

Beartooth Electric Cooperative, Inc.

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Get Involved.
Attend.
Vote.

BEC's 73rd ANNUAL MEMBER MEETING
Saturday, September 24, 2011
Roberts High School

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

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BOARD OF TRUSTEES

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General Manager's Report — By Ron Roodell

73RD ANNUAL MEETING – SEPTEMBER 24! Cooperative to Retire \$225,000 in Capital Credits

The Beartooth Electric Cooperative (BEC) annual business meeting will take place on **Saturday, September 24, 2011, 10:00 a.m., at the Roberts High School gymnasium**. Please note the change in the start time for the meeting as it is different than in years past. The hope is that more members will make the effort to attend the meeting as there are significant changes being proposed to the Cooperative Bylaws. Member registration begins at 8:30 a.m. The meeting will be followed by a lunch beginning at 12:15 p.m.

PLAN TO ATTEND:

BEC's 73rd Annual Member Meeting

Saturday,
September 24, 2011
Roberts High School

Registration opens: 8:30 AM
Meeting begins: 10:00 AM
(please note the earlier times)

**Get Involved.
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ANNUAL REPORT

Two to three weeks before the annual meeting, members will receive the 2010 Annual Report. This report will provide the Official Notice of

Meeting, trustee elections information, reports from your Board President and General Manager, and a financial summary for the years 2008, 2009, and 2010.

CAPITAL CREDIT RETIREMENT

The Board of Trustees approved a capital credit retirement of \$225,000. This retirement will pay out the remaining allocated margins balance for the Year 1986 and part of 1987. So, if you were a member of BEC in 1986 or 1987, you should be receiving a check. Checks will be handed out at the 2011 Annual Meeting on September 24. Those unable to attend the annual meeting will have their checks mailed to them soon after the meeting.

PROPOSED BYLAW CHANGES

Included in this issue, is an explanation summary of reasons for the proposed changes to the Cooperative Bylaws. The proposed changes are the result of the work completed by the Bylaws Review Committee. These proposed changes will be voted on by the cooperative membership at the annual meeting. Please review the proposed changes when they arrive with the



mailing of the 2010 Annual Report to you in early September.

If you have questions, you may contact the committee members:

Lance Million (670-6962), Allen Nordahl (669-3193), Arleen Boyd (328-6645), Frankie Ropp (445-2466), Judy Combs (664-3172), Cheryl Peters (322-1311), Burt Williams (328-6759), Charles Sangmeister (321-1587), Phillip Hoffman (425-2603).



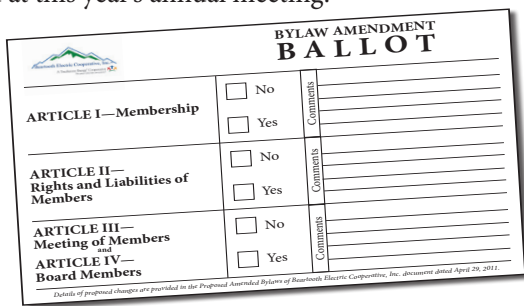
ELECTIONS

The current term of three trustees, Martin Kimmet (District 1), Lance Million (District 3), and Allen Nordahl (District 7), will expire the day of the annual meeting. Nominations for these trustee positions will be taken from the floor at the meeting. To serve as trustee of the Cooperative, you must meet the following qualifications:

(Continued on Page 6)

Plan to attend BEC's 73rd Annual Member Meeting, Saturday, September 24, 2011 at the Roberts High School. Exercise your membership right and responsibility as outline in the *Seven Cooperative Principles*, Principle 2: *Democratic Member Control: Cooperatives are democratic organizations controlled by their members, who actively participate in setting policies and making decisions. The elected trustees are accountable to the membership. In our cooperative, members have equal voting rights (one member, one vote).*

There are several important voting topics this year including proposed changes to your Bylaws and three open Trustee positions. An Annual Report and detailed proposed Bylaw changes will arrive in your mailbox at least 10 days prior to the annual meeting. If you do not receive an annual meeting packet, please call our office prior to the meeting date. Following is a review of the proposed Bylaw changes and Trustee candidates as of the time of printing. We look forward to seeing you at this year's annual meeting.



EXPLANATIONS FOR PROPOSED CHANGES TO COOPERATIVE BYLAWS— 2011

ARTICLE I—MEMBERSHIP

Section 1: Expanded the definition of who is able to become a member and more clearly described the process for becoming a member. Also described, is the process an applicant is to use in the event their membership application is denied. Intent is to do away with the traditional “Member Certificate” and replace it with the “Application for Membership & Electric Service” form.

Section 2: As stated above, the traditional “Membership Certificate” will be replaced with the “Application for Membership & Electric Service” thus reducing some redundancy.

Section 3: A movement by electric cooperatives is to allow for more than one class of members. An example where this may apply is if a non-member requests to interconnect a renewable generation facility to the cooperative’s distribution network. Although the cooperative does not have the need for more than one class currently, it seems prudent to include this allowance in the Bylaws before it is needed.

Section 4: Current language allows for a “husband and wife” to hold a joint membership. New language allows for any “two persons” to hold a joint membership.

Section 5: Revised language to better describe the conversion from or to a joint membership.

Section 6: Adding language to address the interconnection of a generation resource situation. Included new language stating that the cooperative cannot guarantee an uninterrupted supply of power and also outlines cooperative authority to terminate service in the event of tampering with

or damage to cooperative facilities or equipment.

Section 7: Revised language to be consistent with the discontinuing of the “Membership Certificate” as defined in Section 2.

ARTICLE II—RIGHTS AND LIABILITIES OF MEMBERS

Section 1: Intent of new language is to better describe how the cooperative distributes its property and assets upon dissolution of the cooperative.

Section 2: Simplified language with regard to member “non-liability” for cooperative debts or liabilities.

Section 3: This is a new section that describes the process currently used by the cooperative as it relates to cooperative facilities and member property.

Section 4: This is a new section that describes the process to be used by the cooperative with regard to maintaining and distributing a membership list.

Section 5: New section that describes what information will be posted on the cooperative website.

Section 6: New section that describes the process for initiatives proposed by members.

ARTICLE III—MEETING OF MEMBERS

Section 1: Change to make Bylaws consistent throughout, replacing language “board members” with language “board trustees.”

Section 2: Expanded language to provide guidelines and criteria for calling a special meeting of the members.

Section 3: More clearly defines the member notification process of member meetings allows for electronic mail to be allowed as a means for notice of meetings.

Section 4: New section that describes the Board President responsibility and authority to conduct member meetings.

Section 5: No changes

Section 6: Amended language to allow a member to vote by mail. It is important to note that a quorum is still required at any meeting of the members, mail in ballots do not count towards the quorum.

Section 7: New section that defines the mail ballot process. This section defines what will be on the ballot and when and how to return the ballot. It is important to note the ballot sent to the member is their official ballot and must be cast in the mail or at the annual meeting in person.

Section 8: New section that allows for the appointment of a credential and election committee. The purpose of this committee is to help with registration and to supervise the counting of the ballots, which will be counted at the members meeting.

Section 9: New section that defines the process for announcing voting results.

Section 10: Order of business revised to put election of trustees ahead of presentation of reports. This is to allow more time for the counting of ballots at the annual meeting. It is anticipated that more ballots will be cast with vote by mail; therefore more time to count ballots will be needed.

Section 11: Language changed to require trustee district representation to be reviewed 90 days after the annual meeting. Previous language stated this review should take place not less than sixty days before any meeting where trustees were to be elected. It seems to make more sense that district boundary adjustments should be made following soon after the annual meeting since such adjustments may add or remove members from within a district. This review practice will give members who may have an interest in serving on the Board ample time for consideration ahead of the next annual meeting without fear that a district boundary will change shortly before the meeting.

Section 8(previous): Deleted language. Nominations will no longer be taken from the floor with vote by mail. For mailing purposes nomination will be required earlier than the annual meeting. This is addressed further in Article 4.

ARTICLE IV—BOARD MEMBERS

Section 1: Change to make Bylaws consistent throughout, replacing language “board members” with language “board trustees.”

Section 2: Same as above

Section 3: Expanded language to define those members who are not eligible to serve on the Board of Trustees.

Section 4: New section to Article 4, was previously Section 8 in Article 3. Nominations will not take place on the floor of annual meeting. Nominations will be made by petition. The petition will require 15 member signatures and need to be received 50 days before the annual meeting. All candidates running for trustee must complete this process, including the incumbent.

Section 5: New section explaining how the trustee will be elected with vote by mail process.

Section 6: New section instructing newly elected trustee to sign a statement to verify that they have no conflict of interest and are qualified to serve as a trustee as specified in the BEC Bylaws.

Section 7: Change to make Bylaws consistent throughout, replacing language “board of members” with language “board of trustees.”

Updates to reflect petition requirements of 10% of current membership or 450 members (change from 300 to 450), whichever is the lesser. Language deleted regarding how to fill a vacancy created by removal of a trustee. Vacancies addressed with additional language in Section 8 of Article 4.

Change from being absent at three consecutive meetings to any three meetings in a year without board approval is grounds for removal from the board of trustees.

Section 8: Intent of change is to allow the Board to fill a trustee position vacancy by appointment, although the appointed trustee will serve only until the next annual meeting cycle, whereby an election by members will take place, if allowed by the time line stated in Article 4, Section 4.

Section 9: Change to make Bylaws consistent throughout, replacing language “board members” with language “board trustees.”

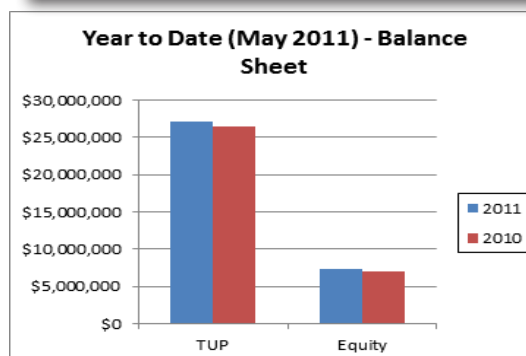
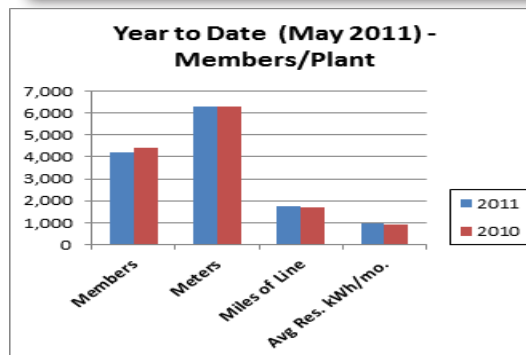
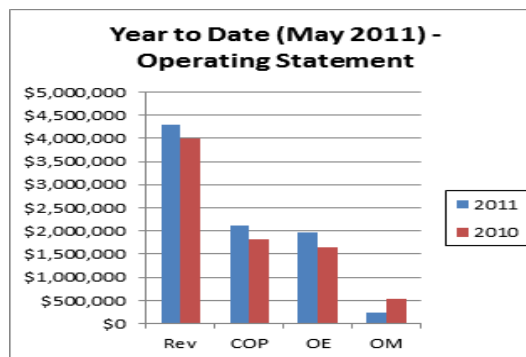
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BOARD ROOM REPORT

The Board of Trustees held their regular board meeting on July 27, 2011. Action items included:

- Approved Financial Report (RUS Form 7) for May 2011
- Approved retail rate increase: 1.5% on Base Charge, 4% on KW & kWh, effective September 28, 2011
- Approved Annual Meeting agenda for 10:00 a.m., September 24, 2011, at Roberts High School
- Approved member information requests from Storm and Gregory.
- Approved RUS Construction Work Plan Amendment (Resolution #2011-5)
- Policies: Amended “Security Deposits” (VII-B-1) and “Members Responsibility for Cooperative Property” (VII-C-4) policies.

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



(Continued from Page 5)

TRUSTEE ELECTIONS DISTRICTS 1, 3 & 7

Trustee elections for three Districts will be held during this year’s annual meeting. The three districts include:

District 1:
Incumbent: Martin Kimmet

Per the BEC Bylaws, ARTICLE III—Section 8, Nomination for Trustee shall be made from the floor, and not otherwise. All candidates (including incumbents) must be nominated.

District 3:
Incumbent: Lance Million

District 7:
Incumbent: Allen Nordahl



**ATTEND THE ANNUAL MEETING—
GET INVOLVED.
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VOTE.**

(Continued from Page 3)

No person shall be eligible to become or remain a board member of the Cooperative who:

- a) Is not a consuming member and bona fide resident of the district served or to be served by the Cooperative; or
- b) Is any way employed by or financially interested in a competing enterprise or a business selling electric energy, or supplies to the Cooperative, or a business primarily engaged in selling electrical appliances, fixtures or supplies to the members of the Cooperative.

Please plan to come and hear more about what is going on at your

cooperative. Remember, this is your cooperative and you can be part of the cooperative process if you choose to be.

BEC RATES TO INCREASE

The BEC Board of Trustees had the difficult task of having to make the decision to raise rates again just 2 months after the last increase. At their July 27, 2011 regular board meeting, the trustees approved a 1.5% increase on the Base Charge and a 4% increase on KW & kWh, effective September 28, 2011. This increase is in response to a 4.2% increase in wholesale rates experienced by BEC that was effective on June 1, 2011.

New rates are as follows:

Rate Increase

The wholesale power rate to BEC increased 4.2% on June 1, 2011. Rates to BEC members will increase 1.5% on the base charge and 4% on kWh & KW, effective September 28, 2011.

Rate Class	Old Energy (kWh) Rate (\$/kWh)	New Energy (kWh) Rate (\$/kWh)	Old Demand (KW) Rate (\$/KW)	New Demand (KW) Rate (\$/KW)	Old Monthly Base Rate	New Monthly Base Rate
Residential	\$0.123036	\$0.127957			\$33.00	\$33.50
Residential Green	\$0.138786	\$0.144337			\$33.00	\$33.50
Small Commercial	\$0.123036	\$0.127957			\$33.00	\$33.50
Irrigation	\$0.068404	\$0.071140	\$11.95	\$12.40	\$120.00	\$121.80
Large Commercial	\$0.078740	\$0.081889	\$11.95	\$12.40	\$110.00	\$111.65
Industrial	\$0.078740	\$0.081889	\$11.95	\$12.40	\$215.00	\$218.25
Security Light Flat Monthly Rate	Old Flat Rate \$ 7.90			New Flat Rate \$ 8.20		

Please note that the impact of the increase on the average residential consumer using 870 kWh per month will be \$4.78 per month.

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

Announcements

- **4th Annual FREE Clothing Swap**
Bridger Civic Center, Main Street
October 7th (10 a.m.–6 p.m.)
October 8th (10 a.m.–3 p.m.)
- “Look Up On Your Lines & Report Trouble Signs” July member contest winner is Justin Modroo who reported trees growing into the secondary lines. August is the last month to win in the member contest. Call or e-mail to report your ‘trouble sign’ today!
- BEC continues the move of meter reading dates to the 1st of each month. This month meters will be read on September 28 (33 day billing cycle). The continued schedule is as follows:
 - NOVEMBER 1 (34 days)
 - The 1st of every month going forward.

(Special note: Irrigation accounts will move to the 1st of the month read dates beginning April 1, 2012)
- **Save the date: Saturday, September 24, 2011 BEC’s 73rd Annual Member Meeting, Roberts High School. Registration opens at 8:30 AM. Meeting begins at 10:00 AM. See you there! Get Involved. Attend. Vote.**



Get all the latest news @ www.beartoothelectric.com