

# Harrison REMC

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

December 21, 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 January usage in 2011 will be \$0.001340 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 \$0.012133. Additionally, the Hoosier tracker and wholesale increase will increase the REMC's gross receipts tax (exhibit A) by \$0.000142 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 \$0.013615 (\$0.001340 + \$0.012133 + \$0.000142). Incorporating line losses of approximately 4.39% (2009 line loss), Harrison REMC's corresponding charge to members is \$0.014239.

Hoosier will begin billing the revised Power Cost Tracker with February 1, 2011 member bills, for consumption beginning January 1, 2011. 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

Appendix FC

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

Date: December 21, 2010

Name of Utility Harrison REMC  
Consumption Months January - March 2011  
Billing Months February - April 2011  
Supplier Hoosier Energy

(1) Fuel Cost Charge	(See Exhibit A)	<u>\$0.013615</u>
(2) Deduct Base Cost of Fuel		<u>\$0.000000</u>
(3) Difference		<u>\$0.013615</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>\$0.014239 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 \_\_\_\_\_

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-----\$.0.014239 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.

**Exhibit A**

**Computation of Tracking Factors**

	<b>Hoosier Rate Increase Factor</b>		<b>0.012133</b>
<b>A.</b>	April 2010 Hoosier Wholesale Rate Increase		
	<b>Hoosier Tracker Factor</b>		<b>0.001340</b>
<b>B.</b>	Jan. 2011 - March. 2011 Power Cost Tracker		
	<b>Utility Receipts Tax Tracking Factor</b>		<b>0.003335</b>
<b>C.</b>	2008 - Average Tracker for test year of last distribution rate increase		
<b>D.</b>	Total Additional Tracker Dollars (A + B - C)	\$	0.010138
<b>E.</b>	Metered Kwh Purchases - 12 Months ending November 2010		565,002,114
<b>F.</b>	Increased purchased power cost for Receipts taxes (D X E)		5,727,991
<b>G.</b>	Increase in Utility Receipts Taxes @ 1.4% (F X 1.4%)	\$	80,192
<b>H.</b>	Total Gross Receipts Tracking Factor: (G / E)		<b>0.000142</b>
	<b>Total Tracking Factor Without Line Loss</b>		<b>0.013615</b>
<b>I.</b>	Sum of (A + B + H)		
	<b>Total Tracking Factor Adjusted for Line Loss</b>		<b>0.04385</b>
<b>J.</b>	Line Loss - 2009		
	<b>Total Tracker (I / (1-J))</b>		<b>0.014239</b>

**Tracking Factors**

Hoosier Rate Increase	0.012133
Hoosier Tracker	0.001340
Gross Receipts	0.000142
<b>Total</b>	<b>0.013615</b>
Line Loss - 2009	0.043850
<b>Total Tracker with Line Loss Adj.</b>	<b>0.014239</b>



Hoosier Energy REC, Inc.  
 POWER COST TRACKER  
 Effective January 1, 2011 - March 31, 2011  
 (\$ in thousands)

	Environmental Compliance Costs	MISO Transmission Costs	Variable Production Costs	Total Projected Costs	Energy Sales (MWh)	Projected Costs per MWh
January - December 2011	\$ 4,212	\$ 15,036	\$ 256,485	\$ 275,733	7,125,871	\$ 38.69
<b>Total</b>	<b>\$ 4,212</b>	<b>\$ 15,036</b>	<b>\$ 256,485</b>	<b>\$ 275,733</b>	<b>7,125,871</b>	
Projected Cost per MWh	\$ 0.59	\$ 2.11	\$ 35.99	\$ 38.69		
Base Cost per MWh	\$ 0.97	\$ 1.93	\$ 33.15	\$ 36.05		
Power Cost Tracker before reconciliation adjustment per MWh	\$ (0.38)	\$ 0.18	\$ 2.84	\$ 2.64		
Reconciliation Adjustment per MWh				\$ (2.00)		
Power Cost Tracker per MWh				\$ 0.64		
Credit to be applied to unrecovered power costs as of December 31, 2006						
Power Cost Tracker before defeased lease transaction				\$ 0.64		

\*Includes actual results through 6/30/06.  
 2006 forecasts are based on 7/10/06 APM model.  
 2007 & 2008 forecasts based on APM 7/10/06 model for years 2007 - 2010.

Dedicated to defeased lease transaction

Power Cost Tracker per MWh to be billed January 1, 2011 - March 31, 2011

*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
<b>Total</b>	<b>2,745,555,419</b>	<b>2,647,645,476</b>	<b>2,221,905</b>	<b>0.034852</b>

	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 December 21, 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 \$0.001472 per kWh (\$1.47 per 1,000 kWh).

This filing is expected to be approved by the IURC by January 23, 2011. If approved, the change would take effect for bills to be rendered beginning with the February 2011 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.