

# Harrison REMC

Your Touchstone Energy<sup>®</sup>  
Cooperative 

February 24, 2010

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.

Enclosed is a copy of Hoosier Energy's Power Cost Tracker. This document shows that the tracker applicable to Hoosier members for April usage in 2010 will be \$-0.00225 per kWh. Also enclosed are calculations showing that Hoosier Energy's April 1, 2010 wholesale rate increase would increase the Harrison REMC power bill by \$0.012275. Additionally, the Hoosier tracker and wholesale increase will increase the REMC's gross receipts tax (exhibit A) by \$.000094 per kWh.

The combination of Hoosier's tracker, wholesale rate increase, and the gross receipts tax adjustment would result in a power cost tracker of \$.010119 ( $\$-0.00225 + \$0.012275 + .000094$ ). Incorporating line losses of approximately 4.39% (2009 line loss), Harrison REMC's corresponding charge to members is \$.010583.

Hoosier will begin billing the revised Power Cost Tracker with May 1, 2010 member bills, for consumption beginning April 1, 2010. 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 – Wholesale Rate Increase Adjustment

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-----\$.010583 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.

Appendix FC

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

Date: February 24, 2010

Name of Utility Harrison REMC  
Consumption Months April - June 2010  
Billing Months May - July 2010  
Supplier Hoosier Energy

(1) Fuel Cost Charge	(See Exhibit A)	<u>\$0.010119</u>
(2) Deduct Base Cost of Fuel		<u>\$0.000000</u>
(3) Difference		<u>\$0.010119</u>
(4) One minus decimal fraction of average line loss for last 5 calendar years		<u>0.956151</u>
(5) Final Fuel Cost Factor #3 divided by #4		<u>\$0.010583 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 \_\_\_\_\_-\_\_\_\_\_-\_\_\_\_\_

**Exhibit A**

**Computation of Tracking Factors**

<b>Hoosier Rate Increase Factor</b>	
A. Apr. 2010 Hoosier Wholesale Rate Increase	0.012275
<b>Hoosier Tracker Factor</b>	
B. Apr. 2010 - June 2010 Power Cost Tracker	(0.002250)
<b>Utility Receipts Tax Tracking Factor</b>	
C. 2008 - Average Tracker for test year of last distribution rate increase	0.003335
D. Total Additional Tracker Dollars ( A + B - C)	\$ 0.006690
E. Metered Kwh Purchases - 12 Months ending December 2009	528,741,583
F. Increased purchased power cost for Receipts taxes (D X E)	3,537,281
G. Increase in Utility Receipts Taxes @ 1.4% (F X 1.4%)	\$ 49,522
H. Total Gross Receipts Tracking Factor: (G / E)	0.000094
<b>Total Tracking Factor Without Line Loss</b>	
I. Sum of (A + B + H)	0.010119
<b>Total Tracking Factor Adjusted for Line Loss</b>	
J. Line Loss - 2009	0.04385
<b>Total Tracker (I / (1-J))</b>	<b>0.010583</b>

**Tracking Factors**

Hoosier Rate Increase	0.012275
Hoosier Tracker	(0.002250)
Gross Receipts	0.000094
<b>Total</b>	<b>0.010119</b>
Line Loss - 2009	0.043850
<b>Total Tracker with Line Loss Adj.</b>	<b>0.010583</b>

Harrison REMC  
 Power Tracker Increase  
 Due to Hoosier Rate Increase

Harrison REMC - Tracker Calculation for 2nd Quarter 2010  
 Billing Data for Test Year - 12 Months Ending 12/31/2009  
 (Avg. Winter CP for March - Actual CP for April, May)

Standard	Energy MWh		Energy Total	Demand		
	On-Peak	Off-Peak		Billed NCP	CP	Billed CP
Jan-09	10,374	43,885	54,259	133,987	129,280	129,280
Feb-09	8,894	34,188	43,092	124,471	120,253	120,253
Mar-09	-	37,332	37,332	110,476	106,027	115,357
Apr-09	-	32,668	32,668	82,114	72,485	72,485
May-09	-	31,101	31,101	71,998	57,454	57,454
Jun-09	14,850	24,244	39,094	96,114	92,422	92,422
Jul-09	14,855	22,402	37,058	86,407	77,698	77,698
Aug-09	14,582	25,543	40,124	97,876	88,837	88,837
Sep-09	-	32,129	32,129	72,421	65,644	66,319
Oct-09	-	32,184	32,184	73,783	65,820	66,319
Nov-08	-	34,672	34,672	78,604	73,219	66,319
Dec-08	10,033	40,446	50,479	104,483	96,537	96,538
<b>Total - Std.</b>	<b>73,388</b>	<b>390,803</b>	<b>464,190</b>	<b>1,132,834</b>	<b>1,045,676</b>	<b>1,109,281</b>

Current Tariffs				Totals	
Energy	Demand Charge	2009 Tariffs		2009 Tariffs	
\$0.03357	\$6.67	\$3.46	\$1.27		
MWh	Prod.	Trans	Subs		
\$ 1,821,465	\$ 862,298	\$ 463,595	\$ 170,163	\$ 3,317,521	
\$ 1,446,598	\$ 802,088	\$ 430,870	\$ 158,078	\$ 2,837,434	
\$ 1,253,228	\$ 707,199	\$ 362,247	\$ 140,305	\$ 2,462,978	
\$ 1,096,662	\$ 463,475	\$ 264,114	\$ 104,285	\$ 1,968,538	
\$ 1,044,057	\$ 383,218	\$ 249,113	\$ 91,437	\$ 1,767,828	
\$ 1,312,387	\$ 618,454	\$ 332,554	\$ 122,065	\$ 2,383,460	
\$ 1,243,881	\$ 518,244	\$ 298,968	\$ 109,737	\$ 2,170,931	
\$ 1,346,978	\$ 592,543	\$ 338,997	\$ 124,430	\$ 2,402,947	
\$ 1,078,507	\$ 437,847	\$ 250,577	\$ 91,975	\$ 1,858,966	
\$ 1,080,418	\$ 439,019	\$ 255,289	\$ 93,704	\$ 1,868,431	
\$ 1,163,953	\$ 468,371	\$ 271,970	\$ 99,827	\$ 2,024,121	
\$ 1,094,568	\$ 643,902	\$ 361,511	\$ 132,693	\$ 2,832,674	
\$ 15,562,863	\$ 6,974,657	\$ 3,919,606	\$ 1,438,699	\$ 27,915,825	
Average Cost Standard Rate				\$ 0.071432	

April 1, 2010 Tariffs				Totals		Difference in Charges
Energy Charge	Demand Charge	April 2010 Tariff		April 2010 Tariff		
\$0.065	\$0.034	9.85	\$6.80	\$3.56	\$1.80	
On-Peak	Off-Peak	Summer	Winter	Trans	Subs	
\$2,168,384	\$ 879,104	\$ 462,822	\$ 241,177	\$ 3,749,487		\$ 431,965.47
\$1,740,850	\$ 817,720	\$ 430,506	\$ 224,048	\$ 3,213,124		\$ 375,690.04
\$1,269,281	\$ 784,429	\$ 379,576	\$ 198,857	\$ 2,632,142		\$ 149,163.71
\$1,110,709	\$ 492,898	\$ 259,496	\$ 147,805	\$ 2,010,909		\$ 42,372.54
\$1,057,430	\$ 390,687	\$ 205,685	\$ 129,596	\$ 1,783,369		\$ 15,573.58
\$1,789,553	\$ 910,355	\$ 330,870	\$ 173,005	\$ 3,203,784		\$ 820,324.32
\$1,714,213	\$ 765,323	\$ 278,158	\$ 155,533	\$ 2,913,227		\$ 742,296.08
\$1,816,263	\$ 875,044	\$ 318,036	\$ 176,357	\$ 3,185,701		\$ 782,753.29
\$1,092,383	\$ 650,241	\$ 235,007	\$ 130,358	\$ 2,307,968		\$ 449,022.13
\$1,094,257	\$ 650,241	\$ 235,636	\$ 132,809	\$ 2,312,943		\$ 444,512.19
\$1,178,862	\$ 650,241	\$ 262,124	\$ 141,487	\$ 2,432,715		\$ 408,593.76
\$2,027,293	\$ 656,461	\$ 345,602	\$ 188,069	\$ 3,217,426		\$ 384,752.04
\$ 18,057,478	\$ 9,122,746	\$ 3,743,519	\$ 2,039,101	\$ 32,962,845		\$ 5,047,019.15
Average Cost Standard Rate				\$ 0.084347		

IPT Comparison	Energy	Actual KW	Billed KW
Caesars	37,882	61,846	62,720
Daramic	13,562	23,997	24,132
Icon	8,320	18,571	18,571
Wal-Mart	4,758	7,819	7,819
<b>Total - IPT</b>	<b>64,551</b>	<b>112,033</b>	<b>113,243</b>

on-P MWH	off-P MWH	Average Cost Special Rates
\$ 0.0650	\$ 0.0340	\$ 0.049588
\$ 1,834,291	\$ 1,439,117	\$ 3,200,966
\$ 562,600	\$ 684,904	\$ 1,033,974
\$ 225,156	\$ 272,214	\$ 72,951
\$ 173,267	\$ 209,481	\$ 1,033,974
\$ 159,727	\$ 209,481	\$ 2,455,498
\$ 72,951	\$ 88,198	\$ 2,455,498

on-P MWH	off-P MWH	Average Cost Special Rates
\$ 0.0650	\$ 0.0340	\$ 0.057478
\$ 1,834,291	\$ 1,439,117	\$ 3,200,966
\$ 562,600	\$ 684,904	\$ 1,254,797
\$ 225,156	\$ 272,214	\$ 72,951
\$ 173,267	\$ 209,481	\$ 1,254,797
\$ 159,727	\$ 209,481	\$ 2,455,498
\$ 72,951	\$ 88,198	\$ 2,455,498

TOTAL 528,742

Total Wholesale Cost \$ 31,116,792  
 Total Avg. Cost/KWH \$ 0.058851

Total Wholesale Cost \$ 36,673,141  
 Total Avg. Cost/KWH \$ 0.069359

Difference in Avg. Cost UPC \$ 0.010509  
 Total \$ 0.01275

UPC Adder \*

Standard	Energy MWh		Demand			
	On-Peak	Off-Peak	mWh	Billed NCP	CP	Billed CP
Apr-09	-	32,668	32,668	82,114	72,485	72,485
May-09	-	31,101	31,101	71,998	57,454	57,454
Jun-09	14,850	24,244	39,094	96,114	92,422	92,422
<b>Total</b>	<b>14,850</b>	<b>88,013</b>	<b>102,863</b>	<b>250,226</b>	<b>222,361</b>	<b>222,361</b>

IPT Energy (MWh)	April	May	June	Total mWh
	Caesars	2,963	3,123	3,316
Daramic	1,033	693	853	2,579
Icon	692	479	613	1,784
Wal-Mart	385	410	432	1,227
<b>Total - IPT</b>	<b>5,063</b>	<b>4,705</b>	<b>5,214</b>	<b>14,982</b>

Total April, May, June (standard and IPT)		117,846
Total April & May (standard and IPT)		73,537
Total April & May (standard CP)		129,939
Rate		\$0.002
Dollars April & May		\$147,074
		\$61,071.33

Total UPC \$208,145  
 UPC per kwh \$0.001766

\* Unrecovered Power Cost (UPC) - This charge (started in 2007) was in Hoosiers base rates until April 1, 2010. Starting in April, Hoosier will list the charge as a separate line on their billing statement. The charge is to go away sometime in May 2010. The REMC will have a credit for refund for UPC with its July 2010 filing. In the figures above, the UPC charge is included in the calculations under "Current Tariffs" but was not included in the calculations under "April 1, 2010 Tariffs". Thus a UPC "adder" was calculated and used.

**Hoosier Energy REC, Inc.**  
**POWER COST TRACKER**  
**Effective April 1, 2010 - June 30, 2010**  
**(\$ in thousands)**

	<u>Environmental Compliance Costs</u>	<u>MISO Transmission Costs</u>	<u>Variable Production Costs</u>	<u>Total Projected Costs</u>	<u>Energy Sales (MWh)</u>	<u>Projected Costs per MWh</u>
April - December 2010	\$ 3,241	\$ 10,060	\$ 152,723	\$ 166,023	4,967,066	\$ 33.42
January - March 2011	\$ 903	\$ 4,379	\$ 67,048	\$ 72,330	1,892,865	\$ 38.21
<b>Total</b>	<b>\$ 4,144</b>	<b>\$ 14,439</b>	<b>\$ 219,770</b>	<b>\$ 238,353</b>	<b>6,859,931</b>	
Projected Cost per MWh	\$ 0.60	\$ 2.10	\$ 32.04	\$ 34.75		
Base Cost per MWh	\$ 0.97	\$ 1.93	\$ 33.15	\$ 36.05		
Power Cost Tracker before reconciliation adjustment per MWh	\$ (0.37)	\$ 0.17	\$ (1.11)	\$ (1.30)		
Reconciliation Adjustment per MWh				\$ (1.65)		
Power Cost Tracker before defeased lease transaction				\$ (2.95)		
Dedicated to defeased lease transaction				\$ 0.70		
Power Cost Tracker per MWh to be billed April 1, 2010 - June 30, 2010				\$ (2.25)		

*Environmental Compliance Costs* include fixed operations, maintenance and capital costs for environmental assets placed in service and under construction (interest only for CWIP) 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 purchased 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.

	<b>Purchased Kwh</b>	<b>Sold Kwh</b>	<b>Office Kwh</b>	<b>Line Loss</b>
<b>2008</b>	556,984,111	536,781,328	464,805	0.035437
<b>2007</b>	562,839,708	545,294,083	469,131	0.030340
<b>2006</b>	525,779,634	511,364,473	403,162	0.026650
<b>2005</b>	549,929,055	528,261,866	442,318	0.038596
<b>2004</b>	550,022,911	525,943,726	442,489	0.042974
<b>Total</b>	<b>2,745,555,419</b>	<b>2,647,645,476</b>	<b>2,221,905</b>	<b>0.034852</b>

	<b>Purchased Kwh</b>	<b>Sold Kwh</b>	<b>Office Kwh</b>	<b>Line Loss</b>
<b>2009</b>	528,741,583	505,153,530	403,044	<b>0.043849*</b>

\* We are using our 2009 line loss of .043849 in our calculations because it is a much better indicator of what our actual line loss will be than our five year historical average. Our five year average line loss is artificially low due to our system-wide AMI project that began in 2005 and was complete in 2008. As we transitioned from customer-read accounts to AMI-read accounts during the project, our line loss was lower than usual because we were selling more kWh's in an effort to move the account to their optimum read date.

The figures above show that our post-AMI 2009 line loss of .043849 is very similar to our pre-AMI 2004 line loss of .042974. Those two years are more representative of our typical system line loss than years 2005-2008 during the AMI project.

RESOLUTION NO. - 2010

WHEREAS, the Board of Directors of Hoosier Energy Rural Electric Cooperative, Inc. ("Hoosier") adopted Resolutions 38-2006, 46-2006 and 11-2009 concerning determination and payment of unrecovered power costs (UPC); and

WHEREAS, Hoosier has developed an option for member payment of UPC costs to address consumer equity concerns raised by some members that could be offered as an alternative to the UPC payment plan created by the above Resolutions, and can be made available beginning April 1, 2010 with implementation of new wholesale tariffs; and

WHEREAS, the Finance and Audit Committee has reviewed the new option and recommends it to the Board.

NOW THEREFORE BE IT RESOLVED that effective April 1, 2010 members shall be offered two UPC cost repayment options as follows:

- 
1. Option 1 continues current UPC charges as established in Resolutions 38-2006 and 46-2006 and affirmed in Resolution 11-2009.
  2. Option 2 authorizes Hoosier to:
    - A. Allocate a selecting member's UPC cost between two consumer classes including (1) Special Tariff accounts that include consumers served under the wholesale Industrial Power Tariff (IPT), Economic Development Rate (EDR) tariffs and Interruptible tariffs, and (2) Standard Tariff accounts that include all other consumers. UPC costs will be allocated based upon the proportion of total energy sales to each class from January 1, 2005 through March 31, 2006. The initial UPC balance allocated to each member system shall be multiplied by the resulting percentage for each class to determine the dollar value of UPC costs attributable to each class. If the allocation to a class exceeds the total UPC balance due from a member as of March 31,

2010, future collections from that class shall be limited to the total UPC balance due.

B. Beginning April 1, 2010, for each selecting member, Hoosier shall implement UPC charges of \$3.00 per MWH for all consumers other than Grain Processing Corporation (GPC) included as Special Tariff accounts. Revenues shall be applied to the Special Tariff accounts UPC balance defined above. UPC charges for Special Tariff accounts shall be eliminated upon full recovery of the UPC balance allocated to the Special Tariff class.

\*  
HARRISON  
SELECTED  
OPTION

C. Beginning April 1, 2010, for each selecting member, Hoosier shall implement UPC charges to members of \$2.00 per MWH and \$0.47 per kW on coincident peak (CP) demand of the production component within the Standard Wholesale Tariff for all consumers served under the Standard Wholesale Tariff. Revenues from these charges shall be applied to the Standard Tariff accounts UPC balance as defined above. UPC charges for Standard Tariff accounts shall be eliminated upon full recovery of the UPC balance allocated to the class.

D. Should the Power Cost Tracker (PCT) generate a credit, for each selecting member, the PCT shall be effectively adjusted to zero for each consumer class with an outstanding UPC balance and resulting revenues applied to UPC balance allocated to the class. PCT credits shall not be retained if the UPC allocation assigned to a class has been fully recovered.

3. By February 28, 2010, each member with an outstanding UPC balance shall inform Hoosier in writing or via e-mail of its choice of Option 1 or Option 2 for payment of UPC balances beginning April 1, 2010. Option 1 shall be assigned to members that do not provide notification. Members may not change their selected option after February 28.

**BE IT FURTHER RESOLVED that current requirements that UPC charges and credits appear on all member power bills until all outstanding UPC balances are repaid are rescinded. UPC charges shall appear on member power bills only until the member has repaid its UPC allocation.**

**BE IT FURTHER RESOLVED that the President and Chief Executive Officer is hereby authorized and directed to implement the UPC changes described herein and seek all required regulatory approvals.**

## NOTICE

Notice is hereby given that on February 24, 2010, Harrison Rural Electric Membership Corporation will file before the Indiana Utility Regulatory Commission (IURC) a request for approval of the application of the Wholesale Power Cost Tracking procedures established by the Indiana Utility Regulatory Commission in Cause No. 34614.

This request is being made by reason of a change in Hoosier Energy, Inc.'s wholesale rates to its member Rural Electric Membership Corporations (REMC). This change in rates will be passed through to its member systems' retail rates via the wholesale power cost tracking procedure.

This action will result in an increase in the wholesale power cost tracker included in the rates charged by Harrison REMC and will affect the consumers of Harrison REMC receiving service pursuant to the schedule of tariffs set forth in Appendix A on file at the IURC. The increase is expected to be \$0.000971 per kWh (\$0.97 per 1,000 kWh).

This filing is expected to be approved by the IURC by April 15, 2010. If approved, the change would take effect for bills to be rendered beginning with the May 2010 billing cycles.

Any objections to this filing should be in written form and directed to either the Indiana Utility Regulatory Commission (IURC), ATTN: Brenda Howe, 101 W. Washington Street, Suite 1500E, Indianapolis, IN 46204 or the Indiana Office of Utility Consumer Counselor, National City Center, 115 W. Washington St., Suite 1500 South, Indianapolis, IN 46204.