



For Immediate Release
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BEC Board Fulfilling Member Mandate

Last September at Beartooth Electric Cooperative's annual meeting, members sent a clear and urgent message to the new board of trustees. The co-op was in trouble. Major changes were needed. Fix BEC!

The most recent evidence that the board heard members loud and clear occurred at its monthly meeting on June 29th. It unanimously approved proposed changes to the bylaws. If members approve the changes at their annual meeting this September, they will dramatically increase transparency, ensure member access to co-op information, require member approval of future generation projects, and make virtually every BEC customer a member.

In a second major accomplishment, the board also approved a budget that will allow BEC to maintain high system reliability without raising rates or increasing the co-op's considerable \$14 million debt. The budget contrasts sharply with one proposed by previous management that would have increased long term debt by \$1.2 million to achieve similar results.

These actions are the most recent of many that fulfill the mandate members gave the board last September. Even though it has had to govern during the most tumultuous, challenging year in the co-op's 74-year history, the board has persevered:

- * Opening board meetings to all members, the public, and the press;
- * Maintaining a rigorous requirement for transparent operations;
- * Identifying a skilled legal firm quickly to protect member interests after Southern filed for bankruptcy in October 2011;
- * Hiring, in a mere 45 days, Richard (Dick) Peck, a highly qualified, experienced interim manager after BEC's previous manager resigned in February. On the job since late April, Dick has already had a substantial impact by restructuring staff and cutting expenses while retaining high-quality service.
- * Performing due diligence by using an independent expert to determine the value of Southern's Highwood Generation Station and the costs to BEC of

reorganizing or dissolving Southern after bankruptcy;

- * Evaluating less expensive, alternative sources of power that BEC could purchase if the U.S. bankruptcy court rules in favor of BEC's request to void its contract with Southern;
- * Rewriting co-op policies that have been out of date for years; and
- * Updating and expanding the content of the co-op's website, posting minutes of board meetings quickly, and publishing frequent news articles--all to better inform members about the status of the co-op and the actions of the board.

The speed with which the board acted and what it accomplished are due in large part to the way it dealt with BEC's many problems. Using an approach several trustees employed during their business careers, the board organized its problems functionally (e.g. finance, legal, policy, bylaws, due diligence, communications) and established working committees comprised of trustees and members to recommend solutions.

While trustees knew when they were elected that solving BEC's problems would demand long hours, committee volunteers have shown the same dedication, working side by side with trustees over many months to get quality work done on demanding deadlines. Amazed at the process, Dick Peck, BEC's interim manager, observed, "In more than 30 years, I've never seen member involvement at this level. Member commitment, expertise, and hard work have contributed in a major way to fixing BEC's problems."

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