

Big Skylights



An internal newsletter of the STATEWIDE ASSOCIATION OF MONTANA RURAL ELECTRIC COOPERATIVES

A report from your Chief Executive Officer Dave Wheelihan

June 23, 2016

Early June storm hits hard at McCone Electric

A June 10 storm rolled across the plains of Montana, causing significant damage at one of our member co-ops, McCone Electric Cooperative.

General Manager **Michael Hoy** says the co-op is still finding damaged poles but as of June 20, the co-op had replaced 23 transmission poles on a 69 kV line and 97 distribution poles. Southeast Electric and Lower Yellowstone REC provided mutual aid. The help was “much appreciated,” said Mr. Hoy. He said McCone also hired contractors to expand the normal line crew of 12 to a total of 43 line personnel. Crews were supported by seven office staff. Some members’ homes were out of power for four days, he said. Mr. Hoy roughly estimated the cost of damages to the co-op’s system at \$720,000.

A little further east, Goldenwest Electric Cooperative sustained only slight damage, losing two distribution poles, some conductor and transformers, according to Manager **John Sokoloski**. “We also had OCRs (oil circuit reclosers) open up — probably from lines slapping together from winds,” he added. Two of Goldenwest’s substations, which are interconnected to the MDU transmission system, were off approximately 10 hours because of problems with the MDU lines. “It could have been much worse, so we are thankful,” he said, roughly estimating the cost at \$15,000 to \$18,000.

Presidential disaster declared in April storm

Marschal Rothe, response and recovery branch manager for the Montana Disaster and Emergency Services agency, delivered some good news for our co-ops last week.

Mr. Rothe told MECA that the agency received a requested presidential disaster declaration, which will allow the Federal Emergency Management Agency (FEMA) to pick up 75 percent of the eligible damage repair costs to co-op lines and poles damaged in the April 15 spring snowstorm. In addition, Gov. **Steve Bullock** decided the state will pick up an additional 10 percent of the eligible costs, he said.

Sun River Electric Cooperative’s system was the hardest hit, with the total damage estimated by the state at \$1,094,355. Second worst was Hill County Electric, coming in at \$278,764 in damages. Marias River Electric was third at \$234,830 and Glacier Electric’s system sustained an estimated \$87,255 in damages.

The co-ops still have a number of paperwork filing hurdles to clear before they are reimbursed by FEMA and the state. However, the reimbursement process — thanks to the presidential declaration — is now at least in the works.

Co-ops’ consolidation plan explained at meeting

Fall River Rural Electric Cooperative members heard at their annual meeting June 11 in Driggs, Idaho, the latest news on progress toward a possible consolidation of the co-op with Lower Valley Energy, based in Afton, Wyo.

Fall River Board President **Jay Hanson** told members two major hurdles have to be cleared before the consolidation can be considered by the two boards for a decision on whether to put the proposal to the members for a required vote of approval. These include completion of a new study on the net costs and benefits of the proposed consolidation, and being able to hammer out a final memorandum of understanding between the two co-op boards regarding details of the consolidation. Mr. Hanson emphasized any employee reductions needed under the consolidation would be done through attrition. He also emphasized this is a consolidation not a merger. A consolidation, he said, involves two equal partners coming together to form a single new entity. A merger, he explained, is one entity being merged into an existing entity.

Previous studies, he pointed-out, have indicated a substantial savings if the two co-ops consolidate. One study pegged the savings at \$2.87 million a year over a 10-year period. But he said the new study is needed to fully verify the savings. Results of that study are due in July, said Mr. Hanson.

General Manager **Bryan Case** noted the co-op's sound financial condition, adding that members have not had a rate increase for more than 15 years and the co-op's equity continues on an upward trajectory toward a goal of 38 percent. It currently stands at 35.4 percent.

Mr. Case listed a number of improvements and praiseworthy projects at Fall River Electric in the past year. These included a successful, voluntary effort by two members in spearheading a fundraising campaign to pay for burial of an overhead power line located in a foggy area inhabited by swans. Swan mortalities were occurring in the area, reportedly due to collisions with the power line, he said. The "Safe Swan Project" netted about \$100,000 to pay for the new underground line. Mr. Case said the co-op couldn't justify charging its membership for the improvement because the overhead line was not old. It was built in the 1980s, he explained. Also, at the time it was built, no swans inhabited the area, he added.

Mr. Case also reported on the co-op's propane operations, noting the co-op's propane sales now comprise 48 percent of the market, exceeding expectations. Its next-closest competitor has a 21 percent share of the market. Propane sales increased by 14 percent in 2015, he said.

In trustee elections, incumbent **Doug Schmier** was re-elected without opposition. Incumbents **Debbie Smith** and **Ron Dye** were also re-elected.

Schedule set for MECA summer meetings

NorVal Electric Cooperative will serve as host for the summer MECA committee and board meetings, July 6-7, in Glasgow. Meetings will be held at the Cottonwood Inn.

Following is the schedule:

Wednesday, July 6

1:30 p.m. – Audit Committee
2:15 p.m. – Distributive Generation Legislative Subcommittee
3:00 p.m. – Legislative Committee
4:00 p.m. – Resolutions Committee
5:30 p.m. – Social Hour – Fort Peck Interpretative Center, Fort Peck
6:30 p.m. – Dinner – Fort Peck Interpretive Center, Fort Peck

Thursday, July 7

8:00 a.m. – Executive Session of MECA Board
8:30 a.m. – Regular Meeting of MECA Board

A block of rooms have been reserved at the Cottonwood Inn in Glasgow. You can call (406) 228-8213 to make your reservation. Our group code is MECOP. Agendas and other meeting information will be posted on MECA's website this week, www.mtco-ops.com.

MECA to hold voltage regulator school in July

MECA will hold a voltage regulator school July 19-20 in Corvallis. The school will be hosted by Ravalli County Electric Cooperative at the co-op's headquarters building. The instructor will be **Mike Dean**.

The school will begin at 8:30 a.m., on Tuesday, July 19. It will conclude by 4 p.m. on Wednesday, July 20. Lunch will be provided both days.

Attendance will be limited to the first 28 registered participants. It is strongly recommended that registrations be made by no later than July 1.

For more information, please contact **Lea Potoczny** of the MECA staff. Her email is meca@mtco-ops.com.
The phone number is (406) 761-8333.

CALENDAR

July

6-7	MECA Summer Meetings	Glasgow, MT
9	Tongue River Electric Cooperative Annual Meeting	Ashland, MT
14	Goldenwest Electric Cooperative Annual Meeting	Golva, ND
19-20	Regulator School	Corvallis, MT

August

8-9	Service Excellence 3 & 4	Sidney, MT
11-12	Service Excellence 3 & 4	Kalispell, MT
18-19	MECA Office Managers Group	Helena, MT
23-24	Writing & Photography Workshop	Great Falls, MT