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Judge removes Southern Montana Electric Trustee; Board takes control

On November 26, Bankruptcy Court Judge Ralph Kirscher granted a motion to terminate the appointment of Southern Montana Electric's Trustee, Lee Freeman. The judge's ruling stated, "The Trustee's appointment is terminated, effective immediately, and the Debtor is restored to possession and management of the property of the estate and the operation of the Debtor's business."

On Monday, December 2, Southern seated trustees and elected officers who immediately addressed contract and management issues critical to operating the cooperative and maintaining power supply for members. The board approved the appointment of Scott Sweeney as interim general manager. Sweeney, the current general manager of Fergus Electric, will add management of Southern to his responsibilities.

The board also engaged Malcolm Goodrich as counsel for the cooperative. A well-known bankruptcy attorney in Montana, Goodrich served as Southern's attorney immediately after the bankruptcy was filed in October, 2011, helping to prepare the transition to management by Trustee Lee Freeman.

Goodrich and board members noted the need for Southern, the debtor in possession, to rapidly define responsible positions on matters before the court and expedite a fair resolution to the bankruptcy. They discussed the need to examine and evaluate various options potentially available to the debtor in order to achieve that resolution.

"The four member co-ops are back in ownership and control of Southern," said Arlene Boyd, who represents Beartooth Electric Cooperative on the Southern Board. "We've got our work cut out for us, and then some."

The next bankruptcy hearing, set for December 10, 2013, will address approval of disclosure information supporting the liquidation plan filed by the four cooperatives which remain members of Southern. The two-year history of the Southern bankruptcy and related court documents are available on the Beartooth Electric Cooperative website (www.beartoothelectric.com).

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