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**Beartooth members discuss uncertain future and trustee petition**

*Red Lodge*—More than 30 residents of Clark, Wyoming, voiced concerns about their electric power at a meeting held Wednesday, March 20, at Clark's Pioneer Recreation Center. Beartooth Electric Cooperative's board and management hosted the meeting to inform members regarding the financial challenges the co-op faces from the bankruptcy of its wholesale power provider, Southern Montana Electric Generation and Transmission (G&T) Cooperative. The newest twist in the bankruptcy saga was the introduction of a petition addressed to Southern's court-appointed trustee by Beartooth Co-op member Bill Hand.

Arleen Boyd, chair of the co-op's due diligence committee, explained a chain of events starting with Southern's failed attempt to build a coal-fired power plant near Great Falls and the resulting \$10 million write-off, followed by Southern's construction of the gas-fired Highwood Generation Station (HGS). The gas-fired plant has never produced power for sale.

Southern declared bankruptcy in October 2011. At the time, it had \$21 million in debts, a contract for power on which it was losing \$2 million a month, and an as yet unpaid \$85 million construction loan for HGS financed at 8 percent.

Since the bankruptcy, Ms. Boyd continued, Beartooth's new board and management have worked to protect the interests of its members by:

- reducing costs to stabilize rates that already are among the highest in Montana and Wyoming
- using experts to analyze the value of Highwood, a due diligence action that found Highwood cannot operate economically
- taking legal action in an attempt to void Beartooth's 2008, 40-year, all requirements contract with Southern
- filing an objection to excessive confidentiality requirements proposed by the trustee

A reorganization plan filed by the trustee calls for Beartooth to remain in Southern for the remainder of its 40-year contract and to pay off Highwood's loan through rates paid to Southern. The proposed plan does not contain sufficient detail to allow BEC to calculate its impact on the co-op. Beartooth has told the trustee it is not in its members' best interests to stay in Southern and that it makes no financial sense to keep Highwood.

The assembled co-op members voiced numerous concerns and questions. If the consequence of the trustee's plan imposed rates on members they could not pay, would the co-op declare bankruptcy? Would members face any situation where they might conceivably not have power? In response, Ms. Boyd and Beartooth's legal counsel, Martin Smith, stated the co-op declaring bankruptcy depends on the rates the reorganization plan imposes—rates not clear at this time. Bankruptcy will not cause Beartooth members to lose power.

If the plan allows Beartooth to leave Southern, however, Beartooth has found numerous sources of power that are less expensive than what the co-op is paying Southern.

"Members," Boyd said, "will always have power."

Co-op member Bill Hand encouraged members in the audience to sign a petition to the trustee to express the need for the trustee to reveal all relevant information and allow Beartooth to vote on plan confirmation. Dick Nolan, a board member, encouraged members to look often at the co-op's website, [www.beartoothelectric.com](http://www.beartoothelectric.com), to find the latest news and information about the Southern bankruptcy and the outcomes of Beartooth's legal action.

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