



**Owned by 12 Minnesota electric cooperatives:**

BENCO Electric Cooperative  
Brown County Rural Electrical Association  
Federated Rural Electric Association  
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

**OCTOBER 2013**

We recently announced that 12 electric distribution cooperatives serving southern Minnesota have proposed the acquisition of Alliant Energy's Minnesota electric distribution systems that are within their service area footprint. This would be a historic and unprecedented action that would ensure the continuation of these electric distribution cooperatives as service-first organizations in the 21st century energy marketplace.

For all participating cooperatives, that would mean many additional members gained through this one transaction. This is a once in a lifetime opportunity to grow and strengthen each cooperative. The benefits of seizing this unique opportunity, at this point in time, are many.

Acquiring a portion of Alliant Energy territory would give the cooperatives new economies of scale to spread fixed costs over more member-owners. Keeping rates stable is more challenging these days with the cost of environmental compliance, integrating renewables, declining energy sales, and general inflation affecting our rates. Cooperatives have always put the interests of their member-owners first and foremost. We view it as an opportunity to continue strengthening our cooperatives for you, our members.

This proposed acquisition is the single biggest positive action we can take to offset a portion of these cost pressures.

As legacy members of these cooperatives, there will be no changes to your electric service. Also, your member-ownership in your cooperative, as well as voting privileges, will remain untouched by the acquisition of new members. We will continue with one vote per membership, just as we have since the cooperatives' inception.

Southern Minnesota Energy Cooperative, or SMEC, is the operating and acquisition entity your board of directors voted late last year to form with the other 11 participating electric cooperatives to pursue this acquisition. SMEC serves as the single point of contact for Alliant Energy and the regulatory agencies on behalf of all the participating cooperatives.

While 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. It is anticipated that the transaction will close in 2014. The accounts previously served by Alliant Energy will be divided among the SMEC member cooperatives based on their geographic location and would then be absorbed into the electric cooperatives' membership.

It is important also to note that as current members, our "legacy" members, your Capital Credits from your previous patronage will not be affected by the addition of new members into the participating cooperatives.

Alliant Energy's customer base in Minnesota is small but covers a large geographical area. Their territory overlaps that of the 12 participating cooperatives, making the proposed acquisition a natural solution. 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.

We look forward to sharing with you about this rare and exciting opportunity in the days ahead. Please look for updates on your home cooperative's website and watch your mail for more information.