

## **Report from the Interim Director of Finance and Accounting: Bob**

Bob reported on training, the financial audit and work order procedures. BEC is accessing its line of credit for interim financing of the capital work plan. BEC must amend its four year work plan to include replacement of meters for a cost of \$1.7 million.

## **Committee Reports**

### **Finance: Frank in Dan's absence.**

The minutes of the August 5<sup>th</sup> Finance Committee are attached. The committee recommends that the BEC board accept the 2Q financial report, which the committee has reviewed.

### **Due Diligence and report on Southern : Arleen**

See attached report.

September 17<sup>th</sup> is the date Southern will select a power supplier from those that responded to its request for proposal (RFP). Southern's staff, Pasco Engineering and ACES will evaluate the responses to the RFP.

Arleen reported that BEC has secured a commitment for sufficient financing to underwrite an exit from Southern. This will be both secured and unsecured debt. Kim Mikkelson of KW Consulting has prepared a financial analysis of BEC's potential exit from Southern, which confirms the feasibility of the exit, given current assumptions. Arleen and Richard have met with both the Wyoming Public Service Commission and the RUS to prepare the groundwork for their approval of a potential exit from Southern and a management contract with Lower Valley Electric (LVE).

Arleen reported that the mediation with Southern is progressing well and should result in an agreement before Southern selects a power supplier on September 17<sup>th</sup>. Arleen and Richard will ask Kim to prepare a financial model assuming BEC remains in Southern until the Prudential debt is paid. BEC has secured RUS approval and lender commitment for sufficient debt to finance its capital work plan and an exit from Southern.

On advice of counsel and contrary to the minutes of July 29<sup>th</sup>, BEC agreed to the payment of the Nancy Temple legal bill. BEC has asked the Southern board for access to the report, a legal justification for paying \$60,000 for the report, and a discussion at Southern on the report. Laurie and Arleen will review the report on September 9<sup>th</sup>.

### **Communications Committee: Roxie**

Roxie noted that the Montana Electric Cooperative Association had named the BEC web site as one of the top three in the state out of 226 web sites. **IS THIS IN THE STATE OR THE NATION??**

### **Policy Committee: Laurie**

BEC Counsel, Larry Martin, is completing the final review of the 200 series policies, since board members made a few changes to them since the last board meeting. Laurie expects that once Larry has finished his review, the completion of the 300 and 400 series policies will proceed faster.