

# Harrison REMC

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

December 22, 2011

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 January usage in 2012 will be \$-0.002150 per kWh. Also enclosed are calculations showing that Hoosier Energy's April 1, 2010 and October 1, 2011 wholesale rate increases will increase the Harrison REMC power bill by \$0.019046. Additionally, the Hoosier tracker and wholesale increase will increase the REMC's gross receipts tax (exhibit A) by \$.000190 per kWh.

The combination of Hoosier's tracker, wholesale rate increases, and the gross receipts tax adjustment will result in a power cost tracker of \$0.017086 ( $\$-0.002150 + \$0.019046 + \$0.000190$ ). Incorporating line losses of approximately 4.83% (2010 line loss), Harrison REMC's corresponding charge to members is \$0.017953.

Hoosier will begin billing the revised Power Cost Tracker with February 1, 2012 member bills, for consumption beginning January 1, 2012. 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-----\$0.017953 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: December 22, 2011

Name of Utility Harrison REMC  
Consumption Months January - March 2012  
Billing Months February – April 2012  
Supplier Hoosier Energy

(1) Fuel Cost Charge	(See Exhibit A)	<u>\$0.017086</u>
(2) Deduct Base Cost of Fuel		<u>\$0.000000</u>
(3) Difference		<u>\$0.017086</u>
(4) One minus decimal fraction of average line loss for last 5 calendar years		<u>0.951707</u>
(5) Fuel Cost Factor #3 divided by #4		<u>\$0.017953 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 \_\_\_\_\_

Received On: December 22, 2011  
 IURC 30-Day Filing No: 2944  
 Indiana Utility Regulatory Commission

**Exhibit A**

**Computation of Tracking Factors**

<b>Hoosier Rate Increase Factor</b>		
A.	April 2010 and October 2011 Hoosier Wholesale Rate Increase	\$0.019046
<b>Hoosier Tracker Factor</b>		
B.	January 1, 2012 - March 31, 2012 Power Cost Tracker	(0.002150)
<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)	\$ 0.013561
E.	Metered Kwh Purchases - 12 Months ending October 2011	553,213,076
F.	Increased purchased power cost for Receipts taxes (D X E)	7,502,123
G.	Increase in Utility Receipts Taxes @ 1.4% (F X 1.4%)	\$ 105,030
H.	Total Gross Receipts Tracking Factor: (G / E)	0.000190
<b>Total Tracking Factor Without Line Loss</b>		
I.	Sum of (A + B + H)	0.017086
<b>Total Tracking Factor Adjusted for Line Loss</b>		
J.	Line Loss - 2010	0.048293
<b>Sub Total Tracker (I / (1-J))</b>		<b>0.017953</b>

**Tracking Factors**

Hoosier Rate Increase	0.019046
Hoosier Tracker	(0.002150)
Gross Receipts	0.000190
<b>Total</b>	<b>0.017086</b>
Line Loss - 2010	0.048293
<b>Total Tracker</b>	<b>0.017953</b>



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Hoosier Energy REC, Inc.  
 POWER COST TRACKER  
 Effective January 1, 2012 - March 31, 2012  
 (\$ in thousands)

	Environmental Compliance Costs	MISO Transmission Costs	Variable Production Costs	Total Projected Costs	Energy Sales (MWh)	Projected Costs per MWh
January - December 2012	\$ 7,639	\$ 15,673	\$ 255,261	\$ 278,583	7,012,054	\$ 39.73
<b>Total</b>	<b>\$ 7,639</b>	<b>\$ 15,673</b>	<b>\$ 255,261</b>	<b>\$ 278,583</b>	<b>7,012,054</b>	
Projected Cost per MWh	\$ 1.09	\$ 2.24	\$ 36.40	\$ 39.73		
Base Cost per MWh	\$ 1.37	\$ 2.37	\$ 37.34	\$ 41.08		
Power Cost Tracker before reconciliation adjustment per MWh	\$ (0.28)	\$ (0.13)	\$ (0.94)	\$ (1.35)		
Reconciliation Adjustment per MWh				\$ (0.80)		
Power Cost Tracker before defeased lease transaction				\$ (2.15)		
Dedicated to defeased lease transaction				\$ -		
Power Cost Tracker per MWh to be billed January 1, 2012 - March 31, 2012				<b>\$ (2.15)</b>		

*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>2009</b>	528,741,583	505,153,530	403,044	0.043849
<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>Total</b>	<b>2,724,274,091</b>	<b>2,626,855,280</b>	<b>2,182,460</b>	<b>0.034958</b>

	<b>Purchased Kwh</b>	<b>Sold Kwh</b>	<b>Office Kwh</b>	<b>Line Loss</b>
<b>2010</b>	570,540,313	542,565,573	421,443	<b>0.048293</b>

\* We are using our 2010 line loss of .048293 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.

## NOTICE

Notice is hereby given that on December 5, 2011; 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 \$0.000872 per kWh (\$0.87 per 1,000 kWh).

This filing is expected to be approved by the IURC by January 11, 2012. If approved, the change would take effect for bills to be rendered beginning with the February 2012 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.



**AFFIDAVIT OF PUBLICATION AND MAILING**

I, Shannon Smith, an employee of **Print Communications Inc.**, the printer of the *Electric Consumer*, a trade publication of the members of the Harrison Rural Electric Membership Corporation (known as REMC), being duly sworn upon my oath say that on the 30<sup>th</sup> day of November, 2011, a certain notice, a copy of which is marked "Exhibit A" attached hereto and made a part hereof as though fully set out herein, was published as a part of the *Electric Consumer* and mailed by ordinary United States mail to all those members of said REMC as certified by Harrison REMC, as members on said date.

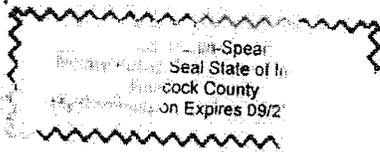
Further, attached as "Exhibit B" is a copy of the publication that contained the notice as set out in "Exhibit A" and as mailed to those members whose names were certified by the REMC as members of the record of the REMC.

A handwritten signature in black ink, appearing to read "Shannon M. Smith", written over a horizontal line.

Shannon M. Smith  
Print Communications, Inc.  
Indianapolis, Indiana

SS:  
County of Marion

Before me the undersigned, a Notary Public for Hancock County, State of Indiana, personally appeared Shannon Smith and acknowledged the execution of this instrument this 30<sup>th</sup> day of NOV., 2011.

A handwritten signature in black ink, appearing to read "Lisa Martin", written over a horizontal line.  
NOTARY PUBLIC

(SEAL)

My Commission expires: 9/22/2017

Received On: December 22, 2011  
IURC 30-Day Filing No: 2944  
Indiana Utility Regulatory Commission

### Residential and Farm Service Rate

EXAMPLE FOR 1,000 KWHS

Basic service charge.....	\$20.00
First 750 kwhs @ 0.100031/kwh*.....	75.02
Over 750 kwhs @ 0.084311/kwh*.....	21.08
SUB-TOTAL.....	\$116.10
Indiana sales tax (7%).....	8.13
<b>TOTAL BILL.....</b>	<b>\$124.23</b>

\*\$ 0.017081 of each line represents wholesale power cost adjustments since January 2010. (Power Cost Tracker)

## TRACKER NOTICE

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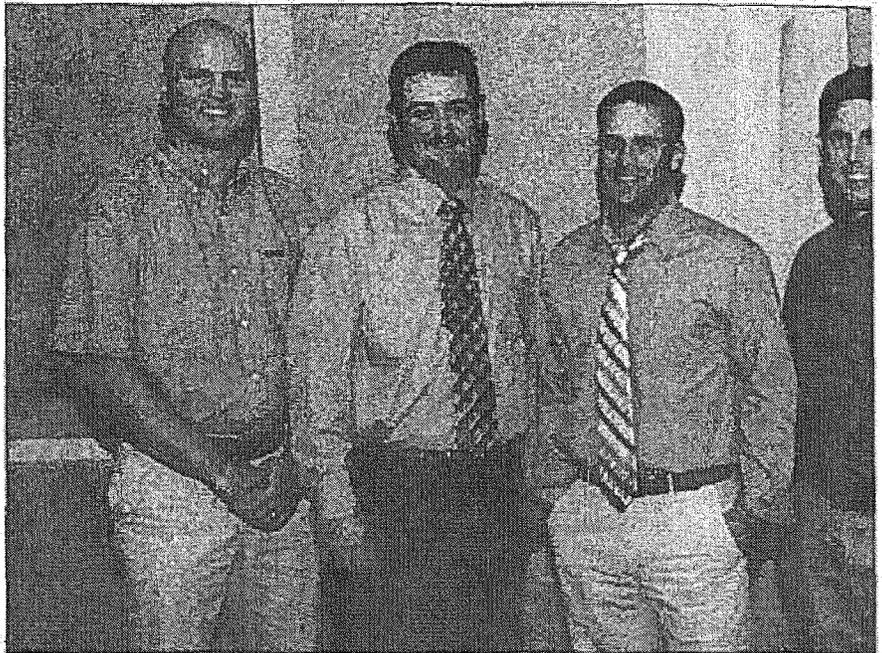
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## E-BILLING

Save time, money and paper with Harrison REMC's paperless billing. Once enrolled, you will automatically receive an e-mail each month telling you the balance due and due date. You can click on the link to view a copy of your bill and pay online with a credit card or electronic check. The eBill will replace your paper bill and will be sent to you at the same time of the month that you normally receive your paper bill.

EXHIBIT 17

# Four graduate from apprentice 1



Harrison REMC recently had four individuals graduate from the electrical apprenticeship program. Graduates not in the line department complete classroom training to gain understanding of the distribution system. The graduates working in the line department complete four years of classroom training, along with 8,000 hours of on-the-job training. All employees are qualified to work on all aspects of a high voltage electric distribution system. Graduates, from left to right, are Jon Wernert, Brandon Gentry, Garret Keller and

## NOMINATION

*continued from page 9K*

ships in Harrison County, part of Webster Township in Harrison County west of State Road 337, and the area of Harrison Township in Harrison County served by the Dogwood Substation east of State Road 135.

Each year the board of directors, by Aug. 1 shall review the districts and, if determining that they shall be altered so as to correct any substantially inequitable factors regarding the residence of members, or the geographic location of districts, and/or the number of directors to be elected from or with respect to such districts accordingly, in which event all districts as so changed shall be notified in writing precisely to the members by Oct. 1, (Prior to the date on which the Committee on Nominations for such meeting shall first convene). After such notice, these bylaws shall have been effectively amended accordingly; provided, that no such change shall be so effectuated by the board as to compel the vacancy of any director's office prior to the time such director's term would normally expire unless such director consents thereto in writing.

### SECTION 4.06

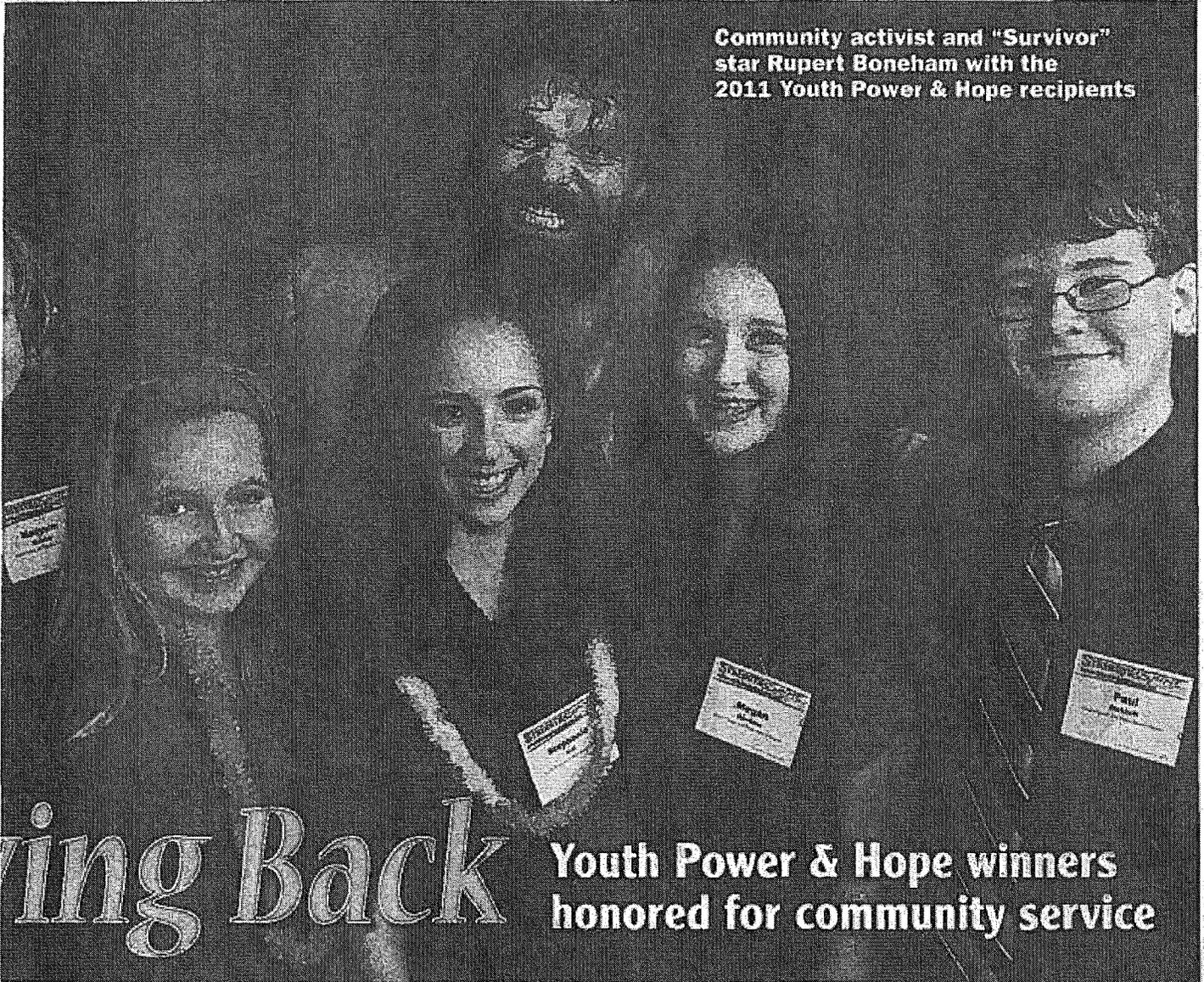
**Nominations.** It shall be the duty of the board of directors to appoint, no sooner than Nov. 15, and no later than Dec. 5, a Committee on Nominations, consisting of not less than five nor more than nine members of the cooperative who are not existing cooperative employees, agents, officers, directors or known candidates for director, who are not close relatives (as hereinafter defined) or members of the same household of such existing employees, agents, officers, directors or known candidates for director, and who are so selected that each of the cooperative's directorate districts shall have representation thereon

an election is scheduled and w  
didate should send their name  
Harrison County REMC Nomin  
Corporate Attorney, P.O. Box 5  
47112, by Jan. 20. The commit  
post at the principal office of th  
10 a list of nominations for di  
listing separately the nominee(s)  
district from or with respect to  
pursuant to this article, be elec  
The committee may include a  
any director to be elected from  
director district as it deems c  
or more members of the cooper  
may make additional nominat  
their signatures, on a form pre  
by the board of directors, listin  
like manner, not less than 75 d  
ing, and the secretary shall pos  
the same place where the list of  
the committee is posted. The Pe  
form and Verifying Affidavit sh  
to any member who requests i  
mail to the members by March  
prior to the meeting) a stateme  
nominee(s) for each directorat  
one or more directors must be el  
those nominated by the Comm  
nated by petition, if any. The n  
names may be sent to members  
names in the REMC newsletter/  
names in the annual meeting i  
names on the member's electri  
ing the provisions contained in  
to comply with any of such pro

# Electric Consumer

December 2011

Community activist and "Survivor" star Rupert Boneham with the 2011 Youth Power & Hope recipients



## Coming Back

Youth Power & Hope winners honored for community service



Let your holiday spirit twinkle and

### Co-opNews ... 7-10

2012 is 'Year of Cooperatives'  
How we build a better world ... 7

Letting us 'reason together'  
Lee Hamilton emphasizes civility ... 3

Red & Green  
Recipes use colors of Christmas ... 12

Let the sun shine in