. It was nice to see that our boards operate similarly. They go through the same type discussions and examine thoroughly any new ideas and information that are presented to the board. Sometimes a little heated but they always come away from the meeting united.

The Annual meeting however, is quite different from ours. It started with a short time for a meet and greet. I looked around and thought they would never get all the people in the conference room downstairs. I was warned that a small turnout is normal, but I was not expecting all of six members plus two members running for the board positions.

The President, Linda Schmidt, started the meeting by welcoming the eight members, acknowledged the Beartooth attendees and introduced the LVE staff. Together we all outnumbered the membership about 2 to 1. Linda presented the annual report and the CEO, Jim Webb, highlighted a number of significant cost saving measures the coop was able to initiate. It is encouraging to see that a coop that has operated so efficiently over the years can still find sizeable ways to save. There were about 400 mail-in ballots and the incumbents won their seats and will be returning for another three years.

I hope you have a wonderful summer and I look forward to seeing you at our annual meeting on September 26th, at 9am, in the Roberts School gym. If you are unable to attend, please mail in your ballot and complete and return the member survey. Until next month, thank you again for the opportunity to serve on your behalf. *Roxie Melton, Chairman of the Board*

NEXT BOARD MEETING: AUGUST 25 - BEARTOOTH ELECTRIC COOPERATIVE OFFICE - 11:30 AM

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Additional Information and History

Between the early 1950's and early 1970's, the use of the pesticide DDT was widespread in many countries including the United States. By the late 1960's, the population numbers of brown pelicans, bald eagles, peregrine falcons, white pelicans, golden eagles, ospreys, and other birds had declined significantly. This decline in population numbers was due to such things as birds' failure to reproduce due to the affect DDT has on a bird's ability to metabolize calcium resulting in the thinning and breaking of eggshells. In 1972, when the Environmental Protection Agency was established, the EPA banned the use of DDT in most regions of the United States.

Birds in Montana, including the osprey, were no exception to the devastating effects of DDT. Osprey numbers as well as numbers of other bird species have been steadily increasing since DDT was banned in 1972. Ospreys' summer range has been moving eastward from western Montana especially along the Yellowstone and Missouri Rivers. Today, ospreys are frequently seen along the Yellowstone River between April and September.

The Osprey Nest Monitoring Project first began in 2009 when YVAS Board of Director members, Monty Sullins, George

Mowat, and Robert Lubbers, located and with GPS's, mapped 22 osprey nests between Big Timber and Miles City.

From 2012 to 2014, YVAS collaborated with and contracted the services of a Rocky Mountain College student under RMC's newly formed Yellowstone River Research Center during a three-year project of blood sampling and banding of Osprey nestlings.

Today there are 30 YVAS volunteers and 100 known nesting sites between Gardiner and Miles City, although not all are actively used. The Osprey's returning to the new nesting platform at Swinging Bridge were not as impressed as those who returned to River Road. For several days, Beartooth Electric linemen removed sticks placed by the returnees on the old nesting site (an active power pole), and placed them on the new platform, morning and again at night, to make their point with the obstinate pair. The birds finally accepted the new pad, and took up residence on the pole/platform that was installed last December by Beartooth Electric, again at no cost to YVAS.

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