



redwood electric cooperative

**//For Immediate Release//**

**For more information, contact:**

Betty Wilhelmi, 507-692-3998, or [ewilhelmi@redwoodelectric.com](mailto:ewilhelmi@redwoodelectric.com)

**Redwood Joins 11 Other Electric Cooperatives  
in Signing Agreement to Acquire Alliant Energy Territory**

*If approved by regulators, residents in several area communities will become member-owners  
of the not-for-profit cooperatives*

**Clements, Minn.** (September 3, 2013) – Redwood Electric Cooperative joined with 11 other electric distribution cooperatives serving Minnesota to form Southern Minnesota Energy Cooperative (SMEC) as the single point of contact for the purchase of electric service territory in southern Minnesota from Alliant Energy. SMEC today announced that it has reached a definitive agreement to acquire territory from Alliant Energy. The transaction is contingent upon regulatory approval. Assuming the acquisition is approved by regulators, it is expected to close in 2014.

For Redwood the combined territory would serve approximately 4,400 members. The acquisition will add approximately 43,000 electric accounts to the systems of all of the 12 SMEC member cooperatives combined.

“This acquisition will give SMEC’s 12 member cooperatives new economies of scale to spread our fixed costs over more member-owners,” said Ron Horman, general manager of Redwood. “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. This acquisition is the single biggest positive action we can take to offset a portion of these cost pressures.”

The service territories of Alliant Energy and the 12 cooperatives overlap, serving mostly rural areas in the southern portion of Minnesota. Alliant Energy will continue to serve Minnesota through a 10-year wholesale power agreement with the 12 cooperatives.

The 12 SMEC member cooperatives are BENCOS 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 (*see map*).

“All 12 electric cooperatives have served southern Minnesota for more than 70 years,” said Horman. “We look forward to extending our professional, high-quality service to the former Alliant Energy customers who will become our new member-owners.”

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.

“Adding the Alliant Energy customers through this proposed acquisition of territory will grow and increase the efficiency of each cooperative,” added Horman. “This once-in-a-lifetime opportunity helps all of us continue to provide our electric cooperative member-owners with high-quality service at a competitive cost.”

Should the acquisition receive all the requisite approvals, Alliant Energy customers will become member-owners of one of the 12 electric cooperatives and enjoy the benefits of cooperative ownership including voting rights, board representation and the opportunity for patronage capital refunds – the margins of a cooperative that are returned to member-owners over time.

*Southern Minnesota Energy Cooperative (SMEC) was formed by 12 electric distribution cooperatives as a single point of contact for the proposed purchase of electric service territory in southern Minnesota from Alliant Energy. The 12 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.*

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