

1 MALCOLM H. GOODRICH
2 MAGGIE W. STEIN
3 GOODRICH LAW FIRM, P.C.
4 2619 ST. JOHNS, AVENUE, SUITE F
5 P. O. BOX 1899
6 BILLINGS, MT 59103-1899
7 TELEPHONE: (406) 256-3663
8 FAX: (406) 256-3660
9 Bar No. 2551
10 Bar No. 8149

11 ATTORNEYS FOR DEBTORS

12 IN THE UNITED STATES BANKRUPTCY COURT
13 FOR THE DISTRICT OF MONTANA

14 IN RE:) Case No.: 11-62031-11
15)
16 SOUTHERN MONTANA ELECTRIC) **AMENDED STATUS REPORT OF**
17 GENERATION AND TRANSMISSION) **DEBTOR TO COURT IN RESPONSE**
18 COOPERATIVE, INC.,) **TO ORDER OF FEBRUARY 26, 2014.**
19)
20 Debtor.)

21 _____
22 The Debtor hereby gives its amended status report to the Court, pursuant to the
23 Court’s order of February 26, 2014 (“Order”), regarding pending matters in the main case.

24 The Court in its Order required a status response by March 11, 2014. The Debtor did
25 file its status response on March 10, 2014 and noted in that response that the Debtor, the
26 member co-ops of the Debtor and the secured creditors commonly referenced as the
“Noteholders” (The Prudential Insurance Company of America, Universal Prudential
Arizona Reinsurance Company, Prudential Investment Management, Inc. as successor-in-

1 interest to Forethought Life Insurance Company, and Modern Woodmen of America) had
2 reached an agreement in principal as a result of an ongoing mediation between the parties.

3 In order to update the Court about the status of that mediation and the agreement in
4 principal reached between the parties, the mediation Term Sheet signed by the parties on
5 March 21, 2014 is attached hereto. This Term Sheet is the product of extensive and complex
6 negotiations between the parties over the course of several months. It is important to note
7 that the agreement, by its terms, is subject to approval by the Court, the agreement is not
8 intended to constitute a plan of reorganization and it does not represent an attempt to solicit
9 the acceptance of a plan of reorganization.
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11 The Term Sheet provides that the Debtor will prepare and file its own plan of
12 reorganization which incorporates the matters stated within the Term Sheet. Thus, the Court
13 and all parties in interest will be given the opportunity to review and to determine whether to
14 approve the agreement reached between the parties in the Term Sheet in the context of a plan
15 of reorganization. Because the Debtor will file its own plan of reorganization, the pending
16 motion to convert the Debtor to Chapter 7 and the plans of the member co-ops for liquidation
17 and of the Noteholders for reorganization will be held in abeyance by those advocating
18 parties pending the outcome of the Debtor's plan of reorganization while the plan of
19 reorganization filed by the former Trustee will be withdrawn (collectively, the "Motion and
20 Plans"). In the event that the Debtor's plan of reorganization is confirmed, the Motion and
21 Plans will be rendered moot and will be withdrawn.
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24 WHEREFORE, the Debtor submits it amended status report to the Court in follow up
25 to its prior report to the Court of March 10, 2014.
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Dated this 26th day of March, 2014.

GOODRICH LAW FIRM PC

By /s/ Malcolm Goodrich
MALCOLM GOODRICH
Attorney for Debtor

CERTIFICATE OF SERVICE

The undersigned hereby certifies under penalty of perjury that on March 26, 2014 a copy of the foregoing pleading was served by electronic means, pursuant to LBR 7005-1 9013-1(c) and 9036-1 on the parties noted in the Court's ECF transmission facilities.

GOODRICH LAW FIRM, P.C.

/s/ Malcolm Goodrich
Malcolm H. Goodrich