



**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

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On Tuesday, April 15, 2014, Southern Minnesota Energy Cooperative (SMEC) and Alliant Energy filed an application with the Minnesota Public Utility Commission seeking approval of the proposed sale of Alliant Energy's Minnesota electric distribution territory. The filing with the MPUC includes information on the impact the sale will have on the affected Alliant Energy customers' rates with or without the proposed sale. In the filing, SMEC provides details of a five-year rate transition proposal to manage the affected Alliant Energy customer rates after the sale is completed.

As a reminder, 12 electric distribution cooperatives serving Minnesota formed SMEC as an operating and acquisition entity to allow the participating cooperatives to pursue the Alliant Energy service territory. SMEC serves as the single point of contact for Alliant Energy and the regulatory agencies. As part of the proposal, SMEC would administer the power supply contract for the new members gained through the acquisition, agreeing to purchase power from Alliant Energy for a 10-year term.

The proposed acquisition first was announced September 2013. Since that time, the SMEC transition committees – Billing, Communications, Engineering, Finance, Human Relations, Load Management, Operations and Safety, and Regulatory – have been hard at work addressing a detailed list of issues.

That work will continue as the sale is not final. The regulatory approval process is expected to take six to 12 months. The electric cooperatives involved in this acquisition and the regulatory agencies in charge of approving the deal all have a shared interest – to do what is best for the consumer.

Alliant Energy's customer base in Minnesota is small but covers a large geographical area. Its territory overlaps that of the participating electric 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.

There will be no changes to the electric service of current member-owners. Membership in your cooperative as well as voting privileges remains untouched by the acquisition of new members. One vote per membership continues just as it has since your cooperative's inception. In addition, current members' Capital Credits from previous patronage are not affected by the addition of new members.

All the SMEC participating cooperatives look forward to the successful close of the acquisition and are eager to introduce the new member-owners to the top-notch personal service, member control, member participation and principles on which each cooperative is built. In the meanwhile, each continues to do the work and take the time necessary to carry out this complicated transaction in the right manner.

While SMEC does not anticipate significant milestones between the regulatory filing and a successful close of the acquisition, we welcome your feedback and are pleased to answer any questions you may have.