



FOR IMMEDIATE RELEASE
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Beartooth Electric's exit from Southern Montana Electric cleared

Red Lodge, MT – Southern Montana Electric Generation and Transmission Cooperative, Beartooth Electric Cooperative's power supplier, has approved a plan for Beartooth to leave Southern by October 31, 2015. Negotiations for Beartooth to end its membership in the Southern co-op have been ongoing since confirmation of Southern's reorganization plan by the U.S. Bankruptcy Court in June 2014. That reorganization plan provided for Beartooth to exit after paying its share of the Highwood Generating Station (HGS) debt and securing the approval of Southern, its fellow member cooperatives, and the HGS noteholders.

The Beartooth exit will reduce Southern membership to three co-ops: Fergus Electric, Tongue River Electric, and Mid-Yellowstone Electric. Yellowstone Valley Electric and the city of Great Falls negotiated exits in 2014, before the Southern reorganization plan was approved by the court.

"Beartooth is now obligated to pay, upfront, the amounts we would pay if we remained in Southern," explained Arleen Boyd, a Beartooth trustee who has also served on the board of Southern for the last four years. "We are not paying a premium to exit, and by prepaying our portion, we are leaving Southern's high rates behind," Boyd added.

Beartooth's share of the HGS noteholder debt is approximately \$1.2 million if their departure occurs on October 31. Remaining obligations to unsecured creditors add up to about \$200,000. The exit agreement must be approved by the HGS noteholders and remaining unsecured creditors.

Under the terms of the exit agreement, Beartooth will also receive its share (17.5211 percent) of any returns to Southern for payments and credits made while Beartooth was a member. The share percentage is based on the average portion of Southern's total electricity supply drawn by Beartooth Electric Cooperative.

The last financial hurdle for Southern is the liquidation of HGS, the dormant power plant that was completed just weeks before Southern filed for bankruptcy in October of 2011. The Highwood Generating Station Holding Trust announced on August 11 sale of the plant assets to ProEnergy Solutions based in Sedalia, Missouri.

Members of the co-op are welcome to attend the next regular board of trustees meeting which will be held at 11:30 a.m. on August 25 at the Beartooth Electric Cooperative office in Red Lodge. The annual member meeting is slated for September 26 at the high school in Roberts. For more

information, call 406-446-2310 or visit www.beartoothelectric.com.

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