

2003 to Today

Beartooth/Southern Timeline of Events

- December 10, 2013: The Court will hear arguments on a motion filed by Prudential to dismiss the BEC case to deny use of its wholesale power contract as collateral. The Court also will address motions regarding the disclosure information filed with the Liquidation Plan filed by Southern's four member cooperatives.
- December 2, 2013: Prudential files Noteholders' Objection to the first amended Disclosure Statement for Member Cooperatives' Plan of Liquidation of Southern Montana Electric.
- November 26, 2013: Judge Kirscher grants the motion to terminate the Trustee filed by Fergus Electric, effective immediately. Possession, management and operation of the Southern Montana Electric cooperative are restored to the four member co-ops.
- November 12, 2013: The Court considers the Noteholders' (Prudential and Modern Woodmen) Motion to Dismiss Beartooth's claim that its Wholesale Power Contract was improperly pledged as collateral for the Noteholders' Loan.

The Court also heard arguments on the Motion to remove the Trustee and the Trustee's Objection to the Motion to remove the Trustee.
- November 6, 2013: The member co-ops file a joint witness list for the November 12 hearing.
- November 6, 2013: Secured creditors Corval and The Energy Corp. each join the Objection to the Motion to remove the Trustee.
- November 4, 2013: The Trustee files an Objection, and Request for Summary Denial, to the Motion to remove the Trustee, stating that no relevant changes of circumstances have occurred, removal is not in the best interests of the creditors, and disagreement with the Trustee is not grounds for removal.
- November 4, 2013: Beartooth and Mid-Yellowstone each join Fergus Electric's Motion to remove the Trustee.
- October 31, 2013: The Unsecured Creditors Committee joins Fergus Electric's motion to remove the Trustee.
- October 25, 2013: The four co-ops file an amended disclosure statement to their plan for liquidation dated October 18.
- October 22, 2013: Attorney for the Trustee examines Beartooth Board member Arleen Boyd at length regarding BEC communications.
- October 21, 2013: Fergus Electric files a Motion to remove the Chapter 11 Trustee, saying the circumstances that necessitated the Trustee's appointment no longer exist; at that time the co-op members were deadlocked but now they are in agreement on the need to liquidate.
- October 18, 2013: The member co-ops file their plan for liquidation of Southern Montana Electric Generation and Transmission Cooperative.

- October 15, 2013: The City of Great Falls releases the report on behalf of the Trustee by CPA firm Eide Bailly. Based on the investigation of Southern from January 2008 to October 2011, when bankruptcy was filed, the report finds no evidence of fraud and concludes the unfavorable effects of buying excess power were significant.
- October 9, 2013: The Court holds a status conference with the Trustee and other interested parties. The parties discuss the matters pending before the Court, including plan confirmation and three adversary proceedings. The Court and the parties express concern that there will not be enough time to hear all of the issues on the scheduled hearing date of November 12. The Court agrees to vacate the November 12 hearing on plan confirmation and all of the pre-hearing deadlines. The Court instructs the parties to file a proposed order resetting the hearing date and deadlines.
- October 1, 2013: Nancy Temple's financial investigation report on Southern Montana Electric released.
- October 1, 2013: Judge approves amended disclosure statement filed by the Trustee.
- September 23, 2013: Remaining four co-ops file suit against the Trustee; the other three member co-ops join Beartooth's complaint to have their power supply contracts voided.
- August 14, 2013: The Southern Trustee files an amended disclosure statement and reorganization plan that calls for \$60 million to be paid to the Highwood Generating Station Noteholders over 12 years and gives an additional lien on HGS to Morgan Stanley Capital Group, Inc.
- August 9, 2013: Judge denies the requests from the unsecured creditors committee and three of the four member co-ops for Southern to be liquidated (rather than reorganized), without prejudice.
- July 31, 2013: Unsecured creditors, including PPL Energy Plus, argue that Southern should be liquidated.
- May 29, 2013: Judge Kirscher approves the Great Falls/Electric City Power \$3.25 million settlement agreement for departure from the Southern cooperative.
- April 2013: Yellowstone Valley Electric settlement approved.
- April 22, 2013: Protective order approved. Judge rules that the Trustee can keep key information in the proposed reorganization plan confidential.
- April, 2013: Beartooth holds a series of town hall meetings to discuss the bankruptcy with members of the cooperative.
- March 2013: BEC files objection to the protective order. The City of Great Falls and PPL Energy Plus also file objections to the proposed protective order.
- March 2013: Southern trustee files a motion for a protective order to prohibit public disclosure of some documents and information in the bankruptcy case.
- February 2013: Southern trustee files reorganization plan with Bankruptcy Court.
- January 2013: Yellowstone Valley Electric Co-op and Southern reach an agreement for a proposed settlement to allow YVEC to leave Southern.

- December 2012: Bankruptcy Court judge Ralph Kirscher rules that BEC may pursue its complaint to void the 2008 wholesale power contract with Southern.
- September 2012: BEC reports results of independent study that gives Highwood a market value of less than half of its \$85 million in loans, not counting interest.
- April 2012: BEC files a complaint to void their 2008 contract with Southern.
- November 2011: Livingston attorney Lee Freeman is appointed by the court to serve as trustee to run Southern during the bankruptcy process.
- October 2011: Southern declares bankruptcy with \$21 million debt, \$85 million loan (\$187 million with interest) coming due, and monthly revenue shortfall of \$1-2 million for excess power.
- September 2011: BEC members replace three directors on board at annual meeting and successfully petition to recall two others.
- September 2011: Southern Montana Electric holds ceremony to celebrate the Phase I completion of Highwood Generation Station gas-fired plant.
- September 2011: SME provides Southern a \$600,000 line of credit secured by mortgaging \$1.2 million SME property near Great Falls.
- June 2011: BEC, Tongue River, Fergus, and Mid-Yellowstone co-ops approve Southern's borrowing \$215 million more for Highwood Phase II.
- June 2011: Beartooth Electric Cooperative board and Southern reject demand for independent due diligence of Highwood.
- March 2011: SME forms for-profit company, Independent Electric Supply Service. Southern agrees to supply wholesale power to IESS.
- March 2010: Southern manager's public relations tour explains Highwood as a *peaking* plant.
- March 2010: Judge orders release of Southern/SME secret documents.
- February 2010: Southern signs \$85 million loan at 8% with Prudential for Highwood Phase I.
- December 2009: BEC writes off \$1,192,933 share of Southern's \$10.1 million loss.
- November 2009: Burns McDonnell analysis of Highwood as a *base load* plant.
- November 2009: Audit demands Southern write off \$10.1 million.
- September 2009: BEC Annual Meeting; John Prinkki says Highwood financing imminent.(This time it is.)
- April 2009: S&P BBB bond rating for Highwood reported "excellent."
- December 2008: BEC surcharge starts—covers investments and cash calls for BEC share of \$37 million spent by Southern on coal plant without financing.
- September 2008: BEC Annual Meeting; Highwood not on agenda; John Prinkki responds to question saying "Financing imminent" for Highwood.

- August 2008: Southern implements blended power rate extending benefits of inexpensive federal power to Great Falls.
- April 2008: Southern cancels 2007 equipment order for coal plant; Toshiba demands penalty.
- April 2008: Southern board votes to create another cooperative, SME Electric Generation and Transmission Cooperative, to build Highwood as a gas-fired plant.
- February 2008: Rural Utility Service officially turns down Southern loan request for Highwood.
- Fall 2007: Yellowstone Valley notifies Southern that it wants out of Southern.
- September 2007: BEC Annual Meeting; John Prinkki says Rural Utility Service funding imminent for Highwood.
- March 2007: Co-op contracts with Southern extended to 2048.
- February 2007: U.S. Dept. of Agriculture's Rural Utility Service tells Southern no money in Bush budget for at least a year—Southern tells Highwood generation equipment maker, Toshiba.
- 2004: Co-ops contract with Southern through 2030, plan to build coal-fired Highwood Generation Station near Great Falls.
- September 2003: Great Falls joins Southern.
- 2003: Five co-ops (Yellowstone Valley, BEC, Tongue River, Fergus, Mid-Yellowstone co-ops) leave Central Montana Electric Generation and Transmission Cooperative and form Southern Montana Electric Generation and Transmission Cooperative.