

## **ELECTRIC CITY POWER The city, trustee to talk Tuesday**

November 5, 2012

By Rich Ecke

Tribune Staff Writer

City of Great Falls officials and the appointed trustee of a bankrupt electricity supplier will take part in mediated talks next Tuesday in Helena, City Commissioner Bob Jones said Monday.

Jones, chairman of the Electric City Power Board, said after the meeting he viewed the offer of mediation as a positive step.

Even so, Mayor Michael Winters noted that during a previous mediated session in Kalispell during the summer, trustee Lee Freeman claimed the city owed \$60 million in stranded costs for failing to strictly follow a power contract through 2048 with Billings-based Southern Montana Electric Generation and Transmission Cooperative.

Jones added Freeman through the mediator later lowered a settlement offer to \$30 million, which the city also rejected.

They wanted us to tax the public, Winters said.

In an interview, Jones said he doesn't expect the city to agree to any such settlement at the new mediation session. We're not going to pay anything, Jones said. Attorneys for the city have argued some Electric City Power customers broke their contracts, and others were lured away by a new power supplier formed by Southern Montana officials.

The city already stands \$6.9 million in the red from its Electric City Power venture < in which the city sold power mostly at a loss to businesses and other agencies with

another \$2 million in potential losses, not including stranded costs.

At Monday's meeting, Ron Gessaman of Great Falls noted the city's insurer refused this fall to provide lawyers to defend Electric City Power. An Oct. 8 letter from a Montana Municipal Insurance Authority attorney said the group would not defend the city for a long list of potential reasons, such as failing to perform, breaching contracts, deliberate dishonesty, fraudulent or malicious acts and criminal behavior, among others.

The letter from Stanley T. Kaleczyc of Helena said some issues are not settled and the city could appeal the determination. City legal fees related to Electric City Power from January through August already amount to \$127,076, according to city figures.

Jones said Freeman is still considering proposals from regional electricity suppliers to provide power in the future to some or all of the power contracts of Southern Montana's six members, Electric City Power and five rural electric cooperatives: Yellowstone Valley based in Huntley, Beartooth in Red Lodge, Tongue River in Ashland, Fergus in Lewistown and Mid-Yellowstone in Hysham.

So far, Freeman hasn't committed himself to anything, Jones said.