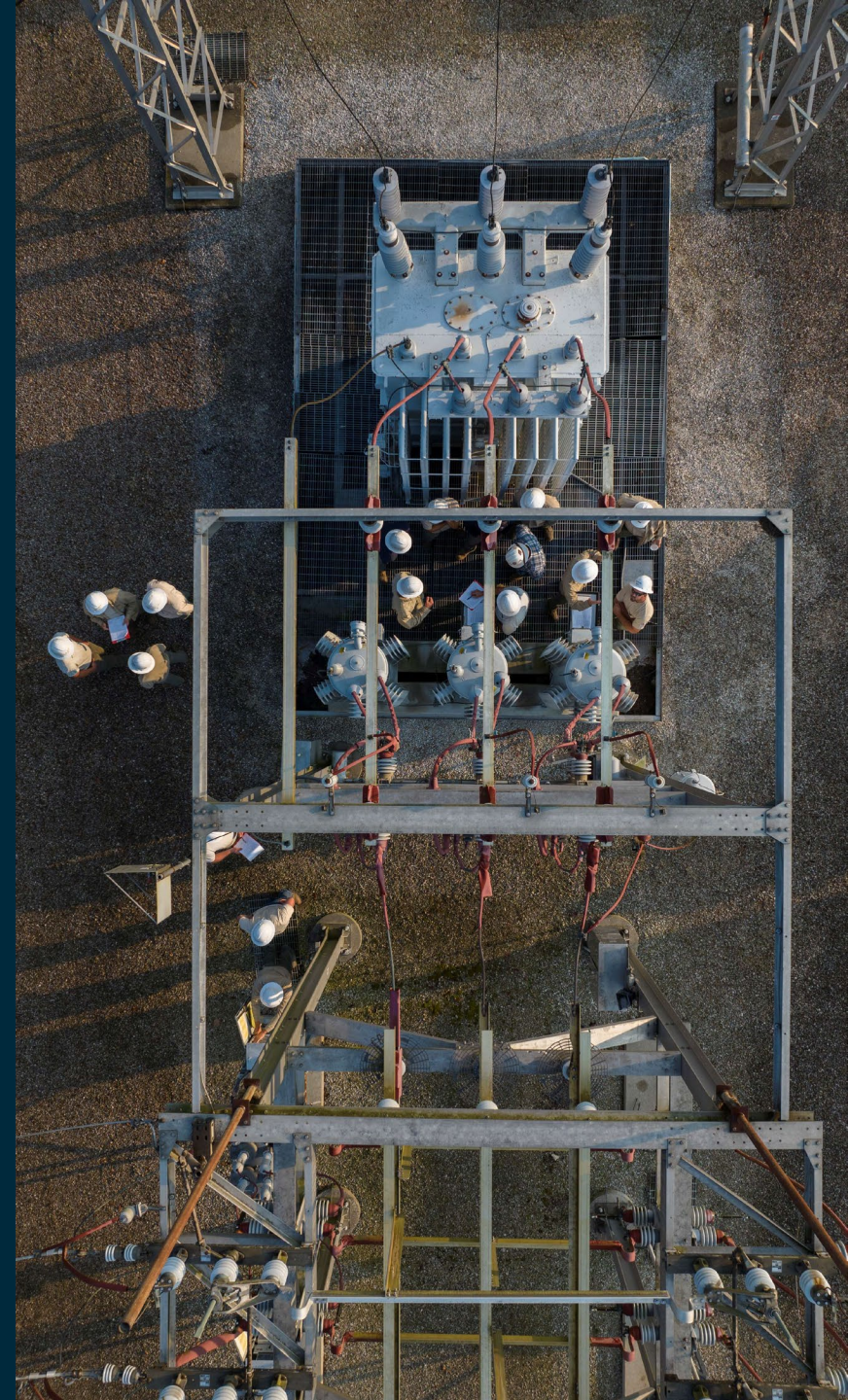


HOOSIERENERGY

2023 IURC Winter Reliability Forum

Donna Walker, President & CEO
November 27, 2023





Today

1. Hoosier Energy Overview
2. Winterization & Reliability Preparedness Actions
3. Fuel Availability & Market Implications
4. MISO Observations
5. Workforce Evolution

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Hoosier Energy Overview

Member Systems

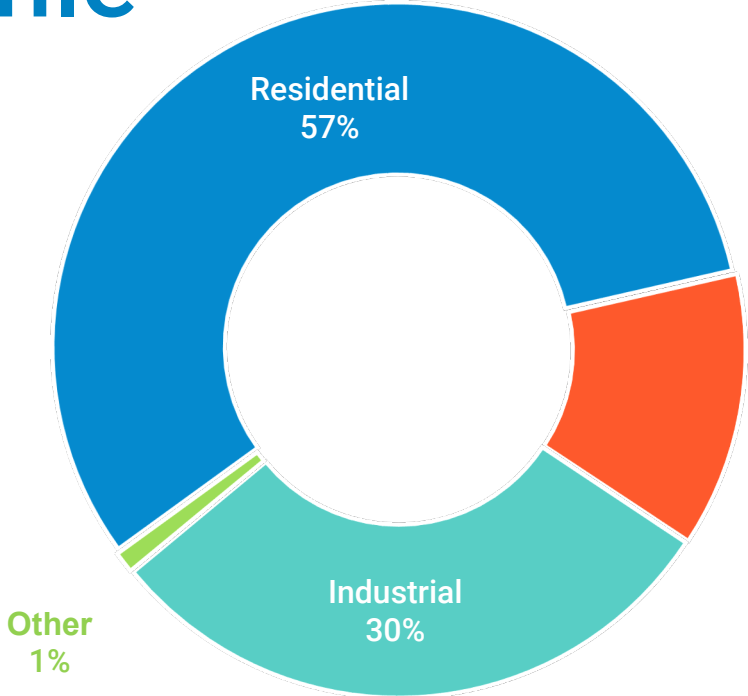
Member Commitment Over 100 Years

- 18 member systems in Indiana and Illinois
- All requirements contracts will automatically extend to 2060 on January 1, 2024
- Board of Directors approved Member Flexibility Policy in June that aligns with needs of member cooperatives while maintaining strength of G&T
- Board approved power supply contract at Merom Station and at Palisades Nuclear Generating Station in Covert, Michigan



Hoosier's Member Profile

- Diverse retail customer mix
- No single customer constituted more than 3% of the members' 2022 aggregate billings
- No single member constituted more than 10% of Hoosier's total sales (member and non-member) in 2022



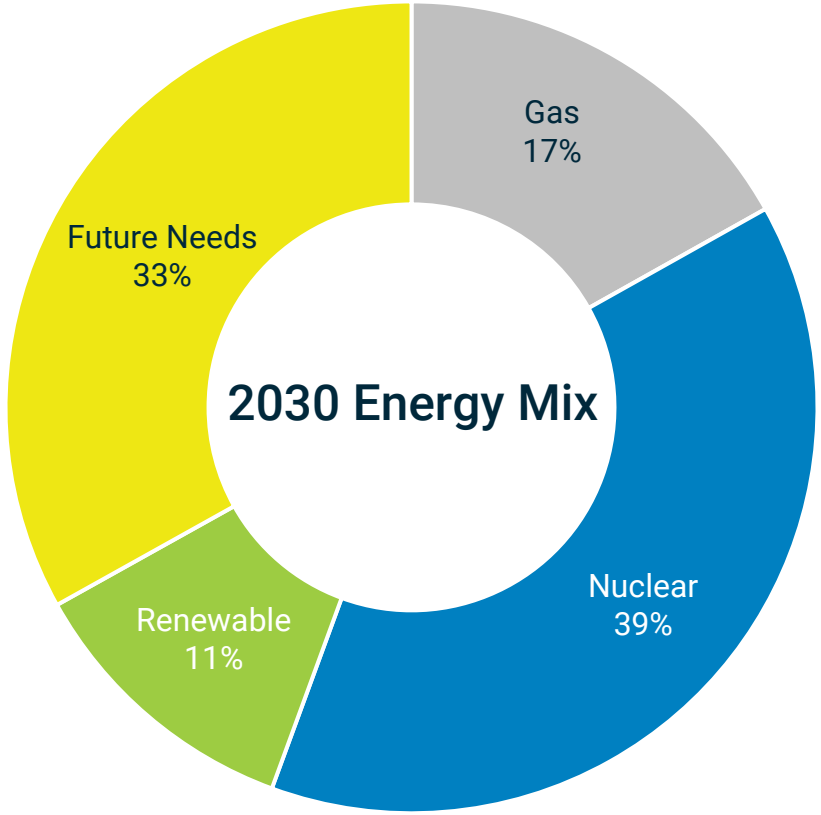
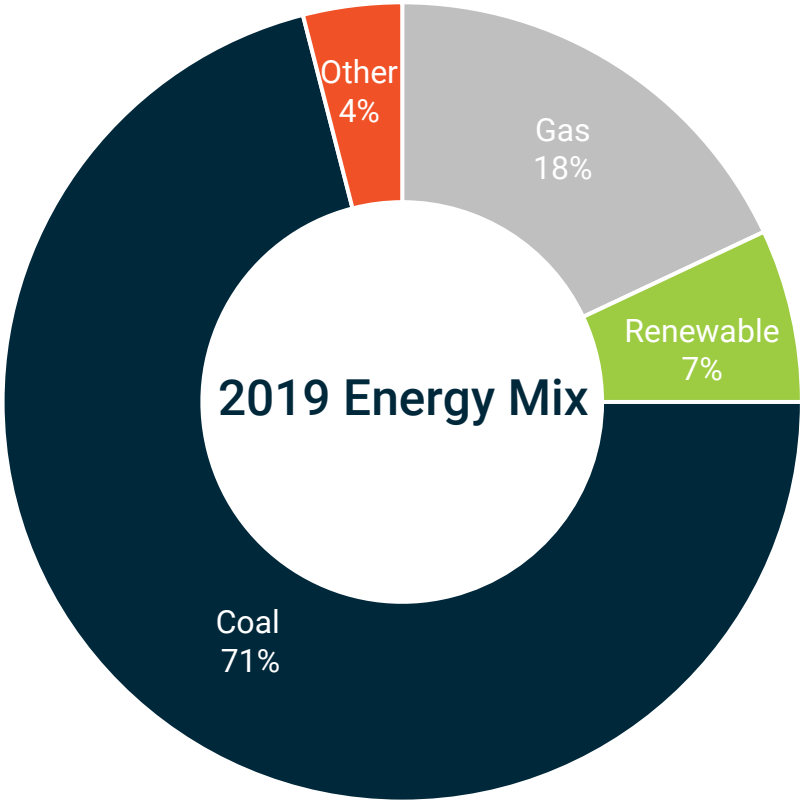
Commercial
12% *

* Approximately 15,000 commercial customers

- Service
- Stone Quarry/Coal Mines
- General Manufacturing
- Auto-Part Related Manufacturing
- Steel Mill & Metal Fabrications
- Food Processing
- Other



Resource Diversity



- Renewables include solar, wind, hydro, landfill gas

WHOLESALE COST TRENDS

Wholesale Costs

- Hoosier Energy customer base heavily influenced by weather conditions
- While wholesale costs are expected to be approximately 6% higher than same period last year, Hoosier provides significant financial mitigation to members
 - In lieu of quarterly cost recovery, Hoosier smooths impacts of cost increases over 12-month period to mitigate rate shock
- Higher costs driven by general market trends
 - While gas and power prices have stabilized, winter prices are more than 30% higher than same period two years ago
 - Cost of transmission continues to increase, including approved reliability projects within MISO and costs associated with regional transmission owner investments to address aging infrastructure
- Inflationary impacts have put upward pressure on cost of all materials and services

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Winter Reliability Preparedness Actions

Winterization Preparedness Actions

- Hoosier Energy maintains and updates an annual generation and transmission winter preparedness plan
 - Plan outlines and defines communication, winterization, and operations protocols among Hoosier's system control, generating facilities, and transmission operations
- Hoosier conducts coordination meetings with generation facilities, internal fuels team, and industry partner experts
 - Review of current natural gas market and previous lessons learned
 - Review of communication protocols
- Physical preparations for generating facilities occur annually in the fall through automatically generated Preventive Maintenance (PM) notifications
 - Examples include heat tracing verification, auxiliary boiler testing, commodity inventory analysis, de-icing system testing, etc.

Winterization Preparedness Actions

- If, and when Hoosier anticipates extreme winter weather conditions to impact our footprint, Hoosier coordinates directly with generating facilities to recalibrate assumptions and implement specific operations contingencies
- Real-time planning activities conducted based on unit output and related contingency plans
- Upon notification of a pending weather event, frequency of communication increases among fuels, plants and power markets teams
 - Communications include procedural refreshers, assessments of market and operational conditions (energy, gas, pipeline) and other plans
 - Event management plans include supplier engagement/communications, MISO offer strategies, including risk mitigation, and plant availability and coordination decision points
- Lastly, a real-time, on-call communication plan is confirmed to ensure appropriate contacts and approval authorities are engaged

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Fuel Availability & Market Implications

Fuel Availability & Reliability Planning

- Hoosier Energy secures natural gas supplies in a manner that ensures fuel supply reliability at competitive prices
 - Enables generating capacity to be competitively offered into day-ahead and real-time MISO markets each day
- Fuel strategy executed via short-term supply agreements
 - Allows Hoosier to effectively evaluate potential suppliers that could further enhance reliability or reduce associated costs
 - Includes transportation, imbalance charges, etc.
- Due to dynamic of rapidly changing gas markets over past several years, these short-term supply agreements ensure procurement flexibility, allowing Hoosier to respond to changing market conditions
- Hoosier continues to develop and broaden relationships with potential natural gas suppliers

Firm Fuel Supply

- “Firm” isn’t always a guarantee
 - Firm fuel supply is often weather dependent and reliant on operational characteristics of the gas system
 - Natural gas can be diverted for home heating prioritization during extreme weather events
 - Operational or capacity restrictions on pipelines may prevent fulfillment of gas demand or produce incompatible flow requirements for electric generators
- While Hoosier doesn’t have onsite physical storage, given the strategic location of local gas pipelines to generating assets, we continue to leverage partnerships with entities that have firm capacity and/or storage options to mitigate risk
- These shorter-term agreements further support Hoosier’s position to remain agile in face of rapidly changing market conditions

Maintenance Outages & Reliability Planning

- Lawrence Co Unit 3 is estimated to return to service Nov 30, 2023
- All other fall maintenance activities were complete as of November 10, 2023

Natural Gas Market Interactions & Operating Flexibility

- Pipeline requirements, including restrictions, lead to inflexibility depending on operating parameters and system conditions
- Natural gas generators often must adjust real-time offers to limit dispatch ranges because of gas flow restrictions
 - Often includes reducing operating range between the economic minimum and maximum limits
 - Misalignment between electric and natural gas market rules creates uncertainty around whether and when generation units will be dispatched based on fuel availability during high-demand periods
- These examples can create over-procurement scenarios, which carry higher costs for members and consumers

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MISO Observations

MISO Market Reforms & Resource Adequacy Seasonal Construct

- Market compensation mechanisms would be helpful to address reliability risks and to compensate generators for their contribution to system reliability, both in real-time and across the long-term planning horizon
- The evolution of MISO's resource adequacy construct does reflect the increased operating risks across the footprint.

MISO Market Reforms & Resource Adequacy Seasonal Construct

- Seasonal risks require different reserve margin requirements
- The current lack of seasonal-only resources causes load serving entitles to over-procure to meet specific seasonal requirements

Season	Planning Reserve Margin % - PY 23/24	Preliminary Planning Reserve Margin % - PY 24/25
Summer	7.4%	9.0%
Fall	14.9%	14.2%
Winter	25.5%	27.4%
Spring	24.5%	26.7%

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Workforce Evolution

Workforce Observations

Recruiting

- Traditional and non-traditional recruiting that leverages employee networks and social media platforms
- Cultivating/expanding Hoosier paid internship program as a pipeline for future talent
- Specialized recruiting for technical positions
- Developing mentorship program for current employees

Retention and Professional Development

- Nationally-recognized Hoosier Energy Apprenticeship Training & Safety program (HEATS) for bargaining employees
- Merit-based compensation program with annual review of salaries/wages
- Voluntary benefits & extensive health navigation tools
- Tuition reimbursement
- Flexible work arrangements
- Professional development and employee experience programs for leadership and technical skills development

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