



Beartooth Electric Cooperative, Inc.

www.beartoothelectric.com

Members Newsletter • Beartooth Electric Cooperative, Inc. • PO Box 1110, Red Lodge, MT 59068 • 406-446-2310

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General Manager's Report — By Ron Roodell



GREETINGS MEMBERS!

This time of year is a particularly busy time for management staff here at the Cooperative – it is budget preparation time. This year is a bit different from years past in that we are conducting a couple of other studies that we believe will help us to better establish what our future financial challenges may be and to then determine how we can best prepare to meet those challenges. In addition to making some comments about this work, I want to also make you aware of a couple of other things.

Budget, Cost of Service Study, Financial Forecast
The budget process used by the Cooperative typically includes the preparing of a preliminary budget that is presented to the Board of Trustees at the November board meeting, whereupon changes may likely occur, with the final budget presented to the Board at the December board meeting. Coincident this year with preparation of the 2012 Budget, we are completing both a Cost of Service Study (COSS) and a Financial Forecast.

Essentially what a COSS does is appropriately allocate costs incurred by the Cooperative to each of the different rate classes and also determine what percentage of the revenue required in the budget that should be collected from each respective rate class. The Financial Forecast is a ten-year financial model that incorporates such inputs as investments in system infrastructure, retirement of capital credits, cost of wholesale power, projected power sales, principle & interest payments, and a multitude of other expenses. The forecast model then projects the revenue requirement for each of the ten years and identifies the impact it will have on retail rates.

One of the greatest challenges we have while preparing these documents is to establish the Cooperative's level of commitment to maintaining the system infrastructure which ultimately shows itself in service reliability.

Memberships
When viewing the charts within this newsletter, you will notice a dramatic drop in the number of memberships there are

in the Cooperative. The Board of Trustees took action at the August board meeting to cancel 696 memberships. These were memberships where the member had left the system, but the membership was never canceled. The practice for many years at the Cooperative was to not cancel a membership until the Member Certificate that was issued upon taking service was returned to the Cooperative. As you can imagine, many of these certificates were never returned, consequently this number continued to grow. Staff worked hard during the billing/accounting software conversion process this year to identify these memberships and ultimately recommended to the Board that they be canceled. Staff believes this problem has been resolved and we should not have to deal with it again.

Interruptions in Electric Service
The winter season is a time of year when Mother Nature raises havoc with power systems.

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THE EFFICIENCY OF SPACE HEATERS

Space heaters are small, versatile, and generally good at warming a room, and many people consider purchasing one at some time or another. However, some manufacturers claim that their electric space heater can cut a home's heating bill significantly.

Do these claims hold up? Some basic facts about space heaters will help you get at the truth of the matter. Space heaters work best as a supplement to a furnace or heat pump—they rarely are used as the primary heating source. Three main types of space heaters are available: radiant heaters, convection heaters, and combination heaters. These usually can be purchased for \$30 to \$100.

Radiant Heaters
A radiant heater heats objects and people—not the air—in a room. Their best use is in rooms where those who want to be warmed are in the direct

line of sight of the heater. Radiant heaters can be a good choice if you are in a room for a short period of time and want instant heat. They can pose a burn or fire risk, however, and should not be placed near furniture, drapery, pets, or small children.

Convection Heaters
Convection heaters are designed to heat the air—not people or objects—in a room. Hot air from the convection heater rises to the ceiling and forces cooler air to the floor. The cooler air is warmed by the heater and rises to the ceiling, creating a cycle that continues as long as the heater is on. These typically are either baseboard or oil- or water-filled heaters. The oil- or water-filled heaters are the most efficient types and often look like a small radiator. These units generally become warm to the touch and, compared to a radiant heater, have a decreased fire and burn risk.

Combination Heaters
As the name implies, combination heaters try to merge the best features of radiant and convection heaters. They often have an internal fan that aids in distributing heat throughout the room. These heaters are versatile, but they typically do not perform as well as radiant or convection heaters.

Before purchasing a space heater, you should determine how and where it will be used, and whether a radiant, convection, or combination heater will do the job best. Combination units are versatile, but you likely will get better performance from a radiant or convection heater. Use a radiant heater if you want heat instantly and will stay in one spot. If you need to warm an entire room, a convection heater should do the trick.

So can using a space heater cut your home heating bill?

Maybe. Most space heaters use between 600 and 1,500 watts of electricity. A member using a space heater 8 hours a day, 5 days a week, for a month, would spend approximately \$30.71 for this additional electricity. However, space heaters can heat only a small space. You can save significantly if you use the space heater in this way: turn the thermostat of your central heating system down considerably (as low as 50 degrees in some cases).

Place the space heater in a room occupied by people and close that room off from the rest of the home.

This method of “zone heating” will save money.

Space heaters do have their place in warming a house, but they simply cannot replace energy-efficient central heating or weatherization improvements to the home. For example, all electric space heaters produce 1 unit of heat for every 1 unit of electricity consumed; in other words, they are 100% energy efficient. Those that use natural gas are 80% efficient. In comparison, geothermal heat pumps can produce more than 3 units of heat for every unit of electricity consumed, making them 300% efficient.

As with any technology, before purchasing a space heater you should understand how the device is used, as well as the energy claims of the manufacturer. While it may be technically possible to cut your heating bill by 50% using a space heater, it is impractical for most people.

Article compliments or The Cooperative Research Network (CRN). CRN monitors, evaluates, and applies technologies that help electric cooperatives control costs, increase productivity, and enhance service to their consumer-members.

How much does this cost to operate?

Have you ever wondered how much your refrigerator, computer or stock tank costs to operate? Here is a helpful calculation you can perform to determine the cost to operate any electrical product:

Step 1:
of watts
X (times) # of hours
X (times) .001
= (equals) kilowatts used

Step 2:
kilowatts used
X (times) .127957
(cost per kilowatt)
= (equals) Cost

GIVE THE GIFT OF ENERGY
Pre-pay a portion of someone special's electric bill. Call the BEC office today and give the gift of energy this year.



Energy Assistance Programs

Offer assistance with your **Energy Bills** and **Home Efficiency Improvements**

Do not go COLD this winter. Several energy assistance programs are currently available to Beartooth Electric Cooperative members. These programs offer assistance for such things as: 1) low income senior citizen and disabled energy assistance, 2) weatherization, and 3) furnace and water heater efficiency. For more information about these programs, please call according to the list below:

Low Income Senior Citizen & Disabled Discount Program

Beartooth Electric Cooperative, Inc.:
406-446-2310

Low Income Energy Assistance Program (LIEAP)

Human Resources Development Council (HDRC) VII:
Montana Members: 800-433-1311
406-247-4732

Wyoming Members: 800-426-4221

Energy Share of Montana

406-247-4778

Energy Share of Wyoming

877-461-5719

Before You Buy A Space Heater

Before buying a space heater, it will be beneficial to take some easy and inexpensive energy-saving measures in your home. Any of these could solve your heating problems without any additional heating equipment:

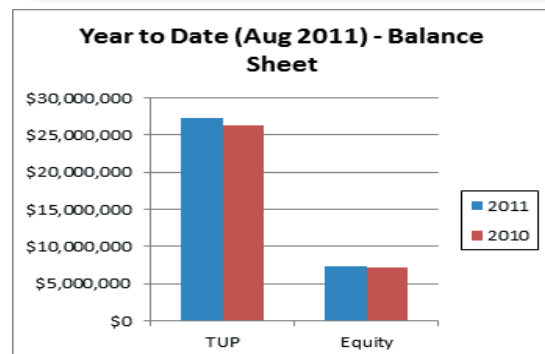
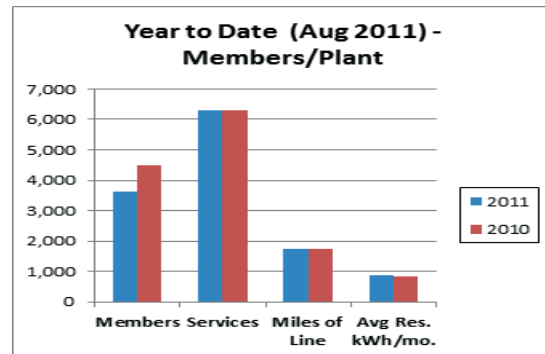
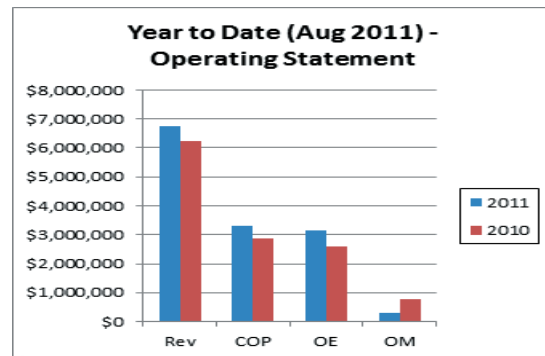
- Add caulk and weather stripping around doors and windows
- Add insulation to attics and exposed walls
- Clean or replace furnace filters
- Move furniture or obstacles away from heat registers
- Insulate duct work
- Close blinds or curtains at night

BOARD ROOM REPORT

The Board of Trustees held their regular board meeting on October 28, 2011. Action items included:

- Approved Financial Report (RUS Form 7) for July & August 2011
- Passed Resolution 2011-10 approving signature authority for cooperative bank accounts
- Approved offering of the Low Income Senior Citizen & Low Income Disable Discount Programs in 2012
- Reviewed District Member Count – no changes needed
- Passed Resolution 2011-9 rescinding censure of trustee
- Approved bid to construct crew room
- Approved filing of Motion to Withdraw the Application & Petition to provide Line-of-Credit Guaranty for Southern, with the Wyoming PSC.
- Passed Resolution 2011-13 directing attorney search team to make recommendation for Cooperative legal counsel no later than November 10, 2011

Financial Summary: (Abbreviations) Rev – Revenue, COP – Cost of Power, OE – Operating Expenses, OM – Operating Margins, TUP – Total Utility Plant.



2012 MECA Memorial & BEC Achievement Scholarships

Beartooth Electric Cooperative can help you achieve your educational goals.

We offer two scholarship programs:

- MECA Memorial Scholarships
- BEC Achievement Scholarships

MECA MEMORIAL SCHOLARSHIP

Each year MECA (Montana Electric Cooperatives' Association) distributes two \$500 college scholarships. The BEC candidate is selected by the BEC Board of Trustees. Scholarship winners are selected by MECA.

Deadline

Applications for the 2012 MECA Memorial Scholarships must be received at the BEC office by the end of business, January 31, 2012.

BEARTOOTH ELECTRIC COOPERATIVE (BEC) ACHIEVEMENT SCHOLARSHIP

BEC helps a graduating senior from each of our eleven service area high schools to further their education by awarding scholarships that may be applied toward tuition, fees and expenses at any college, university, junior college, technical school or trade school. High school seniors whose parents or legal guardians are BEC members are eligible to apply. Each high school judging committee selects their school's recipients based on information provided on the application, prior academic performance, standardized test results and financial need. The judges also consider motivation and character.

Deadline

Applications for the 2012 BEC Achievement Scholarship must be received by your high school counselor no later than the end of school day, January 31, 2012.

To apply for the MECA Memorial or BEC Achievement scholarships, download the applications from the home page of the BEC web site at www.beartoothelectric.com, pick-up at the BEC Red Lodge office or consult your high school counselor.

GOOD LUCK!

Announcements

BEC OFFICE DECEMBER CLOSURES

Friday, December 23, 12:00 PM

Monday, December 26, All Day

Get all the latest news @

www.beartoothelectric.com



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When power outages do occur, your help in locating the cause of these outages is invaluable. Winter conditions can definitely hamper the crew's ability to respond to outages and information you may have that could lead the crew to the potential cause of the outage, could certainly shorten the time needed to restore electric service. I encourage you to give us a call when you see something out on the system that just doesn't look right and you believe could be the cause of an outage or could perhaps lead to a future outage.

Merry Christmas!!

This will be the last issue of the *Rural Montana* magazine before the Christmas holiday is here. Although a bit early, I want to extend a very Merry Christmas to all of you. I hope your time with family and friends during the Christmas season brings you much joy and laughter!

In case of power failure please call 406-446-2310 or 800-472-9821 Anytime day or night

RURAL MONTANA