Consolidation with Fall River Rural Electric

The Board of Directors of Lower Valley Energy, in conjunction with the Board of Directors of Fall River Electric Cooperative in Ashton, Idaho, jointly announced their intention to investigate joining the two cooperatives together into one. Preliminary terms of such an agreement are being explored. Also, at each respective board meeting, both cooperatives jointly extended an invitation to Beartooth Electric in Red Lodge, Montana, to consider joining the consolidation. Beartooth Electric is currently studying the possibilities and considering their options. (Should Beartooth Electric choose to join Lower Valley Energy and Fall River, they would take the final decision to their membership with a vote at their annual meeting in September.)

The idea of working together for the mutual benefit of both cooperatives has been considered for several decades, but recent national energy policies and regional policies by the Bonneville Power Administration (BPA) make the idea of consolidation more practical than ever. In considering this proposal, two consolidation studies were conducted in 2015. The more recent and comprehensive study (available on our website at www.LVEnergy.com), concludes that a consolidated operation could save members nearly $4,000,000 dollars annually or an estimated $38,000,000 over a ten year period. Additionally, a consolidated cooperative would mean greater financial strength to be proactive in a changing electrical industry, an opportunity to expand natural gas and propane services to more members, and to create greater workforce efficiencies.

In agreeing to move forward, both boards affirm that the potential consolidation would not result in employee layoffs. Much more work is needed on the consolidation plan before it is presented to the owner-members of each cooperative for a vote. A memorandum of understanding has been developed by the two cooperatives and both organizations have begun discussions with PNGC, a generation and transmission company Fall River belongs to. Fall River leaving PNGC is an immediate issue for the consolidation—without their consent, the economics and savings are not as great.

The vote by you, the members, is the final approval the two cooperatives would need to consolidate. One of the benefits of belonging to a cooperative is that the decision belongs to you, the member. Your involvement is important in making this decision and we will provide opportunities for member input. We will be sending you information in the following months to give you the best position to make an informed decision. If approved by members (and subsequently by the Public Service Commission), the consolidation could take effect in 2017.
Update on Beartooth Electric

In April 2015 we signed a 3-year agreement with Beartooth Electric in Red Lodge, Montana to manage the electric cooperative. It has been almost a year and things are going very well. The allegiance produced a 5% rate decrease in 2015 for Beartooth members and a 10% decrease is right around the corner. LVE members benefit through the management services fee BEC pays. This year we will continue to focus on power supply and operational efficiencies along with examining the cost to serve the various demographics in their territory.

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