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ARKANSAS SECURITIES DEPARTMENT

January 4, 2000

Patricia L. Peterson, Esq.
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Pillsbury Center South
220 South Sixth Street
Minneapolis, Minnesota 55402-1498

**RE: Energy Co-Opportunity, Inc.
Request for No Action Letter
No Action Letter No: 00-001**

Dear Ms. Peterson:

The Arkansas Securities Department ("Department") is in receipt of your letter of December 30, 1999, in which a request is made by Energy Co-Opportunity, Inc. ("ECO") for a no action opinion from the Department. Specifically, ECO requests the Department to allow it to sell certain common and preferred stock of ECO without benefit of registration, based upon ECO's position that said stock is not a "security" as defined by §23-42-102(15) of the Arkansas Securities Act.

As reflected in your letter, ECO is a Delaware corporation formed to help rural electric distribution cooperatives and others develop certain businesses and provide services to support and enhance their organizations. ECO operates on a cooperative basis for the benefit of its membership and limits its membership to organizations engaged in, or planning to engage in generating, distributing, transmitting, or handling electrical, propane or other energy products or related services. Only members in good standing of the National Rural Utilities Cooperative Finance Corporation or the National Cooperative Services Corporation are eligible to purchase a share of Membership Common Stock, which is an incident of ownership and is non-transferable. Any transfers in violation of the transferability restriction shall be treated as withdrawal from membership. In the case of withdrawal, retirement, death, expulsion, or other membership termination, ECO will repurchase the departing member's Membership Common Stock according to procedures set forth in ECO's bylaws.

Only one share of Membership Common Stock can be owned by each member and each share of Membership Common Stock is entitled to one vote on all matters at all stockholders meetings. In lieu of dividends, shareholders receive patronage funds based upon the value of business transacted through ECO during the fiscal year. According to the facts as presented, a member's decision to purchase Membership Common Stock is motivated by the purchasing benefits resulting from membership and not an expectation of deriving profits from a passive investment.

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There will be no public advertisement or general solicitation utilized in connection with the proposed offering and no member of ECO will receive any commission or other remuneration based, directly or indirectly, on transactions in the Membership Common Stock. Your letter further describes the limitations of the proposed transactions, all of which are incorporated herein as if fully set forth.

Based upon your representations and opinions, the Department will recommend that the Commissioner take no action to enforce the registration requirements of the Arkansas Securities Act, Ark. Code Ann. §23-42-101 *et seq.* with respect to the issuance of certain common and preferred stock of ECO in the manner you describe. Please note, however, the position of the Department is based solely upon the representations made in your documentation and applies only to the transactions identified therein. Different facts or circumstances might, and often would, require a different response. The position expressed deals only with anticipated enforcement action by the Department and does not purport to be a legal opinion.

Sincerely,



Edward R. Balsmann
Staff Attorney

cc: Mac Dodson, Commissioner