

Harrison REMC

Your Touchstone Energy[®]
Cooperative 

June 15, 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 July usage in 2010 will be \$-0.00216 per kWh. Also enclosed are calculations showing that Hoosier Energy's April 1, 2010 wholesale rate increase will increase the Harrison REMC power bill by \$0.011408. Additionally, the Hoosier tracker and wholesale increase will increase the REMC's gross receipts tax (exhibit A) by \$.000083 per kWh.

The combination of Hoosier's tracker, wholesale rate increase, and the gross receipts tax adjustment will result in a power cost tracker of \$.009331 ($\$-0.00216 + \$0.011408 + .000083$). Incorporating line losses of approximately 4.39% (2009 line loss), Harrison REMC's corresponding charge to members is \$.009759.

Hoosier will begin billing the revised Power Cost Tracker with August 1, 2010 member bills, for consumption beginning July 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-----\$.009759 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: June 15, 2010

Name of Utility Harrison REMC
Consumption Months July - September 2010
Billing Months August - October 2010
Supplier Hoosier Energy

(1) Fuel Cost Charge	(See Exhibit A)	<u>\$0.009331</u>
(2) Deduct Base Cost of Fuel		<u>\$0.000000</u>
(3) Difference		<u>\$0.009331</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>\$0.009759 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

	Hoosier Rate Increase Factor	
A.	July 2010 Hoosier Wholesale Rate Increase	0.011408
	Hoosier Tracker Factor	
B.	July 2010 - Sep. 2010 Power Cost Tracker	(0.002160)
	Utility Receipts Tax Tracking Factor	
C.	2008 - Average Tracker for test year of last distribution rate increase	0.003335
D.	Total Additional Tracker Dollars (A + B - C)	\$ 0.005913
E.	Metered Kwh Purchases - 12 Months ending March 2010	538,628,657
F.	Increased purchased power cost for Receipts taxes (D X E)	3,184,911
G.	Increase in Utility Receipts Taxes @ 1.4% (F X 1.4%)	\$ 44,589
H.	Total Gross Receipts Tracking Factor: (G / E)	0.000083
	Total Tracking Factor Without Line Loss	
I.	Sum of (A + B + H)	0.009331
	Total Tracking Factor Adjusted for Line Loss	
J.	Line Loss - 2009	0.04385
	Total Tracker (I / (1-J))	0.009759

Tracking Factors

Hoosier Rate Increase	0.011408
Hoosier Tracker	(0.002160)
Gross Receipts	0.000083
Total	0.009331
Line Loss - 2009	0.043850
Total Tracker with Line Loss Adj.	0.009759

**Power Tracker Increase
Due to Hoosier Rate Increase**

**Harrison REMC - Tracker Calculation for 3rd Quarter 2010
Billing Data for Test Year - 12 Months Ending 3/31/2010
(Avg. Winter CP for March - Actual CP for April, May)**

Standard	Energy MWH						Current Tariffs				April 1, 2010 Tariffs						Difference in Charges Standard Rates
	On-Peak		Off-Peak		Total		Energy		Demand Charge		Energy Charge		Demand Charge		Totals		
	On-Peak	Off-Peak	Total	Billed NCP	CP	Billed CP	\$0.03357 MWh	\$6.67 Prod	\$3.46 Trans	\$1.27 Subs	\$0.065 On-Peak	\$0.034 Off-Peak	9.85 Summer	\$6.80 Winter	\$3.58 Trans	\$1.80 Subs	
Jan-10	10,225	46,279	56,504	116,162	111,490	111,490	\$ 1,896,824	\$ 743,638	\$ 401,921	\$ 147,526	\$ 3,189,908	\$ 2,238,089	\$ 758,132	\$ 399,134	\$ 209,092	\$ 3,604,447	\$ 414,538.38
Feb-10	9,933	39,183	49,116	110,726	107,516	107,516	\$ 1,648,835	\$ 717,132	\$ 383,112	\$ 140,622	\$ 2,889,700	\$ 1,977,876	\$ 731,109	\$ 384,907	\$ 199,307	\$ 3,293,199	\$ 403,498.95
Mar-10	-	38,111	38,111	95,230	88,682	105,181	\$ 1,279,393	\$ 591,509	\$ 329,496	\$ 120,942	\$ 2,321,339	\$ 1,295,780	\$ 715,231	\$ 317,482	\$ 171,414	\$ 2,499,907	\$ 178,567.33
Apr-09	-	32,668	32,668	82,114	72,485	105,181	\$ 1,096,662	\$ 483,475	\$ 284,114	\$ 104,285	\$ 1,968,536	\$ 1,110,709	\$ 715,231	\$ 259,496	\$ 147,905	\$ 2,233,242	\$ 264,705.34
May-09	-	31,101	31,101	71,998	57,454	105,181	\$ 1,044,057	\$ 383,218	\$ 249,113	\$ 91,437	\$ 1,767,826	\$ 1,057,430	\$ 715,231	\$ 205,685	\$ 129,596	\$ 2,107,943	\$ 340,117.18
Jun-09	14,850	24,244	39,094	96,114	92,422	92,422	\$ 1,312,387	\$ 616,454	\$ 332,554	\$ 122,065	\$ 2,383,460	\$ 1,789,553	\$ 910,355	\$ 330,870	\$ 173,005	\$ 3,203,784	\$ 820,324.32
Jul-09	14,655	22,402	37,056	86,407	77,698	77,698	\$ 1,243,981	\$ 518,244	\$ 298,968	\$ 109,737	\$ 2,170,931	\$ 1,714,213	\$ 765,323	\$ 278,158	\$ 155,533	\$ 2,913,227	\$ 742,296.08
Aug-09	14,582	25,543	40,124	97,976	88,837	88,837	\$ 1,346,978	\$ 592,543	\$ 338,997	\$ 124,430	\$ 2,402,947	\$ 1,816,263	\$ 875,044	\$ 318,036	\$ 176,357	\$ 3,185,701	\$ 782,753.29
Sep-09	-	32,129	32,129	72,421	65,644	86,319	\$ 1,078,567	\$ 437,847	\$ 250,577	\$ 91,975	\$ 1,858,966	\$ 1,092,383	\$ 850,241	\$ 235,007	\$ 130,358	\$ 2,307,988	\$ 449,022.13
Oct-09	-	32,184	32,184	73,783	65,820	86,319	\$ 1,080,418	\$ 439,019	\$ 255,289	\$ 93,704	\$ 1,868,431	\$ 1,094,257	\$ 850,241	\$ 235,636	\$ 132,809	\$ 2,312,943	\$ 444,512.19
Nov-09	-	34,672	34,672	78,604	73,219	86,319	\$ 1,163,953	\$ 488,371	\$ 271,970	\$ 99,827	\$ 2,024,121	\$ 1,178,862	\$ 850,241	\$ 262,124	\$ 141,487	\$ 2,432,715	\$ 408,593.76
Dec-09	10,033	40,446	50,479	104,483	96,537	96,537	\$ 1,694,568	\$ 643,902	\$ 361,511	\$ 132,693	\$ 2,832,674	\$ 2,027,293	\$ 656,452	\$ 345,602	\$ 188,069	\$ 3,217,416	\$ 384,742.24
Total - Std.	74,277	398,961	473,239	1,066,018	997,804	1,148,999	\$ 15,886,623	\$ 6,655,352	\$ 3,757,622	\$ 1,379,243	\$ 27,678,840	\$ 18,392,710	\$ 9,392,831	\$ 3,572,138	\$ 1,954,832	\$ 33,312,511	\$ 5,633,671.18
											Average Cost Standard Rate (old)	\$ 0.069377				Average Cost Standard Rate (new)	\$ 0.083498

Dates	D-I-W Billed Demand	Horseshoe Billed Demand	MWH's			Total Wholesale Cost	Total Special rates	Total Wholesale Cost	Total Special rates	Difference in Total Cost								
			Total On-Peak Energy	Total Off-Peak Energy	Total Special Energy						Total Wholesale Cost	Total Special rates						
Jan-10	4,582	5,040	998.67	4,874.56	5,873	\$ 197,164.54	\$ 42,750.06	\$ 45,208.80	\$ 285,123.40	\$ 3,475,031.76	\$ 230,649	\$ 55,036.80	\$ 51,684.96	\$ 337,370.67	\$ 3,941,817.41	\$ 466,785.65		
Feb-10	4,560	4,966	1,005.68	4,405.91	5,412	\$ 181,667.00	\$ 42,544.80	\$ 44,545.02	\$ 268,756.82	\$ 3,158,457.11	\$ 215,170	\$ 54,228.72	\$ 51,436.80	\$ 330,835.46	\$ 3,614,034.70	\$ 455,577.59		
Mar-10	4,505	4,918	-	5,878.11	5,878	\$ 197,328.17	\$ 42,031.65	\$ 44,114.46	\$ 283,474.28	\$ 2,604,813.67	\$ 199,856	\$ 53,704.56	\$ 50,816.40	\$ 304,376.72	\$ 2,804,283.43	\$ 199,469.77		
Apr-09	4,511	4,993	-	5,063.16	5,063	\$ 169,970.14	\$ 42,083.38	\$ 44,783.10	\$ 256,836.62	\$ 2,225,372.91	\$ 172,147	\$ 54,518.56	\$ 50,878.94	\$ 277,544.79	\$ 2,510,786.42	\$ 285,413.51		
May-09	3,898	5,372	-	4,705.10	4,705	\$ 157,950.07	\$ 36,367.97	\$ 48,182.95	\$ 242,500.99	\$ 2,010,326.68	\$ 159,973	\$ 58,657.50	\$ 43,968.99	\$ 262,599.75	\$ 2,370,542.64	\$ 360,215.95		
Jun-09	3,855	5,954	1,733.75	3,480.42	5,214	\$ 175,039.49	\$ 35,965.28	\$ 53,411.10	\$ 264,415.87	\$ 2,647,875.84	\$ 231,028	\$ 65,022.21	\$ 43,482.14	\$ 339,532.14	\$ 3,543,316.42	\$ 895,440.58		
Jul-09	4,106	5,728	1,877.61	3,646.32	5,524	\$ 185,438.23	\$ 38,306.74	\$ 51,383.56	\$ 275,128.53	\$ 2,446,059.16	\$ 246,019	\$ 62,553.90	\$ 46,312.97	\$ 354,886.19	\$ 3,268,112.91	\$ 822,053.74		
Aug-09	4,123	5,787	1,766.87	4,111.52	5,878	\$ 197,337.70	\$ 38,469.08	\$ 51,907.25	\$ 287,714.04	\$ 2,690,661.48	\$ 254,638	\$ 63,191.44	\$ 46,509.24	\$ 364,339.06	\$ 3,550,039.79	\$ 859,378.31		
Sep-09	3,942	5,099	-	5,365.65	5,366	\$ 180,124.83	\$ 36,783.34	\$ 45,735.38	\$ 262,643.55	\$ 2,121,609.71	\$ 182,432	\$ 55,677.86	\$ 44,471.17	\$ 282,581.09	\$ 2,590,569.38	\$ 468,959.67		
Oct-09	3,873	4,843	-	5,398.94	5,399	\$ 181,242.26	\$ 36,131.73	\$ 43,440.70	\$ 260,814.69	\$ 2,129,245.68	\$ 183,564	\$ 52,884.33	\$ 43,683.38	\$ 280,131.51	\$ 2,593,074.69	\$ 463,829.01		
Nov-09	4,494	4,809	-	5,342.72	5,343	\$ 179,354.96	\$ 41,925.68	\$ 43,135.78	\$ 264,416.42	\$ 2,288,537.21	\$ 181,652	\$ 52,513.12	\$ 50,688.28	\$ 284,853.73	\$ 2,717,568.28	\$ 429,031.07		
Dec-09	4,512	4,872	1,072.13	4,662.92	5,735	\$ 192,525.58	\$ 42,092.30	\$ 43,701.84	\$ 278,319.72	\$ 3,110,993.68	\$ 228,228	\$ 53,202.24	\$ 50,889.72	\$ 332,319.66	\$ 3,549,735.86	\$ 438,742.18		
	50,959	62,380	8,455	56,935	65,390	\$ 2,195,142.97	\$ 475,470.31	\$ 559,549.93	\$ 3,230,144.92	\$ 30,908,985	\$ 2,485,357	\$ 681,191.22	\$ 574,823.01	\$ 3,741,370.77	\$ 37,053,881.94	\$ 6,144,897.04		
			Combined Total Energy	538,629			Average Cost Special Rates (old)	\$ 0.04940		Average Cost Special Rates (new)	\$ 0.057216				Average Cost Total Old Rates	\$ 0.067385	Average Cost Total New Rates	\$ 0.068793

Difference in Avg. Cost \$ 0.011408

Total **\$ 0.011408**

Hoosier Energy REG, Inc.

POWER COST TRACKER
Effective July 1, 2010 - September 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>
July - December 2010	\$ 1,939	\$ 7,276	\$ 103,112	\$ 112,327	3,495,517	\$ 32.13
January - June 2011	\$ 1,939	\$ 7,962	\$ 126,694	\$ 136,596	3,444,327	\$ 39.66
Total	\$ 3,879	\$ 15,238	\$ 229,807	\$ 248,923	6,939,844	
Projected Cost per MWh	\$ 0.56	\$ 2.20	\$ 33.11	\$ 35.87		
Base Cost per MWh	\$ 0.97	\$ 1.93	\$ 33.15	\$ 36.05		
Power Cost Tracker before reconciliation adjustment per MWh	\$ (0.41)	\$ 0.27	\$ (0.04)	\$ (0.18)		
Reconciliation Adjustment per MWh				\$ (2.67)		
Power Cost Tracker before defeased lease transaction				\$ (2.86)		
Dedicated to defeased lease transaction				\$ 0.70		
Power Cost Tracker per MWh to be billed July 1, 2010 - September 30, 2010				\$ (2.16)		

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.

	Purchased Kwh	Sold Kwh	Office Kwh	Line Loss
2008	556,984,111	536,781,328	464,805	0.035437
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
Total	2,745,555,419	2,647,645,476	2,221,905	0.034852

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

* 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.

NOTICE

Notice is hereby given that on June 15, 2010, Harrison Rural Electric Membership Corporation filed 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 a decrease 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 decrease is expected to be \$0.000824 per kWh (\$0.82 per 1,000 kWh).

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