

HISTORY OF BEARTOOTH ELECTRIC COOPERATIVE, INC. _____ 1-A-1

In 1882 Thomas Edison completed the Pearl Street Electric Station which began providing electric power to New York's lower Manhattan district. From that first day at the Pearl Street station, city dwellers had electric power but it wasn't until FDR took office and passed the Rural Electrification bills that the rural farmers and ranchers of this country were able to receive electric power like their city cousins.

In the 1930's the electric utilities considered it too expensive and unprofitable to run power lines to the farmers. It was the Dust Bowl era and many farmers were struggling to survive; very few could come up with the money required by the investor-owned utilities to run lines out to the farms.

How much electricity could the farmers use to pay for the cost of running lines to them? In the early 30's the Federal Emergency Relief Agency began a survey of the farmers and ranchers in the Carbon County area to answer that question. This was an electrification survey which assessed each farm's possible electric load. It also provided information on buildings, number of tenants, whether they had a small electric generating plant and what appliances they might have and buy if they had electric power. This early survey provided valuable background information for later proposals to the Rural Electrification Administration (REA) for loans.

The State of Montana was looking into rural electrification at the same time as the Federal government. The State Water Conservation Board, while planning for dam sites and irrigation projects initiated by the Federal government, realized they would need electric power. In 1935 Montana passed the State Electric Authority Act creating an electrification division within the State Water Conservation Board. The division became invaluable to the small cooperatives and associations that were forming throughout the state because of their engineering services and help in filing loan applications with the National REA.

The first originating organization of the electric distribution system which later became Beartooth Electric Cooperative, Inc., was the Stillwater Valley Rural Electrification Association (SVREA). The first meeting of SVREA was held on October 12, 1938. Henry Link of Absarokee acted as temporary chairman and A.H. Pelton acted as secretary of the meeting. Attorney P.R. Heily explained the first steps in organizing the association. S.B. Kennedy, Charles O. Kerr and Oakley Parker were chosen to make application to the Montana Secretary of State as the first step.

On November 2, 1938 a meeting of several prospective SVREA members was held and the first Board of Trustees was elected. They were Harry Wright,

President; Ralph Selkirk, Vice President; Martin Myrebo; S.B. Kennedy; Robert Lindgren; Walter Sylvester and William Noble. A.H. Pelton acted as Secretary.

On January 9, 1939 a delegation from Roberts, Luther, and Fromberg areas of Carbon County attended a meeting to inquire if they could make application for membership.

In May of 1939 J.M. Garrison of the Montana Water Conservation Board was employed to do the engineering work required by the REA of Washington, D.C.

On July 3, 1939 the Stillwater Rural Electrification Association filed articles of conversion to become Beartooth Electric Cooperative, Inc. (BEC), in accordance with the Rural Electrification Act of Chapter 172 of Montana Session Laws of 1939. The conversion was approved by the State of Montana on August 3, 1939.

In November of 1939 M.L. Parcels of Columbus was retained as the Cooperative's attorney due to the death of P.R. Heily.

On July 24, 1940 a special meeting of the members of BEC was held. The members authorized the Board of Trustees to make application for the first loan from the REA in the amount of \$284,000.00.

In August of 1940 A.H. Pelton was employed by the Cooperative to secure right-of-way for the systems initial lines.

In September of 1940 a contract was awarded to D.M. Manning Construction Company to construct the lines for the Cooperative.

The first substation site was purchased from Ray Kelly and was adjacent to the Montana Power Company substation in Absarokee, Montana.

On December 16, 1940 Carl Tysel was hired as a bookkeeper and he became acting superintendent on January 17, 1941. Tysel's appointment as General Manager was approved by REA and became effective as of July 8, 1941. Harold G. (Shorty) Stuart was the Cooperative's first lineman.

On February 15, 1941 the Cooperative's first substation and lines were energized at Absarokee, Montana. BEC's second substation near Edgar, Montana was energized in June of 1941.

In February of 1942, the electric distribution system in the Town of Roberts was acquired and added to BEC's system. Another loan from REA of \$8,000.00

was utilized to secure this purchase.

On November 1, 1942 BEC's main office and warehouse was moved from Absarokee, Montana to Red Lodge, Montana.

Since these humble beginnings Beartooth Electric Cooperative has grown into a modern cooperative electric utility serving the rural areas of Stillwater, Carbon, and Sweetgrass counties in Montana and Park County, in Wyoming.

Southern Montana Electric Generation & Transmission Cooperative (Southern), of Billings, Montana, was formed in March 2003 by five electric distribution cooperative members (Beartooth Electric Cooperative, Fergus Electric Cooperative, Mid-Yellowstone Electric Cooperative, Tongue River Electric Cooperative, and Yellowstone Valley Electric Cooperative) of the Central Montana Electric Power Cooperative Inc., (Central). Shortly after Southern's formation, one municipal utility system (Electric City Power of Great Falls) joined Southern Montana Electric as its sixth member. The five founding members subsequently withdrew from Central in accordance with terms and conditions agreed to by the respective parties. Southern commenced operations in June 2004 when Central assigned to Southern the five departing electric distribution cooperative members' share of its power purchase contracts with the Bonneville Power Administration ("BPA"), Western Area Power Administration ("WAPA") and open access network transmission rights with NorthWestern Energy.

In April 2004, the Beartooth Electric Cooperative signed all-requirements Wholesale Power Contract with Southern and made the decision to pursue the building of a 250MW, coal-fired generation facility near Great Falls, Montana. The project name is the Highwood Generating Station (HGS).

In June 2008, SME Electric Generation & Transmission Cooperative (SME) was formed by Beartooth Electric Cooperative, Fergus Electric Cooperative, Mid-Yellowstone Electric Cooperative, Tongue River Electric Cooperative, and Electric City Power. SME was formed for the purpose of continuing with the advancement of the Highwood Generation Station Project. This was in response to Yellowstone Valley Electric Cooperative's request to no longer be a participant in this project.

In April 2009, Southern terminated their pursuit of the 250MW, coal-fired plant and commenced their pursuit of a 120MW, natural gas-fired, combined cycle combustion turbine (CCCT) generation facility near Great Falls.

In February 2010, Southern secured long term financing (\$85 Million) for

Phase 1 of the HGS. Phase 1 is a 40MW, simple cycle, natural gas-fired plant.

Beartooth Electric Cooperative, Inc. continues to be governed by a seven-member Board of Trustees who is democratically elected by the members at the Cooperative's annual meeting. We are truly owned by those we serve.



President - Beartooth Electric Cooperative



Secretary - Beartooth Electric Cooperative

Approved: August 13, 2004
Revised: September 1, 2010