

Harrison REMC

Your Touchstone Energy[®]
Cooperative 

March 11, 2009

Mr. Brad Borum
Director, Electricity Division
Indiana Utility Regulatory Commission
National City Center
101 W. Washington St. Suite 1500 E.
Indianapolis, IN 46204-3407

Dear Mr. Borum:

Harrison REMC requests use of the IURC's 30-day filing procedure to update Appendix A-Wholesale Power Cost Tracker applicable to our consumption based retail tariffs. This request is being made because Hoosier Energy, the all-requirements wholesale power supplier of Harrison REMC, has updated the Power Cost Tracker and will have a wholesale rate increase, which effectively changes the wholesale power costs for Harrison REMC.

Enclosed is a copy of Hoosier Energy's Power Cost Tracker. This shows that the tracker applicable to Hoosier members for April usage in 2009 will be \$.009390 per kWh. Also enclosed is a copy of Hoosier's wholesale increase and an excel spreadsheet that indicates this change would increase the Harrison REMC power bill by \$.001555. Additionally, the Hoosier tracker and wholesale increase will increase the REMC's gross receipts tax (exhibit A) by \$.000041 per kWh.

The combination of Hoosier's tracker and wholesale rate increase, and the gross receipts tax adjustment would result in a power cost tracker of \$.010986 (\$.009390 + \$.001555 + .000041). Incorporating line losses of approximately 3.57% (5 year average), Harrison REMC's corresponding charge to members is \$.011393.

Hoosier will begin billing the revised Power Cost Tracker with April 1, 2009 member bills, for consumption beginning May 1, 2009. Harrison REMC proposes to use the same schedule for billing retail customers.

Please contact me if you have any questions.

Sincerely,

David C. Lett
CEO

cc: Tyler Bolinger, Electric Director, OUCC

Enclosures:

- Appendix – FC
- Appendix – A
- Exhibit – A
- Line Loss Calculation
- Hoosier - Tracker Adjustment
- Hoosier - General Adjustment Data
- Hoosier - Cost of Service Information

DATE OF ISSUE: _____
DATE EFFECTIVE: _____
ISSUED BY: David C. Lett, CEO
HCREMC Corydon, Indiana
IURC No.: 11
Page: 1

APPENDIX A
RATE ADJUSTMENTS

RATE ADJUSTMENT

The Rate Adjustment in rates R, TOU, LCP, SC, SC-3P, UBS, IPS, and IPSII shall be on the basis of a Purchased Power Cost Adjustment Tracking Factor occasioned solely by changes in the cost of purchased power.

-----Rate Adjustment applicable to the
-----Above listed Rate Schedule-----\$.011393 per kWh used per month.

FUEL COST ADJUSTMENT

The fuel cost adjustment in dollars per kWh shall be the same as that most recently billed to Harrison REMC by its purchased power supplier, divided by one (1.0) minus the total energy losses of the utility for the preceding calendar year expressed as a decimal fraction of the total energy purchased for the same year.

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Appendix FC

FUEL COST CHARGE REPORT
Non-generating Electric Utilities – Purchasing From One Supplier
With Line Losses Justified

Date: March 5, 2009

Name of Utility Harrison REMC
Consumption Months April – June 2009
Billing Months May – July 2009
Supplier Hoosier Energy

(1) Fuel Cost Charge	(See Exhibit A)	<u>\$0.010986</u>
(2) Deduct Base Cost of Fuel		<u>\$0.000000</u>
(3) Difference		<u>\$0.010986</u>
(4) One minus decimal fraction of average line loss for last 5 calendar years		<u>0.964300</u>
(5) Final Fuel Cost Factor #3 divided by #4		<u>\$0.011393 per kWh</u>

This fuel cost charge factor must be approved by the Indiana Utility Regulatory Commission prior to the consumption period to which it will be applied.

Filing Number _____ - _____ - _____

Appendix FC

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Filing Number _____-_____-_____

Exhibit A

<u>Item</u>	<u>Description</u>	
A.	Hoosier Tracker April 1 Usage	\$0.009390
B.	Hoosier Rate Increase Jan 1 Usage	<u>\$0.001555</u>
C.	Total	\$0.010945
D.	Hoosier Tracker Dec 1 Usage	<u>-\$0.008030</u>
E.	Total	\$0.002915
F.	2008 kWh Purchases	556,984,111
G.	Additional Tracker \$\$\$ (Item E. * Item F.)	\$1,623,609
H.	Additional Gross Receipts Tax \$\$\$ (Item G. * 1.40% Gross Receipts Tax)	\$22,731
I.	Gross Receipts Factor (Item H. / Item F.)	\$0.000041
J.	Total Tracker without Line Loss Adjustment (Item C. + Item J.)	\$0.010986

Hoosier Energy REC, Inc.
Power Cost Tracker
Effective April 1, 2009 - June 30, 2009
(\$ in thousands)

	Environmental Compliance Costs	MISO Transmission Costs	Variable Production Costs	Total Projected Costs	Energy Sales (MWh)	Projected Costs per MWh
April - December 2009	\$ 3,238	\$ 9,035	\$ 166,539	\$ 178,812	5,016,416	\$ 35.65
January - March 2010	\$ 738	\$ 3,528	\$ 65,703	\$ 69,969	1,889,932	\$ 37.02
Total	\$ 3,976	\$ 12,563	\$ 232,242	\$ 248,781	6,906,349	
Projected Cost per MWh	\$ 0.58	\$ 1.82	\$ 33.63	\$ 36.02		
Base Cost per MWh	\$ 0.18	\$ 1.60	\$ 26.44	\$ 28.22		
Power Cost Tracker before reconciliation adjustment per MWh	\$ 0.40	\$ 0.22	\$ 7.19	\$ 7.80		
Reconciliation Adjustment per MWh				\$ 0.53		
Credit for overcollected balance (Board Resolution 25-2008)				\$ (0.94)		
Power Cost Tracker before defeased lease transaction				\$ 7.39		
Dedicated to defeased lease transaction*				\$ 2.00		
Power Cost Tracker per MWh to be billed April 1, 2009 - June 30, 2009				\$ 9.39		

Environmental Compliance Costs include fixed operations, maintenance and capital costs for environmental assets placed in service and under construction (interest only for CWP) less demand revenue received from non-members directly related to such costs.

MISO Transmission Costs include transmission service; regional market expenses; scheduling, system control and dispatching services; reliability planning and standards development services which are provided primarily by or through the MISO.

Variable Production Costs include purchase power, fuel, net costs of emission credits, and variable operations and maintenance costs at Hoosier Energy's generating facilities less energy revenue received from non-member sales.

Reconciliation Adjustment represents the under or (over) collected balance outstanding which will be recovered from or (returned to) members during the next 12-month period.

*Approved by the Board of Directors November 10, 2008.

Harrison REMC
 Billing Data for Test Year - 12 Months Ending 9/30/2008

Standard	Energy				Current Tariffs				January	
	MWh	Demand			Energy	Demand Charge			Energy	
		Prod.	Trans	Subs	\$0.03268 MWh	\$6.50 Prod.	\$3.37 Trans	\$1.24 Subs	\$0.03357 MWh	\$6.50 Prod.
Jan	54,646	122,751	127,414	127,414	\$ 1,785,831	\$ 797,882	\$ 429,385	\$ 157,993	\$ 1,834,466	\$ 818,74
Feb	48,333	105,521	109,881	109,881	\$ 1,579,522	\$ 685,887	\$ 370,299	\$ 136,252	\$ 1,622,539	\$ 703,82
Mar	42,604	91,644	98,739	98,739	\$ 1,392,299	\$ 595,686	\$ 332,750	\$ 122,436	\$ 1,430,216	\$ 611,20
Apr	32,197	60,079	82,145	82,145	\$ 1,052,198	\$ 390,514	\$ 276,829	\$ 101,860	\$ 1,080,853	\$ 400,72
May	30,356	66,484	70,299	70,299	\$ 992,034	\$ 432,146	\$ 236,908	\$ 87,171	\$ 1,019,051	\$ 443,44
Jun	39,073	88,104	95,368	95,368	\$ 1,276,906	\$ 572,676	\$ 321,390	\$ 118,256	\$ 1,311,681	\$ 587,65
Jul	42,305	93,857	99,062	99,062	\$ 1,382,527	\$ 610,071	\$ 333,839	\$ 122,837	\$ 1,420,179	\$ 626,02
Aug	40,883	86,091	94,586	94,586	\$ 1,336,056	\$ 559,592	\$ 318,755	\$ 117,287	\$ 1,372,442	\$ 574,22
Sep	32,086	90,408	97,290	97,290	\$ 1,048,570	\$ 587,652	\$ 327,867	\$ 120,640	\$ 1,077,127	\$ 603,02
Oct	33,230	79,775	89,190	89,190	\$ 1,085,956	\$ 518,538	\$ 300,570	\$ 110,596	\$ 1,115,531	\$ 532,00
Nov	37,846	87,229	90,670	90,670	\$ 1,236,807	\$ 566,989	\$ 305,558	\$ 112,431	\$ 1,270,490	\$ 581,81
Dec	47,585	96,040	102,556	102,556	\$ 1,555,078	\$ 624,260	\$ 345,614	\$ 127,169	\$ 1,597,428	\$ 640,55
Total - Std.	481,144	1,067,983	1,157,200	1,157,200	\$ 15,723,786	\$ 6,941,890	\$ 3,899,764	\$ 1,434,928	\$ 28,000,367	\$ 7,123,44
									\$ 0.058195	

				\$0.03268	\$8.94	\$0.03357
IPT						
Caesars	37,098		60,830	\$ 1,212,363	\$ 543,820	\$ 1,245,380
Daramic	18,636		29,233	\$ 609,024	\$ 261,343	\$ 625,611
Icon	11,703		22,443	\$ 382,454	\$ 200,640	\$ 392,870
Wal-Mart	5,002		9,443	\$ 163,465	\$ 84,420	\$ 167,917
Total IPT	72,439		121,949	\$ 2,367,307	\$ 1,090,224	\$ 2,431,777
						\$ 3,457,531
						\$ 0.047730
TOTAL	553,583					\$ 31,457,898
						\$ 0.056826

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	Purchased Kwh	Sold Kwh	Office Kwh	Line Loss
2007	562,839,708	545,294,083	469,131	0.030340
2006	525,779,634	511,364,473	403,162	0.026650
2005	549,929,055	528,261,866	442,318	0.038596
2004	550,022,911	525,943,726	442,489	0.042974
2003	536,620,740	514,911,699	431,628	0.039651
Total	2,725,192,048	2,625,775,847	2,188,728	0.035677

3.57%

0.9643

Hoosier Energy Rate Adjustment

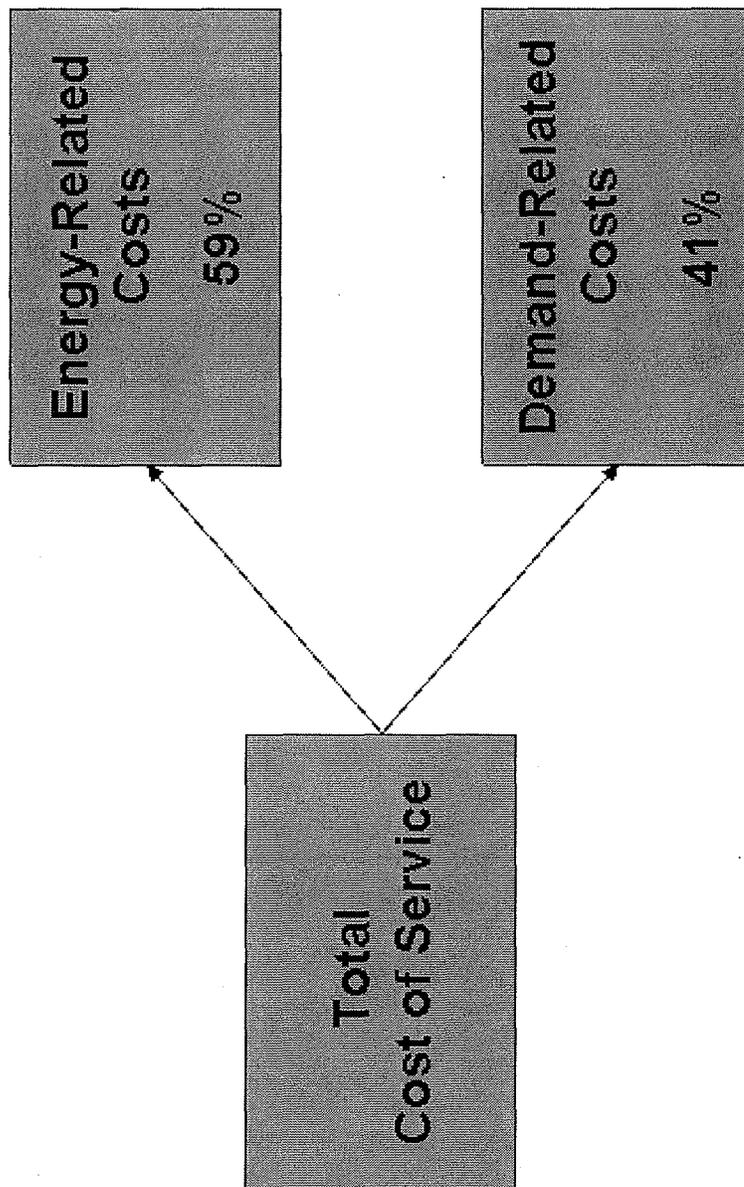
Marty Blake
The Prime Group, LLC



Objectives

- Develop rates that provide an overall increase of 1.5 mils
- Spread the increase between the demand and energy charges based on the demand and energy cost relationships from Hoosier Energy's last cost of service study performed last year

Demand/Energy Cost Classification from Cost of Service Study



Key Rate Design Assumptions

- Both Member Rates and Industrial Power Tariff increased by 1.5 mils
- For the 1.5 mil increase, 59% is assigned to energy charge and 41% is assigned to demand charge, in accordance with last cost of service study
- Demand charge increase is assigned pro-rata to Production, Transmission and Substation & Radial demand components, in accordance with last cost of service study

Proposed Standard Member Rate

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	Current	Proposed
Production Demand	\$6.50/kW	\$6.67/kW
Transmission Demand	\$3.37/kW	\$3.46/kW
Subst & Rad Demand	\$1.24/kW	\$1.27/kW
Energy	\$0.03268/kWh	\$0.03357/kWh

30-Day Filing No. 2534

Industrial Power Tariff

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	Current	Proposed
Demand Charge (NCP)	\$8.94/kW	\$9.33/kW
Energy	\$0.03268/kWh	\$0.03357/kWh

No change in EDR demand charges

30-Day Filing No. 2534

Interruptible Power Tariff

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	Current	Proposed
Firm Demand	\$8.94/kW	\$9.33/kW
Interruptible Demand	\$6.54/kW	\$6.93/kW
Energy	\$0.03268/kWh	\$0.03357/kWh

Amount of Interruption: 12 Interruptions per calendar year

365 Day Filing No. 2534

Interruptible Power Tariff No. 2



	Current	Proposed
Firm Demand	\$8.94/kW	\$9.33/kW
Interruptible Demand	\$6.54/kW	\$5.33/kW
Energy	\$0.03268/kWh	\$0.03357/kWh

Amount of Interruption: 500 hours per 12-month period

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50 Day Filing No. 2534