



HOOSIERENERGY

RURAL ELECTRIC COOPERATIVE, INC.

Summer 2012

Presentation to

Indiana Utility Regulatory Commission

May 30, 2012

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Background

- **Membership**

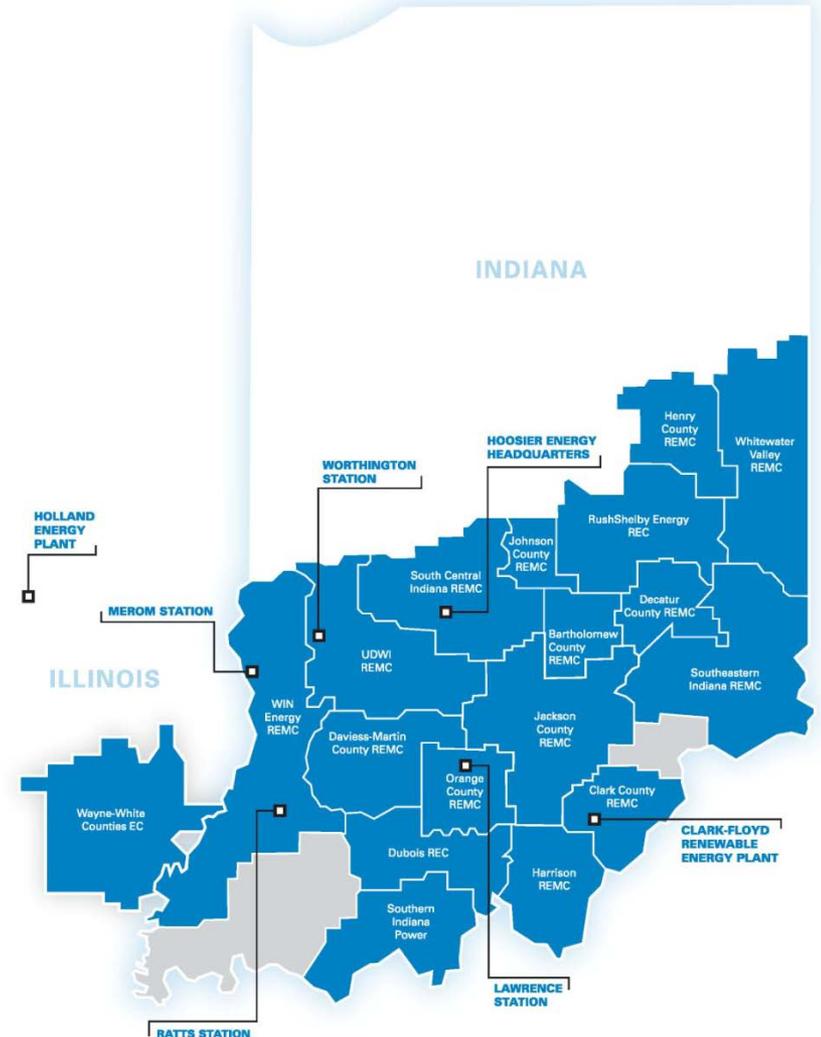
- 18 member cooperatives
- ~300,000 retail customers
- 7.1 million MWh sales

- **Generation**

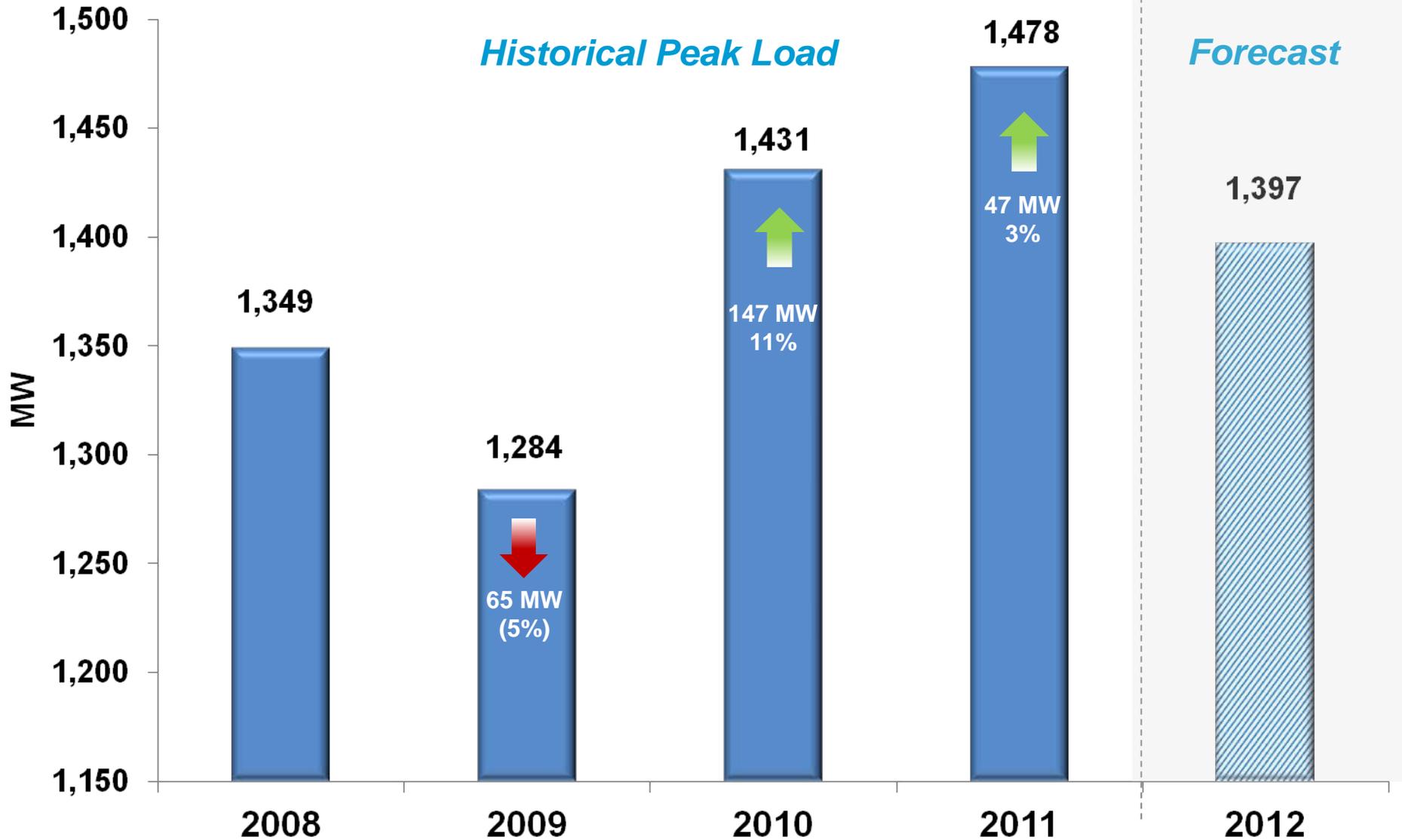
- 1,950 MW of capacity
- 8.4 million MWh

- **Transmission**

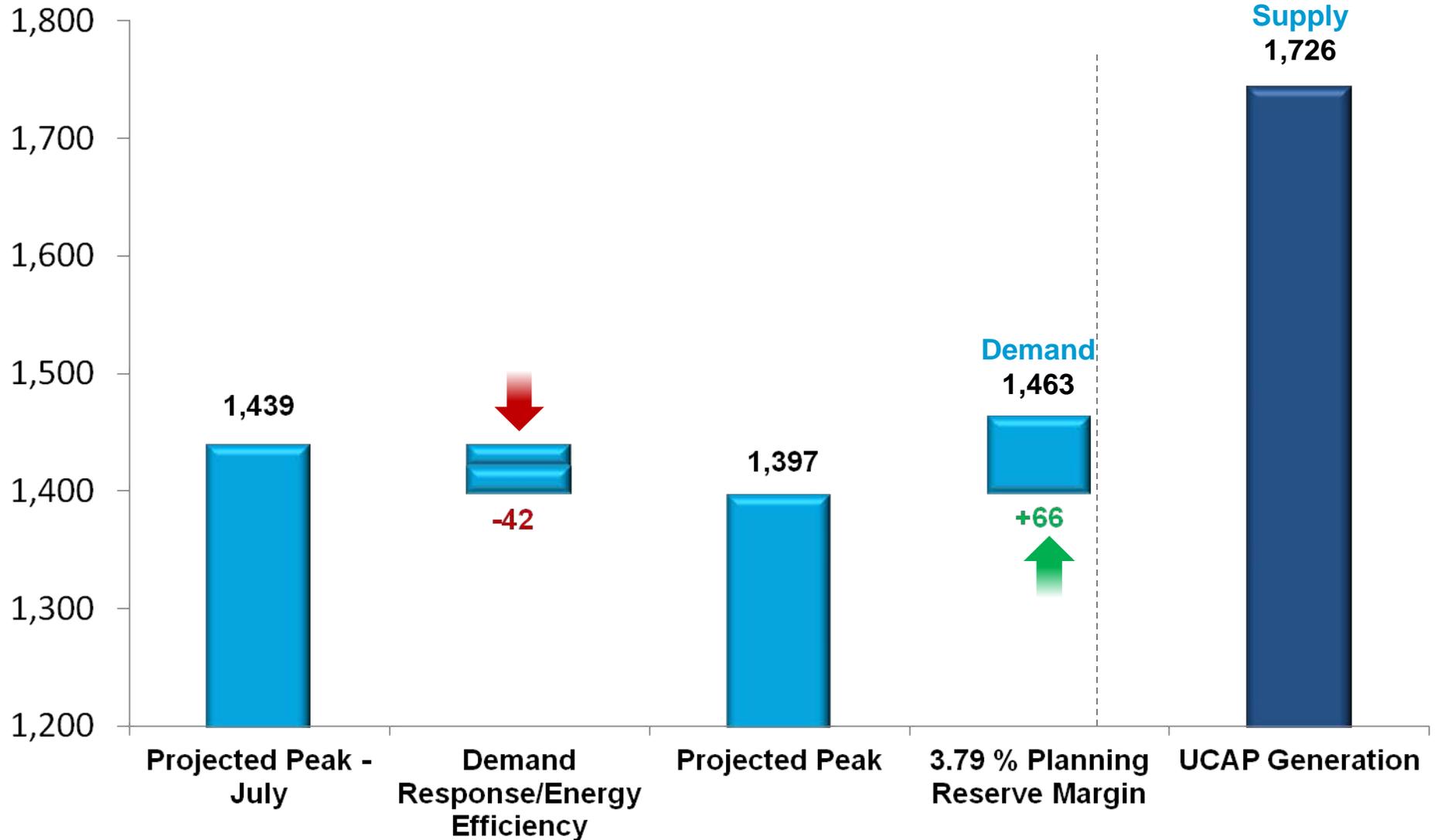
- 1,700 miles of transmission
- Member of Midwest ISO



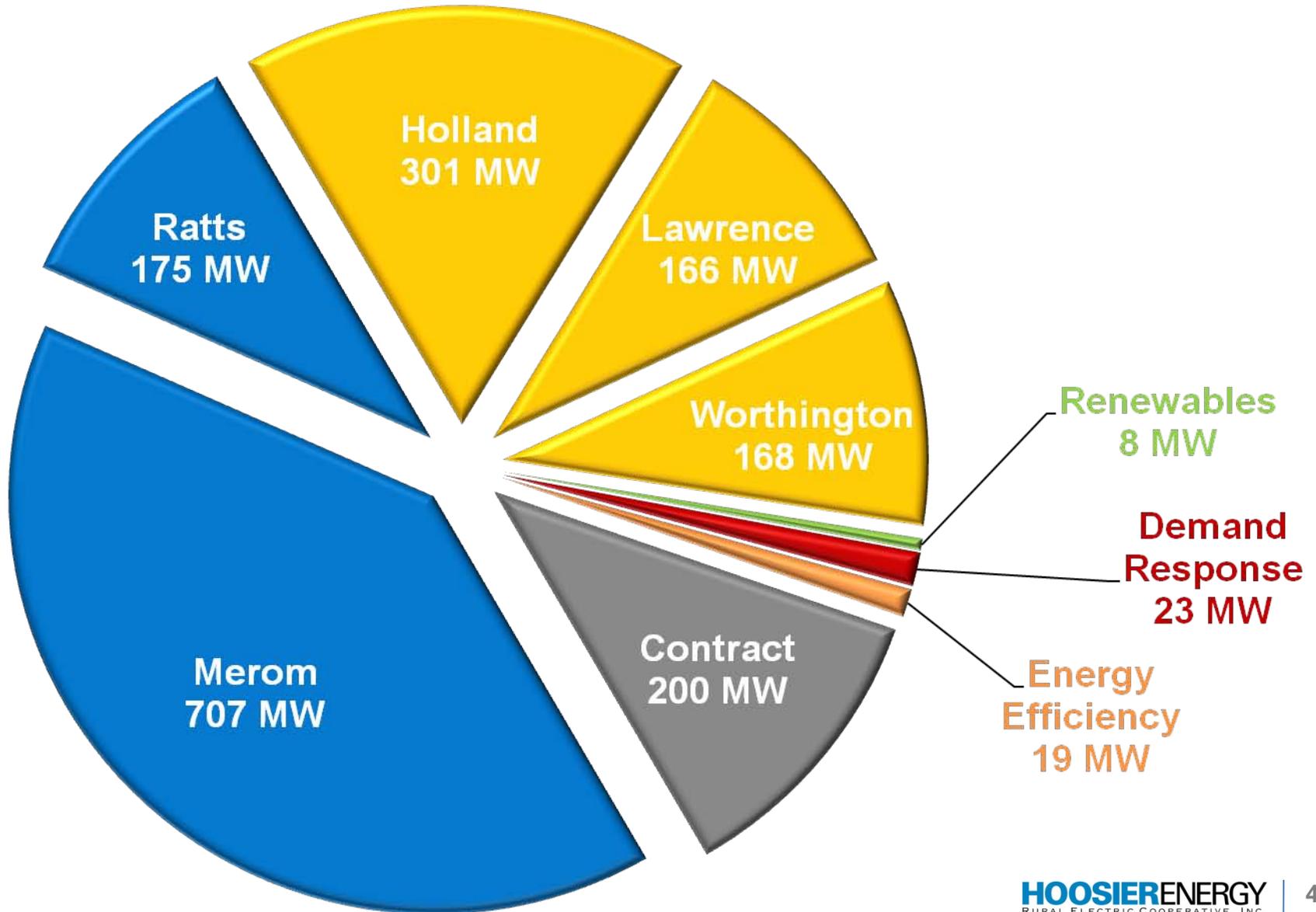
Summer 2012 Peak Forecast



Summer 2012 Supply / Demand Outlook



Unforced Capacity, Summer 2012



Demand Response and Energy Efficiency Programs

<u>Program</u>	<u>Installed</u>	<u>2012</u>
Residential Lighting Program (CFLs)	1.2 million	250,000
Appliance Recycling (units)	2,690	1,500
Energy Efficient Heating and Cooling (rebates)	14,656	6,610
Residential Weatherization (homes)	2,438	800
Touchstone Energy Home Program	171	70
Commercial & Industrial Energy Efficiency	120	60
Demand Response – AC and WH control	9,367	8,500

New Programs

Opower Pilot Program (consumers)	34,000
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- compares electric usage versus “average”

Fuel Supply

Coal

- No supply difficulties
- Summer 2012 requirements are fully hedged
- Inventory strategies to manage length

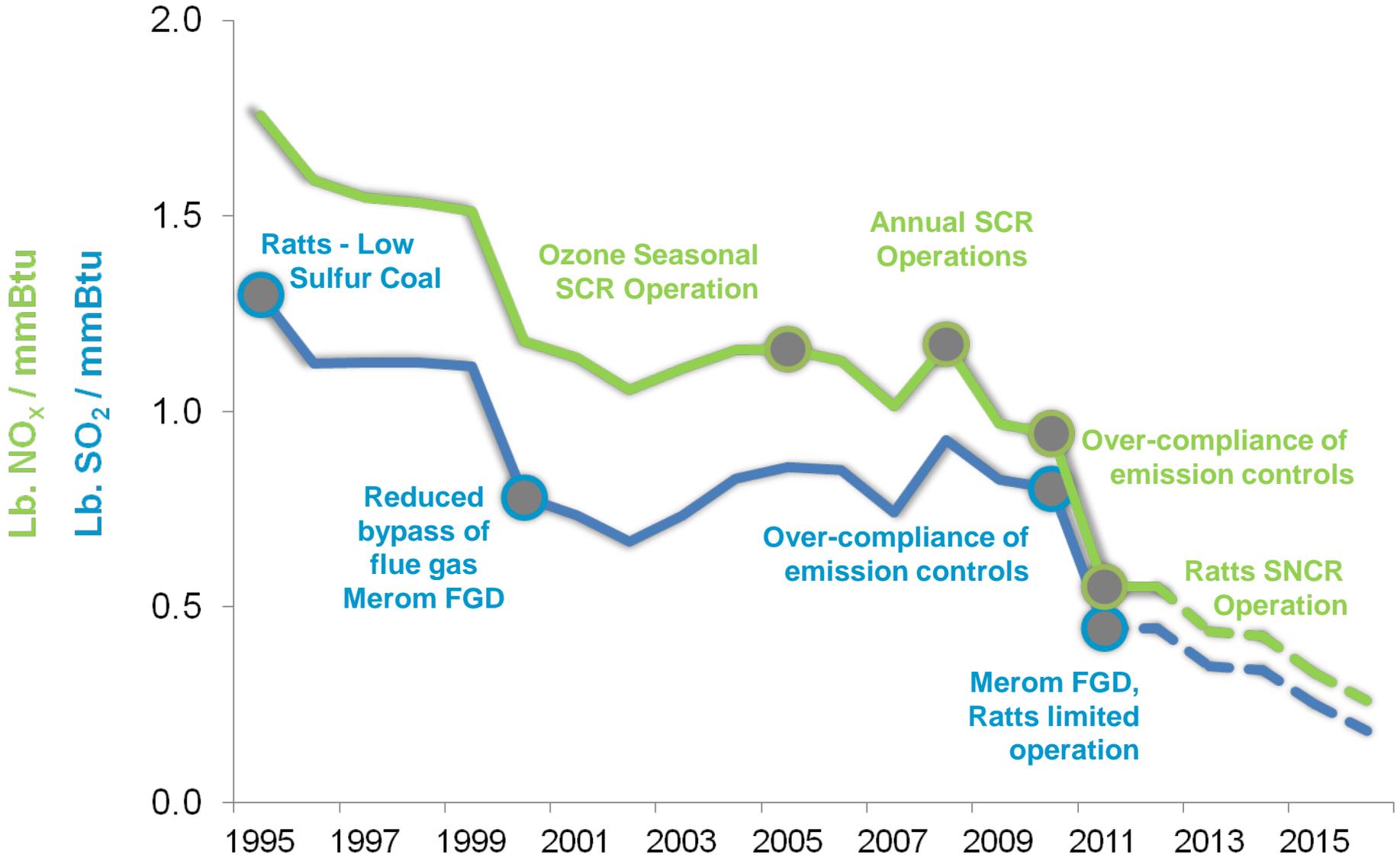


Natural Gas

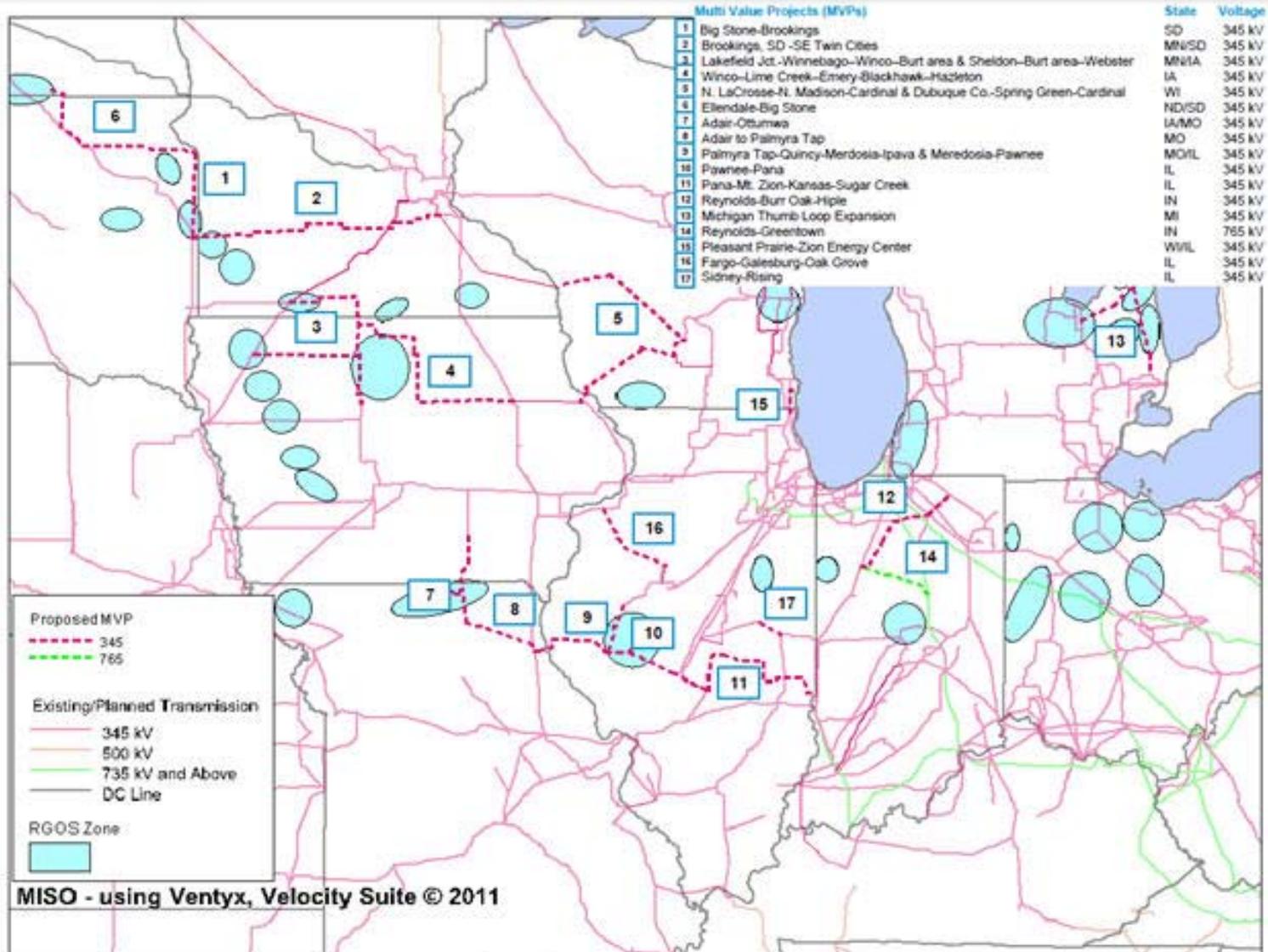
- Hedge 80% of member requirements
- Decreasing prices lead to increasing member requirements
- Portion of transportation service is firm



Environmental Performance



MVP Portfolio



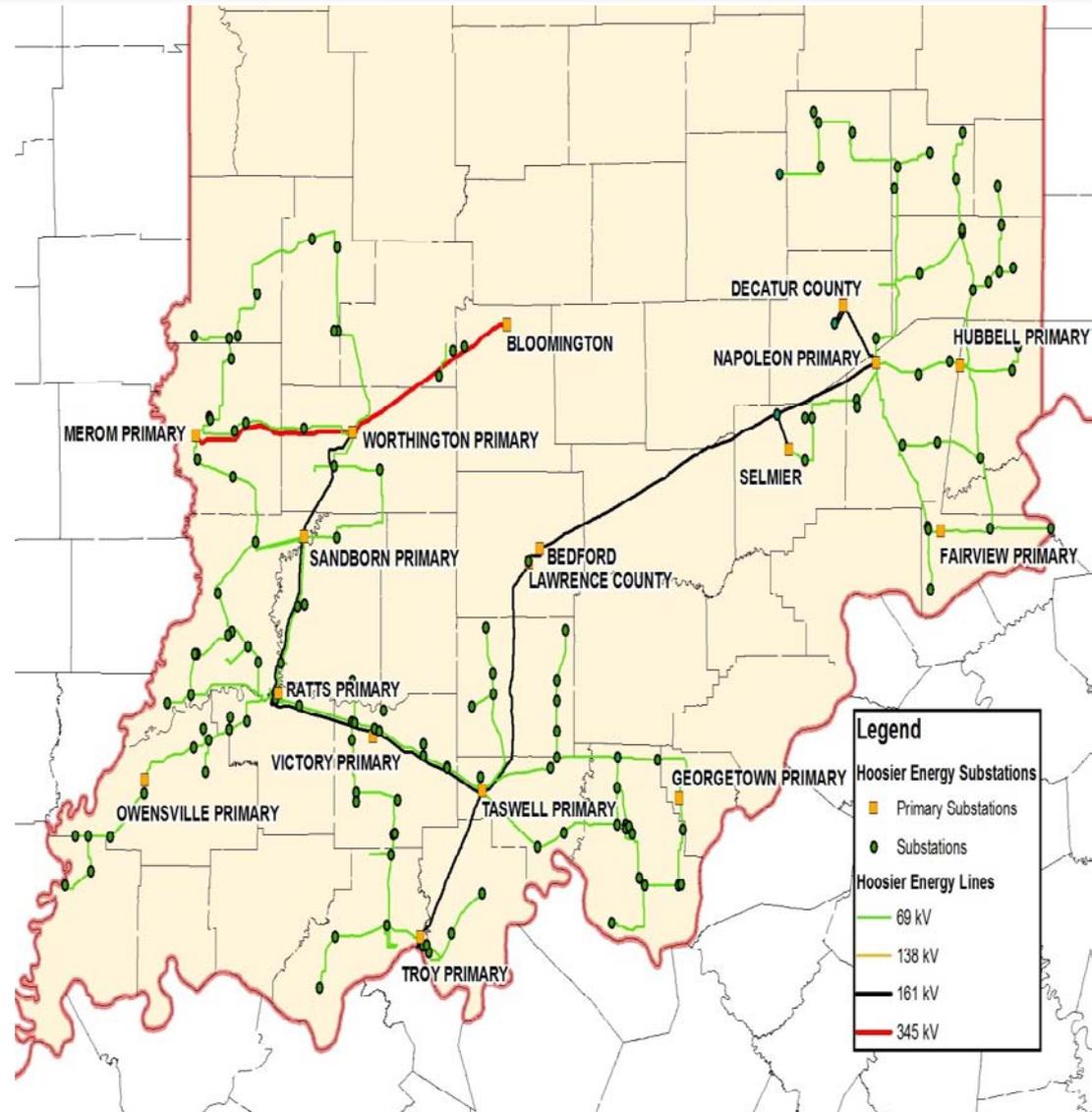
Multi-Value Projects Update

- Summary of MISO MVPs
 - \$5.2 - \$5.6 billion proposed investment
 - Primarily for wind generation in western portion of MISO
 - Allocate 100% postage stamp
- In late October 2011, Hoosier appealed FERC's decision regarding allocation of MVPs
- Randomly assigned to 7th Circuit Court in Chicago
 - Timeline: Briefing begins later in 2012; decision mid-2013
- Hoosier's arguments (shared by others)
 - Potential to shift considerable costs w/o benefits or need
 - Do not use a portfolio approach but rather provide specific criteria to include each project
 - Calculate cost/benefit for individual transmission owner

Transmission & Distribution

Hoosier Energy Transmission System

- Miles of Line
 - 69 kV 1,331 miles
 - 138 kV & 161 kV 295 miles
 - 345 kV 63 miles
- 366 delivery points



Capacitor Addition Projects

- Improve voltage profiles across the entire transmission system
- Provide voltage support for increasing reliability during contingencies
- 337 MVAR of capacitance presently installed on the transmission system
- 108 MVAR of capacitance additions are part of the current construction work plan

Equipment Upgrades

- Gas circuit breakers at the transmission level:
 - 98 total on 69kV
 - 72 total on 138kV & 161kV
 - 12 total on 230kV & 345kV
- 25 Member 12.5kV voltage breakers replaced:
 - High maintenance costs
 - Reliability considerations
- Three 138kV ground switches replacement with circuit-switchers
- Numerous relays and controls

Power Delivery: LiDAR Project

2011

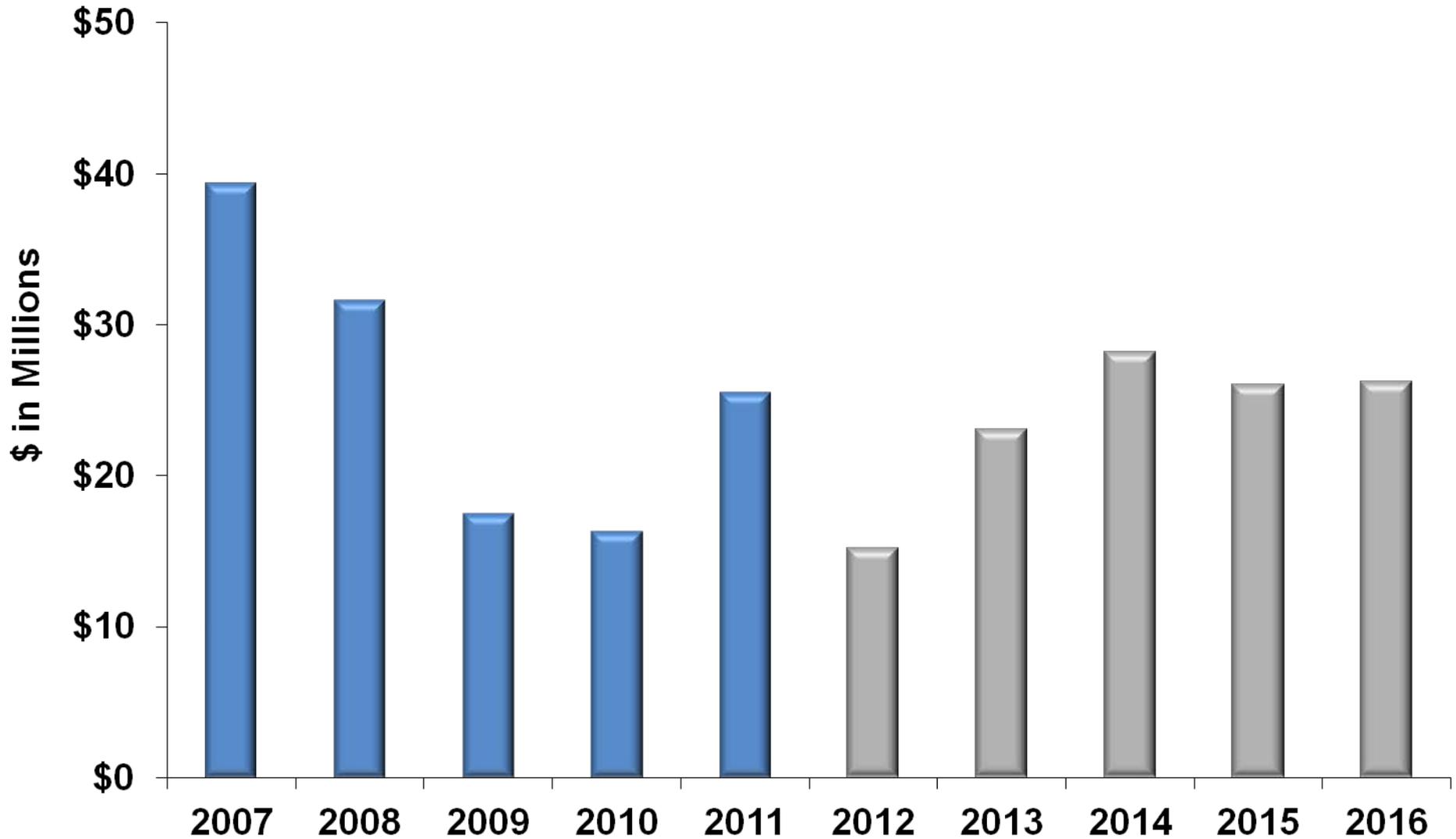
- Began LiDAR Review of Transmission Line Clearances
 - Flew entire 328 miles of 138kV, 161kV, and 345kV lines
 - Started assessment/modifications of 52 miles of 161kV lines

2012

- LiDAR Review of Transmission Line Clearances
 - Planned assessment of 60 miles of 345kV lines in spring of 2012 during Merom outage
 - Planned assessment of 170 miles of 138kV and 161kV lines in the rest of the year, finishing final 46 miles in 2013



Power Delivery Capital Projects



Total Reliability Investment

Investment timing	Total Costs	Costs/Year
Future (next 5 years)	\$57,500,000	\$11,500,000

Reliability Investment Breakdown

Replacement Reliability Projects	Total Costs	Costs/Year
Future (next 5 years)	\$17,250,000	\$3,500,000

New Reliability Projects	Total Costs	Costs/Year
Future (next 5 years)	\$17,250,000	\$3,500,000

Primary Station Projects	Total Costs	Costs/Year
Future (next 5 years)	\$23,000,000	\$4,500,000

Henryville Substation Rebuild

On March 2, 2012, a tornado severely damaged the Henryville substation

- New transformer
- Two new regulators
- New Breaker
- Repair to high side switch
- Repair to 69kV tap line

Tornado Damage



Rebuild



Questions?
