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ENERGYLINES

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OUR MEMBERS

Co-ops prove they are a community resource throughout pandemic. **PAGE 9**

ENERGY INDUSTRY



HE Photo

HOW COVID-19 HAS AFFECTED ENERGY DEMAND IN THE MIDWEST

As stay-at-home directives are ordered throughout the country, the impact this will have on electricity usage is not known. Grid operators are seeing energy demand both shift for time of use and fall in overall demand.

Midcontinent Independent System Operator (MISO) officials told Utility Dive that while load is weather dependent, the grid operator has seen peaks in March down 18 percent compared to last year's data.

"We believe this is attributed to a combination of both the milder weather and the pandemic-related closures and adjusted operating hours of non-critical businesses," MISO spokesperson Allison Bermudez said in an email to Utility Dive.

RENEWABLE ENERGY

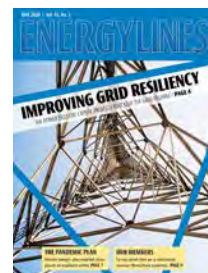
Investors flock to renewable energy amid market turmoil

As stock market values saw a steep decline in March/April, wind and solar is attracting investors looking for low-risk opportunities according to the Wall Street Journal.

This interest is increasing renewable projects even though it might not seem a good time due to the economic slowdown and the crash in oil prices. The increase stems from stable yields and long-term contracts associated with utilities who have good credit ratings.

ON THE COVER

Hoosier Energy made significant progress on power delivery capital projects throughout 2019.



4.7%

C&I CUSTOMER DEMAND DROP

The Energy Information Administration forecasts that sales of electricity in the commercial sector will decrease by almost 5 percent in 2020 due to the pandemic.

C&I sales decrease as demand shifts

The economic slowdown and stay-at-home orders as a result of the COVID-19 pandemic have caused significant changes across the U.S. electricity industry, particularly in the commercial sector, according to federal energy officials as reported by Cooperative.com.

An Energy Information Administration report forecasts that retail sales of electricity in the commercial sector will fall by 4.7 percent in 2020 due to business closures. Retail sales in the industrial sector will decrease by 4.2 percent this year, as factories reduce production.

Forecasts of U.S. sales of electricity to the residential sector will dip slightly, by 0.8 percent in 2020, despite more people teleworking and engaging in distance learning at home. This is due to demand decreasing from warmer weather in the first quarter of the year.



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Strategic Priorities

Eight ways Hoosier Energy works to succeed

These are the strategic priorities that the Hoosier Energy workforce strives to achieve every day.

EMERGING TECHNOLOGIES

MEMBER FOCUS

RISK MANAGEMENT

GOVERNANCE

COMPETITIVE RATES

COST MANAGEMENT AND PERFORMANCE

SUPPLY PORTFOLIO

OPERATIONAL EXCELLENCE

2019 ANNUAL REPORT

FOCUSED ON THE FUTURE

HOOSIER ENERGY'S COMPETITIVE ADVANTAGE RESTS ON FLEXIBILITY, SPEED

Working alongside member-cooperatives, Hoosier Energy is creating competitive advantages for the industries, farms and residences that make up the communities that depend on us to meet their power needs. Every conversation, every project, every pilot program is executed with one question in mind — How will our collective efforts benefit our members and theirs?

The 2019 annual report shows how the power network that makes up Hoosier Energy will see a changing energy landscape powered by consumer preference, technology and sustainability.

Much is on the horizon, from electric fleets to battery storage. Consumers increasingly want assurance that the energy they use comes from economical, reliable and sustainable resources. Most of all, they want energy options that fit their lifestyle.

This is the future of the grid.

Diversified generation portfolio

Hoosier Energy recognizes the value of flexible grid operations and understands the overall emissions impact

of the generation source. The generation and transmission's (G&T) diversified generation portfolio harnesses the power of the sun, turns landfill waste into energy and supplies economical natural gas to heat homes and businesses in the communities served by our member distribution cooperatives. Market opportunities supplement those efforts, keeping the cost of the power supply down.

Emerging technologies

The G&T is reviewing new technologies that will help provide greater value and quality of life for the 695,000 people in member service territory. When plug-in vehicles and battery storage became more than a passing fad, co-ops began exploring emerging technologies and their role in bringing the benefits of those technologies to co-op communities.

That conversation led to the formation of an emerging technology committee, which is exploring how battery storage, consumer incentives and renewables can work together to make up the power network's future generation portfolio. >>

Get the full report

You can find the 2019 annual report at [HoosierEnergy.com](https://www.HoosierEnergy.com).



Watch the year-in-review video

Visit YouTube to view the 2019 year-in-review video at [YouTube.com/MyHoosierEnergy](https://www.YouTube.com/MyHoosierEnergy)



Superior service, low costs

The execution of a disciplined financing plan helps us maintain stable rates and allows the G&T to return operating margins to our members year after year—\$6.5 million in 2019. Solid A credit ratings and timely credit actions support a very competitive cost of capital reflected in the company’s low borrowing costs.

Hoosier Energy’s rate design is transparent, and above all, promotes fairness. In 2020, members will sit down with Hoosier Energy to review the wholesale rate design. This review will focus on modernizing tariffs, as we have done with our generation fleet, to ensure we are

meeting future member needs.

At-cost service, in turn, helps our members maintain a competitive advantage for the communities that depend on us to meet their power needs, provide economic opportunities and create jobs.

Economic development efforts

An economic development rider offers significant discounts on a commercial consumer’s electric bill for the first six years of a project. The incentive has become a key factor in members’ ability to attract new or expanding businesses. In 2019, members landed more than 60 projects in 16 member system territories representing \$485

million in investment, adding more than 2,500 new jobs and 23 MW of demand.

Power delivery and grid resiliency

Dedication to a programmatic approach keeps costs down, always with reliability of the electric system in mind. If a tornado tosses poles and energized lines across a field in a flash of fury, co-ops are ready. Substations at various member system locations house pieces of equipment essential to restoring power quickly if power lines go down. Driving 10 miles instead of 30 means we can respond faster and more safely. [EL](#)

DATA CENTERS



A COMPETITIVE ADVANTAGE FOR CO-OPS

Hoosier Energy looks for ways to bring investments and jobs into member communities. Legislation supported by Hoosier Energy and others now makes data center development more competitive in Indiana. It’s one way Hoosier Energy economic development efforts are working to increase the competitive advantage for cooperatives to land these energy-intensive projects.

Our members are home to several Tier 1 and Tier 2 manufacturing and agribusiness

giants. These large, power-intensive projects are just the kind that Hoosier Energy’s members know, and work to attract. After six years of effort by Hoosier Energy, other utilities and economic development organizations, the Indiana Legislature passed changes in Indiana’s tax structure to make data center development more competitive. Prior to these changes, Indiana was at a competitive disadvantage due to sales tax on data center equipment and electricity purchases.

THE VALUE OF DATA CENTERS

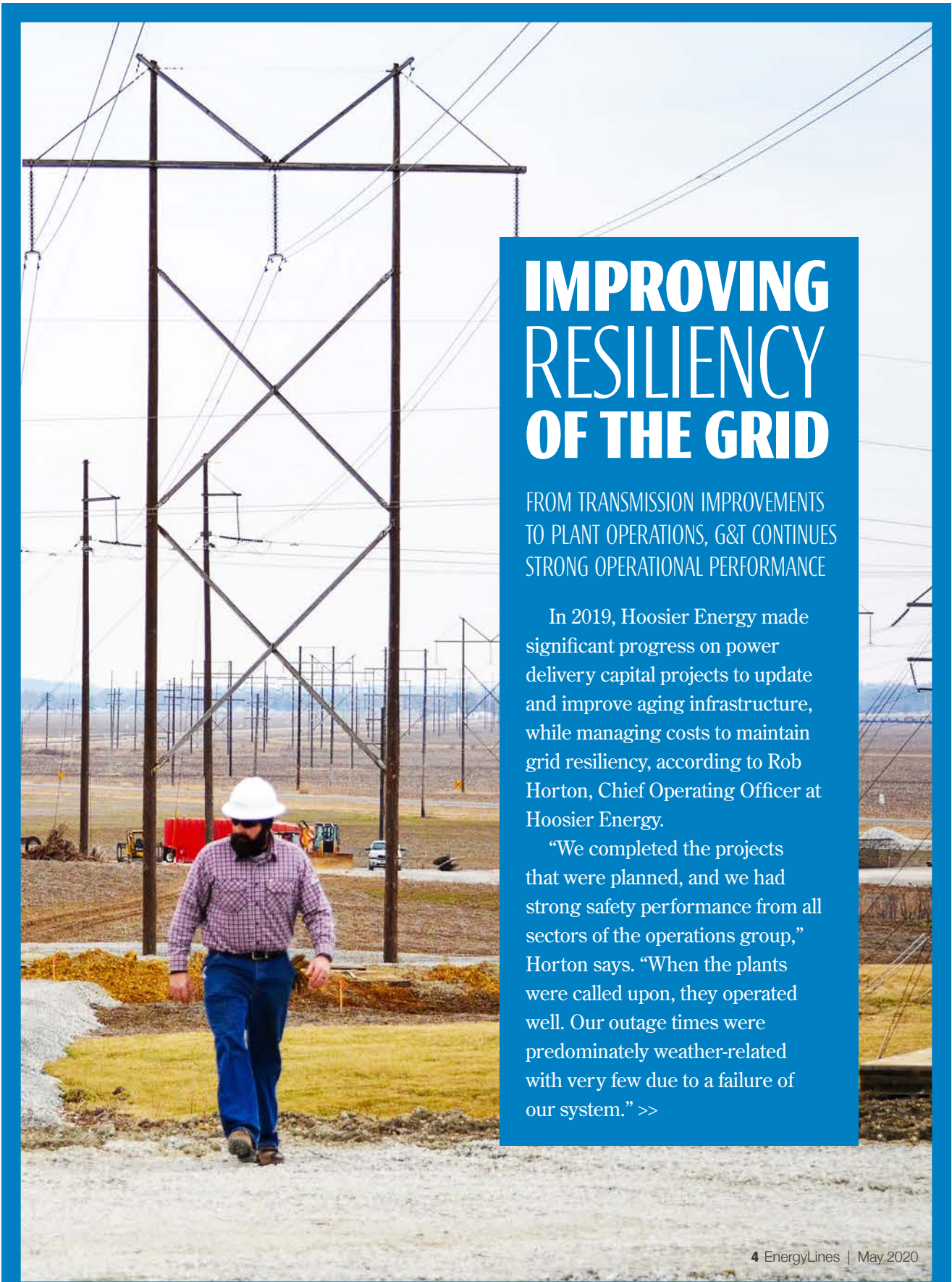
While most businesses store data for email, websites, online transactions, and other purposes on in-house servers – specialized computers connected to a local network – as businesses grow, more space is needed and often requires a separate, dedicated location – a data center.

IMPROVING RESILIENCY OF THE GRID

FROM TRANSMISSION IMPROVEMENTS TO PLANT OPERATIONS, G&T CONTINUES STRONG OPERATIONAL PERFORMANCE

In 2019, Hoosier Energy made significant progress on power delivery capital projects to update and improve aging infrastructure, while managing costs to maintain grid resiliency, according to Rob Horton, Chief Operating Officer at Hoosier Energy.

“We completed the projects that were planned, and we had strong safety performance from all sectors of the operations group,” Horton says. “When the plants were called upon, they operated well. Our outage times were predominately weather-related with very few due to a failure of our system.” >>



Operations crews made significant progress on the 345kV Transmission Management Plan. This project evaluates the structures that encompass the bulk electric system, starting with the older parts of the system.

“A lot of our infrastructure was constructed a long time ago,” Horton says, explaining that the 345kV structures are larger ones seen throughout the countryside. “We are making sure the structures are in good shape and replacing those that need replaced with newer and updated design protocols which will ultimately enhance reliability. This includes the poles or iron that make up parts of the structures.”

Other equipment being evaluated and replaced are recloser bypass fuse assemblies.

“Anytime crews enter a substation where we’ve identified an old fuse, we are replacing the assembly as part of normal maintenance,” he says. “If we’re going to take a substation down anyway, we go ahead and replace those fuses, in an effort to reduce the exposure when conducting the work on an energized substation.”

Substation projects advance

Because of delays stemming from the COVID-19 pandemic, Horton expects completion of the new Farnsley Road Substation in Harrison County to take place in the fall, while the Batesville Substation, a project with Duke Energy, is expected to be held to the end of the year.

With the pandemic slowing U.S. operations, Horton is working to ensure on-time delivery this summer of spare transformers for Decatur, Petersburg and Worthington primary substations.

Generation station savings

Providing a balance between capital expenditures and cost savings, Horton reports savings at generation resources.

In 2019, Holland Energy saved about \$600,000 by receiving a favorable inspection on the selective catalytic reduction system, which prevented the need for replacement. This system is part of the environmental pollution control equipment that reduces nitrogen oxide emissions, similar to catalytic converters used on vehicles.



HE photo

PLANT MAINTENANCE: When in economic reserve, employees at the Merom Generating Station perform minor maintenance work.

Economic reserve operations

Horton notes that Hoosier Energy offers our generating assets into the MISO (Midcontinent Independent System Operator) market every day, and if it costs more to generate energy than to buy it, we don’t generate from that resource.

At the Merom Generating Station, being in economic reserve means the plant is not physically operating, but available if needed.

The workforce at the Merom Generating Station took advantage of economic reserve opportunities to perform minor maintenance work. This eliminated overtime rates and planned outage timeframes. In 2019, about 3,000 hours were in economic reserve, which totals about \$2 million in savings.

An additional \$250,000 in savings came from rebalancing the workforce between in-house and outsourced, including belt cleaning, locomotive operation and road watering to minimize fugitive dust.

“We’re doing and selecting the work we do in the most cost-effective manner to be able to provide the highest amount of stability to our 18 member co-ops,” Horton says. [EL](#)



Generating stations perform reliably, maintain high availability throughout year

Chief Operating Officer Rob Horton says Hoosier Energy’s gas fleet is running more than it ever has historically and is maintaining a high level of availability.

In 2019, the Holland Energy plant was able to deliver energy to the grid 99.9 percent of the time MISO (Midcontinent Independent System Operator) requested the plant. “There wasn’t a time it was called upon that it failed to start or respond to MISO requests,” Horton explains, adding that Worthington Generating Station met that demand at 99.8 percent.

Lawrence County Generating Station dropped a bit below the other two plants, meeting demand 99.2 percent. Horton explains that the drop was caused by a single incident – the valve connecting the unit to the pipeline failed to open –

taking a few minutes to rectify.

Merom Generating Station also had its full capacity available 89 percent of the time, which is almost 10 percent above the national average for similar coal plants. “That’s a high percentage,” Horton says, adding that the plant did not run that much because of being in economic reserve about 25 percent of the time. “Not operating wasn’t because we had a mechanical failure that prevented us from generating. We were able to purchase power at a price lower than our cost to produced it.”

Last year, Livingston Landfill Gas Plant produced a generation record at 99,000 MWh, while Orchard Hills’ sulfur removal system was commissioned and operational. “We’ve achieved the

goal of being able to operate all of the engines at the Orchard Hills facility,” Horton says.

Hoosier Energy’s solar program consists of 10 1-MW solar arrays placed along highly visible roadways across member service territories. Collectively, the solar sites provide approximately 20,000,000 kilowatt-hours (kWh) of energy annually.

Hoosier Energy has purchase power agreements with wind and hydro resources, including Meadow Lake V and Dayton Hydro. “We don’t own the wind farm, we purchase the power from the wind farm through a contract,” Horton says, adding that Dayton Hydro is a similar arrangement. The Meadow Lake agreement increased from 50 MW to 75 MW beginning this year. [EL](#)

THE PANDEMIC PLAN

HOOSIER ENERGY ADAPTS WORKFORCE TO KEEP EMPLOYEES SAFE, CONTINUE SERVICE TO MEMBER COOPERATIVES

Hoosier Energy created a pandemic plan about 10 years ago when the World Health Organization, Centers for Disease Control and Prevention and other health organizations suggested that businesses prepare for an influenza A outbreak.

That plan anticipated up to 35 percent of the workforce being sick and unavailable to work. It also included aggressive cleaning and disinfecting of all facilities, as well as the potential of shifting from normal operations to remote work and staggering workers to limit their contact with the public and other employees.

“Our mission is to keep our employees healthy, so we can continue to serve our members. I believe our plan has allowed us to take steps to achieve those two very critical goals,” says Vice President of Corporate Services Chris Blunk.

As information about COVID-19 – the novel coronavirus – spread, Blunk decided in early February to ask members of the training and safety group to update the existing pandemic plan

with information from the CDC on the virus.

“Even though we have a plan, we have to remain flexible and agile. We have to be poised to react to whatever each day brings,” says Blunk. “Our plan was originally written a decade ago, but this virus is new, and we are learning more and more about it every day.”

Blunk leads the incident command team with representatives from operations, communications, cybersecurity and network operations, technology support, human resources, IT applications, finance and safety.

While attendance is fluid, daily WebEx meetings generally include Blunk, Rob Horton, Matt Mabrey, Will Kaufman, Ryan Henderson, Greg Seiter, Heather Hughet, Richie Field, Jenna Narey,

Lance Davis Sr., Jon Bobbitt, Jon Jackson, Kyle Parker and Kevin Burch.

“It’s absolutely critical to have each area of the business represented in that group,” says Blunk. “These are the core areas that really have to be engaged and involved so we can continue to work on behalf of our members and keep Hoosier Energy moving forward.”

As federal and state officials began pushing for people to stay home and minimize their exposure to others, Hoosier Energy started an aggressive plan to move the administrative workforce into work-at-home scenarios.

Richie Field, senior manager of cybersecurity and network operations, and Jenna Narey, technology support services team leader, and their staffs worked collaboratively to ensure employees

were able to seamlessly continue their work remotely.

“Our system was really always prepared for this, because we have a VPN (virtual private network) solution that people use on a pretty regular basis,” Field says, adding that prior to the shift from offices to homes, about 35 users logged into VPN per day. That number has gone up to 200. “We’re actually licensed for 300 concurrent users with the hardware and license we have.”

With a planned test scheduled for Friday, March 13, Narey’s staff spent the day before working with employees to ensure they had proper equipment, as well as the knowledge and ability to get logged in via VPN. Any issues that came up were quickly addressed. “We learned that laptops would not be sufficient for an extended period, so we started receiving requests for monitors, keyboards and docking stations,” Narey says. “We only had limited quantities of those items, so we coordinated pickup of items we had in stock and allowed employees to take their monitors and docking stations from their office to their homes.

Another issue that came up was encountering

PANDEMIC, continues on Page 10



READY. RELIABLE.

Cooperatives prove to be community resource throughout pandemic

Co-op value.

The first-half of 2020 has been a year with a changing focus. Electric cooperatives began the

year planning and preparing for annual meetings, live line demonstrations and other member-focused events.

Fast forward to March 6. This is when the first COVID-19 case was diagnosed in Indiana. Less than a week later President Donald Trump declared a National Emergency.

Through it all, member cooperatives are taking proactive measures to keep their employees, members and communities safe. This began by some co-ops closing their lobbies to the public as early as March 16. Meeting customer needs remains a top priority and member-consumers are calling or logging in online to pay their bills. Service calls are being answered and crews are dispatched as needed.

Mary Jo Thomas, CEO at Whitewater Valley REMC, in a video posted on Facebook for member-consumers, said, "We understand the importance of the service to your home, to your business. You rely on us to help power your livelihood and we understand the responsibility that entails. Rest assured,

"This is a challenging time for everyone, a time, that for many, is filled with uncertainty. You have our commitment to continue providing you with a service you depend on."

MARY JO THOMAS

WHITEWATER VALLEY REMC CEO

(Speaking to members on a video posted to Facebook)

we're prepared to serve you. This is a challenging time for everyone, a time, that for many, is filled with uncertainty. You have our commitment to continue providing you with a service you depend on."

During this time of crisis, Whitewater Valley REMC employees created "blessing boxes" filled with food and personal hygiene items. Putting items in blessing boxes is one way that the co-op continues to support their community.

Through social media posts, live videos and their websites, member cooperatives have been proactive in their

communications, assuring members that personnel remain available to respond to customer inquiries.

Decatur County REMC's Chief Executive Officer, Brett Abplanalp said, "We have essential employees reporting to the office a couple of days a week to conduct duties while others work remotely. Work done by lineworkers is being performed on specific days."

Decatur County REMC line crews usually travel in pairs, but with ongoing social distancing practices, more trucks are out as employees drive in separate trucks.

Abplanalp said that the processes they have in place are working well. "We continue to be committed to serving our members and providing electric service through this crisis. Work continues to be performed with little to no interruption."

As member-consumers stay in place, energy efficiency at the home is valuable. Cooperatives are reminding members how to reduce energy use with tips on their websites and through social media.

Co-ops suggest member-consumers program their thermostat to maximize energy savings, do full loads of laundry, air dry dishes and unplug appliances when not in use. [E](#)

ENERGYLINES

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THANK YOU.

Hoosier Energy employees who work in operations can't always practice social distancing to get the job done. The work these employees do is recognized by many including Merom Generating Station plant manager Karl Back. "Our people are responding very well to a difficult situation, which is not surprising to me with the culture we have at Hoosier Energy."

PANDEMIC, Continued from page 8

limited internet access in rural areas. Narey found a solution: She acquired a universal carrier hotspot device that she configured for employees with limited internet access and shipped directly to their homes.

"In the future, it would be beneficial to transition employees with desktops to laptops, where possible," she says. "Right now, desktop users have a temporary solution of using a loaner laptop and connecting remotely to existing desktops still onsite."

Field adds that most of the help tickets received by his department have been mainly for VPN and WebEx issues, which he says is really not out of the ordinary.

"In two days, the entire country had a major shift in how knowledge workers work," Field says. "What we learned is, it is possible to work from home, even if it isn't ideal. This might help people be more comfortable with the idea of being able to work from pretty much anywhere."

Operations: Working at home isn't an option

As offices started to transition into homes, the majority of the generation, transmission and distribution workforce did not have that option. "They're the boots on the ground," says Chief Operating Officer Rob Horton.

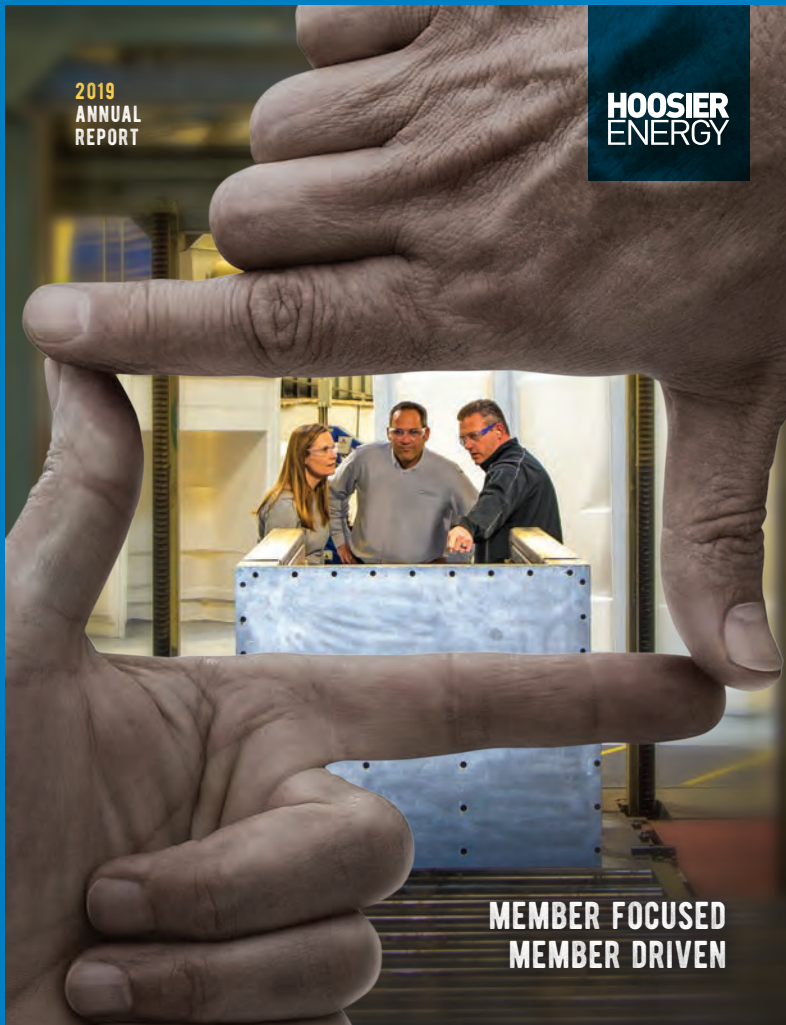
"The workforce has stepped up, and they're doing a phenomenal job. Everybody's working well together."

When isolating isn't an option, social distancing can be a real challenge. "If you're at the power plant or working on a transmission distribution system, practicing six feet apart at all times is not physically possible," Horton says. In those instances, personal hygiene and alerting when someone isn't feeling well is being stressed. Facilities are also being deep cleaned with easy access to hand sanitizer and bleach wipes. "I understand the sacrifices they're making, and overall the folks have really stepped up here."

To reduce the risk of infection, Merom Generating Station has a fixed rotation of the same personnel working 12-hour shifts for 14 consecutive days. While the first 14-day rotation had more people, the second transitioned into 12 people on dayshift and six on nightshift. After 14 days, new dayshift and nightshift crews are set up, according to plant manager Karl Back, who says the schedule greatly restricts crew interaction with outside personnel, because when they're not working, they're sleeping.

"We have had to take some extreme measures to protect our employees," Back says. "Our people are responding very well to a difficult situation, which is not surprising to me with the culture we have at Hoosier Energy." [E](#)

MEMBER FOCUSED, MEMBER DRIVEN



Much is on the horizon, from electric fleets to battery storage. Consumers increasingly want assurance that the energy they use comes from economical, reliable, sustainable resources. Most of all, they want energy options that fit their lifestyle.

That's the future of the grid that President and CEO Donna Walker and Chairman Darin Duncan share in the 2019 annual report online at [HoosierEnergy.com](https://www.HoosierEnergy.com).



INSIDE: Focused on the future

The 2019 annual report shows how the power network that makes up Hoosier Energy will see a changing energy landscape powered by consumer preference, technology and sustainability. **MORE ON PAGE 2**