ANNUAL REPORT 2018

TRANSITIONS

HOOSIERENERGY

At a job site near Batesville, Line Specialists Greg Dooley (left) and Cory Berg (right) hold an image that shows how linemen once scaled utility poles. As technology advances, so does the level of safety for today's power-delivery crews.

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STATISTICS

AS OF 12/31/2018

18
MEMBER SYSTEMS

300,000+
MEMBER CONSUMERS

1,900
MEGAWATTS
GENERATING CAPACITY

COAL, NATURAL GAS, RENEWABLES AND CONTRACT PURCHASES

9.3
MILLION
MEGAWATT-HOURS
TOTAL ENERGY SALES

7.9
MILLION MEGAWATT-HOURS
SALES TO MEMBERS

$23.3
MILLION
NET MARGINS

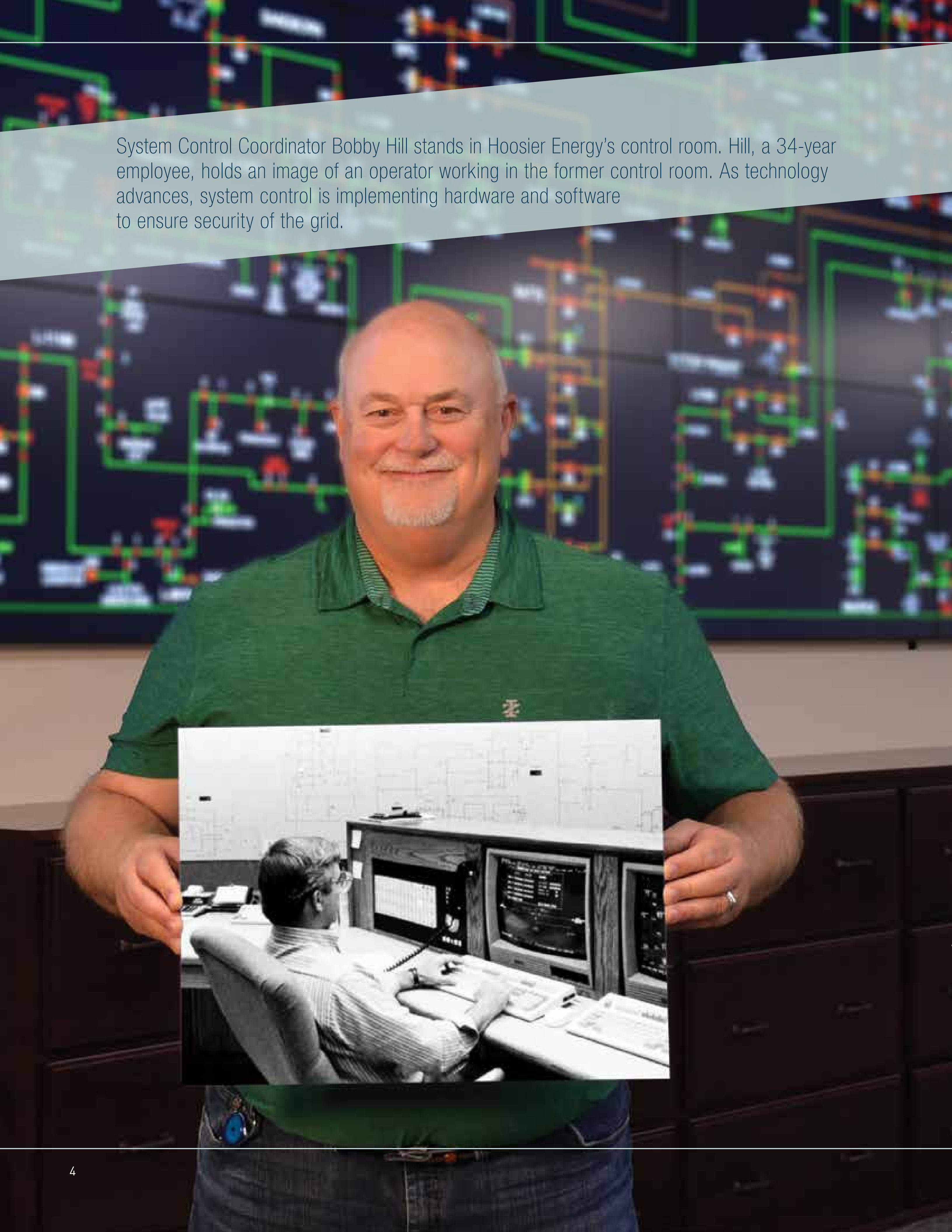
1,668
MEGAWATTS 2018
PEAK DEMAND

1.4
MILLION MEGAWATT-HOURS
SALES TO OTHERS

1,675
MILES OF
TRANSMISSION
LINES

$1.9
BILLION ASSETS

Hoosier Energy's first power plant, the Ratts Generating Station, served members for more than 40 years. Human Resources Assistant Barb Myers began her Hoosier Energy career at the generating station. She stands in a field of grass where the plant once stood, holding an image of the facility before it was decommissioned.



System Control Coordinator Bobby Hill stands in Hoosier Energy's control room. Hill, a 34-year employee, holds an image of an operator working in the former control room. As technology advances, system control is implementing hardware and software to ensure security of the grid.

MISSION

Our mission reflects commitment to members. Hoosier Energy's mission is to provide members with assured, reliable and competitively priced energy and services in a safe and environmentally acceptable manner. We demonstrate our commitment to that mission through our actions and results.

PROFILE

Hoosier Energy is a non-profit generation and transmission cooperative (G&T) created in 1949 to provide wholesale power and services to member distribution cooperatives. Headquartered in Bloomington, Indiana, the G&T serves 18 member systems in Southern and Central Indiana and Southeastern Illinois.

Collectively, member cooperatives operate and maintain more than 37,000 miles of distribution lines and provide electric service to more than 300,000 consumers or about 686,000 people in 59 Indiana and Illinois counties.

Learn more at www.hoosierenergy.com

PATRONAGE FOR 2018

$6.5 M

IN PATRONAGE CREDITS

$125 M

TOTAL RETIREMENTS AND CREDITS SINCE 2000

FROM THE CHAIRMAN AND THE PRESIDENT

TRANSITIONS

This is an exciting time in our industry.

Electric vehicles, advanced control systems for industrial processes, battery storage — these are just a few of the emerging technologies that are changing the world we live in.

At the same time, consumers are taking more control over their ever-expanding energy choices.

As these transitions take hold, Hoosier Energy and its 18 member distribution systems are working harder, smarter and leaner than ever before.

Together, we're creating a more nimble power system to meet members' evolving needs. Business improvements, cost-saving measures and operating efficiencies are bringing benefits to our members and their consumers.

In 2018, we added to our renewable energy options with an agreement to purchase 200 megawatts of solar power. Diversity in the power supply creates opportunities for new services, such as a community solar program that now offers member consumers the opportunity to easily harness the power of the sun.

New technology also improved the performance of our transmission system, ensuring that our member systems have the energy they need to power their communities.

Hoosier Energy's partnership with our members is centered on keeping our costs down, so their cost of service stays competitive. In 2018, our wholesale rates remained stable, and our credit ratings stayed strong. This solid financial position allowed us to return $6.5 million in patronage capital credits to our members, bringing total retirements and credits to approximately $125 million since 2000.

Transitions in leadership took place as well. Both Hoosier Energy Board Chairman Herb Haggard and longtime President and CEO Steve Smith retired. We are indebted to them for their leadership and are grateful to our Board of Directors, our membership and our employees for the faith they have entrusted in us to lead our company into a productive and successful future.

As Hoosier Energy enters its 70th year, we continue to work with our 18 member electric distribution systems to prosper in this new era of opportunities, with a constant focus on doing what's best for our members and their consumers.

Darin Duncan
Chairman of the
Board of Directors

Donna L. Walker
President and CEO
Hoosier Energy

ENVIRONMENTAL FOCUS

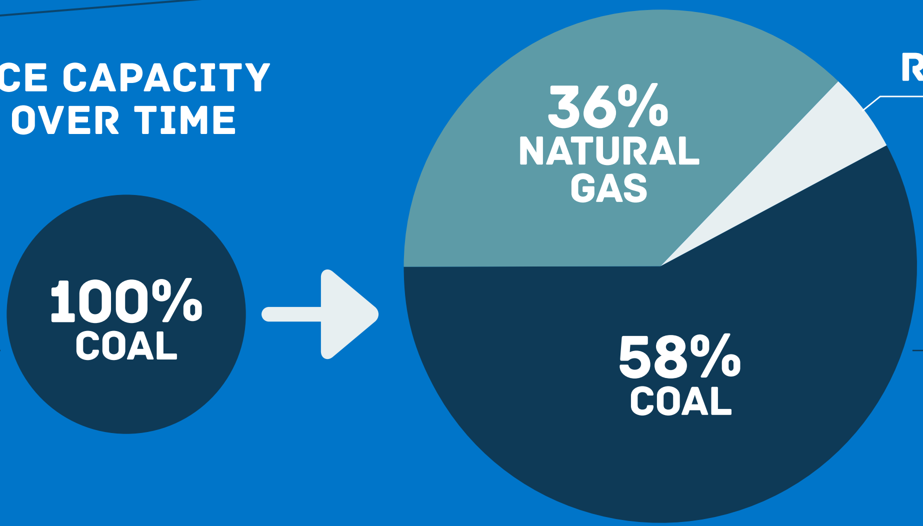
Improving the quality of life in our communities includes a commitment to environmental stewardship. Hoosier Energy and the member systems demonstrate support for clean energy in every aspect of our "all of the above" power supply strategy.

RESOURCE CAPACITY CHANGE OVER TIME

Percentage

2000

Hoosier Energy's **1,250 MW** resource portfolio was 100% coal.



TODAY

Hoosier Energy's **1,900 MW** resource portfolio is more diversified.

RENEWABLE ENERGY

Percentage of member energy supply

4.5% IN 2018

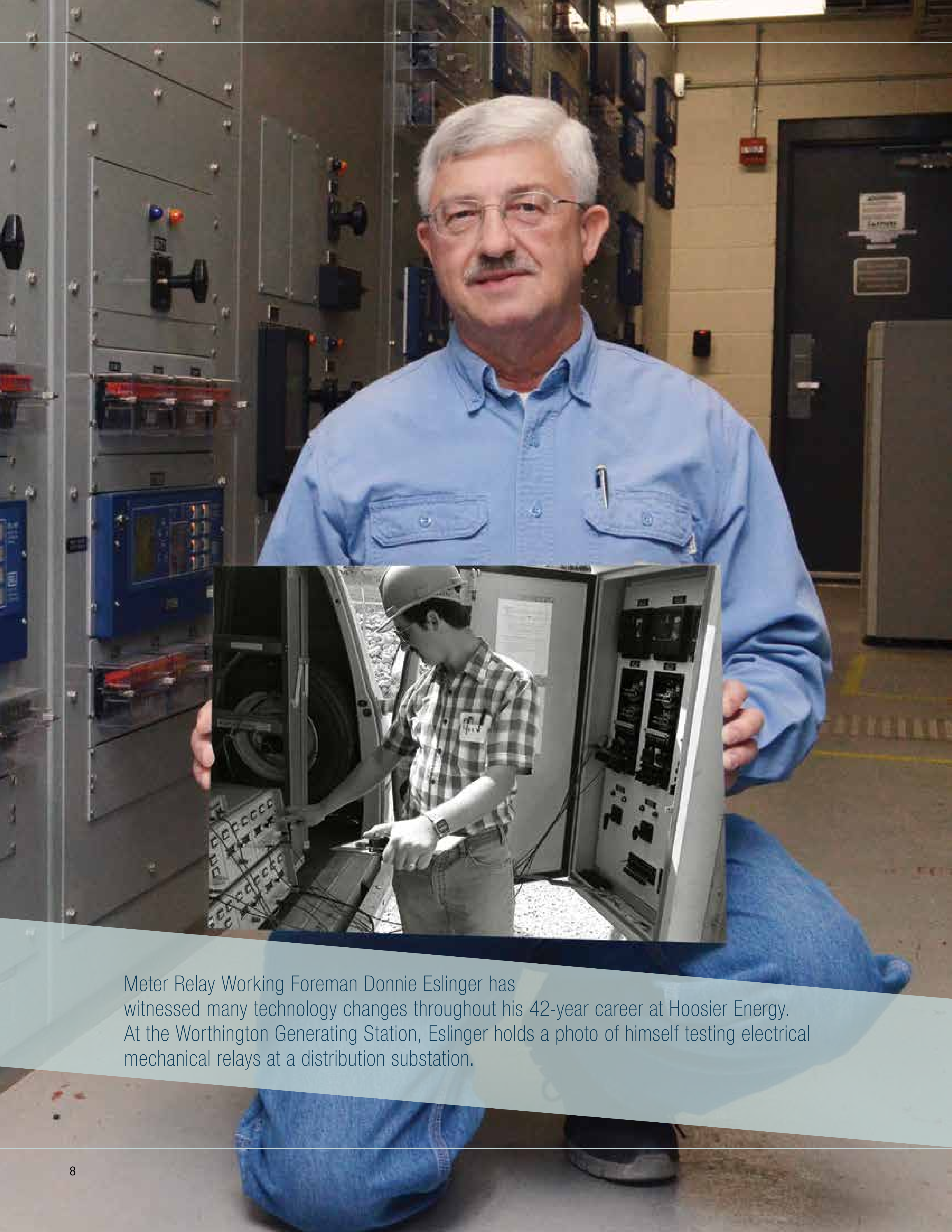
7% IN 2020*

10% IN 2025*

*PROJECTED

Renewable program volunatrily adopted in 2006

TRANSMISSION	1,675 MILES OF TRANSMISSION LINE	MORE THAN 300 DELIVERY POINTS	59 COUNTIES



Meter Relay Working Foreman Donnie Eslinger has witnessed many technology changes throughout his 42-year career at Hoosier Energy. At the Worthington Generating Station, Eslinger holds a photo of himself testing electrical mechanical relays at a distribution substation.

YEAR IN REVIEW

TRANSITIONS

TODAY, A TRANSITION IS UNDERWAY, RESHAPING HOW OUR INDUSTRY BRINGS POWER TO THE PEOPLE.

RENEWABLE ENERGY SOURCES SUCH AS WIND AND SOLAR ARE PROVIDING CONSUMERS WITH NEW OPTIONS. WITH THE TOUCH OF A SMARTPHONE, THEY CAN CHOOSE HOW AND WHEN THEY USE THEIR POWER. AS SOCIETY AND CONSUMERS TRANSITION TO THIS NEW WORLD, SO, TOO, MUST THE POWER NETWORK THAT SUPPORTS THEM.

THROUGHOUT 2018, HOOSIER ENERGY AND OUR 18 MEMBER COOPERATIVES STOOD AT THE FOREFRONT OF THESE TRANSITIONS, SEEKING BETTER WAYS TO PRODUCE, MANAGE AND DELIVER ENERGY TO THE COMMUNITIES WE SERVE.

HERE'S HOW.

STRONG FINANCIALS

Thanks to strong financial results and "A" investment grade credit ratings, we preserved competitive and stable member rates and returned capital credits, also known as patronage, to our members. The Board of Directors authorized Hoosier Energy to retire $6.5 million in patronage capital in 2018—the 19th consecutive year of giving back.

This unique aspect of the cooperative business model is a reflection not only of Hoosier Energy's financial strength, but also a tangible example of the benefits of the cooperative principles we believe in.

Cooperation and collaboration guide our work, always with the shared goal of what's best for the 300,000 member consumers who depend on us for electricity. Members set Hoosier Energy's strategic priorities and management is developing initiatives to advance those priorities.

When Steve Smith announced his retirement after 25 years as President and CEO, the Board of Directors conducted a nationwide search for his successor. They selected former Executive Vice President and Chief Financial Officer Donna Walker as Hoosier Energy's fourth President and CEO.

Steve skillfully guided Hoosier Energy's transition from a supplier building a system to a lean, strategically focused cooperative well-positioned to meet further economic growth in a competitive marketplace. Now, Donna and her team are continuing that success, collaborating with members to enhance partnerships, advance technology and ensure consumers' access to reliable, cost-effective energy options.

It's already happening.

Consumers at several member cooperatives are choosing to opt into the new "My Solar" program, which provides them with the benefits of solar energy without having to install or maintain their own solar equipment. The idea began simply enough. Members asked us to work with them on tapping into ten 1-megawatt solar arrays—with an average of 4,000 panels per array—for member consumers. We expect nearly all our members to offer "My Solar" to their member owners by the end of 2019.

OPERATIONAL EXCELLENCE

Answering the call from consumers for more energy options means we must continually evaluate our generation and transmission resources to meet member-owner needs.

Sometimes, that means closing a plant. In 2018, we retired the Clark-Floyd landfill gas plant in Clark County which is expected to result in net benefits of approximately $3 million to members. We are adding 200 megawatts of solar power through a power purchase agreement with the new Riverstart solar project in Whitewater Valley REMC's service territory. As a result of this project and other initiatives, Hoosier Energy will achieve its target of providing member systems with 10 percent of energy from renewable sources by 2025.

Meanwhile, our traditional resources continue to provide value.

More flexible operations trimmed $1.5 million from operating costs at the Merom Generating Station, while renegotiated contracts reduced transportation costs. Our highly efficient natural gas units provided energy just when it was needed, available and running with short notice.

Managing an efficient power supply means more than cutting costs. It also means looking for opportunities that benefit society. More than 60,000 tons of synthetic gypsum and other byproducts from coal operations brought in $700,000 in revenue.

More importantly, what was once destined for the landfill is now an environmentally friendly product used in the wallboard, agricultural and cement industries. That's the kind of value that benefits everyone.

FOCUSED ON RELIABILITY

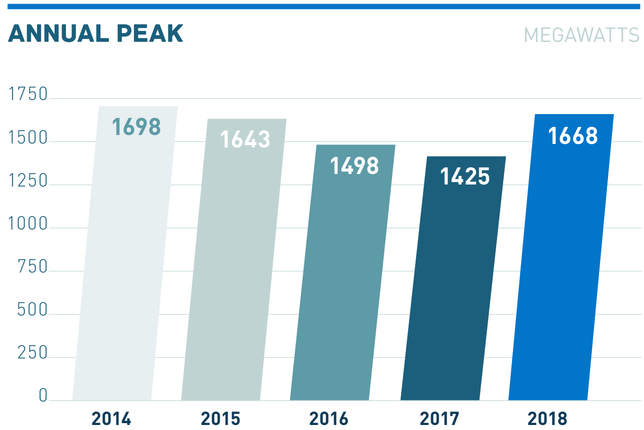
Our members understand the importance of providing reliable electric service to keep their economies humming. So do we.

Each year, we challenge ourselves to deliver energy more reliably than before, reduce outage times and improve visibility into what's happening on the 1,600-mile high-voltage transmission corridor that carries electricity to our member distribution co-ops.

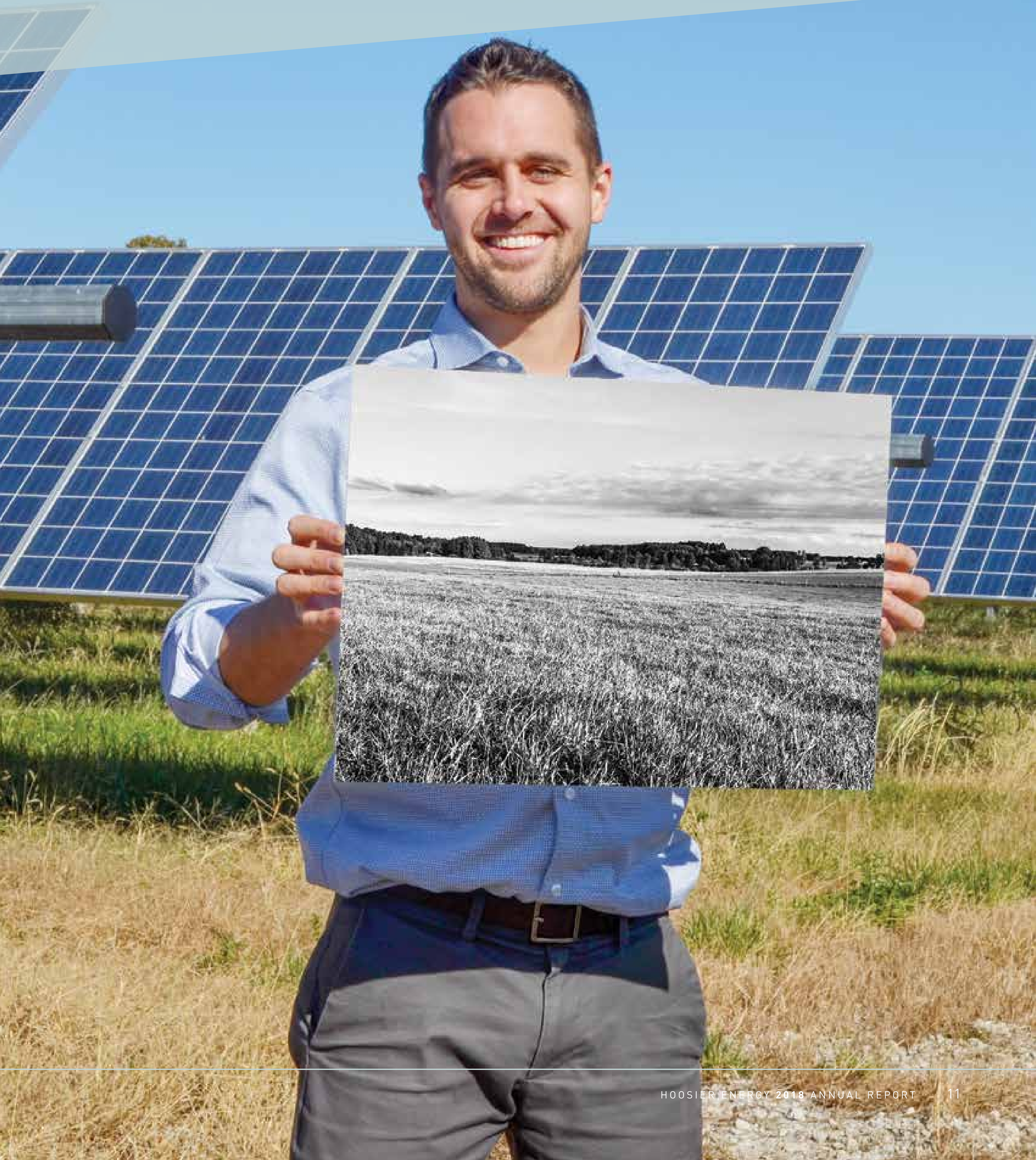
Hoosier Energy improved system reliability by 12 percent in 2018, bolstered by $16 million in power delivery projects and new technology that improved our ability to "see" inside complex equipment. While improvements benefit member systems, Hoosier Energy continues to work with members to increase reliability to each of their systems.

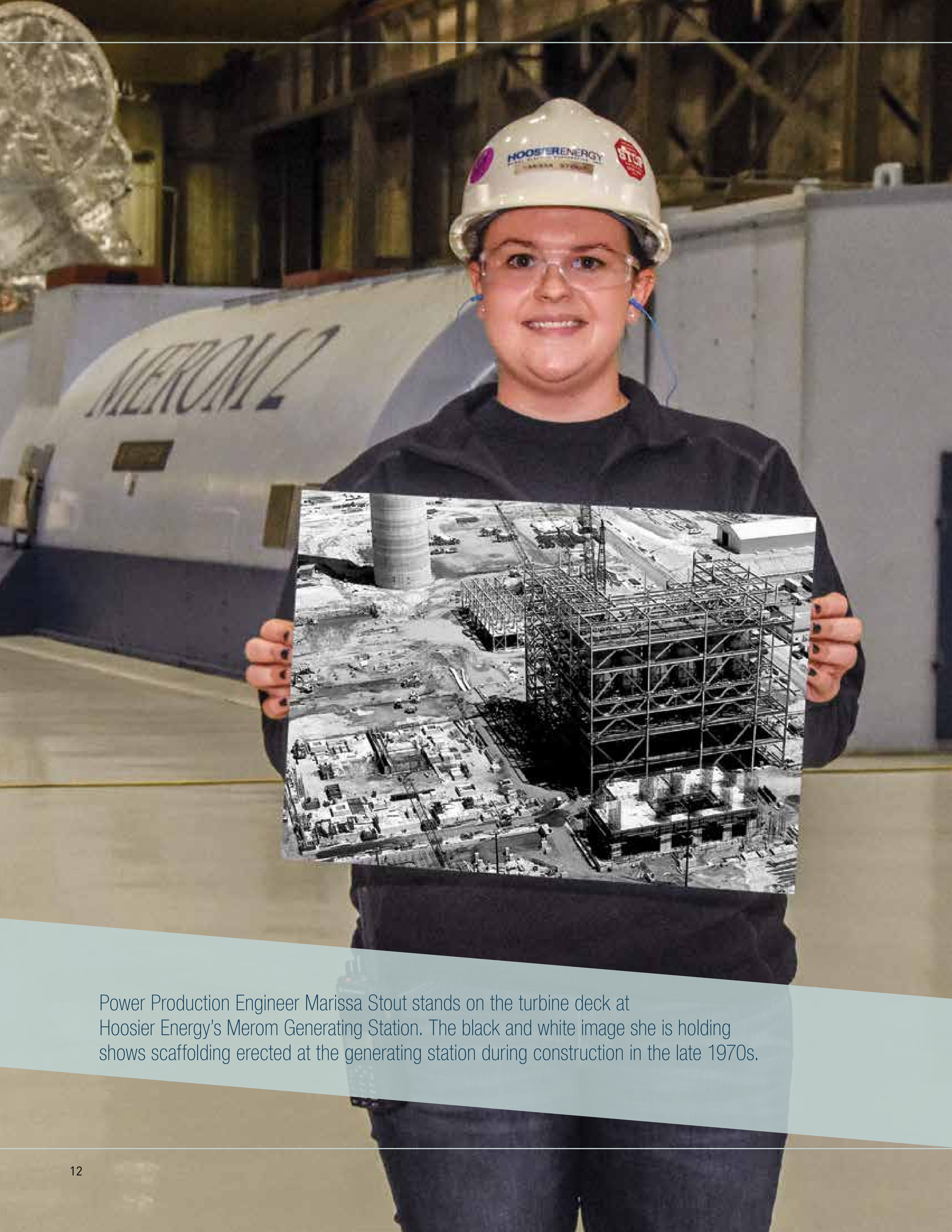
A new aerial tree-trimming program improved maintenance in remote areas, removing three times the number of trees that had the potential to disrupt power delivery—and at a 40 percent savings—over the previous year.

And a new cyber security application developed and patented by the Hoosier Energy cyber team now helps detect and thwart malicious attempts to attack systems and operational networks. Combined with an arsenal of threat intelligence resources from state and federal cyber intelligence centers, this application ensured that our core network systems attained 100 percent reliability.



Where open fields once stood, an array of solar panels now captures energy from the sun. Josh Cisney, Project Developer in the Renewable Energy Department, stands at one of the solar sites that generates 1 megawatt of energy.





Power Production Engineer Marissa Stout stands on the turbine deck at Hoosier Energy's Merom Generating Station. The black and white image she is holding shows scaffolding erected at the generating station during construction in the late 1970s.

At the same time, we partnered with members to develop and strengthen their own cyber security programs, providing services for disaster recovery, vulnerability scanning and monitoring information technology networks for malicious entry attempts.

While the people in member communities rarely see these behind-the-scenes activities, we know our member owners are counting on them. After all, reliable, competitive power is fundamental to helping their communities thrive.

NEW JOBS, NEW INVESTMENT, NEW POWER NEEDS

In 2018, Hoosier Energy worked with member communities to attract 55 new or expanded business facilities in their service areas—bringing $730 million in investment. This growth is projected to add more than 2,500 jobs in their communities—as well as an additional 38 megawatts of power to serve our members' businesses and industries.

Our support includes offering professional development workshops to local economic development officials and providing training for businesses. Sometimes we were there to answer questions about power supply options or how something as simple as light-bulb choices can impact a company's bottom line.

It's the sort of customer engagement that comes naturally for cooperatives and sets our members apart in attracting new business.

PEOPLE POWER

With technology connecting our world like never before, we're helping members engage with their consumers through co-op programs designed to help consumers save the very energy we produce. Consumers participating in "people power" programs do more for energy conservation than they may realize. In 2018, thousands of hours of energy savings from co-op programs translated to enough power to serve approximately 1,335 homes.

Here at Hoosier Energy, we factor those efficiencies into our overall supply plan—which helps keep power costs down for our members, and in turn, their consumers.

SAFE AND SOUND

Of course, the foundation for operational excellence is safety. The industry-leading Safe by Choice program, now in its fifth year, continues to improve and expand. We partnered with several members to bring the program to their cooperatives. Safe by Choice focuses on recognizing leading safety indicators to effectively communicate and prevent potential safety hazards before they occur.

Meanwhile, the federal Occupational Health and Safety Administration once again renewed Hoosier Energy's Voluntary Protection Program and safety accreditation credentials for our gas generating stations, this time suggesting a five-year evaluation cycle instead of the standard three-year review.

Safety training begins at ground zero. The Hoosier Energy Apprenticeship Training and Safety program, or HEATS, continued its successful 44-year run, providing training for 98 member employees who were new to line work, meter reading and substation operations. We also delivered skill-improvement training to nearly 2,000 member employees.

Our goal is simple: We want every one of our employees and every one of our members' employees to go home after a hard day's work, safe and sound.

TRANSITIONING FOR THE FUTURE

Much has changed since members formed Hoosier Energy in 1949.

But while supplying member systems with the power and the infrastructure necessary to bring electricity to rural communities may look very different than it did nearly 70 years ago, Hoosier Energy's mission has never changed. We hold true to our promise to deliver competitively priced energy and services safely, reliably and with respect for the environment.

From emerging technologies to new efficiencies with heating, cooling or industrial automations, we're helping our members get more from their electric service.

As proud as we are of our operational and financial accomplishments, the credit belongs to our members. We exist solely to serve them and their member owners. Together, we are here for the benefit of all.

WHATEVER COMES NEXT, HOOSIER ENERGY IS READY.

BOARD OF DIRECTORS

1/ **Darin Duncan**
Harrison REMC
Chairman

2/ **Dan Schuckman**
WIN Energy
Vice Chairman

3/ **Gary Waninger**
Southern Indiana Power
Secretary

4/ **Eugene Roberts**
Orange County REMC
Treasurer

5/ **Janet Anthony**
Bartholomew County REMC

6/ **Steve Dieterlen**
Clark County REMC

7/ **John Edwards**
Daviess-Martin County REMC

8/ **Tom Crowe**
Decatur County REMC

9/ **Rick Wendholt**
Dubois REC

10/ **Don Sloan**
Henry County REMC

11/ **John Trinkle**
Jackson County REMC

12/ **Jamie Meredith**
Johnson County REMC

13/ **Bob Stroup**
RushShelby Energy

14/ **Jerry Pheifer**
South Central Indiana REMC

15/ **David Smith**
Southeastern Indiana REMC

16/ **Todd Carpenter**
Utilities District of Western Indiana REMC

17/ **Larry Hosselton**
Wayne-White Counties Electric Cooperative

18/ **Jodie Creek**
Whitewater Valley REMC

EXECUTIVE TEAM

1/ **Donna Walker**
President and
Chief Executive Officer

2/ **Tom Van Paris**
Executive Vice President

3/ **Rob Horton**
Chief Operating Officer

4/ **Adam Roberts**
Chief Financial Officer

5/ **Bob Richhart**
Chief Technology Officer

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Hoosier Energy Rural Electric Cooperative, Inc.
Bloomington, Indiana

We have audited the accompanying financial statements of Hoosier Energy Rural Electric Cooperative, Inc. (the "Cooperative"), which comprise the balance sheets as of December 31, 2018 and 2017, and the related statements of operations and comprehensive income, changes in equity and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Cooperative's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Cooperative's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hoosier Energy Rural Electric Cooperative, Inc. as of December 31, 2018 and 2017, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2019, on our consideration of the Cooperative's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Cooperative's internal control over financial reporting and compliance.

Deloitte & Touche LLP

Indianapolis, Indiana
March 18, 2019

BALANCE SHEETS

AS OF DECEMBER 31, 2018 AND 2017 (In thousands)	2018	2017
ASSETS		
ELECTRIC PLANT:		
In service — at original cost	$ 2,429,546	$ 2,410,094
Construction work in progress	20,636	20,471
Plant held for future use	4,150	5,183
Total electric plant	2,454,332	2,435,748
Less accumulated depreciation	(1,116,096)	(1,074,104)
Electric plant, net	1,338,236	1,361,644
INVESTMENTS—At cost	207,198	136,953
CURRENT ASSETS:		
Cash and cash equivalents	63,216	98,734
Short-term investments	6,838	7,090
Receivables	40,874	57,622
Unrecovered power costs	-	4,374
Fuel	23,617	36,248
Materials and supplies	53,926	53,359
Prepayments and other	11,241	12,436
Total current assets	199,712	269,863
DEFERRED CHARGES AND OTHER	107,511	105,297
TOTAL	$ 1,852,657	$ 1,873,757
EQUITY AND LIABILITIES		
EQUITY:		
Patronage capital and other equities	$ 387,764	$ 371,007
Accumulated other comprehensive loss	(2,222)	(403)
Total equity	385,542	370,604
LONG-TERM DEBT:		
Secured notes under the Indenture	1,234,820	1,289,780
Capital lease obligations	11,871	12,713
Credit lines	45,000	–
Other unsecured notes	11,183	19,668
Total long-term debt	1,302,874	1,322,161
CURRENT LIABILITIES:		
Current portion of long-term debt and capital lease obligations	62,688	68,194
Accounts payable	46,346	56,425
Over collected power costs	5,171	–
Accrued interest	4,420	13,132
Accrued taxes	6,007	5,754
Other current liabilities	8,657	6,491
Total current liabilities	133,289	149,996
OTHER LONG-TERM LIABILITIES	30,952	30,996
COMMITMENTS AND CONTINGENCIES (Note 10)	–	–
TOTAL	$ 1,852,657	$ 1,873,757

See notes to financial statements.

STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In thousands)	2018	2017
OPERATING REVENUE:		
Member	$ 576,861	$ 553,749
Nonmember	52,113	119,803
Other	2,214	321
Total revenue	631,188	673,873
OPERATING EXPENSES:		
Fuel	152,092	125,178
Other production expenses	54,167	51,510
Purchased power	137,754	192,025
Transmission and distribution	45,404	40,549
Administrative and general	30,739	33,204
Maintenance	56,855	67,195
Depreciation and amortization	86,467	89,330
Income tax and other	(3,665)	(3,264)
Total operating expenses	559,813	595,727
OPERATING MARGIN BEFORE FIXED CHARGES	71,375	78,146
FIXED CHARGES AND OTHER:		
Interest expense	47,522	49,527
Other fixed charges and amortization of debt expense	4,917	5,394
Total fixed charges and other	52,439	54,921
OPERATING MARGIN	18,936	23,225
NONOPERATING MARGIN:		
Investment income and other	7,450	7,673
Nonoperating income tax expense	(3,082)	(2,725)
Total nonoperating margin	4,368	4,948
NET MARGIN	23,304	28,173
OTHER COMPREHENSIVE INCOME:		
Unrealized loss on pension and other post-retirement benefit plans	(1,819)	(336)
COMPREHENSIVE INCOME	$ 21,485	$ 27,837

See notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In thousands)	Member Capital	Other Equities	Accumulated Other Comprehensive Income (Loss)	Total Equity
BALANCE—December 31, 2016	$ 319,248	$ 30,133	$ (67)	$ 349,314
Patronage retirement	(6,547)	–	–	(6,547)
Other comprehensive income	–	–	(336)	(336)
Net margin	23,225	4,948	–	28,173
BALANCE—December 31, 2017	335,926	35,081	(403)	370,604
Patronage retirement	(6,547)	–	–	(6,547)
Other comprehensive income	–	–	(1,819)	(1,819)
Net margin	18,936	4,368	–	23,304
BALANCE—December 31, 2018	$ 348,315	$ 39,449	$ (2,222)	$ 385,542

See notes to financial statements.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In thousands)	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net margin	$ 23,304	$ 28,173
Adjustments to reconcile net margin to net cash:		
Depreciation and amortization	86,467	89,330
Deferred charges and credits	(8,442)	4,994
Change in receivables and unrecovered power costs	26,292	(16,758)
Change in fuel and materials inventories	12,064	8,622
Change in accounts payable	(14,227)	(2,364)
Change in accrued interest	(15,197)	(3,828)
Change in other current assets and liabilities	3,888	(4,903)
Net cash provided by operating activities	114,149	103,266
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(53,969)	(51,116)
Purchases of investments	(75,946)	(734)
Maturities and calls of investments	12,173	11,836
Net cash used in investing activities	(117,742)	(40,014)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from long-term credit lines	65,000	–
Payments on long-term credit lines	(20,000)	–
Principal payments on long-term debt	(69,792)	(74,177)
Patronage retirements	(7,133)	(5,736)
Net cash used in financing activities	(31,925)	(79,913)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(35,518)	(16,661)
CASH AND CASH EQUIVALENTS—Beginning of year	98,734	115,395
CASH AND CASH EQUIVALENTS—End of year	$ 63,216	$ 98,734

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

(Dollars in thousands)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Hoosier Energy Rural Electric Cooperative, Inc. (“Hoosier”) is a non-profit electric generation and transmission cooperative providing wholesale electric service to 18 distribution cooperative members in central and southern Indiana and southern Illinois.

The economy of the service area of Hoosier’s members is based principally on agriculture and agri-business, with increasing development in commercial and small industrial sectors. The majority of customers served by Hoosier’s members are residential. Each member has entered into a wholesale power contract with Hoosier to supply all electric requirements, which remains in effect until January 1, 2055 with automatic five-year extensions each five years beginning January 1, 2024 unless any member or Hoosier gives six-months written notice of intent not to renew.

Basis of Accounting

Hoosier maintains its accounts in accordance with policies prescribed by the Rural Utilities Service (RUS), which conform with accounting principles generally accepted in the United States of America (GAAP) in all material respects. The Financial Accounting Standards Board (FASB) developed the Accounting Standards Codification (ASC) to simplify access to authoritative GAAP and streamline research. The ASC is referenced throughout the financial statements and footnotes.

Hoosier is not subject to the general rate regulations of the Federal Energy Regulatory Commission (FERC) under the Federal Power Act as a result of its participation in the Federal loan program administered by the RUS. Hoosier’s wholesale rates to its members are established by its Board of Directors (the “Board”) and are subject to approval by the RUS. Wholesale power transactions with nonmembers are not subject to FERC jurisdiction because Hoosier is a borrower from the RUS. The rates charged by Hoosier for power supplied to its members are based on the revenue required by Hoosier to cover the cost of supplying such power plus an appropriate margin. As a rate-regulated entity, Hoosier’s financial statements reflect actions of regulators that result in the recognition of revenues and expenses in different time periods than enterprises that are not rate-regulated in accordance with ASC 980, *Regulated Operations*.

Electric Plant and Maintenance

Electric plant is stated at original cost, including applicable supervisory and overhead costs, and interest on borrowed funds used during construction. Expenditures for maintenance and repairs, including renewals of minor items of property (as distinguished from units of property), are charged to operating expenses. The original cost of depreciable units replaced or retired, including cost of removal, net of salvage, is charged to accumulated depreciation.

Asset Impairment

Long-lived assets held and used by Hoosier are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Specifically, the evaluation for impairment involves comparison of an asset’s carrying value to the estimated undiscounted cash flows the asset is expected to generate over its remaining life. If this evaluation were to conclude that the carrying value of the asset is impaired, an impairment charge would be recorded as a charge to operations based on the difference between the asset’s carrying amount and its fair value, to the extent that the Board has not taken action to establish a regulatory asset that will be recovered in future rates. Management has determined that no asset impairment existed in 2018 or 2017.

Fuel

Fuel inventory consists of coal and fuel oil and is valued at the lower of average cost or market.

Materials and Supplies

Materials and supplies consisting of spare parts and consumables are valued at the lower of average cost or market and charged to expense or capitalized as plant when installed.

Depreciation and Amortization

Depreciation for the generating plants and transmission facilities is provided on the basis of estimated useful lives at straight-line composite rates. The rates applied to electric plant in service for 2018 and 2017 are:

	2018	2017
Production plant	3.00-3.10%	3.00-3.10%
Transmission plant	2.75	2.75
Distribution plant	2.88	2.88
General plant	2.50-20.00	2.50-20.00

Upon retirement of general plant assets, the resulting gain or loss is recognized in the Statements of Operations and Comprehensive Income. Gain or loss from retirement of production, transmission, or distribution plant is recorded as an adjustment to accumulated depreciation.

Depreciation associated with assets that are subject to capitalized leases (Note 7) is included with depreciation and amortization expense for financial reporting purposes. Depreciation expense was $73,661 and $71,801 for 2018 and 2017, respectively. Depreciation and amortization includes amortization related to a plant retired during 2015 (Note 4). Amortization expense for the retired plant was $5,649 for both 2018 and 2017.

Investments

Hoosier's investments consist primarily of voluntary advance payments to the RUS cushion of credit program, loan capital term certificates and subscription capital term certificates which are a requirement in order to borrow from the National Rural Utilities Cooperative Finance Corporation (CFC) (Note 3), and CFC member capital securities. The CFC investments represent less than a 20% ownership in CFC and management does not have significant influence over CFC. The investments are carried at cost, subject to an annual impairment test. Hoosier also held $100 in available-for-sale securities at December 31, 2017. Additionally, Hoosier held $3,330 and $3,321 in trading securities at December 31, 2018 and 2017, respectively. Available-for-sale and trading securities are recorded in *Short-term investments*. Hoosier held investments in corporate bonds, with maturities of less than one year, totaling $3,507 and $3,669 recorded in *Short-term investments* at December 31, 2018 and 2017, respectively. In addition, Hoosier held investments in corporate bonds with maturities of greater than one year and less than five years totaling $3,452 and $3,522 at December 31, 2018 and 2017, respectively. The held-to-maturity investments are carried at amortized cost with no unrealized holding gains or losses recorded in other comprehensive income.

Fair Value of Financial Instruments

The carrying amount of cash, receivables and certain current liabilities approximates fair value due to the short maturity of the instruments.

Hoosier uses fair value to measure certain financial instruments with related unrealized gains or losses generally affecting future recoverable costs. The fair value of a financial instrument is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (the exit price). Observable inputs may be used in the calculation of fair value. ASC 820, *Fair Value Measurements and Disclosures* establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The three levels of the fair value hierarchy are described below.

Level 1 — Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 — Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly;

Level 3 — Prices or valuations that require inputs that are both significant to the fair value measure and unobservable.

The inputs used to measure available-for-sale securities are Level 2 measurements consisting of observable market data for similar assets. The fair value of trading securities was measured using Level 1 inputs consisting of quoted market prices for identical assets in active markets. Derivative instruments including Financial Transmission Rights (FTRs) were measured using Level 2 inputs consisting of observable market data for similar assets. At December 31, 2017, Hoosier held purchase power swap contracts which were measured using Level 2 inputs consisting of observable market data for similar assets. The fair value of heating oil and natural gas contracts were measured using Level 1 inputs consisting of quoted prices for identical assets or liabilities on active exchanges.

Estimated fair values of Hoosier's assets and liabilities and methods of valuation as of December 31, 2018 and 2017 were as follows:

Fair Value Measurements at December 31, 2018, Using:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets—investments:				
Available-for-sale securities	$ –	$ –	$ –	$ –
Trading securities	3,330	3,330	–	–
	$ 3,330	$ 3,330	$ –	$ –
Liabilities—Derivative financial instruments	$ 1,973	$ 974	$ 999	$ –

Fair Value Measurements at December 31, 2017, Using:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets—investments:				
Available-for-sale securities	$ 100	$ –	$ 100	$ –
Trading securities	3,321	3,321	–	–
	$ 3,421	$ 3,321	$ 100	$ –
Liabilities—Derivative financial instruments	$ 2,722	$ 1,307	$ 1,415	$ –

The estimated fair values of Hoosier's financial instruments carried at cost at December 31, 2018 and 2017 were as follows:

	2018		2017	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Held-to-maturity investments	$ 210,705	$ 209,362	$ 140,621	$ 158,098
Long-term debt	1,352,917	1,394,462	1,376,888	1,465,038

Carrying amounts for held-to-maturity investments include $3,507 and $3,668 at December 31, 2018 and 2017, respectively, recorded in *Short-term investments*. The inputs used to measure held-to-maturity investments are considered Level 2 and are based on third-party yield rates of similarly maturing instruments determined by recent market activity. The estimated fair value of secured notes and other notes payable was estimated using quoted market prices for the same or similar issues or on the current rates offered to Hoosier for instruments with similar characteristics and is classified as a Level 2 fair value measurement.

Because of the inherent difficulty of estimating interest rate and other market risks, the methods used to estimate fair value may not always be indicative of actual realizable value, and different methodologies could produce different fair value estimates at the reporting date. There were no other items subject to fair value disclosure.

Rate Matters

Member revenue is recognized based on month-end meter readings. Nonmember revenue is recognized based on scheduled energy and demand in accordance with contractual agreements. Hoosier's rate structure includes a power cost adjustment mechanism, which allows for the recovery of power costs varying from the targeted levels specified in base energy rates. Hoosier recognizes the under or over recovery in revenues, and a corresponding receivable or payable is recorded until such time as it is collected from or refunded to members. At December 31, 2018, the over recovered amount is recorded as *Over collected power costs* on the Balance Sheets in current liabilities. At December 31, 2017, the unrecovered amount is recorded as *Unrecovered power costs* on the Balance Sheets in current assets. Member and nonmember accounts are as follows:

	Members		Nonmembers		Totals	
	Receivables	(Over Collected) Unrecovered Power Costs	Receivables	(Over Collected) Unrecovered Power Costs	Receivables	(Over Collected) Unrecovered Power Costs
2018	$ 35,852	$ (5,171)	$ 5,022	$ –	$ 40,874	$ (5,171)
2017	45,856	4,374	11,766	–	57,622	4,374

Cash and Cash Equivalents

Hoosier classifies investments purchased with an original maturity of three months or less at acquisition as cash equivalents, such as money market mutual funds.

Use of Estimates

The presentation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenue and expenses. Actual results could differ from those estimates.

Regulatory Assets and Liabilities

In accordance with the provisions of ASC 980 certain revenues and expenses are deferred if it is probable that such amounts will be recovered from or returned to customers in future rates (Note 4). A regulatory asset is charged to earnings if and when future recovery in rates of that asset is no longer probable. Revenues and expenses that are deferred are treated as non-cash items in the Statements of Cash Flows in the year of deferral.

Derivatives

Hoosier's activities expose it to a variety of market risks including interest rates, transmission congestion, market power prices and commodity prices. Management has established risk management policies and strategies to reduce the potentially adverse effects that the volatility of the markets may have on its operating results. These policies and strategies include the use of derivative instruments as economic hedges. At December 31, 2017, Hoosier held derivative instruments in the form of natural gas future contracts for the purpose of hedging volatility in gas prices related to operation of its gas-fired generating units. Hoosier also held energy swap contracts for the purpose of hedging against rising market power prices. As of December 31, 2018 and 2017, Hoosier held derivative instruments in the form of fuel oil future contracts for the purpose of hedging volatility in fuel oil prices related to the price escalation charges in coal supply contracts. In addition, Hoosier held FTRs to hedge price risk associated with transmission congestion.

Hoosier records all unrealized gains and losses on derivative instruments, with the exception of the normal purchases and sales exclusions, as regulatory assets or liabilities until such time that the asset or liability is settled, at which time the gain or loss is recognized in earnings. Such derivative instruments have unrealized losses totaling $1,973 and $2,722 as of December 31, 2018 and 2017, respectively, recorded as regulatory assets as a component of *Deferred charges and other*.

2018	Location of Gain (Loss) Recognized in Income	Realized Gain (Loss)	Unrealized Gain (Loss) Recognized in Deferred Charges
Natural gas contracts	Fuel—gas expense	$ (63)	$ –
Fuel oil contracts	Fuel—coal expense	(216)	(974)
FTR contracts	Purchased power	5,490	(999)
Energy swap contracts	Purchased power	55	–
		$ 5,266	$ (1,973)

2017	Location of Gain (Loss) Recognized in Income	Realized Gain (Loss)	Unrealized Gain (Loss) Recognized in Deferred Charges
Natural gas contracts	Fuel—gas expense	$ (329)	$ (87)
Fuel oil contracts	Fuel—coal expense	(2,236)	(1,192)
FTR contracts	Purchased power	5,653	(1,415)
Energy swap contracts	Purchased power	(469)	(28)
		$ 2,619	$ (2,722)

Derivative Instrument	Statement of Financial Position Location	2018 Derivative Fair Value Assets	2018 Derivative Fair Value Liabilities	2017 Derivative Fair Value Assets	2017 Derivative Fair Value Liabilities
Natural gas and fuel oil contracts	Prepayments and other[1]	$ –	$ (974)	$ –	$ (1,279)
FTR contracts	Other current liabilities	–	(999)	–	(1,415)
Energy swap contracts	Accounts payable	–	–	–	(28)

[1] Excluded from derivative assets are $1,279 and $1,770 as of December 31, 2018 and 2017, respectively, of margin cash held by counterparties, recorded in prepayments and other.

The effect of derivative gains and losses is reflected in the net cash provided by operating activities in the Statements of Cash Flows.

Asset Retirement Obligations

ASC 410, *Asset Retirement and Environmental Obligations*, requires legal obligations associated with the retirement of long-lived assets to be recognized at fair value when incurred and capitalized as part of the related long-lived asset, including conditional asset retirements where an obligation exists even though the method or timing of settlement may be conditional. The liability is accreted to its present value each period and the capitalized cost is depreciated over the useful life of the related asset. When the asset is retired, the entity settles the obligation for its recorded amount or incurs a gain or loss. Hoosier's asset retirement obligations primarily reflect requirements related to landfill and ash pond closure costs and coal pile remediation.

The following table represents the details of Hoosier's asset retirement obligations as reported on the Balance Sheets. *Other current liabilities* include $250 at December 31, 2017 for obligations expected to be settled during the following year.

	Beginning Balance	Liabilities Incurred	Liabilities Settled	Accretion	Cash Flow Revisions	Ending Balance
2018	$ 21,987	$ –	$ (227)	$ 1,291	$ –	$ 23,051
2017	21,641	–	(874)	1,220	–	21,987

Recently Issued Accounting Standards

In May 2014, the FASB issued new accounting guidance to clarify the principles for recognizing revenue and to develop a common revenue standard for GAAP and International Financial Reporting Standards (IFRS). The amendments in this guidance state that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This new guidance requires improved disclosures to help users of financial statements better understand the nature, amount, timing, and uncertainty of revenue that is recognized. An amendment issued in August 2015 deferred the effective date of the original guidance. For nonpublic entities, the guidance is effective for annual reporting periods beginning after December 15, 2018, with early adoption permitted only as of an annual reporting period beginning after December 15, 2016. An entity should apply the amendments in this update using either a retrospective approach reflecting the application to each prior reporting period presented, or a modified retrospective approach, with the cumulative effect of initially applying this update recognized at the date of initial application. The clarified standard is not expected to significantly change current practice for rate-regulated entities. Management does not expect the adoption of this guidance to have a material impact on Hoosier's financial statements.

In February 2016, the FASB issued an accounting standards update intended to improve financial reporting involving leasing transactions. The update will require organizations that lease assets to recognize on the Balance Sheets the assets and liabilities for the rights and obligations created by those leases. Under the new guidance, a lessee will be required to recognize assets and liabilities for leases with lease terms of more than twelve months. Implementation of the update will primarily impact the Balance Sheets. It does not include provisions that would significantly impact the Statements of Operations and Comprehensive Income or Statements of Cash Flows. For nonpublic entities, the guidance is effective for annual reporting periods beginning after December 15, 2019. Hoosier is currently evaluating the impact it will have on the financial statements and disclosures.

In August 2016, the FASB issued an accounting standards update intended to provide specific guidance regarding how certain cash receipts and cash payments are presented and classified in the Statements of Cash Flows. The update addresses eight specific cash flow issues: debt prepayment or debt extinguishment costs; settlement of zero-coupon bonds; contingent consideration payments made after a business combination; proceeds from the settlement of insurance claims; proceeds from the settlement of corporate-owned insurance policies; distributions received from equity method investees; beneficial interest in securitization transactions; and separately identifiable cash flows and application of the predominance principle. For nonpublic entities, the amendments in this update are effective for fiscal years beginning after December 15, 2018. Retrospective application to each period presented is required. Hoosier is currently in the process of evaluating the impact of adoption on its financial statements and disclosures.

In March 2017, the FASB issued an accounting standards update intended to improve the presentation of net periodic pension cost and net periodic post-retirement benefit cost. The update will require that an employer disaggregate the service cost component from the other components of net benefit cost. The amendments also provide explicit guidance on how to present the service cost component and the other components of net benefit cost in the income statement and allow only the service cost component of net benefit cost to be eligible for capitalization. For nonpublic entities, the amendments in this update are effective for fiscal years beginning after December 15, 2018 with early adoption permitted. Retrospective application to each period presented is required. Management has determined the adoption of this guidance will not have a material impact on Hoosier's financial statements or disclosures.

In August 2017, the FASB issued an accounting standards update intended to improve the financial reporting of hedging relationships to better portray the economic results of an entity's risk management activities in its financial statements. The amendments expand and refine hedge accounting for both nonfinancial and financial risk components and align the recognition and presentation of the effects of the hedging instrument and the hedged item in the financial statements. For nonpublic entities, the amendments in this update are effective for fiscal years beginning after December 15, 2019 with early adoption permitted. Management does not expect the adoption of this guidance to have a material impact on Hoosier's financial statements or disclosures.

2. ELECTRIC PLANT

Electric plant, at December 31, 2018 and 2017, consists of the following:

	2018	2017
Production plant (Note 7)	$ 1,854,237	$ 1,841,156
Transmission plant	278,374	280,328
Distribution plant	117,788	114,796
General plant	151,805	147,720
Intangible plant	27,342	26,094
Electric plant in service	2,429,546	2,410,094
Construction work in progress	20,636	20,471
Plant held for future use	4,150	5,183
	$ 2,454,332	$ 2,435,748

Hoosier owns 50% of a 630-megawatt combined cycle plant in southern Illinois and 67% of a 258-megawatt natural gas-fueled peaking plant in Indiana. The plant investments disclosed in the table above represent Hoosier's undivided interest in each co-owned plant. Hoosier's proportionate share of assets, liabilities and direct expenses associated with joint ownership is included in the accompanying financial statements.

Supplemental Cash Flow Information

As of December 31, 2018 and 2017, Hoosier's accounts payable balances included $3,923 and $8,655, respectively, for capital expenditures. These amounts will be included as a cash outflow from investing activities for capital expenditures when paid.

3. INVESTMENTS—AT COST

Amortized cost and estimated fair value of held-to-maturity investments at December 31, 2018 and 2017 are as follows:

2018	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
CoBank—Class C and E stock	$ 4,876	$ –	$ (533)	$ 4,343
CFC—capital and equity term certificates	6,282	–	(732)	5,550
CFC—capital patronage certificates	2,690	92	–	2,782
RUS—cushion of credit (restricted)	186,500	–	(149)	186,351
Corporate bonds[1]	6,960	–	(21)	6,939
Other investments	3,397	–	–	3,397
	$ 210,705	$ 92	$ (1,435)	$ 209,362

[1] Includes $3,507 in corporate bonds with maturities less than one year recorded in *Short-term investments*

2017	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
CoBank—Class C and E stock	$ 4,645	$ –	$ (386)	$ 4,259
CFC—capital and equity term certificates	7,355	–	(325)	7,030
CFC—capital patronage certificates	2,626	268	–	2,894
RUS—cushion of credit (restricted)	116,342	17,955	–	134,297
Corporate bonds[2]	7,190	–	(35)	7,155
Other investments	2,463	–	–	2,463
	$ 140,621	$ 18,223	$ (746)	$ 158,098

[2] Includes $3,668 in corporate bonds with maturities less than one year recorded in *Short-term investments*

In accordance with the Rural Electrification Act of 1936 (RE Act), as amended, the RUS established a cushion of credit program. Under this program, RUS borrowers were allowed to make voluntary deposits into a special cushion of credit account which accrued interest at a rate of 5% per annum. Effective December 20, 2018, the Agriculture Improvement Act of 2018 eliminated future deposits into the program and prescribed a new interest rate schedule for existing deposits. The current rate of 5% is in effect until September 30, 2020 after which deposits will earn interest at 4% until September 30, 2021. Thereafter, deposits will earn the 1-year treasury rate. The amounts in the cushion of credit account (deposits and earned interest) can only be used to make payments on loans made or guaranteed under the RE Act and are therefore considered restricted. Hoosier's cushion of credit account balance was $186,500 and $116,342 at December 31, 2018 and 2017, respectively and is recorded in *Long-term investments.*

4. DEFERRED CHARGES AND CREDITS

Deferred charges, net of accumulated amortization, at December 31, 2018 and 2017, consist of the following:

	2018	2017
Regulatory asset for early plant retirement	$ 56,487	$ 62,136
Debt issuance costs	334	461
Regulatory asset for losses on early extinguishment of debt	258	490
Regulatory asset for termination of long-term financing obligations	6,334	11,305
Regulatory asset for valuation allowance of tax benefits	–	1,688
Regulatory asset for fair value of derivative instruments	1,973	2,722
Regulatory asset for realized losses on interest rate hedging	8,280	9,047
Regulatory asset for abandoned project	5,592	5,965
Regulatory asset for major outage costs	14,437	–
Regulatory asset for landfill gas plant retirement	3,857	–
Pension prepayment, net of current portion (Note 9)	5,800	7,734
Other deferred charges	4,159	3,749
	$ 107,511	$ 105,297

The Ratts plant was retired from service in March 2015. The unrecovered cost of the plant is being amortized over thirteen years, which represents the remaining depreciable life of Ratts at retirement. The related revenue will be collected from members over the same period.

Debt issuance costs include fees associated with Hoosier's revolving credit facility. The fees are being amortized over approximately five years, which is the term of the facility.

Losses on early extinguishment of debt arising from repricing transactions are being amortized over periods ranging from fourteen to thirty-six years, the lives of the related or replacement debt, using the straight-line method.

During 2009, two long-term financing transactions were terminated. Hoosier's Board resolved to recognize the cost of termination over ten years, which is the life of associated borrowings. The related revenue will be collected from members over the same period.

A valuation allowance to reduce certain safe harbor tax benefits to zero was recognized in 2004 and was amortized over fifteen years representing the remaining life of the related contract. The valuation allowance was fully amortized at December 31, 2018.

Hoosier records all unrealized gains and losses on derivative instruments, with the exception of the normal purchases and sales exclusions, as regulatory assets or liabilities until such time that the asset or liability is settled, at which time the gain or loss is recognized in earnings.

Hoosier recognized losses on interest rate hedges during 2013 and 2014. The losses are being amortized over twenty-six years, which represents the lives of the related borrowings.

During 2013, a landfill gas generation project was cancelled. Stranded costs associated with the cancellation are being amortized over twenty years, which is the average useful life of similar assets.

In 2018, a regulatory asset was established to defer major outage costs incurred at the Merom Generating Station (Merom). The costs will be amortized over eight years, which represents the expected cycle of major maintenance activities.

During 2018, a landfill gas generating plant was retired from service early. The unrecovered cost of the plant is being amortized over six years, which is the remaining life of plant borrowings.

Total amortization related to the above items was $18,660 and $13,724 in 2018 and 2017, respectively.

5. MEMBER CAPITAL AND OTHER EQUITIES

For financial reporting purposes, operating margins are assignable to members based upon their share of amounts paid for wholesale energy during the year. Nonoperating margins are retained to offset operating losses or, by action of the Board, may be assigned to members. Accumulated unassigned nonoperating margins are recorded as other equities in the Statements of Changes in Equity.

Hoosier's bylaws state that Hoosier's patronage-sourced federal taxable income is assignable to members based upon their share of amounts paid for wholesale energy during the year.

Hoosier has certain loan agreements (Note 6) which contain restrictions on distributions.

The Board authorized, and the RUS approved, retirement of $6,547 in patronage capital for both 2018 and 2017.

6. LONG-TERM DEBT

Secured Notes under Indenture

An Indenture of Mortgage, Security Agreement and Financing Statement, dated as of December 21, 2010 (Indenture), between Hoosier, as Grantor, and U.S. Bank National Association, as Trustee, as supplemented, provides secured note holders with a pro-rated interest in substantially all owned assets. Secured notes payable consist of the following:

	2018	2017
Secured notes under the Indenture:		
Rural Utilities Service (RUS) (a)	$ 3,126	$ 4,222
Federal Financing Bank (FFB) (b)	947,010	995,020
CoBank (c)	76,758	80,997
CFC (d)	21,356	28,839
Series 2011A Notes (e)	190,000	190,000
Series 2011B Notes (f)	50,000	50,000
Subtotal:	1,288,250	1,349,078
Less portion due within one year:		
RUS	1,105	1,096
FFB	39,612	48,010
CoBank	4,933	2,709
CFC	7,780	7,483
Subtotal:	53,430	59,298
Total:	$ 1,234,820	$ 1,289,780

(a) The notes payable to United States of America (RUS) are due in monthly and quarterly installments of varying amounts through 2022. The weighted average interest rate was 5.1% at December 31, 2018.

(b) The notes payable to FFB are guaranteed by RUS and under the terms of the agreement all advances are subject to RUS's approval. Interest on each advance is payable quarterly at the respective rate established by FFB at the time of the advance. Maturity dates range from December 2019 through January 2045, and the weighted average interest rate was 3.5% at December 31, 2018.

(c) The terms of the CoBank notes provide for quarterly payments of principal and monthly payments of interest at a weighted average rate of 3.0% at December 31, 2018. Maturity dates range from October 2019 to February 2033. Hoosier, at its option, can fix the interest rate on varying amounts for various terms or allow the rate to be adjusted periodically by CoBank.

(d) The terms of the CFC notes provide for quarterly payments of principal and interest at either fixed or variable rates as elected by Hoosier. The weighted average interest rate on advanced funds was 4.0% at December 31, 2018. Maturity dates range from October 2019 to June 2040.

(e) The terms of the Series 2011A first mortgage notes provide for semiannual payments of interest at 4.9% and annual principal payments at various amounts from September 2033 to September 2039.

(f) The terms of the Series 2011B first mortgage notes provide for semiannual payments of interest at 4.1% and principal is due September 2029.

Other Unsecured Notes

Unsecured notes payable consist of the following:

	2018	2017
Other unsecured notes:		
CoBank (g)	$ 15,619	$ 22,213
CFC (h)	4,048	5,597
Subtotal:	19,667	27,810
Less portion due within one year:		
CoBank	6,818	6,593
CFC	1,666	1,549
Subtotal:	8,484	8,142
Total:	$ 11,183	$ 19,668

(g) The terms of the unsecured CoBank notes provide for quarterly payments of principal and interest at a weighted average rate of 3.8% at December 31, 2018. Maturity dates range from January 2020 to May 2023.

(h) The terms of the unsecured CFC notes provide for quarterly payments of principal and interest at either fixed or variable rates as elected by Hoosier. The weighted average interest rate on advanced funds was 2.6% at December 31, 2018. Maturity dates range from October 2019 to December 2024.

At December 31, 2018, estimated principal maturities of secured notes under the Indenture and other unsecured notes are as follows:

Years Ending December 31	
2019	$ 61,914
2020	50,166
2021	39,140
2022	51,492
2023	48,356
Thereafter	1,056,849
	$ 1,307,917

Credit Lines

Hoosier has a $300,000 syndicated revolving credit facility, which matures August 11, 2021. The proceeds of the facility may be used for working capital, capital expenditures, other general corporate purposes, and for the issuance of up to $50,000 of letters of credit. The credit facility bears interest at various rates. There was $45,000 outstanding as of December 31, 2018 at an interest rate of 3.5%.

The existing Indenture and certain other debt agreements contain provisions which, among other restrictions, require Hoosier to maintain certain financial ratios. Management believes that Hoosier was in compliance with these financial ratios at December 31, 2018 and 2017.

Cash paid for interest was $56,977 and $51,473 during the years ended December 31, 2018 and 2017, respectively. Capitalized interest was $517 and $565 in 2018 and 2017, respectively.

7. CAPITAL LEASE OBLIGATIONS

During December 1986, Hoosier entered into two sale/leaseback agreements for undivided ownership interests in certain property included in Merom. The original lease terms expired in 2017. Proceeds from these transactions aggregated $183,500 and were used to pay existing FFB and CoBank mortgage debt and certain related expenses. The original gain of $35,000 was included with deferred credits and was credited to income over the lease term (Note 4). Capital lease assets associated with the agreements totaled $178,000 and were included with electric plant until fully amortized in 2017. Amortization related to these capital leases was $6,747 in 2017. In 2016, Hoosier exercised short-term renewal options effective at the expiration of the original lease. The lease renewals are accounted for as operating leases (Note 10).

In 2016 and 2017, Hoosier entered into ten lease agreements for solar generating facilities. The original lease terms are ten years after which Hoosier may purchase the facilities or renew the leases for an additional two years. The agreements are classified as capital leases. Electric plant includes $14,257 of capital lease assets associated with the agreements in both 2018 and 2017.

Future minimum payments, by year and in the aggregate under capital leases, are as follows:

Years Ending December 31	
2019	$ 1,327
2020	1,448
2021	1,448
2022	1,448
2023	1,448
Thereafter	9,042
Total minimum lease payments	16,161
Less amount representing interest at 4.9%	(3,516)
Present value of net minimum lease payments	12,645
Less portion due within one year	(774)
	$ 11,871

8. INCOME TAXES

Income taxes consist of the following:

	2018	**2017**
Income taxes credited to operating margin—current:		
Federal	$ (2,181)	$ (2,695)
State	(455)	(569)
	(2,636)	(3,264)
Income taxes charged to nonoperating margin—current:		
Federal	1,597	2,154
State	456	571
	2,053	2,725
Net income tax expense (benefit)	$ (583)	$ (539)

Total income tax expense differs from the amounts computed by applying the federal statutory rate to pretax income due primarily to patronage dividend deductions. Hoosier's methodology for allocating interest income resulted in an additional $1,029 recognized in *Income tax and other* for 2018.

As of December 31, 2018, Hoosier has net operating loss carryforwards for federal and state income tax purposes of $290,820 and $288,705, respectively, which are available to offset future taxable income. These net operating loss carryforwards will expire between 2019 and 2036. A full valuation allowance has been established to offset these deferred tax assets since Hoosier does not expect to realize these net operating loss carryforwards before they expire.

Hoosier files income tax returns in the U.S. jurisdiction and various states. The tax years 2014 through 2018 remain open to examination by the major taxing jurisdictions to which Hoosier is subject. Hoosier has no uncertain tax positions recognized in the financial statements.

On December 22, 2017, the United States government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act ("the Tax Act"). Among other provisions, the Tax Act lowers the corporate federal income tax rate from 35% to 21% effective January 1, 2018. The Tax Act did not impact Hoosier's financial statements or disclosures.

9. RETIREMENT PLANS

Multiemployer Plan

The National Rural Electric Cooperative Association (NRECA) Retirement Security Plan (RS Plan) is a defined benefit pension plan qualified under Section 401 and tax-exempt under Section 501(a) of the Internal Revenue Code. It is a multiemployer plan under the accounting standards. The plan sponsor's Employer Identification Number is 53-0116145 and the Plan Number is 333.

A unique characteristic of a multiemployer plan compared to a single employer plan is that all plan assets are available to pay benefits of any plan participant. Separate asset accounts are not maintained for participating employers. This means that assets contributed by one employer may be used to provide benefits to employees of other participating employers.

Hoosier's contributions to the RS Plan in 2018 and in 2017 represented less than 5% of the total contributions made to the plan by all participating employers. Hoosier made contributions to the plan of $8,198 and $8,075 in 2018 and 2017, respectively.

In 2013, Hoosier elected to participate in a voluntary prepayment option offered to participants in the RS Plan. Hoosier contributed $19,334 under the prepayment program during 2013. According to RUS guidelines, the amount will be amortized to benefit costs over a ten-year period, which represents the remaining service lives of all plan participants. The prepayment amount is Hoosier's share, as of January 1, 2013, of future contributions required to fund the RS Plan's unfunded value of benefits earned to date using RS Plan actuarial valuation assumptions. After making the prepayment, Hoosier's annual contribution rate was reduced by approximately 25%, retroactive to January 1, 2013. The 25% differential in contribution rates is expected to continue for approximately fifteen years but is subject to change as a result of actual plan experience. Total contributions include amortization of payments made under the voluntary prepayment option. Amortization of the prepayment totaled $1,933 for both 2018 and 2017.

In the RS Plan, a "zone status" determination is not required, and therefore not determined, under the Pension Protection Act (PPA) of 2006. In addition, the accumulated benefit obligations and plan assets are not determined or allocated separately by individual employer. In total, the RS Plan was at least 80% funded on January 1, 2018 and January 1, 2017, based on the PPA funding target and PPA actuarial value of assets on those dates.

Because the provisions of the PPA do not apply to the RS Plan, funding improvement plans and surcharges are not applicable. Future contribution requirements are determined each year as part of the actuarial valuation of the plan and may change as a result of plan experience.

Retirement Savings Plan

Employees of Hoosier are also eligible to participate in the Retirement Savings Plan of Hoosier Energy Rural Electric Cooperative, Inc. This is a defined contribution, 401(k) plan. Eligible employees are eligible for employer matching contributions. Hoosier provided matching contributions totaling $1,370 and $1,352 in 2018 and 2017, respectively.

Long-Term Disability Plan

Hoosier provides long-term disability benefits to its employees. Prior to September 2016, benefits included payment of 100% of single coverage premiums and 80% of dependent coverage premiums. Following changes to the plan, employees will receive benefits for a maximum of two years or until reaching age 62 and then are required to pay 100% of the retiree-appropriate premium. Accrued long-term disability benefits of $623 and $858 were recorded in *Other long-term liabilities* as of December 31, 2018 and 2017, respectively.

Post-Retirement Health Plan

Hoosier provides post-retirement health benefits to eligible retirees, which include payment of 100% of single coverage premiums and 50% of dependent coverage premiums to age 65 for those eligible employees hired before December 31, 2007. Hoosier funds the plan as health care claims are required to be paid.

Deferred Compensation Plan

Hoosier maintains a nonqualified deferred compensation program (Deferred Plan) to provide supplemental retirement payments to qualifying employees. The Deferred Plan liability was $3,330 and $3,321 as of December 31, 2018 and 2017, respectively, and was included in *Other current liabilities* in 2018 and *Other long-term liabilities* in 2017 in the Balance Sheets. Hoosier has elected to fund its deferred compensation obligations through a rabbi trust. The rabbi trust is subject to creditor claims in the event of insolvency, but the assets held in the rabbi trust are not available for general corporate purposes. Amounts in the rabbi trust are invested in exchange-traded mutual funds, as selected by participants, which are designated as trading securities and recorded at fair value, and are included in *Short-term investments* in the Balance Sheets. All investments are exchange-traded mutual funds measured using Level 1 inputs (quoted prices for identical assets in active markets). Hoosier records trading gains and losses in *Investment income and other* in the Statements of Operations and Comprehensive Income. The offsetting amount related to the increase or decrease in deferred compensation is recorded in *Administrative and general* costs.

Defined Benefit Plan

Certain of Hoosier's employees participate in an Executive Benefit Restoration Plan (EBR Plan) established in 2014 and administered by the NRECA. The EBR Plan is a noncontributory defined benefit plan sponsored by Hoosier. Benefits under the EBR Plan are based on the difference between amounts without Internal Revenue Service (IRS) qualified pension plan limits on compensation and benefits and those with such limits as determined under the provisions of the NRECA RS Plan. The EBR Plan liability was $2,438 as of December 31, 2018, and was included in *Long-term liabilities* in the Balance Sheets. Hoosier intends to fund the plan as retirement claims are required to be paid.

The following sets forth the benefit obligation, the change in plan assets, and the components of accrued benefit cost and net periodic benefit cost for both the post-retirement health plan and the defined benefit plan.

	Post-Retirement Health Plan		Defined Benefit Plan	
	2018	2017	2018	2017
Benefit obligation — beginning of year	$ 5,080	$ 4,976	$ –	$ –
Service cost	171	170	97	–
Interest cost	190	188	126	–
Actuarial loss / (gain)	62	336	1,722	–
Benefits paid	(658)	(590)	–	–
Prior service cost	–	–	493	–
Benefit obligation — end of year	4,845	5,080	2,438	–
Fair value of plan assets — beginning of year	–	–	–	–
Company contributions	658	590	–	–
Benefits paid	(658)	(590)	–	–
Fair value of plan assets — end of year	–	–	–	–
Funded status, other long-term liabilities	$ (4,845)	$ (5,080)	$ (2,438)	$ –
Service cost	$ 171	$ 170	$ 97	$ –
Interest cost	190	188	126	–
Amortization of prior service cost	–	–	125	–
Amortization of loss / (gain)	–	–	333	–
Net periodic benefit cost	$ 361	$ 358	$ 681	$ –
Unrecognized actuarial loss / (gain)	$ 465	$ 403	$ –	$ –
Accumulated other comprehensive income	$ 465	$ 403	$ 1,757	$ –

The assumptions used to determine the benefit obligation expense and net periodic expense were as follows for the years ended December 31:

	Post-Retirement Health Plan		Defined Benefit Plan	
	2018	**2017**	**2018**	**2017**
Weighted average discount rate	4.25%	4.00%	4.38%	–
Average salary increase	–	–	4.00%	–
Health care trend rate:				
Initial	9.00%	9.00%	–	–
Ultimate	5.00%	5.00%	–	–
Years to ultimate	10	10	–	–

Benefits expected to be paid under these assumptions over the next ten years are as follows:

Years Ending December 31	Post-Retirement Health Plan	Defined Benefit Plan
2019	$ 643	$ 6
2020	460	–
2021	453	240
2022	496	–
2023	519	–
2024-2028	2,170	4,100

Changes in the assumed health care cost trend rates would affect the accumulated post-retirement benefit liability and the net periodic post-retirement benefit expense for 2018 as follows:

	Post-Retirement Health Plan	
	1% Increase	**1% Decrease**
Accumulated post-retirement benefit obligation	$ 329	$ (294)
Net periodic post-retirement benefit expense	33	(29)

10. COMMITMENTS AND CONTINGENCIES

Power Sales Agreements

Hoosier sold wholesale power to nonmembers under various power sales agreements, which expired in 2017. Although the agreements meet the definition of a derivative instrument, they qualify for the normal purchase and normal sales exclusion under ASC 815, *Derivatives and Hedging*. Revenue from these contracts was $96,941 during 2017.

Coal Supply Agreements

Hoosier has entered into long-term contracts for the supply of coal. Certain of these contracts extend through 2023, and provide for price escalation under certain terms, primarily based on the market price of fuel oil. Coal payments under contracts for 2018 and 2017 were $106,568 and $91,088, respectively, and total estimated minimum payments for the contracts through the year 2023 are:

Years Ending December 31		
2019	$	111,808
2020		105,702
2021		63,870
2022		30,037
2023		30,720
	$	342,137

Rail Car Leases

Hoosier leases two hundred railroad cars used in transporting coal to a generating facility. Rental expense related to rail car leases was $714 and $801 in 2018 and 2017, respectively.

Merom Leases

In 2016, Hoosier exercised end of lease renewal options for certain property at Merom (Note 7). The original capital leases expired during 2017 and the renewal periods range in length from eighteen months to five years. The leases include various renewal alternatives and fair market value purchase options.

During 2017, Hoosier gave required notice to an owner/lessor of the intent to purchase their undivided ownership interest at the expiration of the first renewal period. The transaction occurred in December 2018 at a fair market value purchase price of $7,483.

Future annual rental payments under the operating leases for both the rail cars and Merom leases are:

Years Ending December 31		
2019	$	1,655
2020		1,655
2021		1,175
2022		498
2023		–
	$	4,983

Self-Insurance

Hoosier has adopted a self-insured medical plan for the benefit of its employees. Stop loss insurance is maintained for individual claims in excess of $350 for each policy year. Hoosier's expense under the self-insured medical plan was $9,885 and $9,168 for 2018 and 2017, respectively.

Guaranty

Hoosier entered into a guaranty agreement associated with fuel supply for a jointly owned generating facility. Under terms of the guaranty, Hoosier could be held responsible for obligations arising in the event a co-owner of the facility failed to perform. The amount of the guaranty was $6,000 as of December 31, 2018 and 2017, and there were no liabilities recorded against the guaranty.

New Clean Renewable Energy Bond (NCREB) Examination

In 2017, the IRS completed examinations of Hoosier's Series 2011B first mortgage notes and CoBank borowings (Note 6) for compliance with Federal tax requirements. The examination included notes which were issued as part of the NCREB program under section 54C of the Internal Revenue Code. Hoosier was notified in 2017 the examinations had been completed with no findings.

Environmental

On April 17, 2015, the Environmental Protection Agency (EPA) published regulations which include requirements for the disposal of coal combustion residuals (CCRs), commonly known as coal ash, from coal-fired power plants. The rule establishes technical requirements for CCR landfills and surface impoundments under subtitle D of the Resource Conservation and Recovery Act. On August 21, 2018, District of Columbia (DC) Circuit Court of Appeals vacated and remanded back to EPA provisions in the Final CCR Rule that pertained to the exemption from regulation of inactive impoundments at inactive facilities. Hoosier has recognized asset retirement obligations for surface impoundments based on projected compliance costs under the rule.

On October 23, 2015, the EPA published the Clean Power Plan rule. The rule seeks to reduce nationwide carbon dioxide emission rates from power plants 32% by 2030 from 2005 levels. The rule requires reductions beginning in 2022. On February 9, 2016, the United States Supreme Court granted a stay of EPA's Clean Power Plan pending disposition of applicants' petitions for review in the United States Court of Appeals for the DC Circuit and disposition of applicants' petition for a writ of certiorari, if such writ is sought. On March 28, 2017, an Executive Order was issued to rescind the Clean Power Plan. In October 2017, the EPA proposed to repeal the Clean Power Plan and launched a notice of advanced public rule making for a potential replacement rule. On August 20, 2018, EPA proposed the Affordable Clean Energy rule, which replaces the Clean Power Plan. The new rule focuses on heat-rate efficiency improvements with no carbon controls and empowers states to develop their own plans to reduce Green House Gas. Due to the uncertainty of the rule, Hoosier is unable to estimate the cost of compliance at this time.

The EPA published the Effluent Limitations Guidelines and Standards for the Steam Electric Power Generating Point Source Category rule (ELG Rule) on November 3, 2015. The rule sets federal limits on the levels of metals in wastewater that can be discharged from power plants. In April 2017, the EPA issued an administrative stay to delay the compliance deadlines for the ELG Rule while the agency reviews the rule. Due to the uncertainty of the rule, Hoosier is unable to estimate the cost of compliance at this time.

There are many current environmental and energy policy issues, including those mentioned above, that have the potential to affect electric utilities, including Hoosier. The effect of the outcome of these issues on Hoosier's operations cannot be estimated.

Legal

Hoosier is a defendant in various other claims and lawsuits arising in the normal course of business. While the ultimate results of these other lawsuits or proceedings against Hoosier cannot be estimated with certainty, management does not expect these matters will have a material adverse effect on Hoosier's financial position, results of operations, or cash flows.

11. SUBSEQUENT EVENTS

The financial statements include a review of subsequent events through March 18, 2019, the date the financial statements were available to be issued.

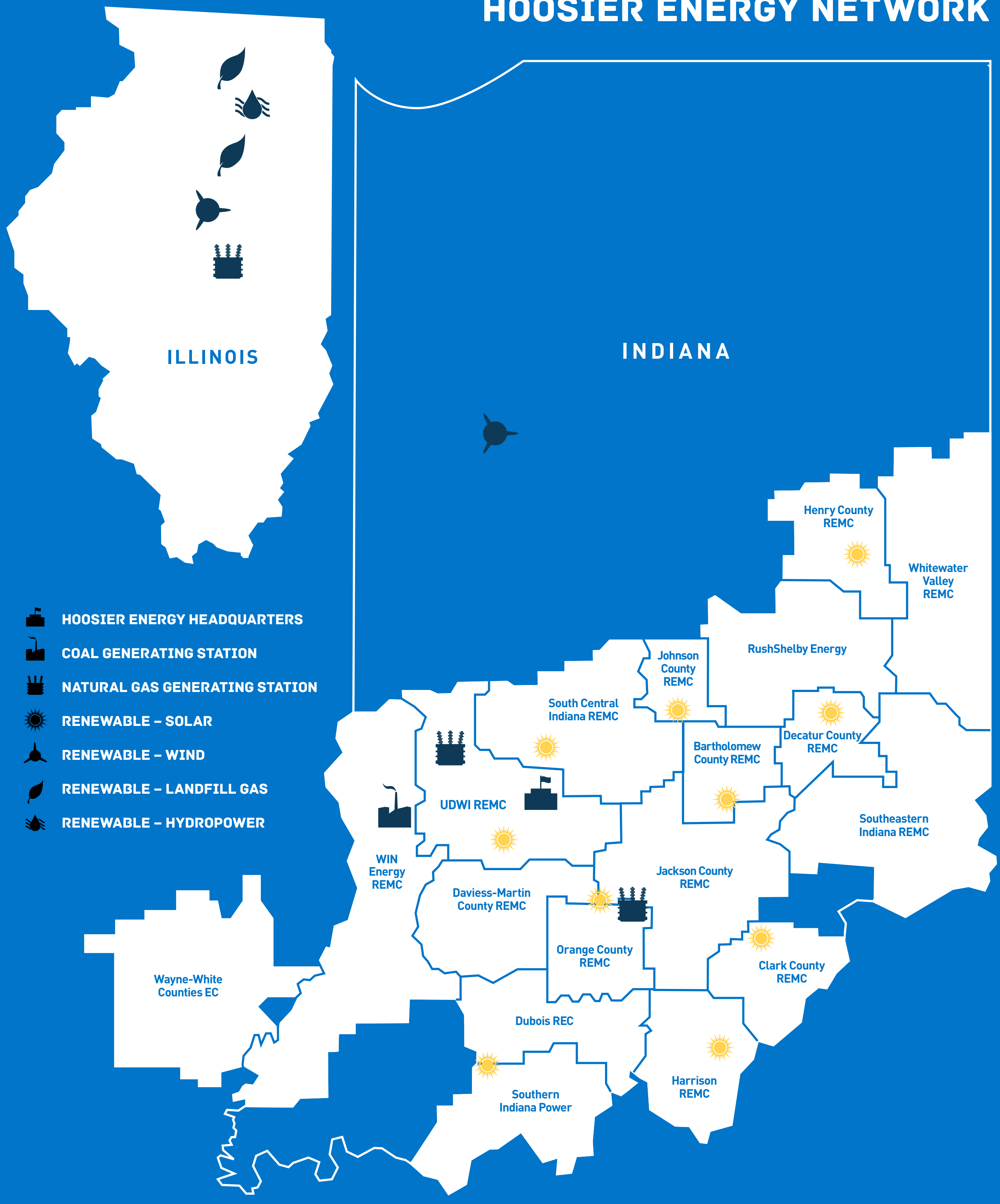
COMPARATIVE STATISTICAL SUMMARY

FIVE-YEAR SUMMARY OF OPERATIONS

For the years ended December 31 (Dollars in thousands)	2018	2017	2016	2015	2014
REVENUES:					
Sales of electricity	$ 628,974	$ 673,552	$ 687,306	$ 672,865	$ 709,500
Other revenue	2,214	321	225	265	249
Total operating revenue	631,188	673,873	687,531	673,130	709,749
OPERATIONS EXPENSE:					
Production expense	206,259	176,688	215,152	199,895	244,797
Other power supply	137,754	192,025	178,771	173,887	171,561
Transmission and distribution	45,404	40,549	37,501	38,383	35,558
Administrative and general expenses	30,739	33,204	33,727	31,942	30,385
Depreciation and amortization	86,467	89,330	85,422	83,483	81,408
Income tax and other	(3,665)	(3,264)	(2,379)	(1,702)	(1,724)
Fixed charges, primarily interest expense	52,439	54,921	56,933	58,862	61,436
Total operations expense	555,397	583,453	605,127	584,750	623,421
MAINTENANCE EXPENSE:					
Production	42,995	53,395	41,233	46,496	44,312
Transmission	6,766	7,361	7,695	7,169	5,976
Distribution	5,214	4,569	4,087	4,781	5,008
General plant	1,880	1,870	1,873	3,009	2,638
Total maintenance expense	56,855	67,195	54,888	61,455	57,934
Total cost of electric service	612,252	650,648	660,015	646,205	681,355
Operating margin	18,936	23,225	27,516	26,925	28,394
Nonoperating margin and other	4,368	4,948	5,622	2,360	2,814
Net margin	$ 23,304	$ 28,173	$ 33,138	$ 29,285	$ 31,208

Member systems served	18	18	18	18	18
Peak demand by members (MW)	1,668	1,425	1,498	1,643	1,698
Sales to members (MWh)	7,851,821	7,309,713	7,395,500	7,354,000	7,560,572
Sales to others (MWh)	1,444,221	2,154,725	3,036,919	2,066,844	2,399,159
Average revenue/MWh sold	$ 67.66	$ 71.17	$ 65.88	$ 71.42	$ 71.24
Members average cost/MWh	$ 75.20	$ 75.39	$ 75.50	$ 77.47	$ 76.79
Member consumers end of year	303,940	301,103	299,073	297,065	296,570
Net generation (MWh)	6,622,283	5,407,732	6,912,758	5,640,739	7,290,171
Purchased power (MWh)	2,872,027	4,227,248	3,690,126	3,955,847	2,850,037
Coal burned (Tons)	2,714,026	2,261,097	2,783,762	2,437,687	3,272,847
Number of employees	433	441	450	453	473

HOOSIER ENERGY NETWORK



HOOSIER ENERGY HEADQUARTERS
COAL GENERATING STATION
NATURAL GAS GENERATING STATION
RENEWABLE – SOLAR
RENEWABLE – WIND
RENEWABLE – LANDFILL GAS
RENEWABLE – HYDROPOWER

MEMBER DISTRIBUTION SYSTEM PROFILES

As of December 31, 2018	Member Consumers	Miles of Line	Net Utility Plant Value	Full Time Employees
Bartholomew County REMC	11,680	1,226	$ 46,253,906	35
Clark County REMC	24,694	1,822	100,525,239	48
Daviess-Martin County REMC	8,199	1,376	28,215,327	22
Decatur County REMC	8,008	1,059	32,344,004	27
Dubois REC	13,820	1,712	42,044,237	29
Harrison REMC	23,251	2,461	71,645,157	47
Henry County REMC	9,936	1,031	37,939,641	32
Jackson County REMC	24,330	2,929	80,026,043	79
Johnson County REMC	25,760	1,705	89,344,965	57
Orange County REMC	7,832	1,114	30,553,328	37
RushShelby Energy	14,612	2,107	66,746,281	47
South Central Indiana REMC	33,895	3,826	132,898,059	108
Southeastern Indiana REMC	27,231	3,226	98,718,560	64
Southern Indiana Power	9,304	1,650	36,821,769	24
Utilities District of Western Indiana REMC	18,932	2,668	71,704,861	49
Wayne-White Counties Electric Cooperative	13,617	3,064	62,823,351	46
Whitewater Valley REMC	11,892	1,859	40,468,198	24
WIN Energy	16,947	2,652	85,758,720	55
Total	**303,940**	**37,488**	**$ 1,154,831,646**	**830**

SEVEN COOPERATIVE PRINCIPLES

The consumer-owned cooperative business model is guided by seven important principles—principles that were established in 1844 in Rochdale, England, and have been adopted by cooperatives around the world ever since. These seven principles are the foundation for providing our member systems with safe, reliable and clean energy every day.

PRINCIPLE #1: VOLUNTARY AND OPEN MEMBERSHIP	Cooperatives are voluntary organizations. Membership is open to all who use our services without gender, social, racial, political or religious discrimination.
PRINCIPLE #2: DEMOCRATIC MEMBER CONTROL	We are a democratic organization. That means, an elected representative from each of our 18 member distribution systems actively participates in setting policies and making decisions for the benefit of all.
PRINCIPLE #3: MEMBERS' ECONOMIC PARTICIPATION	As a cooperative, Hoosier Energy is just as focused on providing an affordable and reliable power supply as our member distribution cooperatives. Our goal is to run the business as efficiently as possible, not to make a profit. Any additional revenue is invested directly into the business, then returned to member systems after a specified number of years.
PRINCIPLE #4: AUTONOMY AND INDEPENDENCE	Cooperatives are autonomous, self-help organizations. If Hoosier Energy enters into agreements with other organizations or raises capital from external sources, it does so only if the terms ensure democratic member control and autonomy. Because the seven cooperative principles define the values we live by, cooperatives in general, and Hoosier Energy in particular, would never forsake those principles for financial gain.
PRINCIPLE #5: EDUCATION, TRAINING AND INFORMATION	With the ever-changing energy landscape, Hoosier Energy works proactively to ensure a diverse mix of generation resources will provide the best balance for affordable and reliable power to member systems. Those efforts include extensive member services to provide cooperative employees with the education and training they need to contribute effectively to the development of their cooperative.
PRINCIPLE #6: COOPERATION AMONG COOPERATIVES	The philosophy of cooperation is a way of life for cooperatives. Cooperatives serve their members most effectively and strengthen the cooperative movement by working together through local, national, regional and international structures. Cooperatives formed Hoosier Energy in 1949 to supply electric distribution systems with a dependable, economical source of power. Working together, we are providing better value for members' energy dollars.
PRINCIPLE #7: CONCERN FOR COMMUNITY	As a cooperative, our focus is always local. We are a part of the communities we serve. Our members' concerns are our concerns, and we work hard every day to keep the power on, keep electric bills low, and make our communities better places to live.

HOOSIERENERGY

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