

What Happened

Twelve electric distribution cooperatives serving Minnesota joined to form **Southern Minnesota Energy Cooperative (SMEC)**, an acquisition and operating vehicle for the purpose of facilitating a purchase of electric service territory from Alliant Energy.

SMEC serves as the single point of contact for Alliant Energy and the regulatory agencies on behalf of the 12 member cooperatives and *has now signed an agreement to purchase electric service territory* in southern Minnesota from Alliant Energy.

The 12 SMEC member cooperatives are:

- BENCO Electric Cooperative
- Brown County Rural Electrical Association
- Federated Rural Electric
- Freeborn-Mower Cooperative Services
- Minnesota Valley Electric Cooperative
- Nobles Cooperative Electric
- People's Energy Cooperative
- Redwood Electric Cooperative
- Sioux Valley Energy
- South Central Electric Association
- Steele-Waseca Cooperative Electric
- Tri-County Electric Cooperative

The acquisition will add approximately 43,000 electric accounts to the systems of the 12 SMEC member cooperatives.

What Is An Electric Cooperative?

Electric cooperatives are independent electric utility businesses established to provide at-cost electric service to their member-owners. They are owned by the members they serve and governed by a board of directors elected by and from the membership.

Questions?

We welcome your questions and comments during this period.

For current cooperative employees and member-owners, please contact your local cooperative:

BENCO Electric Mankato, Minn.
888.792.3626 contactbenco@benco.org

Brown County Rural Electrical Association Sleepy Eye, Minn.
800.658.2368 bcra@browncountyrea.coop/contact

Federated Rural Electric. Jackson, Minn.
800.321.3520 info@federatedrea.coop

Freeborn-Mower Cooperative Services Albert Lea, Minn.
800.734.6421 memberservices@fmcs.coop

Minnesota Valley Electric Cooperative Jordan, Minn.
800.282.6832 info@mvec.net

Nobles Cooperative Electric. Worthington, Minn.
800.397.4592 nce@noblesce.com

People's Energy Cooperative Oronoco, Minn.
507.367.7000 <http://www.peoplesrec.com/contact>

Redwood Electric Cooperative Clements, Minn.
888.251.5100 <http://redwoodelectric.com/contact>

Sioux Valley Energy Colman, S.D.
800.234.1960 info@siouxvalleyenergy.com

South Central Electric. St. James, Minn.
800.805.7232 sce@southcentralelectric.com

Steele-Waseca Cooperative Electric. Owatonna, Minn.
800.526.3514 swce@swce.coop

Tri-County Electric Cooperative. Rushford, Minn.
800.432.2285 memberinfo@tec.coop

For current Alliant Energy customers, please contact Alliant Energy at: 1-800-ALLIANT or Minnesota@alliantenergy.com

For updates on the proposed acquisition *find the link to the latest news on your local cooperative's website* or visit www.smenergy.coop.

For more information on electric cooperatives, visit these websites:

Minnesota Rural Electric Association www.mrea.org
National Rural Electric Cooperative Association. . . www.nreca.org
Touchstone Energy Cooperatives . . www.touchstoneenergy.coop

BUILDING STRONGER COOPERATIVES



smec

Southern Minnesota Energy Cooperative

Owned by 12 electric cooperatives

smenergy.coop

Why it is happening

This is a once in a lifetime opportunity for each member cooperative.

Adding the Alliant Energy customers through this proposed acquisition of territory ***will grow and increase the efficiency*** of each cooperative. This helps each continue to provide their member-owners with ***high-quality service at a competitive cost.***

Alliant Energy's customer base in Minnesota is small, but covers a large geographical area. By meshing customers into the existing cooperatives, customers will continue to receive great service in future years along with the benefits that come from being member-owners of a cooperative utility.

Alliant Energy's Minnesota electric distribution systems overlap with those of the 12 cooperatives, ***making the proposed acquisition a natural solution.***

Alliant Energy will continue to serve Minnesota customers through a 10-year wholesale power agreement with SMEC.

What's next

Although SMEC and Alliant Energy both have signed a definitive agreement, ***the acquisition is not final.*** The transaction must be approved by state and federal regulatory agencies.

If SMEC is successful in completing negotiations with Alliant Energy and approvals are received, ***each cooperative will welcome former Alliant Energy customers as their cooperative's member-owners, and former Alliant Energy employees, at the time the transaction closes.***

It is anticipated that the transaction will close in 2014.



What it means to you

Each cooperative will continue to provide member-owners with ***the same high-quality service.***

The former Alliant Energy customers will become member-owners of the local cooperative and will enjoy all the ***benefits of cooperative ownership,*** including voting rights, board representation and the opportunity for patronage capital credit refunds.

All of the Alliant Energy electric employees will be offered positions with the local cooperative.

All rates for electric cooperatives are set on a cost-of-service basis to provide the highest quality service at the lowest practical cost. While the 12 participating cooperatives have slightly different rates, services, billing options and programs, each is committed to seeing that this transaction provides ***a long-term, economies-of-scale benefit to both current and new member-owners.***

Keeping rates stable with the cost of environmental compliance, integrating renewables, declining energy sales, and general inflation is challenging. ***This acquisition is the single biggest, positive action the 12 cooperatives can take to offset a portion of these cost pressures.***

Each cooperative will benefit from having ***more assets and income*** to absorb and spread the fixed costs of running an electric utility with a greater ability to share common costs across more member-owners.

