

Harrison REMC

Your Touchstone Energy[®]
Cooperative 

March 18, 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 beginning with April 2011 usage will be \$0.002340 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 \$0.012199. Additionally, the Hoosier tracker and wholesale increase will increase the REMC's gross receipts tax (exhibit A) by \$0.000157 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 \$0.014696 ($\$0.002340 + \$0.012199 + \0.000157). Incorporating line losses of approximately 4.83% (2010 line loss) results in a power cost tracker of \$0.015442.

Also enclosed is the Appendix A that the Commission approved on February 9, 2011 for \$0.014239. This adjustment was approved for March and April 2011 billings but not February 2011 billings because 30 days had not elapsed from the date the public notice was published and the Commission's ruling date. Adding this unrecovered February 2011 tracker adjustment of \$0.000632 (exhibit B) to Harrison REMC's tracker above (\$0.015442) results in Harrison REMC's charge to our members of \$0.016074.

Hoosier will begin billing the revised Power Cost Tracker with May 1, 2011 member bills, for consumption beginning April 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
- Exhibit – B
- 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-----\$.016074 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: March 18, 2011

Name of Utility Harrison REMC
Consumption Months April - June 2011
Billing Months May - July 2011
Supplier Hoosier Energy

(1) Fuel Cost Charge	(See Exhibit A)	<u>\$0.014696</u>
(2) Deduct Base Cost of Fuel		<u>\$0.000000</u>
(3) Difference		<u>\$0.014696</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>\$0.015442 per kWh</u>	
(6) Feb. 2011 Unrecovered Fuel Cost Factor (Exhibit B)		<u>\$0.000632</u>
(7) Final Fuel Cost Factor #5 plus #6	<u>\$0.016074 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. April 2010 Hoosier Wholesale Rate Increase		0.012199
Hoosier Tracker Factor		
B. April 2011 - June 2011 Power Cost Tracker		0.002340
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)	\$	0.011204
E. Metered Kwh Purchases - 12 Months ending January 2011		569,057,995
F. Increased purchased power cost for Receipts taxes (D X E)		6,375,726
G. Increase in Utility Receipts Taxes @ 1.4% (F X 1.4%)	\$	89,260
H. Total Gross Receipts Tracking Factor (G / E)		0.000157
Total Tracking Factor Without Line Loss		
I. Sum of (A + B + H)		0.014696
Total Tracking Factor Adjusted for Line Loss		
J. Line Loss - 2010		0.048293
K. Subtotal Q2 Tracker (I / (1-J))		0.015442
L. February 2011 Unrecovered Tracker Factor (Exhibit B)		0.000632
Total Tracker (K+L)		0.016074

Tracking Factors

Hoosier Rate Increase	0.012199
Hoosier Tracker	0.002340
Gross Receipts	0.000157
Total	0.014696
Line Loss - 2009	0.048293
Total Tracker with Line Loss Adj.	0.015442
February 2011 Unrecovered Tracker Factor	0.000632
Total Tracker Including Feb. 2011 Unrecovered Tracker Factor	0.016074

Harrison REMC
 Tracker Calculations
 Compare Old Rates vs. April 2010 Rates

Harrison REMC - Tracker Calculation for 1st Quarter 2011
 Billing Data for 1st, 2nd, 3rd, 4th, 5th, 6th, 7th, 8th, 9th, 10th, 11th, 12th Months Ending 3/31/2011
 (Avg. Winter CP for March, April, May)

Dates	Energy MWh		Demand Charge		Current Tariffs		April 1, 2010 Tariffs		Totals		Difference in Charges	
	Energy	Demand	Energy	Demand	Energy	Demand	Energy	Demand	Energy	Demand	Energy	Demand
Jan-11	10,440	44,511	54,951	101,284	38,677	33,448	50,034	9,850	66,900	33,558	1,150	3,444,593
Feb-10	9,933	39,183	49,118	110,726	37,675	32,617	51,103	9,850	66,900	33,558	1,150	3,444,593
Mar-10	9,933	39,183	49,118	110,726	37,675	32,617	51,103	9,850	66,900	33,558	1,150	3,444,593
Apr-10	9,933	39,183	49,118	110,726	37,675	32,617	51,103	9,850	66,900	33,558	1,150	3,444,593
May-10	9,933	39,183	49,118	110,726	37,675	32,617	51,103	9,850	66,900	33,558	1,150	3,444,593
Jun-10	9,933	39,183	49,118	110,726	37,675	32,617	51,103	9,850	66,900	33,558	1,150	3,444,593
Jul-10	9,933	39,183	49,118	110,726	37,675	32,617	51,103	9,850	66,900	33,558	1,150	3,444,593
Aug-10	9,933	39,183	49,118	110,726	37,675	32,617	51,103	9,850	66,900	33,558	1,150	3,444,593
Sep-10	9,933	39,183	49,118	110,726	37,675	32,617	51,103	9,850	66,900	33,558	1,150	3,444,593
Oct-10	9,933	39,183	49,118	110,726	37,675	32,617	51,103	9,850	66,900	33,558	1,150	3,444,593
Nov-10	9,933	39,183	49,118	110,726	37,675	32,617	51,103	9,850	66,900	33,558	1,150	3,444,593
Dec-10	9,933	39,183	49,118	110,726	37,675	32,617	51,103	9,850	66,900	33,558	1,150	3,444,593
Total	100,000	400,000	500,000	1,000,000	386,775	334,448	500,337	98,500	669,000	335,558	11,500	34,445,930
Energy Cost: \$0.00357 Demand Charge: \$3.48 Total Wholesale Cost: \$1,150 Total Wholesale Cost (April 2010 Rates): \$1,150 Difference: \$0.00 Average Cost (Standard): \$0.00357 Average Cost (Special Rates): \$0.00357												

Total Wholesale Cost (April 2010 Rates)
 Total Wholesale Cost (Prior to April 2010 Rates)
 Difference
 Average Cost - Total annual energy
 MWh's

D-I-W
 Dynamic, ICON and Walmet

3/18/2011

Hoosier Energy REC, Inc.
 POWER COST TRACKER
 Effective April 1, 2011 - June 30, 2011
 (\$ in thousands)

	Environmental Compliance Costs	MISO Transmission Costs	Variable Production Costs	Total Projected Costs	Energy Sales (MWh)	Projected Costs per MWh
April - December 2011	\$ 4,048	\$ 11,045	\$ 187,256	\$ 202,350	5,234,451	\$ 38.66
January - March 2012	\$ 1,360	\$ 4,689	\$ 72,586	\$ 78,626	1,912,022	\$ 41.12
Total	\$ 5,399	\$ 15,735	\$ 259,842	\$ 280,976	7,146,473	
Projected Cost per MWh	\$ 0.76	\$ 2.20	\$ 36.36	\$ 39.32		
Base Cost per MWh	\$ 0.97	\$ 1.93	\$ 33.15	\$ 36.05		
Power Cost Tracker before reconciliation adjustment per MWh	\$ (0.21)	\$ 0.27	\$ 3.21	\$ 3.27		
Reconciliation Adjustment per MWh				\$ (1.63)		
Power Cost Tracker before defeased lease transaction				\$ 1.64		
Dedicated to defeased lease transaction				\$ 0.70		
Power Cost Tracker per MWh to be billed April 1, 2011 - June 30, 2011				\$ 2.34		

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.

Exhibit B

**Calculation of Unrecovered Tracker Adjustment
 Recovering Feb. 2011 on May - July 2011 Bills**

	Tracker Adder Denied For Feb. Sales (kWh)	
	Metered kWh Sales - February 2010	53,097,976
	Metered kWh Sales - February 2009	51,809,174
A	Average Feb. Sales	52,453,575
	Tracker Adder Not Approved	
B	For February 2011 Billings	\$0.001472
	Total Tracker \$\$ Needed to Recover	
C	A X B = C	\$77,212
	Estimated May-July Sales (kWh)	
	May - July 2010 Sales	129,336,602
	May - July 2009 Sales	115,048,308
D	Average Sales (May - July)	122,192,455
	Tracker Adjustment Added to May-July 2011 Bills	2/10 usage
E	C / D = E	0.000632

	Purchased Kwh	Sold Kwh	Office Kwh	Line Loss
2009	528,741,583	505,153,530	403,044	0.043849
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
Total	2,724,274,091	2,626,855,280	2,182,460	0.034958

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

* We are using our 2010 line loss of .048290 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.

STATE OF INDIANA



INDIANA UTILITY REGULATORY COMMISSION
101 WEST WASHINGTON STREET, SUITE 1500 EAST
INDIANAPOLIS, INDIANA 46204-3407

<http://www.in.gov/iurc>
Office: (317) 232-2701
Facsimile: (317) 232-6758

February 9, 2011

Harrison County REMC
Attn: David C. Lett
P.O. Box 517
Corydon, IN 47112

Re: Harrison County REMC, 30-Day Filing No.2795
Received December 21, 2010

January – Denied

Dear Mr. Lett:

The Indiana Utility Regulatory Commission (Commission) received your request for approval of the Wholesale Power Cost Factor filed originally on December 21, 2010, pursuant to the Commission's 30-day filing procedure under 170 Indiana Administrative Code 1-6. The 30-day filing process is available for certain routine and non-controversial requests to facilitate expedited consideration of these matters by the Commission.

The following types of filings are permissible under the procedures and guidelines of the rule: (a) rates and charges for new services; (b) new rules and regulations of the utility; (c) changes to rules and regulations of the utility; (d) non-recurring charges; (e) changes to rates and charges so long as the change is revenue neutral within a specific rate schedule or results in an overall decrease in the revenues of the utility and is done on an across-the-board basis to all classes of customers; (f) a filing for which the commission has already approved or accepted the procedure for the change; or (g) any other filing as may be ordered by the commission to be filed under the rule.

Your filing was reviewed by the Commission's Electricity Division. The Commission received your initial filing on December 21, 2010; however, your Notice was not published until January 5, 2011. The earliest date the Commission could approve your filing was on or after February 4, 2011.

Our next conference was held on February 9, 2011 at which time the Commission approved the Consumption Months of February and March 2011; regrettably, this does not include January. Enclosed please find a copy of your approved, date-stamped filing.

If you have any questions please contact me at (317) 232-2733 or by e-mail at bborum@urc.in.gov.

Sincerely,

Bradley K. Borum, Director
Electricity Division

BKB/ld
Encl.

DATE RECEIVED: MARCH 18, 2011
IURC 30-DAY FILING NO: 2840
Indiana Utility Regulatory Commission

RECEIVED ON: DECEMBER 21, 2010
IURC 30-DAY FILING NO.: 2795
Indiana Utility Regulatory Commission

APPROVED BY
CONFERENCE MINUTES

FEB 09 2011

INDIANA UTILITY
REGULATORY COMMISSION

DATE OF ISSUE: _____
DATE EFFECTIVE: _____
ISSUED BY: David C. Lett, CEO
HCREMC Corydon, Indiana
IURC No.: 11
Page: 1

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-----Rate Adjustment applicable to the
-----Above listed Rate Schedule-----\$.014239 per kWh used per month.

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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.

NOTICE

Notice is hereby given that on March 24, 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 \$0.001835 per kWh (\$1.84 per 1,000 kWh).

This filing is expected to be approved by the IURC by April 27, 2011. If approved, the change would take effect for bills to be rendered beginning with the May 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.