



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

SEPTEMBER 2014

September 2014 marks a full year since we announced to employees, members and the community the news that 12 electric distribution cooperatives serving southern Minnesota proposed the acquisition of Alliant Energy's electric distribution systems that are within their service area footprint.

Much has been accomplished; the lion's share behind the scenes. Committees with representatives from each participating cooperative are working across the operations and safety, engineering, load management, communications, finance, billing, human relations, and regulatory areas to ensure a smooth transition for new members.

The most visible milestone since the 2013 announcement was the April 15, 2014, filing by Southern Minnesota Energy Cooperative (SMEC) and Alliant Energy with the Minnesota Public Utilities Commission (MPUC) for approval of the proposed sale. SMEC is the operating and acquisition entity formed by the 12 electric cooperatives to act as the single point of contact with Alliant Energy and the regulatory agencies in this transaction.

In June, the MPUC held its first hearing on the April 15 filing and work continues with the Commission and other regulatory bodies to assure that the proposed acquisition is the right thing for customers. We are hearing that it is from many of our communities and appreciate their support.

While we are busy advancing this acquisition to a close so we may welcome new member-owners to their home electric cooperative, it is good to remember why we are doing this.

In serving mostly rural communities, our electric cooperatives work every day to provide safe and reliable services at the lowest practical price. In many of our areas, achieving economies of scale – spreading fixed costs over an increasing number of member-owners – is a challenge. Growth for an electric cooperative is typically slow and incremental. Keeping rates stable is another challenge with the cost of environmental compliance, integrating renewables, declining energy sales and inflation.

The proposed acquisition is the single biggest positive action we can take to offset a portion of these cost pressures. It is a once in a lifetime opportunity to grow and strengthen each cooperative.