

Due Diligence, Legal, Southern Report – BEC Board, February 24, 2014

Because the settlement discussions have been ongoing we have not been able to share information regarding a resolution of the bankruptcy. We are very close to having announcements about the status of settlement discussions and whatever actions come next in the bankruptcy. We can plan for April outreach to members with some confidence that we will be free to talk and have developments to talk about.

Due Diligence Meeting February 17 – We were joined by phone with Gary Saleba, EES Consulting who gave a background presentation on power supply. Bill Pascoe (Pascoe Energy), a BEC member joined the discussion of power contracts and issues. The committee and board members discussed confidential issues and next steps relating to the Southern bankruptcy. We reviewed two financial models comparing potential power supply options following the resolution of the bankruptcy.

Southern Montana Electric -- Laurie Beers and I took notes and asked for clarification at Southern's meeting on the settlement process. Since the process began there have been no Southern meetings. We have issues to be raised in a closed BEC board session.

Legal Matters – Our attorneys are addressing both settlement discussion matters and specific BEC issues with other members of Southern. As in the past, we have consulted with the Arnold Porter firm for input and review. We received a bill for the services of the Dorsey Whitney firm, which did an analysis of processes and potential costs and impacts of a declaration of bankruptcy at BEC. Their expertise and analysis was employed to support our due diligence examination of one potential outcome of the Southern bankruptcy.

For closed session:
Settlement discussions
Southern issues
Legal strategy

Arleen Boyd – Due Diligence Chair