

ENERGYLINES

News from Hoosier Energy for members and employees. | MARCH 2015 | Vol. 38, No. 3

Two Hoosier Energy employees invent tools to help them and their crews work safe.

PAGE 5



Common sense

Officials call for flexibility on EPA's proposed air regulations. **PAGE 3**

Sharp focus

Marketing, economic development efforts show strong value for member co-ops. **PAGE 9**

NET conference covers wide range of tech

Under sunny skies in Tucson, the New Emerging Technology Conference, commonly called NET, kicked off with a full-day seminar on future cooperative roles with solar generation. In subsequent days, conference speakers turned to energy management in the digital age, presented a snapshot of greenhouse gas regulation's impact throughout the world and covered technology upgrades relevant to generation and distribution cooperatives. Indiana was represented by Hoosier Energy and three of its member systems: Daviess-Martin County REMC, Orange County REMC and Johnson County REMC. Mark Belcher, who shares time as Manager of Marketing at both Daviess-Martin and Orange County, said the segment on battery energy storage was of value and merits additional study for demand side management. He is a proponent for the NET conference, saying it outshines some of its national counterparts. "It's really right on point as far as what cooperatives are doing and should be doing," Belcher said.

Danny Arnold, Orange County REMC manager, retires

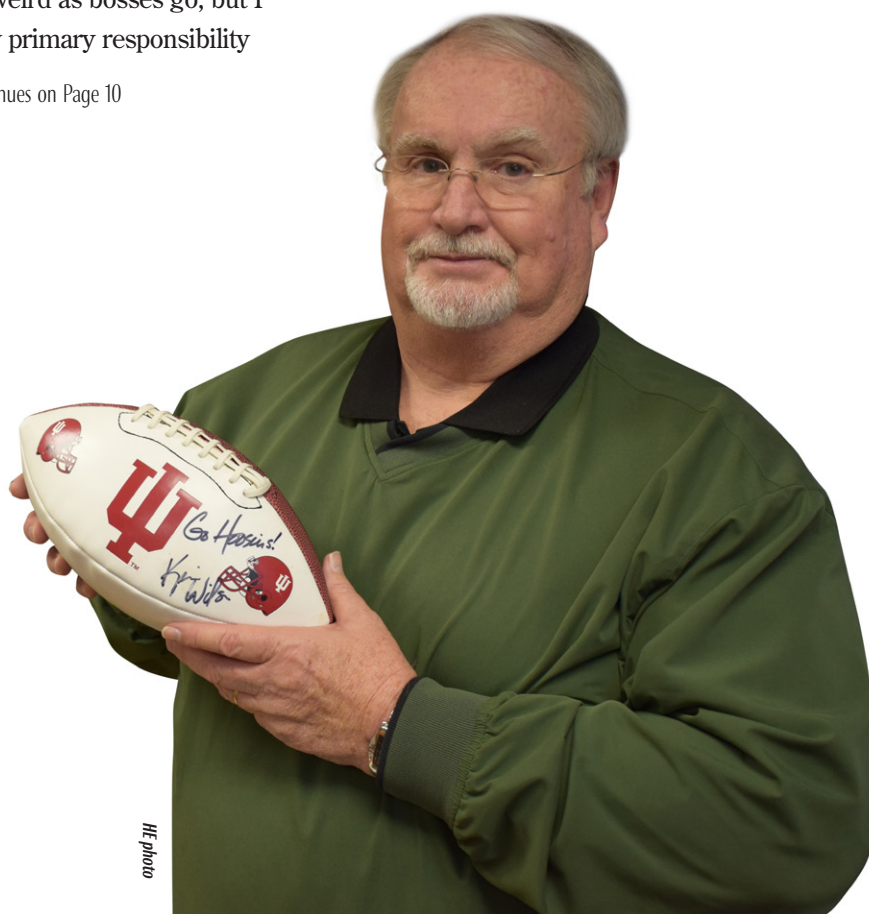
ARNOLD TRADED SPORTS ASPIRATIONS FOR CEO TITLE

Danny Arnold speaks with pride about all things 1991. But two things take top seed in his mind. His "beloved" Indiana University Hoosiers football team finished the season with a 7-4-1 season, including a 24-0 win over Baylor University in the Copper Bowl. That same year, he became General Manager and Chief Executive Officer of Orange County REMC.

Nearly 25 years later, seated in his office with a cream and crimson football gracing the windowsill, Arnold talks about his pending retirement on May 29 and the cooperative model he continues to champion.

"I've been happy throughout my 42-year career. This has been a wonderful experience," he says, commending the staff he's put in place. "I've hired every one of them but two. They are first rate with a good work ethic and good character," he says of the team. "I may be a little weird as bosses go, but I believe my primary responsibility

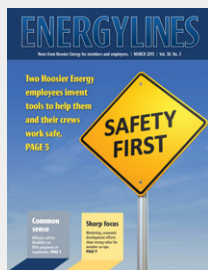
ARNOLD, continues on Page 10



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ON THE COVER

Two Hoosier Energy employees have invented work-place improvement tools using ingenuity and long-term experience as their guides – enforcing the culture of safety among the workforce.



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CO-OP COMMUNICATION: Steve Smith, standing, speaks during a meeting with Whitewater Valley REMC co-op directors, left to right, Garry Sayne, CEO Mary Jo Thomas, and Gary Stokes.

CEO Smith discusses mission with members

Hoosier Energy President and Chief Executive Officer Steve Smith began this year's member system annual meetings by reviewing the Mission Statement – to provide members with assured, reliable and competitively priced energy and services in a safe and environmentally acceptable manner. The mission's carefully crafted words represent more than just a statement or a plaque on the wall to Hoosier Energy, he said. They signify how Hoosier Energy approaches every business decision, every day, on behalf of member systems.

Smith, who considers the annual meetings with each of the 18 member systems' Board of Directors invaluable to member relations, has been hosting them since 2000. The gatherings allow Smith to speak about Hoosier Energy's accomplishments and challenges, while answering questions and receiving

comments from members about the generation and transmission cooperative.

The 2014-15 meetings began in mid-December and were completed by mid-February. While these member meetings require late evenings and significant travel for Smith and some Hoosier Energy staff, Smith noted that, "these meetings are a special part of my job." In addition to spending face-to-face time with the full Board of Directors at each member cooperative, Smith also honors the Hoosier Energy long-standing tradition of returning patronage capital to each eligible member system.

On a snowy Jan. 26, Smith arrived at the Olde Richmond Inn with Randy Haymaker, Hoosier Energy Director of Public Affairs, to have lunch, open dialog and discuss operating costs, rate **MEETINGS**, continues on Page 8

Common-sense solutions called for by cooperatives

Unrealistic compliance measures, goals, increased costs cited



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UNDER REVIEW: In official comments submitted at the FERC technical conference, the NRECA said the proposed Clean Power Plan is “well outside the EPA’s authority under the Clean Air Act.”

Washington, DC

State and federal officials are increasingly hearing calls for flexibility regarding the U.S.

Environmental Protection Agency’s (EPA) proposed rules on more stringent carbon dioxide standards for new and existing fossil fuel plants.

Hoosier Energy and other electric cooperatives are actively joining in the conversation, citing unrealistic compliance measures and goals and increased costs that pose a genuine threat to both reliability and affordability. Hoosier Energy leaders met with state and federal officials recently to voice their concerns and offer a common-sense alternative to the EPA’s proposed Clean Power Plan, which seeks to reduce CO₂ emission rates from existing power plants by 30 percent by 2030.

Donna Snyder, Hoosier Energy Sr. Vice

President and Chief Financial Officer, and members of Hoosier Energy’s greenhouse gas strategy team, called on Dan Schmidt, Indiana’s energy policy director, in late January to discuss the Hoosier Energy alternative, which would allow existing plants to run through their useful life and still meet the proposed new emission standards.

A few days later, the same team was on its way to a Washington D.C. briefing that Hoosier Energy had requested to share members’ concerns with the proposed rules when they happened to meet Janet McCabe, EPA acting assistant administrator for air and radiation. McCabe asked their thoughts on the proposed Clean Air Plan and a candid discussion ensued. McCabe listened intently as they briefed her on the key points they were going to present at their meeting with Joe Goffman, senior counsel

and the associate assistant administrator for air and radiation and staff at the EPA later that day. Hoosier Energy staff plans to meet with the Indiana Department of Environmental Management and the Illinois Environmental Protection Agency in early March.

Hoosier Energy is also working with regional grid operator Midcontinent Independent System Operator (MISO) on evaluation of reliability and economic impacts that could stem from the new rules. MISO is studying transmission upgrade requirements that may be necessary as a result of the regulations.

As concern mounts, Washington is taking notice. On Feb. 11, the U.S. Senate Environment and Public Works Committee held the first of what is expected to be a series of hearings examining the proposed greenhouse gas rule. On Feb. 19, the NRECA participated in the Federal Energy Regulatory Commission’s (FERC) technical conference on the environmental regulations and electric reliability, wholesale electricity markets and energy infrastructure.

In official comments submitted at the FERC technical conference, the NRECA said the proposed Clean Power Plan is “well outside the EPA’s authority under the Clean Air Act.” If the proposed plan proceeds, the NRECA urged the commission to provide guidance to the EPA on modifications that would mitigate the negative impacts to grid operations, reliability and affordability prior to the EPA finalizing carbon rules for existing power plants.

Like NRECA, Hoosier Energy and its members believe the rule should be withdrawn. However, with no indication the EPA plans to change course, cooperatives, including Hoosier Energy, continue to press for modifications before the rule becomes law. “We value the opportunity to stay engaged in a constructive way,” Bob Richhart, Vice President of Management Services, said. “We don’t want to just say ‘no.’ **E**

Hoosier Energy Chairman reflects on NRECA meeting

The NRECA annual meeting, the association's premier event, attracts thousands of participants from cooperatives across the nation. From speakers and sessions to volunteering and voting, the annual meeting offers something for every board director, manager and other cooperative personnel from all walks of the business. Hoosier Energy Chairman of the Board Darin Duncan attended this year's event in Orlando, Fla., gaining insight into the newest challenges facing generation, transmission and distribution cooperatives. In the following, he shares his thoughts in a brief Q & A session.

Q: *This was not the first time you've attended the NRECA convention. Did this year's conference provide quality programming?*

A: I found this year to be a very good conference. I think it's important for directors and manager CEOs to keep current with all the issues we are facing. The NRECA works diligently to keep us informed of the national trends and challenges in the electric utility industry.

Q: *Of the speakers and updates you heard, what new insight did you gain?*

A: I think probably one of the most intriguing ones was Chuck Todd, a moderator of "Meet the Press" and a White House correspondent, who spoke of the function or lack of functionality among our legislators in Washington, D.C. He addressed the importance of our major parties getting along, exercising their ability to compromise, in essence just working through their differences. Our two-party political system has created a lot of challenges. Many of our problems are not Democrat or Republican, they are American problems – we should do a better job of understanding the art of compromise.



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Who is Darin Duncan?

Darin Duncan has been on the local board at Harrison REMC since 1993, serving on the Hoosier Board since 2005. He serves in 2015 as Chairman. Duncan is a Civil Engineer and co-owner of Civilcon, Inc. His company works with local governments (counties, cities and towns) as well as contractors on public works infrastructure projects. Civilcon provides professional engineering design services as well as pre-engineered construction project sales and construction management services for its clients. For more information on Civilcon and its services, please see the company website at www.civilcondsb.com

Q: *What do you feel the Hoosier Board of Directors can gain from the collective knowledge shared at the NRECA meeting?*

A: It's important for the Hoosier Energy Board to stay current on everything around us – particularly coal generation and clean

power initiatives and the proposed EPA regulations we are working through. I am particularly pleased that Hoosier Energy has been proactive in commenting to our legislators and working with the EPA. We've been engaged in making sure we have a seat at the table.

Q: *Were there others from Harrison who attended with you?*

A: We had five local directors in attendance from Harrison REMC. That highlights one of the other important aspects of the national conference. The meeting is a valuable opportunity to share information and talk with other members. A lot of the other distribution boards are going through the same issues. While the speakers and panels are great, when we take breaks it's important to be proactive and enjoy dialogue with others from your state and surrounding states. We develop resources among our peers and there is comfort in knowing you are not in a position all alone. **E**

DOING IT RIGHT!

Ingenuity spawns ideas for new safety equipment



"I've been involved in building several things through the years, but I'm most proud of this one. I went to my coordinator with the idea, took it to the fabricator and we built the equipment."

Joe Crowe, Substation Working Foreman

Two Hoosier Energy employees have invented workplace improvement tools using ingenuity and long-term experience as their guides.

Joe Crowe, Substation Working Foreman at the Owen County Operations Center, and Charlie Meister, Line Specialist with the Napoleon line crews, developed new tools for lifting heavy objects, alleviating back strain and reducing the number of men needed to hoist objects.

Crowe's lifting mechanism is used at substations to maneuver equipment enclosures through control building doorways. Forklifts are too big for the job and the manpower required is high. An equipment enclosure – larger, heavier and more cumbersome to move than a refrigerator – typically requires six strong employees to maneuver it into place.

"We're getting older and the equipment is getting bigger," Crowe said, noting he started with Hoosier Energy in 1976.

After learning that several new equipment enclosures are to be moved in 2015, Crowe put his mind to work.

"I've been involved in building several things through the years, but I'm most proud of this one," he said. "I went to my coordinator with the idea, took it to the fabricator and we built the equipment." The first version had a hand crank, but it was so useful that it was soon electrified.

Crowe, eager to demonstrate the new piece of equipment, prepared a simulation at the Operations Center. He strapped a wooden framed box (instead of the heavy metal equipment enclosure) onto a specially-made dolly. Crowe then anchored a second component to the dolly and

plugged in an electric winch. And just as it was designed to function, the cable rotated the spool and raised the equipment.

Crowe stood back and watched, a smile on his face.

“We’re saving the backs of several guys,” he said.

The new orange, lifting mechanism – yet to be named – has been in service about six weeks. It’s working so well that Crowe and supervisors are researching the process for obtaining a patent on the new design.

Crowe isn’t the only man with a creative bent. On a blustery winter day in January, Meister was outdoors with his crew setting poles for the new Gateway Substation in Whitewater Valley REMC territory.

Dressed in protective gear and layers of cold-blocking clothing, Meister stomped through the corn-stubbed field to the Hoosier Energy digger-derrick truck. Hinged to the back of the truck’s platform is an anchor attachment weighing 50 to 75 pounds. The anchor attachment is used multiple times daily and was previously stored inside the truck box. Because of its weight and the difficulty in reaching it, the line specialists’ backs and muscles were often stressed.

Two or three years ago, Meister stepped up to make a change. He created a hinge mechanism, allowing specialists on the ground to lift the anchor attachment off the truck at chest height – reducing lower back strain. Meister’s invention is now standard equipment on every new Hoosier Energy digger-derrick.

“It’s just easier on us. That’s what we’re in it for,” said Meister, a 25-year employee at Hoosier Energy.

Both men are humble about their inventions. However, their supervisor, Brady Mann, praised the initiatives they’ve taken to create safer environments for the workforce.

“These tools were made in-house using existing tools and ingenuity. These men represent the kind of culture we have in Delivery Services, working as a team to identify hazards and improvements.”

Mann said there are three known protocols to improving safety in the workplace:

- Engineering out the problem
- Creating processes and procedures to guard against injury and accidents



HE photos

ABOVE: Line Specialist Charlie Meister created a hinge mechanism that allows specialists on the ground to lift an anchor attachment off the truck at chest height – reducing lower back strain. Meister’s invention is now standard equipment on every new Hoosier Energy digger-derrick.

TOP: Substation Working Foreman Joe Crowe created a lifting mechanism to maneuver equipment through doorways.

■ Using personal protective equipment, better known as PPE.

“PPE is what people typically move toward,” Mann said.

“These guys exemplify the mindset that shows what can be done when you use your experience and knowledge to eliminate hazards.”

“Ideally, you want to engineer out the hazard,” Mann said.

“That’s exactly what safety organizations say a world-class organization should be doing and our employees are proving we have what it takes.” **EL**

Training seminar provides positive community service

SESSIONS HIGHLIGHT PLANS FOR RURAL GROWTH



HE photo

RURAL GROWTH: Economic development representatives and government officials attended an Economic Development Seminar in February at Hoosier Energy's headquarters.

Bloomington

More than 60 economic development representatives and local government officials attended the 2015 Economic Development Training Seminar at the new Hoosier Energy headquarters in early February.

In morning and afternoon sessions, panel experts discussed ways to better understand the strengths and weaknesses of potential new businesses in rural

areas. Attendees also saw a demonstration of a new reporting tool to estimate supplier purchases in a region and heard a second panel discussion focused on the demographics that make small, rural areas ideal locations for business development.

"Some small cities feel disengaged, but we think a lot of small communities have done the right things to elevate their profiles, attracting businesses and career individuals," said Hoosier Energy

Economic Development Coordinator Jeff Quyle.

Hoosier Energy's economic development services are in keeping with the cooperative principle that governs our business model – Commitment to Community. The economic development team provides business relocation and expansion resources in 60 Indiana and Illinois counties, and hosts the annual seminar to engage professionals in the field.

The gist of the second panel discussion was to explore ways to make rural communities more attractive for economic development in terms of high profile, skilled employment and turn the tide on the exodus of young professionals. Current trends indicate 80 percent of the state's counties will have a significant population 65 years old or older by 2040, said John Marron of the Indiana University Public Policy Institute.

While the state is steeped in agriculture and industry, the panel said Indiana needs population growth to sustain economic growth in the sectors of service, technology and healthcare. These growth sectors tend to attract younger talent to the state, panelists said.

Bill Konyha of Indiana Office of Community and Rural Affairs moderated the panel of experts, which included Marron, Dick Heupel of Ball State University, Bo Beaulieu of Purdue University and Aaron Renn, a former Harrison County resident and author of the nationally-renowned Urbanophile blog.

Renn shared his perspective of Indiana in the 1970s. In that decade, many rural residents were dependent on personal wells for the water supply, there were party-line telephones and no trash pick-up. "Today, satellite providers give you more options in rural communities than big cities had in the 1970s. I say all of this to show that there's been a tremendous upgrade in quality of life in rural Indiana."

Yet other states are outpacing Indiana

in recruiting young talent. The panelists said rural and metropolitan area officials need to look at assets, analyze capital such as location and available technology, and study the long-term outcomes of business recruitment on economic, social and environmental community standards.

“Remember, your community is unique – no other community is like it,” Beaulieu said. Marron agreed, telling attendees to itemize their assets and then build strong relationships with larger communities dependent upon rural resources. [1](#)

Rural development equation leads to progress

Panelists each shared a different component of the rural development equation, but the sum equates with progress. Following are some specific recommendations for improving rural development.

■ Invest in education. Indiana is below the national average in years of educational attainment. Panelists suggested that getting the general population to attain an Associates Degree would give individuals an opportunity to earn higher wages. It was also suggested that technical or trade schools are a great option for individuals with abilities that trend toward skills.

■ Focus on the “uniqueness” of rural communities and identify assets to serve as the foundation for growth. That would include opportunities to recruit investors for retirement communities.

■ Try to recruit businesses to the community that believe in “flexibility” not “rigidity” in terms of working conditions.

■ Build strong partnerships with nearby metropolitan areas to tap into their resources. Louisville, it was noted, is the number one city in the nation when it comes to the number of commuters from outside the metro area.

■ Invest in broadband.

■ Grow healthcare.

MEETINGS,

Continued from page 2

comparisons and member services with the Whitewater Valley REMC Board of Directors and key staff. With more than 17 people in attendance, Smith discussed Hoosier Energy’s move to the Power Delivery Operations Center in Owen County, highlighting that System Control moved to that location and is implementing a new energy management system as well. He continued with an update on the power supplier’s move to a new headquarters facility south of Bloomington that is both attractive and efficient.

Other topics included an overview of the benefits of the diversified generation portfolio. Smith pointed out that output at the generating facilities remained strong throughout the year and that having a more diverse portfolio contributed to positive returns. In 2000, Hoosier Energy’s portfolio was 100 percent coal. Today, that portfolio includes 64 percent coal, 3 percent renewable energy and 33 percent natural gas. While gas prices are low right now, the polar vortex of 2014 proved that the capacity and transmission of natural gas for generating electricity was not reliable during high-demand periods. He also noted that solar energy would be brought online in 2015-16, adding to the G&T’s renewable energy portfolio of landfill gas, coalbed methane, wind and hydro.

Smith noted that the State Utility Forecasting Group predicts that Indiana electric rates are increasing over time and Hoosier Energy’s rates are expected to increase as well but at a somewhat lower pace.

Hoosier Energy provides more services to its 18 members compared with other power suppliers and G&Ts across the country, reflecting the desire of members to work together to achieve valuable services at a lower cost. These member services are providing a great example of the value of cooperative membership and cooperation among cooperatives.

Smith also provided an update on company-wide safety stating that, “while Hoosier Energy is improving and doing better than industry average, we want to move from good to great.”

Finally, Smith thanked the directors of Whitewater Valley for their support and comments to the Environmental Protection Agency regarding the agency’s proposed Clean Power Plan. “While we do have years before we will know the true impact of these proposed regulations, it is our goal to look back years from now and have no regrets, knowing we did everything we could to keep electric rates affordable and reliable while doing our part to protect the environment,” he said. A question and answer period followed, with interactive dialogue on a number of topics. Members complimented the G&T on cost management initiatives and services. [1](#)

SHARP

Marketing and economic development efforts help members reach their goals

FOCUS

Investment in member territory boosted through diversity

Throughout 2014, 58 new or expanded commercial and industrial projects were completed reflecting the wide economic base of Hoosier Energy member service areas.

Economic development projects include the construction of Boars Head Provisions in Henry County REMC – bringing 3,800 kW load growth, 200 jobs and \$80 million in investment to New Castle. Growth also took place through expansions including the Valeo Engine Cooling facility in Decatur County REMC – bringing 2,000 kW load growth, 70 jobs and \$27.8 million in investment to Greensburg.

“The diversification of the projects completed in 2014 and the geographic distribution throughout member territory shows industry is strong in Indiana,” said Manager of Member and Key Accounts Harold Gutzwiller.

The economic development tradition established by power network cooperatives was also reflected with honorable mention as a Top 10 utility by Site Selection magazine.

Overall, completed projects in 2014 are expected to create 2,200 jobs, \$614 million in new investment and about 45 megawatts (MW) of monthly demand for members.

Projects encompass a range of business sectors including agriculture, mining and manufacturing. 

Size of commercial and industrial projects increase throughout 2014 as members Team Up To Save


Hoosier Energy and member cooperatives continued to help consumers Team Up To Save throughout 2014. The Team Up campaign expanded online to include an energy wall resource guide, lighting store and improved, easy-to-use commercial and industrial (C&I) form.

Significant for the year was the doubling of energy savings for each C&I project completed. Driving the increase in savings was the increased scale of C&I projects undertaken.

“This growth indicates that businesses have increased funds to invest into their facilities,” said Manager of Marketing Wes McFarland.

Interest in Light Emitting Diode (LED) technology grew in 2014. An LED security lighting pilot program helped gauge consumer interest in replacement of mercury vapor and high-pressure sodium lamps as well as test the performance of this technology. With 2,378 units installed and 1,249 MWh in energy savings, the pilot had strong interest from participating co-ops.

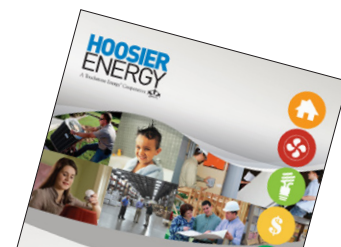
“Through the security light pilot we were able to professionally test a variety of LED products to analyze what products best fit their needs.”

The portfolio of demand side management (DSM) options meets member needs for both end use energy efficiency and demand reduction activities. Efforts in 2014 helped members achieve a 25 percent increase in energy savings compared with 2013. The 25,369 megawatt-hours saved in 2014 is equivalent to powering nearly 220,600 50-inch direct-lit LED televisions used daily for five hours every day for a year. 

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"I'm leaving a very dedicated workforce, a sound distribution system, established maintenance programs and a well-educated, solid Board of Directors."

Dan Arnold

ARNOLD,

Continued from page 1

is to hire good people and get out of their way so they can do their jobs."

Arnold was born and raised in Bloomington and thought he wanted to be an engineer. After high school, he ventured to Flint, Mich., to participate in a work and school program at General Motors Institute. That lasted a short time. "I wasn't cut out to work in a cubicle in a factory."

So, he signed up for the Army Reserves for seven years, training at Fort Ord in California for six months. When he returned, he enrolled at Franklin College, hoping to play football. Those aspirations were soon relegated to fan status, as he struggled to finance his education and had little time for sports. Unbeknownst to Arnold, he was predestined to be a leader off the field.

Arnold melded two years at Franklin College and his experience at GM to land his first co-op job with the engineering department at Johnson County REMC. During the next eight years, he worked in numerous roles on the administrative side of the business before being named General Manager. He held that position for 10 years.

He took a short hiatus from the cooperative world, moving to Phoenix to be close to family. But before he could begin work at an engineering firm, he was recruited for an interview as General Manager and Chief Executive Officer at Orange County REMC. He got the job.

Like other co-ops, this southern Indiana

Retirement to-do list

Dan Arnold's to-do list in retirement, in order of importance:

Family – wife Tina, four children and seven grandchildren, soon to be eight

Indiana University – all thing sports

Travel by car – sightseeing

His motorcycle – 1996 Honda Shadow Ace

Participate in the Patriot Guard when needed – he's a long-standing member

cooperative has been on a path of progress. When Arnold arrived, he said the co-op was short on resources, noting that its three-year work plan had been rejected for funding by the Rural Electrification Administration. The plan was adjusted, resubmitted and accepted.

"We've done well ever since. The system is strong and reliable," he says, making his upcoming retirement sweeter. "I'm leaving a very dedicated workforce, a sound distribution system, established maintenance programs and a well-educated, solid Board of Directors."

In early March, Arnold and his wife, Tina will begin "practicing for retirement" by attending an I.U. baseball series in Port Charlotte, Fla. When they return, one of several grandsons who plays baseball, will kick off the Indy Nitro season. After Arnold's official retirement, the couple will venture to the northeast coastline to see parts of Maine and Nova Scotia, celebrating his career and their 25th wedding anniversary.

"Tina wants to eat lobster three meals a day and I want to see the port cities and maybe take some short cruises," Arnold says.

The couple has a passion for car travel, having seen parts of 40 states or more. Yet with all his travels, he has failed to see the one thing that piques his interest: UFOs. No joke. Arnold's father swears he saw UFOs in the Bloomington area when Dan was a child. His wife's father, who was an Air Force pilot, also saw something unexplained in the skies, Arnold says. He fully believes in their existence and he spends many evenings watching UFO-related television research documentaries.

"I have never had a close encounter with a UFO, but I would certainly like to see one," he says.

When the TV is off and Arnold gets additional free time, he lounges in the sunroom with a good book in hand. "I'm an avid Stephen King reader. I've got the whole collection, maybe 30 or 40 novels. I received two at Christmas that I haven't been able to crack yet."

For now, work continues to drive Arnold's days. "Commitment to members" is still his motto in an area that's 96 percent residential. While Arnold has seen a lot of progress, his successor will have numerous challenges, he says.

"There's so much pressure on the rates including outside regulation. We try hard to keep the rates low for our members, and keep high reliability. The rates are critical and the member is always number one." **EL**

ENERGYLINES

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Winter transmission

A thin layer of clouds break revealing the blue sky over transmission lines heading east from the Bloomington primary substation.