



HOOSIERENERGY
RURAL ELECTRIC COOPERATIVE, INC.

Summer 2011

Presentation to

**Indiana Utility
Regulatory Commission**

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System Peak

Summer 2010 – 1,431

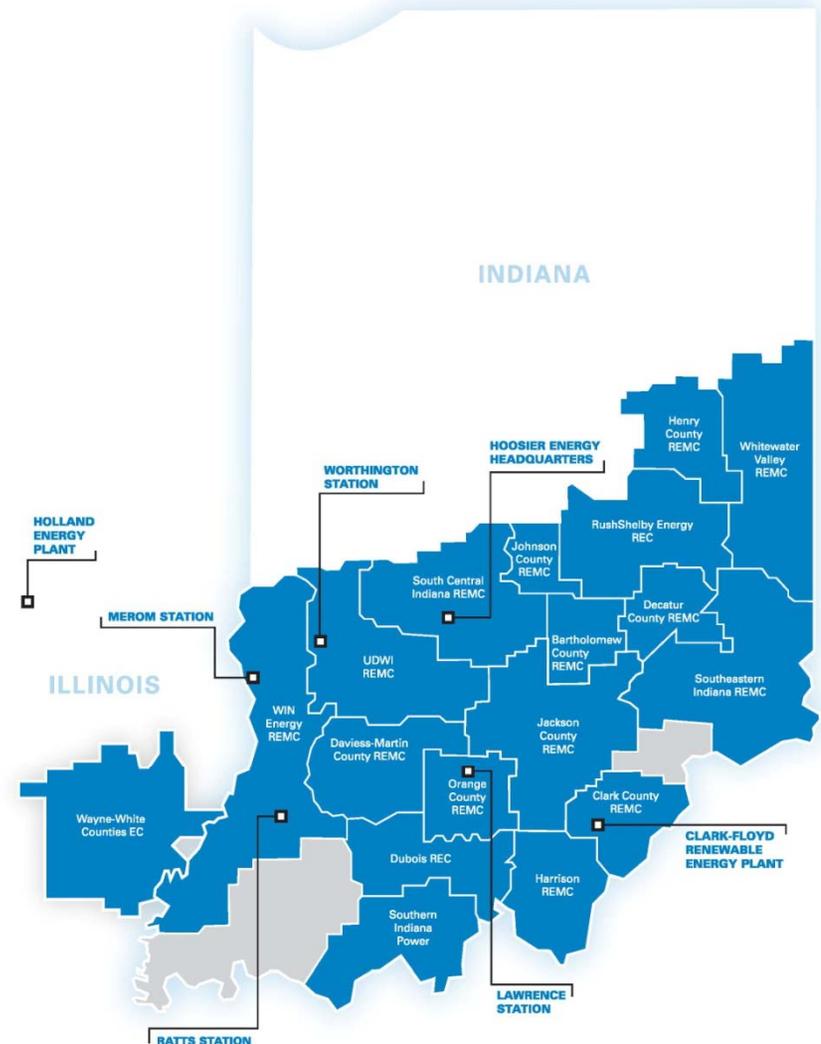
- HE 1700 on August 4

Summer 2006 – 1,366

- 65 MW increase or (1%) annually

Energy Consumption since 2006

- Increase 1.7% annually



2011 Projected Peak (MW)

Forecast Load	Jun	Jul	Aug	Sep
Minimum		1,332		
Mean	1,313	1,474	1,440	1,255
Maximum		1,579		

Minimum and Maximum are based upon historical monthly load factors.

Projected Resources (MW)

Resource	Jun	Jul	Aug	Sep
Merom*	805	805	805	806
Ratts*	191	191	191	97
Holland	314	314	314	314
Worthington	176	176	176	176
Lawrence	172	172	172	172
Clark-Floyd	3	3	3	3
Story County Wind	25	25	25	25
LT Purchase 1	100	100	100	100
LT Purchase 2	100	100	100	100
Load Control	5	5	5	5
Total Resources	1,891	1,891	1,891	1,798

*Net of Unit Power Sales

Fuel

Coal

- No supply difficulties
- Summer 2011 requirements are fully hedged



Natural Gas

- Hedge 80% of member requirements
- Portion of transportation service is firm



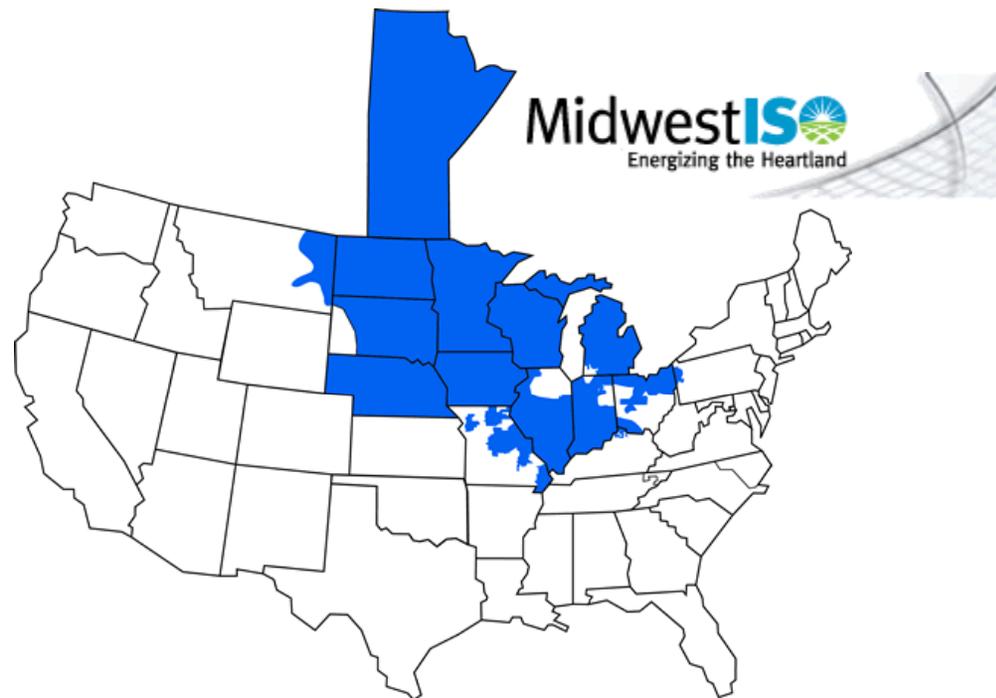
Risk Management Strategies

- Unit Contingent Insurance
- Summer Preparation Outages
- Commodity Risk Management

Midwest ISO

Planning Reserve Requirements

- MISO LOLE study requires 3.81% based upon UCAP
- Roughly equal to 17.4% for 2010/2011 based upon ICAP



Midwest ISO Regional Reliability Area

Demand Side Management

DSM Program Overview

2010-Second full year of program

Board-approved long-term goals:

- Reduce overall system demand by 5% by 2018
- Reduce overall system energy by 5% by 2018

“Waste Less”

It’s the right thing to do

- Consumer tools to help manage bills in era of rising rates

Programs – Residential

Residential Lighting Efficiency

- Compact Fluorescent Lights (CFLs)
 - 2010 distribution: 260,000
Since 2009: 765,000
 - Expect 1 millionth bulb distributed by August, 2011
 - Most members require trading incandescent bulb in order to receive free CFL
 - CFLs free to cooperatives
 - Program to change in 2012



Programs – Residential

Energy Efficient Heating and Cooling

- **Electric Water Heaters**
 - Incentives for higher capacity and efficiency models
 - Heat pump water heater incentives
- **Heat Pumps and Air Conditioners**
 - One program provides incentives for consumer to replace electric resistance furnace with high efficiency heat pump
 - Another program provides incentives for high efficiency heat pump in conjunction with existing fossil fuel furnace
 - Incentives for geothermal systems

Programs – Residential

Energy Efficient Heating and Cooling

- 5,880 incentives paid in 2010
- 27% increase in units (compared same period 2009)
- Highlights (# units installed):
 - Geothermal 703
 - Heat Pumps 1,566
 - Furnace Replacements 389
 - Heat Pump Water Heaters 110

Programs – Residential

Home Performance Improvement (Weatherization)

- Completed 151 homes in 2010
 - Modeled 3,562 annual kWh savings
 - Updated estimate: 4,278 annual kWh savings (all electric)
 - 2011 capacity: 800 homes
- ARRA Stimulus Weatherization
 - 555 REMC-served homes in 2010
 - Total of two grants to be completed by 12/31/2011
 - \$11.9 million; estimate 2,500 completed homes

Programs – Residential

Appliance Round Up Pilot-2010

- Target consumers with 2+ refrigerators/freezers
- 2010 goal: 425 units
 - 2010 actual: 859 units
- 2011 goal: 1,500 units (full rollout)
 - Progress to date: 746 (began 3/1/11)

Programs – Residential

Touchstone Energy Home Program

- Existing program
 - In place for 6 years
 - 197 homes built and certified
- Enhanced program
 - CFLs required for all lighting applications (except those on dimmer switches)
 - Requires all Energy Star appliances
 - Hoosier Energy pays for rating process (formerly paid for by consumer)



Programs – Residential

Residential Load Management

- Electric water heaters and air conditioning
- Full system rollout in 2010
 - Coordinated April, 2010 start with wholesale rate redesign
 - Results:
 - Approximately 5,093 end use devices under control
 - Data warehouse tracks types/number of devices controlled
 - Distribution systems respond to wholesale price signal
 - Beat the Peak; C&I demand rates; whole house
- 2011 update: 6,886 end use devices under control

Programs – Commercial and Industrial

Commercial and Industrial Efficiency

- Efficiency, demand response and special rates programs
- Cash incentives for lighting, motors, HVAC, building envelope performance
- Prescriptive and custom program elements
- 2010 results: 28 projects; growth in custom applications
- 2011 progress: 38 projects committed/under review

DSM Results

All Programs Inception Through 2010:

- 50,630 cumulative MWH savings
551,836 lifetime MWH savings
- TRC ratio (all programs): 3.35
- Fourteen of 17 Indiana co-ops participated in at least five programs; Nine in all programs

Questions?
