



News Release

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Alliant Energy and Southern Minnesota Energy Cooperative file for regulatory approval of sale of Minnesota electric distribution business

ALBERT LEA, MINNESOTA – April 16, 2014 – Alliant Energy’s Minnesota utility and Southern Minnesota Energy Cooperative (SMEC) filed a joint application this week with the Minnesota Public Utilities Commission (MPUC) seeking approval of the sale of Alliant Energy’s electric distribution business to SMEC. SMEC consists of a group of twelve electric cooperatives serving southern Minnesota.

In September 2013, Alliant Energy announced the sale of its Minnesota electric distribution business to SMEC.

The filing with the MPUC includes information on SMEC’s five-year proposed rate transition plan to manage customer rates after the sale is completed.

SMEC’s proposed rate transition plan includes:

- No changes in the **base rates portion** of current Alliant Energy customers’ bills for three years after SMEC assumes operation of the electric distribution system. Base rates pay for the fixed cost of providing the operation and maintenance of the electric distribution system (includes poles, wires, substations and transformers), customer service, billing, finance and administration.

Current Alliant Energy customers will receive a monthly credit equivalent to approximately \$2 per thousand kilowatt-hours on their bill to reflect efficiencies from the sale for three years after SMEC assumes operation of the distribution system.

- Changes in **costs of power supply and transmission service** will be adjusted on customers’ monthly bills.
 - This is a pass through of the actual cost of power and its transmission service charged to the cooperative by the wholesaler.
 - SMEC anticipates that typical customer bills will increase approximately 6-7 percent in the first year, 3-4 percent in the second year and 7-8 percent in the third year after SMEC assumes operation of the electric distribution system.
 - These increases are lower than what Alliant Energy expects it would have to implement over this period of time if it were to continue ownership of the electric system.

- In the fourth and fifth years after SMEC assumes operation of the distribution system, current Alliant Energy customers' rates will be merged with the electric rates of existing SMEC cooperative members only if the differences in base rates are within five percent of each other.
- The MPUC will maintain authority to verify compliance with the approved transitional rate plan for five years after the transaction is completed.

Alliant Energy and SMEC have requested a decision from the MPUC in the fourth quarter 2014. In addition, Alliant Energy will also need regulatory approval from the Iowa Utilities Board and Federal Energy Regulatory Commission prior to the electric distribution business sale being completed.

Since 2010, Alliant Energy has kept base rates unchanged. This was despite increases in costs related to requirements to reduce emissions from generating stations, investments to maintain poles, wires and substations for service reliability, and expansion and upgrading of the transmission system to help grow renewable energy resources in Minnesota.

Absent the sale of the electric distribution system to SMEC, Alliant Energy would expect to file an electric rate case in 2014 to recover these costs and would expect additional rate increases in future years.

Alliant Energy will continue to handle all customer services, including emergency response, until the sale is completed. Upon completion of the sale, the local cooperatives will handle all customer service functions. Customers will also receive a letter from their future cooperative with additional details on the transition of service upon completion of the sale.

In September 2013, Alliant Energy also announced the sale of its Minnesota natural gas distribution business to Minnesota Energy Resources. In February 2014, Alliant Energy and Minnesota Energy Resources filed a joint application with the MPUC seeking regulatory approval of Alliant Energy's natural gas distribution business sale.

About Alliant Energy

Alliant Energy Corporation's Iowa and Minnesota utility subsidiary, Interstate Power and Light Company (IPL), utilizes the trade name of Alliant Energy. The Iowa and Minnesota utility is based in Cedar Rapids, Iowa, and provides electric service to 530,000 customers and natural gas service to 235,000 customers in more than 700 communities. The employees of Alliant Energy focus on delivering the energy and exceptional service their customers and communities expect – safely, reliably, and affordably. Visit alliantenergy.com or call 1-800-ALLIANT (800-255-4268) for more information. Alliant Energy Corporation is traded on the New York Stock Exchange under the symbol LNT.

About SMEC

Southern Minnesota Energy Cooperative (SMEC) was formed by twelve electric distribution cooperatives as the single point of contact for the purchase of electric service territory in southern Minnesota from Alliant Energy's Minnesota utility. The twelve 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 and Tri-County Electric Cooperative. Visit www.smenergy.coop for more information.

Alliant Energy Forward-Looking Statement

This press release includes forward-looking statements. These forward-looking statements can be identified as such because the statements include words such as "expects," "proposed" or other words of similar import. Such statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those currently anticipated. Actual results could be affected by the following factors, among others:

- Whether the MPUC approves the sale, the timing of any such approval and any conditions or modifications imposed by the MPUC in connection with any such approval;
- other state regulatory or governmental actions, and future regulatory proceedings, including regulatory decisions regarding the sale;
- current or future litigation, regulatory investigations, proceedings or inquiries that could impede the sale;
- inability or failure of the parties to the sales to meet conditions precedent prior to closing;
- political conditions in IPL's service territory; and
- economic conditions in IPL's service territory.

These factors should be considered when evaluating the forward-looking statements and undue reliance should not be placed on such statements. The forward-looking statements included herein are made as of the date hereof and, except as required by law, Alliant Energy and IPL undertake no obligation to update publicly such statements to reflect subsequent events or circumstances.

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