ANNUAL REPORT 2020

MAKING A DIFFERENCE **TOGETHER**

HOOSIERENERGY

Openness and collaboration unite Hoosier Energy's co-ops in their commitment to work together to find innovative ways to meet the needs of member-consumers.

CONTENTS

HOOSIER ENERGY'S **MISSION** IS TO PROVIDE MEMBERS WITH ASSURED, RELIABLE AND COMPETITIVELY PRICED ENERGY AND SERVICES THAT MEET CHANGING CONSUMER NEEDS IN A SAFE AND ENVIRONMENTALLY ACCEPTABLE MANNER. WE DEMONSTRATE OUR COMMITMENT TO THAT MISSION THROUGH OUR ACTIONS AND RESULTS.

Despite unprecedented challenges, member co-ops found innovative ways to host annual meetings, including this drive-through at RushShelby Energy.

EXECUTIVE TEAM

DONNA WALKER
President and
Chief Executive Officer

TOM VAN PARIS
Executive Vice President

ROB HORTON
Chief Operating Officer

JON JACKSON
Senior Vice President Finance

BOB RICHHART
Chief Technology Officer

STRATEGIC PRIORITIES **UPDATE**

Working together, we remained focused on resource diversity while promoting beneficial electrification, managing costs and ensuring rate competitiveness.

GOVERNANCE
Incorporating contemporary governance practices while addressing member expectations

EMERGING TECHNOLOGIES
Serving as a central source of coordination for emerging technologies

MEMBER FOCUS
Always keeping in mind the impact of decisions on end-use members

OPERATIONAL EXCELLENCE
Carefully balancing top performance and associated costs

RATES
Striving to keep rates competitive with neighboring IOUs and similar G&Ts

COST MANAGEMENT & PERFORMANCE CULTURE
Driving efficiency gains in staffing and performance through process and resource management

RISK MANAGEMENT
Continuing to foster a culture of active risk management

SUPPLY PORTFOLIO
Providing reliable and affordable energy emphasizing a diversified portfolio

A COOPERATIVE APPROACH **FOR THE BENEFIT OF ALL**

Everyone will remember 2020 as the year the pandemic hit. But what stands out for us is how Hoosier Energy and its 18 member electric distribution cooperatives demonstrated teamwork, persistence and achievement during such unprecedented times.

Throughout the pandemic, our cooperative approach helped us remain steadfast in pursuing our 2020 goals while in search of better ways to meet the needs and expectations of end-consumers.

We began the year with the Board of Directors approving a new long-range resource plan designed to set the foundation for supply cost stability and predictability while saving members $700 million over the next two decades and reducing our carbon footprint by 80 percent. The plan we developed together focuses on transitioning to a more diverse energy generation mix that includes wind, solar, natural gas and storage.

Thanks to financial strategies related to this new resource portfolio and a continued focus on cost management, wholesale rates are projected to decline over the next five years, with projected decreases of 7 percent by 2024.

While the pandemic certainly brought on unprecedented challenges throughout the year, collectively our members persevered, in large part due to the cooperative mindset we share. Hoosier Energy quickly adapted its operations and services to ensure our workforce remained safe while continuing to provide essential services to member systems. Member assistance measures included extended payment terms for power bills, the special retirement of capital credits and reductions in Hoosier Energy's 2020 costs and margins.

Constructive dialogue on new and existing challenges continued as we adapted our business practices to address topics of interest to the membership, including discussions on power supply choice, renewable energy options and flexible rates.

Regarding rates, Hoosier Energy and its members are working together to redesign our wholesale rate structure to better reflect current market conditions and the future resource mix. We look forward to ongoing collaboration as those discussions continue into 2021.

Meanwhile, we continued to find innovative ways to further the trust member-consumers have placed in us as their energy partner. We are identifying beneficial electrification opportunities—from electric vehicle charging programs to storage possibilities for grid management. Employees affected by the planned retirement of the Merom Generating Station in 2023 began learning emerging energy technology skills through a new certificate program with Indiana State University.

We are proud of the work our membership and employees have accomplished during this unusual year. Although we may not always agree, our openness with one another and overall collaboration demonstrate how we work together to continuously pursue new ways to meet changing end-consumer needs.

We look forward to creating even greater innovation in programs and services in 2021—working cooperatively for the benefit of all.

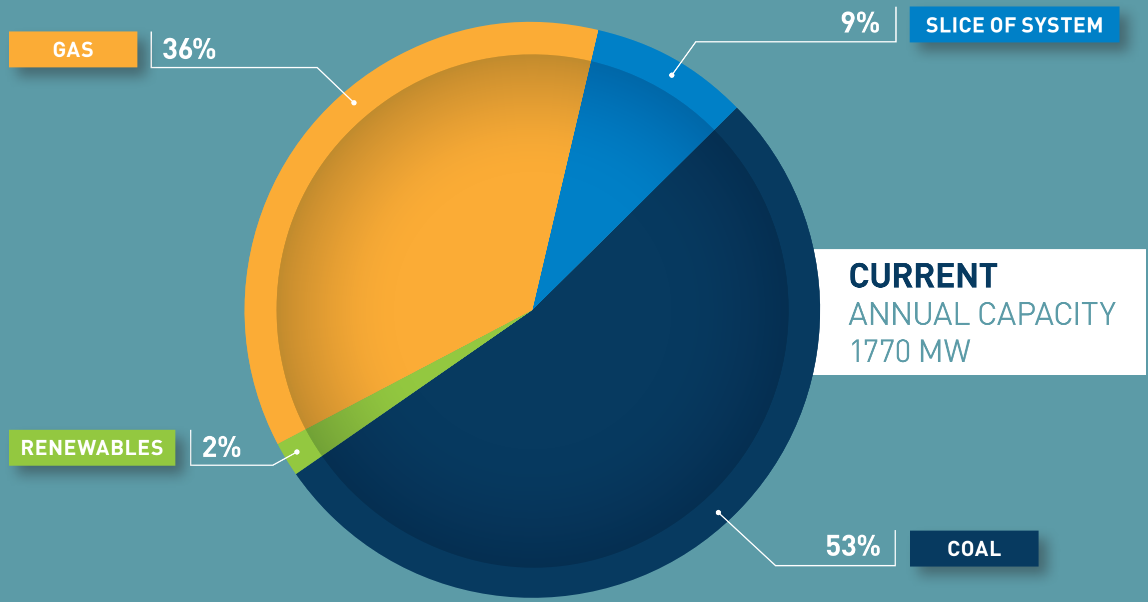
DARIN DUNCAN
Chairman of the Board of Directors

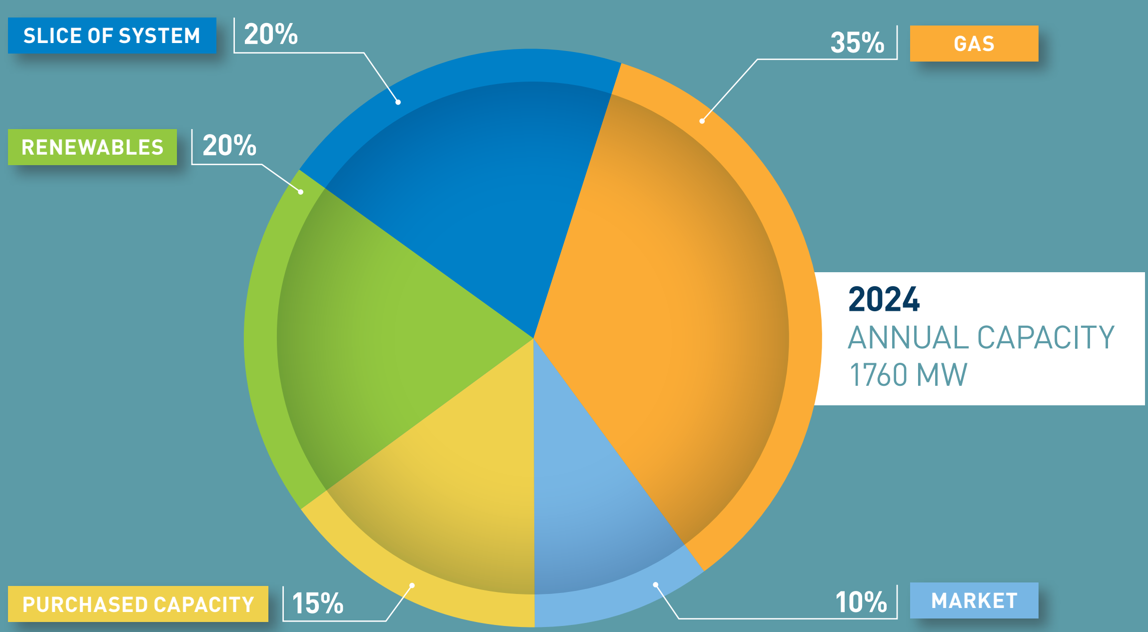
DONNA L. WALKER
President and CEO

ANNUAL CAPACITY

SUSTAINABLE, ECONOMICAL **RESOURCES**

Meeting member needs in the future means planning for them today. Our long-range plan calls for a combination of low-cost resources that will provide reliable, affordable and environmentally sustainable energy while saving members millions over the next two decades.





MAKING A DIFFERENCE TOGETHER

Solar plays an important role in our increasingly diverse resource mix.

At the heart of the cooperative culture is an honest desire to provide services that value reliability, affordability and sustainability, as well as fairness to all.

In 2020, Hoosier Energy began to put into action a new long-range resource plan centered on assuring member-consumers the energy they use in their homes and businesses is coming from energy sources that provide flexibility and value into the future.

Approved by the Board of Directors in January, the plan takes advantage of an abundance of low-cost natural gas, continued advancements in wind and solar technologies and the potential for large-scale storage. This path to greater energy supply diversity addresses changing consumer desires while saving hundreds of millions, significantly reducing carbon emissions and creating long-term cost stability.

We didn't stop with merely planning for tomorrow. We ensured the new plan supports new technologies for grid management, beneficial electrification, workforce development and economic opportunity.

All of this began to unfold during an unprecedented year marked by economic uncertainty associated with the COVID-19 pandemic.

Hoosier Energy and its members adapted to these times, leaning on our shared cooperative principles that honor teamwork and collaboration. The pandemic may have changed how we work, but not what we do. If anything, it helped strengthen our resolve to cushion the blow.

Transmission improvements ensure reliability and grid resiliency. In one project, crews replaced several sections of the high-voltage system. Work was completed ahead of schedule, safely and on budget.

An EV smart charging program is gathering real world data as member co-ops work to bring new programs and services to member-consumers.

TRUSTED ENERGY PROVIDER

FOR AN ESTIMATED

710,000

PEOPLE

Swift action by the Board of Directors led to a one-time special retirement of $6 million in capital credits to support member cash flow needs. Member assistance measures also included an extension for power bill payments, $29 million in cost reductions and lowering our operating margin for 2020. Additionally, opportunities to purchase low-cost energy through the wholesale markets supplemented these efforts, keeping the cost of the power supply down.

As a result of Hoosier Energy's financial strategies related to our new resource portfolio and continued cost management, wholesale rates are currently projected to decrease 7 percent by 2024.

Shift rotation changes limited potential exposure to the virus, while daily work—always performed with safety in mind—kept the system going. Technology kept us connected.

As the trusted electricity provider for 710,000 people in central and southern Indiana and southeastern Illinois, Hoosier Energy's 18 member distribution systems also began identifying how co-ops can bring the benefits of emerging technologies to homes and businesses throughout the 15,000 square-mile service area.

An electric vehicle smart charging pilot program is gathering local data on consumer charging patterns. The information is helping member co-ops identify the most beneficial time to charge for the consumer and the co-op, as well as introduce member-consumers to the cost advantages of electric vehicles.

Traditional demand side management and energy efficiency programs are making way for projects that reward "smart grid" efficiencies through use of new commercial lighting, HVAC, thermostat or heat-pump technologies.

On a larger scale, battery storage pilots are exploring how battery packs could be used to solve critical power quality issues, optimize production of renewable energy resources or create microgrids to strengthen the reliability and resiliency of the larger interconnected power network.

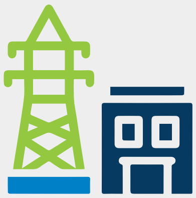
Gathering local, real world data helps form the energy plan for the future — creating beneficial electrification programs that reward consumers or improve business efficiencies while reducing overall environmental impacts.

18 MEMBER SYSTEMS

1,680 MILES OF TRANSMISSION LINES

1,453MW 2020 PEAK DEMAND

Member co-ops are bringing the benefits of emerging technologies to homes and businesses, including installation of level 2, quick charge ports.



$1.7B
ASSETS

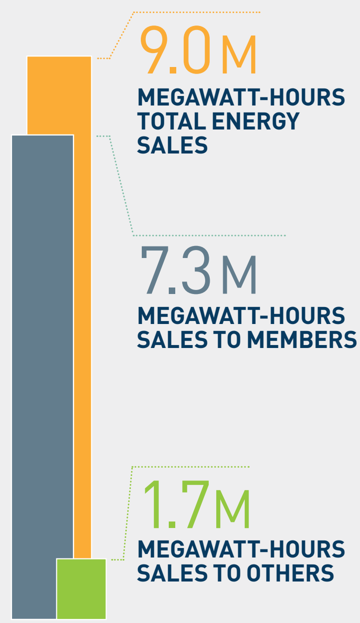
Behind the scenes, members teamed up with Hoosier Energy to produce a comprehensive, interactive communications map that is identifying areas of potential collaboration in fiber optic, radio and smart switching technology. Together, we can now quickly identify areas of potential cost-effective collaboration in preparing for distributed generation and technology upgrades.

Substations, capacity and infrastructure upgrades with smart grid technology support future economic development and load growth. Upgraded communications equipment allows us to operate switches remotely and quickly identify faults on the system to provide quicker response, assuring reliability.

Our members' knowledge and commitment to community extend beyond just wires and poles, and are among the reasons Site Selection Magazine named Hoosier Energy as one of the nation's top 10 utilities in economic development for 2020. Hoosier Energy's renewables portfolio stands to help companies meet corporate sustainability goals, another advantage in a region intent on developing industrial and commercial sites that meet today's standards for technology and sustainability.

Power delivery professionals undergo extensive training to continuously improve their skills in this dangerous profession.

2020 AVERAGE WHOLESALE RATES
$/MWh



Smart grid efficiencies extend to commercial lighting, with wide-ranging applications for agribusiness enterprises.

Just before the pandemic took hold, students worked with Clark County REMC in a learning lab designed to extend their knowledge of new energy technologies.

$13.7M

NET MARGINS

The long-range resource plan is also about transitioning the Merom Generating Station site for industrial development, where retraining workers for high-demand industry jobs in emerging technologies is already taking place. Repurposing the site may even include the possibility of a combined industrial / energy campus where knowledge sharing and renewable generation placement could help foster economic growth for new industries, providing jobs for our communities.

Our integrated resource portfolio is designed to reflect current and future market circumstances, which are favoring low-cost, sustainable resources. As such, members are actively engaged in ongoing discussions on a new wholesale rate design to better reflect these conditions. Discussions on rates as well as supply flexibility and optionality, demonstrate the cooperative principles of openness and collaboration in action.

Collectively, we will continue to pursue innovative opportunities to meet changing end consumer needs in 2021 and beyond. Our optimism for the future—and continued success—is centered on the cooperative principles we share—while making a difference together.

PATRONAGE: THE COOPERATIVE DIFFERENCE

How Hoosier Energy Puts Annual Earnings To Use.

As a cooperative, Hoosier Energy provides at-cost service to its members. Any earnings after operating costs and loan payments are called margins.

Hoosier Energy uses this money to invest in the grid (capital improvements), and to prepare for emergencies such as natural disasters or other unexpected events that may require construction of power lines.

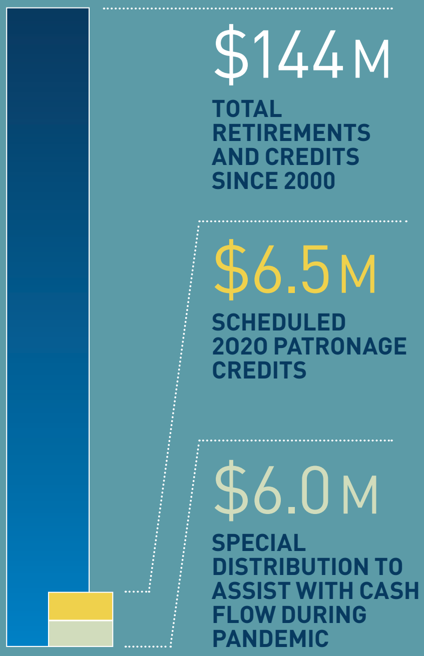
Over time, the Board of Directors may approve retiring capital credits and paying them back to member systems. This practice is called patronage.

Hoosier Energy first returned patronage capital credits to eligible member systems in 2000 and has continued distributions every year since.

Patronage retirements and related special bill credits represent the G&T's fiscal stewardship and are a tangible evidence of the cooperative difference.

2020 Patronage Credits: $12.5M.

In 2020, the board approved a special retirement of capital credits to help members during the pandemic.



IN MEMORIAM

Hoosier Energy mourns the loss of two dedicated directors and long-time friends.

Eugene Roberts / Orange County REMC

Eugene Roberts was Hoosier Energy Board treasurer when he passed away on July 16, 2020. As a cooperative leader, Eugene worked tirelessly as an advocate for the consumer. He represented Orange County REMC on the Hoosier Energy Board for 26 years, 14 as an officer. During his tenure on the Hoosier Energy board, Eugene was chair from 2008 to 2010, served on various board committees, and was vice chair of the Finance and Audit Committee in addition to serving as treasurer. Over the years, Eugene played a significant role in helping Hoosier Energy make notable advances in risk management, financial strategies and portfolio diversification.

Eugene also served for 36 years on the Orange County REMC board, holding leadership positions including president, vice president and secretary.

Dan Schuckman / WIN Energy

Vice Chairman Dan Schuckman, of Vincennes, passed away January 24, 2021. Dan served as WIN Energy's appointed representative on the Hoosier Energy Board for nine years, five of them as an officer.

Dan's thoughtful, analytical and caring manner always centered on treating members and employees fairly. His ability to look ahead, combined with his experience in business and agribusiness, brought invaluable insight to the Board in a variety of ways.

The community service and leadership of Eugene and Dan will be missed by Hoosier Energy and the communities they served throughout their cooperative careers.

JERRY PHEIFER
South Central Indiana REMC

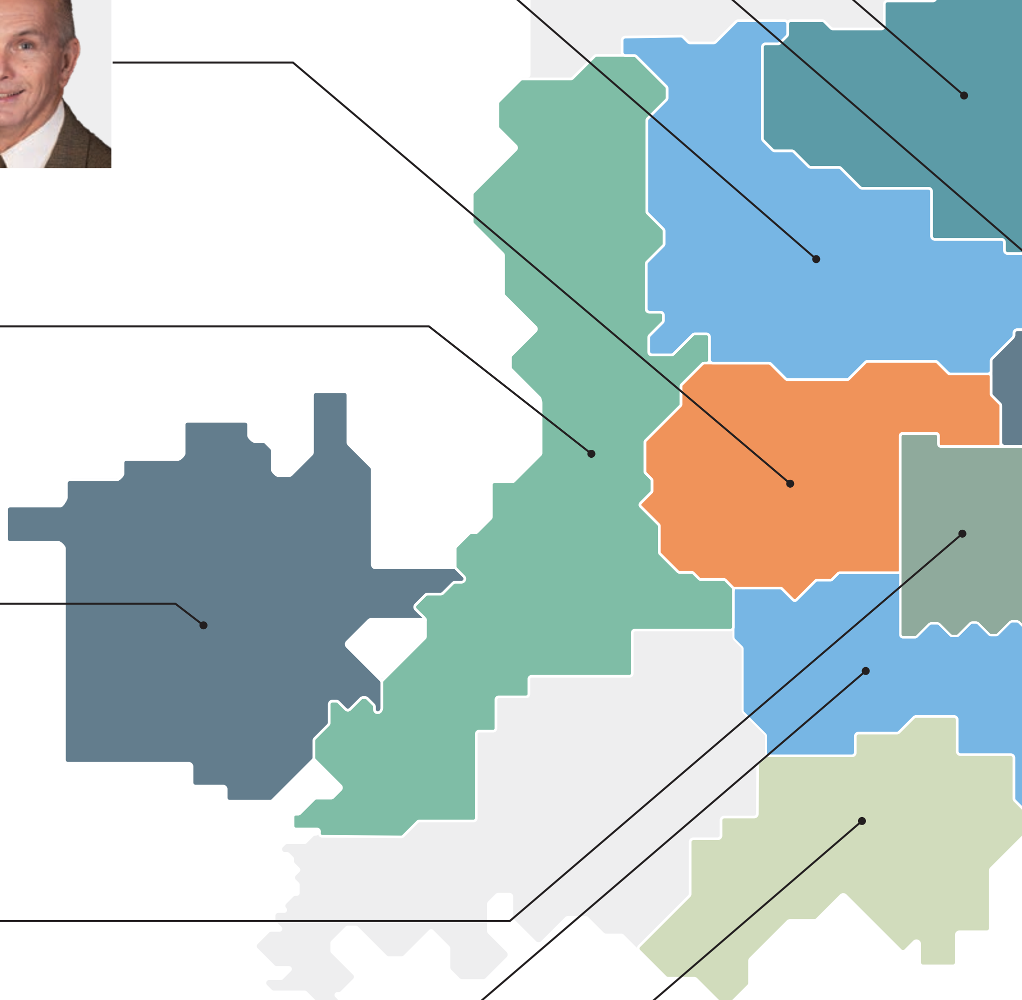
JOHN TRINKLE
Jackson County REMC

TODD CARPENTER
Utilities District of Western Indiana REMC

JOHN EDWARDS
Daviess-Martin County REMC

DAN SCHUCKMAN
WIN Energy

VICE CHAIRMAN



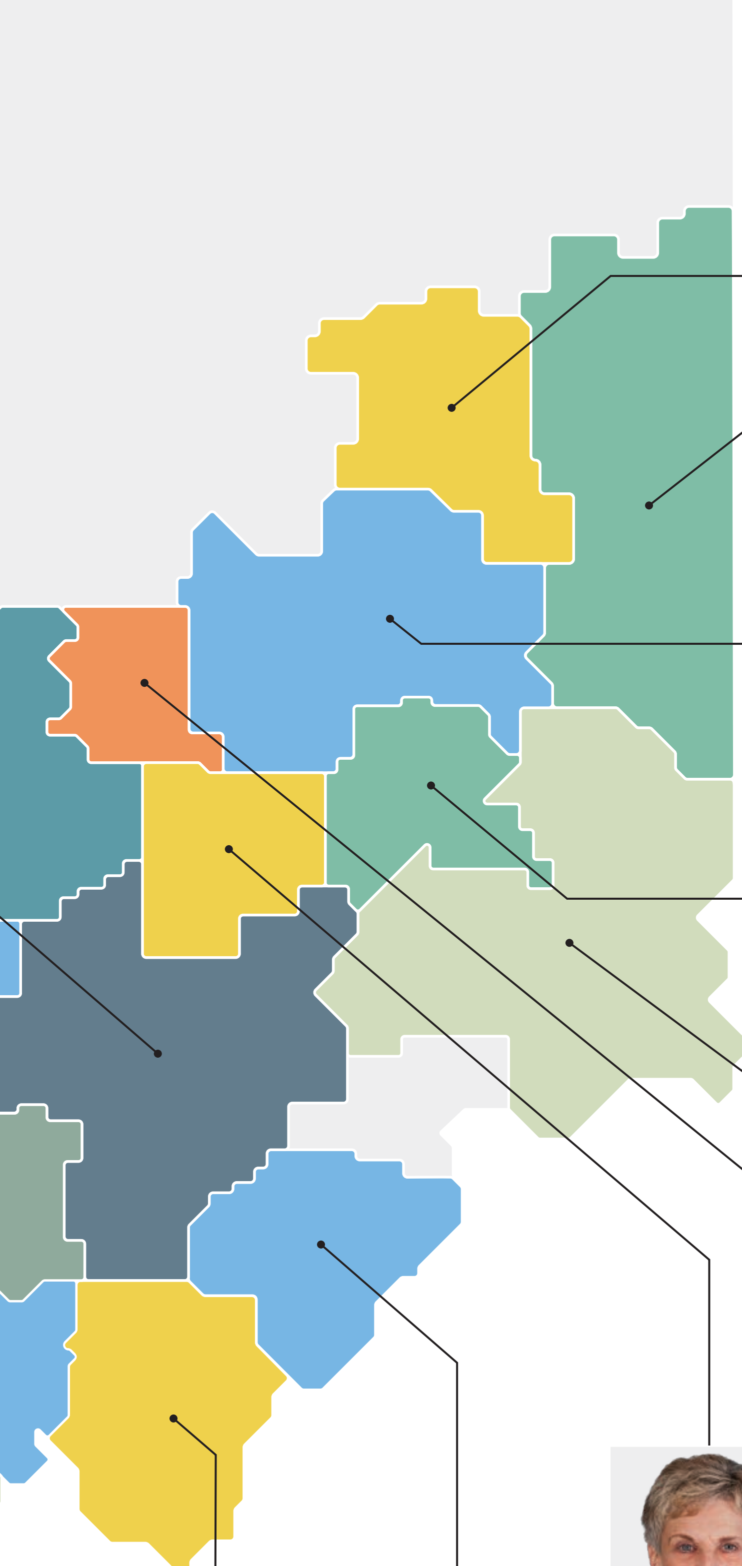
LARRY HOSSELTON
Wayne-White Counties Electric Cooperative

RODNEY HAGER
Orange County REMC

RICK WENDHOLT
Dubois REC

GARY WANINGER
Southern Indiana Power

SECRETARY



WAYNE JESTER
Henry County REMC

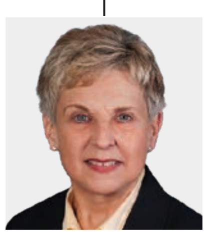
JODIE CREEK
Whitewater Valley REMC
TREASURER

BOB STROUP
RushShelby Energy

JASON BARNHORST
Decatur County REMC

DAVID SMITH
Southeastern Indiana REMC

JAMIE MEREDITH
JCREMC



JANET ANTHONY
Bartholomew County REMC

STEVE DIETERLEN
Clark County REMC

DARIN DUNCAN
Harrison REMC
CHAIRMAN

FINANCIALS

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, 2020 and 2019, 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, 2020 and 2019, 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 17, 2021, 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 17, 2021

AS OF DECEMBER 31, 2020 AND 2019 (In thousands)	2020	2019
ASSETS		
ELECTRIC PLANT:		
In service — at original cost	$ 1,113,382	$ 2,460,556
Construction work in progress	9,106	11,481
Plant held for future use	679	4,613
Plant expected to be retired — net (Note 3)	578,440	–
Total electric plant	1,701,607	2,476,650
Less accumulated depreciation	(432,469)	(1,174,356)
Electric plant — net	1,269,138	1,302,294
INVESTMENTS	88,053	121,544
CURRENT ASSETS:		
Cash and cash equivalents	86,839	67,202
Short-term investments	1,984	1,507
Receivables	52,294	43,003
Fuel	69,906	36,297
Materials and supplies	52,753	56,848
Prepayments and other	9,567	7,830
Total current assets	273,343	212,687
DEFERRED CHARGES AND OTHER	78,522	89,229
TOTAL	$ 1,709,056	$ 1,725,754
EQUITY AND LIABILITIES		
EQUITY:		
Patronage capital and other equities	$ 404,195	$ 403,081
Accumulated other comprehensive loss	(3,735)	(3,457)
Total equity	400,460	399,624
LONG-TERM DEBT:		
Secured notes under the indenture	1,128,458	1,163,562
Capital lease obligations	10,058	10,987
Other unsecured notes	4,614	7,145
Total long-term debt	1,143,130	1,181,694
CURRENT LIABILITIES:		
Current portion of long-term debt and capital lease obligations	38,485	48,917
Accounts payable	36,830	44,687
Over collected power costs	21,232	1,822
Accrued interest	4,103	4,181
Accrued taxes	6,359	6,369
Other current liabilities	5,791	4,871
Total current liabilities	112,800	110,847
DEFERRED CREDITS AND OTHER	5,344	–
OTHER LONG-TERM LIABILITIES	47,322	33,589
COMMITMENTS AND CONTINGENCIES (Note 11)	–	–
TOTAL	$ 1,709,056	$ 1,725,754

See notes to financial statements.

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (in thousands)	2020	2019
OPERATING REVENUE:		
Member	$ 522,334	$ 576,861
Nonmember	42,932	36,170
Other	1,685	1,455
Total revenue	566,951	614,486
OPERATING EXPENSES:		
Fuel	87,168	125,851
Other production expenses	48,387	51,550
Purchased power	169,564	146,987
Transmission and distribution	47,363	48,553
Administrative and general	33,086	33,378
Maintenance	44,008	55,415
Depreciation and amortization	82,995	88,225
Other	(1,812)	(3,063)
Total operating expenses	510,759	546,896
OPERATING MARGIN BEFORE FIXED CHARGES	56,192	67,590
FIXED CHARGES AND OTHER:		
Interest expense	40,684	44,234
Other fixed charges and amortization of debt expense	4,169	4,921
Total fixed charges and other	44,853	49,155
OPERATING MARGIN	11,339	18,435
NONOPERATING MARGIN:		
Investment income and other	4,642	7,158
Other nonoperating expense	(1,732)	(3,094)
Nonoperating post-employment benefits, net	(588)	(635)
Total nonoperating margin	2,322	3,429
NET MARGIN	13,661	21,864
OTHER COMPREHENSIVE INCOME:		
Unrealized loss on pension and other post-retirement benefit plans	(278)	(1,235)
COMPREHENSIVE INCOME	$ 13,383	$ 20,629

See notes to financial statements.

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In thousands)	Member Capital	Other Equities	Accumulated Other Comprehensive Income (Loss)	Total Equity
BALANCE—December 31, 2018	$ 348,315	$ 39,449	$ (2,222)	$ 385,542
Patronage retirement	(6,547)	–	–	(6,547)
Other comprehensive income	–	–	(1,235)	(1,235)
Net margin	18,435	3,429	–	21,864
BALANCE—December 31, 2019	360,203	42,878	(3,457)	399,624
Patronage retirement	(12,547)	–	–	(12,547)
Other comprehensive income	–	–	(278)	(278)
Net margin	11,339	2,322	–	13,661
BALANCE—December 31, 2020	$ 358,995	$ 45,200	$ (3,735)	$ 400,460

See notes to financial statements.

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In thousands)	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net margin	$ 13,661	$ 21,864
Adjustments to reconcile net margin to net cash:		
Return on equity method investment	1,115	–
Income from equity method investment	(879)	(236)
Depreciation and amortization	82,995	88,225
Deferred charges and credits	11,750	9,377
Change in receivables and over collected power costs	10,120	(5,478)
Change in fuel and materials inventories	(29,514)	(15,602)
Change in accounts payable	(7,749)	(2,911)
Change in accrued interest	1,898	(646)
Change in other current assets and liabilities	(2,804)	1,924
Net cash provided by operating activities	80,593	96,517
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(30,624)	(41,095)
Purchases of investments	–	(3,638)
Maturities and calls of investments	1,936	7,018
Investment in equity method investment	(6,471)	(2,566)
Return of equity method investment	6,105	-
Net cash used in investing activities	(29,054)	(40,281)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on long-term credit lines	–	(45,000)
Proceeds from long-term borrowings	–	66,887
Principal payments on long-term debt	(48,996)	(156,838)
Patronage retirements	(14,116)	(6,179)
Net cash used in financing activities	(63,112)	(141,130)
NET DECREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(11,573)	(84,894)
CASH, CASH EQUIVALENTS AND RESTRICTED CASH–Beginning of year	164,821	249,716
CASH, CASH EQUIVALENTS AND RESTRICTED CASH–End of year	$ 153,248	$ 164,822

The table below provides a reconciliation of cash, cash equivalents and restricted cash as reported in the Balance Sheets to the amount reported in the Statements of Cash Flows:

	2020	2019
Cash and cash equivalents	$ 86,839	$ 67,202
Restricted cash included in investments — at cost	66,409	97,620
Cash, cash equivalents and restricted cash at end of fiscal year	$ 153,248	$ 164,822

See notes to financial statements.

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(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 2020 or 2019.

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 2020 and 2019 are:

	2020	2019
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 8) is included with depreciation and amortization expense for financial reporting purposes. Depreciation expense was $76,101 and $74,998 for 2020 and 2019, respectively. Depreciation and amortization includes amortization related to a plant retired during 2015 (Note 5). Amortization expense for the retired plant was $5,649 for both 2020 and 2019.

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 4), 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's investments also include a 20% ownership in Republic Transmission Holding, LLC ("Republic") for 2020 and a 10% ownership in Republic for 2019. Republic is an electric transmission utility company developing a high-voltage transmission line within the Midcontinent Independent System Operator (MISO) region. Hoosier's investment in Republic totaled $4,663 and $4,533 at December 31, 2020 and 2019, respectively. The Republic investment is accounted for using the equity method. Hoosier held investments in corporate bonds, with maturities of less than one year, totaling $1,984 and $1,507 recorded in *Short-term investments* at December 31, 2020 and 2019, respectively. In addition, Hoosier held investments in corporate bonds with maturities of greater than one year and less than five years totaling $3,611 and $5,588 at December 31, 2020 and 2019, 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 fair value of natural gas contracts were measured using Level 1 inputs consisting of quoted prices for identical assets or liabilities on active exchanges. Derivative instruments, including Financial Transmission Rights (FTRs) and forward energy contracts, were measured using Level 2 inputs consisting of observable market data for similar assets.

Estimated fair values of Hoosier's assets and liabilities and methods of valuation as of December 31, 2020 and 2019 were as follows:

	Fair Value Measurements at December 31, 2020, 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 — derivative financial instruments	$ 4,104	$ –	$ 4,104	$ –
Liabilities — derivative financial instruments	$ 424	$ –	$ 424	$ –

	Fair Value Measurements at December 31, 2019, Using:			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Liabilities—derivative financial instruments	$ 1,398	$ 997	$ 401	$ –

The estimated fair values of Hoosier's financial instruments carried at cost at December 31, 2020 and 2019 were as follows:

	2020		2019	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Held-to-maturity investments	$ 90,037	$ 90,623	$ 123,050	$ 125,425
Long-term debt	1,170,703	1,333,169	1,218,811	1,319,691

Carrying amounts for held-to-maturity investments include $1,984 and $1,507 at December 31, 2020 and 2019, 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, 2020 and 2019, the over recovered amount is recorded as *Over collected power costs* on the Balance Sheets in current liabilities:

	MEMBERS		NONMEMBERS		TOTALS	
	Receivables	(Over Collected) Unrecovered Power Costs	Receivables	(Over Collected) Unrecovered Power Costs	Receivables	(Over Collected) Unrecovered Power Costs
2020	$ 47,192	$ (21,232)	$ 5,102	$ –	$ 52,294	$ (21,232)
2019	38,767	(1,822)	4,236	–	43,003	(1,822)

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 5). 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, 2019, 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. Notional values under these contracts were 1,500,000 MMBTu (million British thermal units). At December 31, 2020, Hoosier held derivative instruments in the form of forward energy contracts for the purpose of hedging volatility in purchase power prices. Notional values of energy contracts were 6.4 million megawatt (MW) hours. In addition, as of December 31, 2020 and 2019, 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 $424 and $1,398 as of December 31, 2020 and 2019, respectively, recorded as regulatory assets as a component of *Deferred charges and other*. Unrealized gains totaling $4,104 as of December 31, 2020 are recorded as a regulatory liability as a component of *Deferred credits and other*.

2020	Location of Gain (Loss) Recognized in Income	Realized Gain (Loss)	Unrealized Gain (Loss) Recognized in Deferred Charges and Deferred Credits
Natural gas contracts	Fuel—gas expense	$ (1,655)	$ –
Fuel oil contracts	Fuel—coal expense	–	–
FTR contracts	Purchased power	2,060	(424)
Forward energy contracts	Purchased power	–	4,104
		$ 405	$ 3,680

2019	Location of Gain (Loss) Recognized in Income	Realized Gain (Loss)	Unrealized Gain (Loss) Recognized in Deferred Charges
Natural gas contracts	Fuel—gas expense	$ –	$ (997)
Fuel oil contracts	Fuel—coal expense	(504)	–
FTR contracts	Purchased power	2,319	(401)
Forward energy contracts	Purchased power	–	–
		$ 1,815	$ (1,398)

Derivative Instrument	Statement of Financial Position Location	2020 Derivative Fair Value Assets	2020 Derivative Fair Value Liabilities	2019 Derivative Fair Value Assets	2019 Derivative Fair Value Liabilities
Natural gas contracts	Prepayments and other[1]	$ –	$ –	$ –	$ (997)
FTR contracts	Other current liabilities	–	(424)	–	(401)
Forward energy contracts	Deferred charges and other	4,104	–	–	–

[1]Excluded from derivative assets are $134 and $166 as of December 31, 2020 and 2019, 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. Cash flow revisions recognized in 2020 are related to changes in estimated settlement amounts of obligations associated with the Merom Generating Station (Merom).

	Beginning Balance	Liabilities Incurred	Liabilities Settled	Accretion	Cash Flow Revisions	Ending Balance
2020	$ 24,313	$ –	$ (60)	$ 749	$ 12,543	$ 37,545
2019	23,051	–	(111)	1,373	–	24,313

Revenue Recognition

The revenue recognition principle in Accounting Standards Update ("ASU") 2014-09 *Revenue from Contracts with Customers (Topic 606)* is that an entity should recognize revenue to depict the transfer of 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. ASU 2014-09 also requires expanded disclosures to enable users of the financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. See related disclosures below.

Revenue from Contracts with Customers

The revenues of Hoosier are primarily derived from providing wholesale electric service to its members and from participation in wholesale electric power markets. Revenues from contracts with customers represent 99% of all Hoosier revenues.

Hoosier's performance obligations are satisfied over time and the Company recognizes revenue accordingly. Customers simultaneously receive and consume the benefits of Hoosier's performance as energy is delivered. Billings for delivered energy occur monthly and payments are due normally within 30 days. To support members during the 2020 COVID-19 disconnections prohibition (Note 2), Hoosier extended payment terms to 60 days for power bills between the months of March through June. In addition, Hoosier offered members the ability to pay the July power bill over twelve monthly installments.

Below is a disaggregated view of Hoosier's revenues from contracts with customers as well as other revenues, including their location on the Statements of Operations and Comprehensive Income:

	2020		2019	
Revenue Streams	**Electric Revenue**	**Other Operating Revenue**	**Electric Revenue**	**Other Operating Revenue**
Member Revenue:				
Energy revenue	$ 301,899	$ –	$ 320,113	$ –
Demand revenue	239,961	–	248,827	–
Other member revenue	(19,526)	–	7,921	–
Non-member energy market revenue	42,932	–	36,170	–
Generation byproduct revenue	–	153	-	445
Total revenue from contracts with customers	565,266	153	613,031	445
Sale of renewable energy credits	–	1,332	–	805
Lease income	–	200	–	205
Total revenue	$ 565,266	$ 1,685	$ 613,031	$ 1,455

Electric Revenue

Electric revenues consist of wholesale electric power sales to members through the member power purchase contracts and from participation in the MISO and PJM wholesale electric power markets. Revenue from members is recognized based on amounts billed under wholesale tariffs which include contractually agreed upon rates. Energy and demand revenues are billed at fixed rates defined by approved tariffs at metered volumes for a billing period.

The rate schedules within the member contracts also include two power cost adjustment clauses, which allow for increases or decreases in member power billings based upon actual power costs compared to plan for certain categories of revenues and expenses. The power cost adjustment was a credit to Hoosier members of $24,665 for 2020 and a charge of $1,685 for 2019. Credits or charges are recorded as a decrease or increase, respectively, in member revenues and are recorded in electric revenue in the Statements of Operations and Comprehensive Income.

Non-member energy market revenues are recognized based on metered volumes and market rates at the time and point of delivery. All of the electric revenues meet the criteria to be classified as revenue from contracts with customers.

Other Operating Revenue

Other operating revenue primarily includes sale of utility plant byproducts including fly ash. Plant byproducts are marketed and sold to external customers and revenue is recognized at the time the goods are transferred.

Recently Issued Accounting Standards

In February 2016, the FASB issued ASU 2016-2 *Leases*, 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, 2021. Hoosier's lease obligations subject to the new standard are primarily associated with Merom and described in Note 11. Management does not expect the adoption of this guidance to have a material impact on Hoosier's financial statements or disclosures.

In August 2017, the FASB issued ASU 2017-12 *Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities*, 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, 2020 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.

In December 2019, the FASB issued ASU 2019-12 *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*, update intended to simplify the accounting for income taxes by removing certain exceptions to general tax accounting principles. For nonpublic entities, the amendments in this update are effective for fiscal years beginning after December 15, 2021 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. COVID-19

The outbreak of COVID-19 has been declared a pandemic by the World Health Organization, a national emergency by the President of the United States Donald Trump and continues to spread in the United States. Effects from the COVID-19 pandemic began at the end of the first quarter when certain commercial and industrial customers served by Hoosier's members suspended operations. Commercial and industrial loads began to recover near the end of the second quarter and returned to pre-pandemic levels by year-end. Impacts of the pandemic are reflected in the Statements of Operations and Comprehensive Income and include reduced member revenue and operating costs compared to 2019.

On March 6, 2020, Indiana Governor Eric Holcomb issued Executive Order 20-02 declaring a public health disaster emergency in Indiana attributable to COVID-19. To address the social and economic impacts of COVID-19, Governor Holcomb has issued several other executive orders, including Executive Orders 20-05 and 20-33 on March 19, 2020 and June 30, 2020, respectively. Executive Order 20-05 provided that providers of gas and electric utilities, broadband, telecommunication, water and wastewater services were prohibited from disconnecting service to any customer in the State, because these services are essential to Indiana residents and businesses, particularly during this state of public health emergency. Executive Order 20-33 extended the prohibition on utility disconnections until August 14, 2020 pursuant to an order issued by the IURC. On August 12, 2020, the IURC issued an order directing that the disconnect moratorium prohibiting disconnections would not be extended beyond August 16.

The full extent of COVID-19's impact on Hoosier's operations and financial performance depends on future developments that are uncertain and unpredictable, including the duration and spread of the pandemic, its impact on capital and financial markets, the financial losses incurred by Hoosier's customers and business partners, and any new information which may emerge concerning the severity of the virus, its spread, as well as the actions taken to contain it, among others. While the Company has not been materially impacted by COVID-19 to date, the extent of the outbreak and its future impact on the Company's financial position, results of operations and cash flows is uncertain and cannot be reasonably estimated at this time. Hoosier's tariffs include adjustment mechanisms resulting in full recovery of the Company's costs. Management does not anticipate a material impact to financial results due to the pandemic.

3. ELECTRIC PLANT

Electric plant, at December 31, 2020 and 2019, consists of the following:

	2020	2019
Production plant	$ 527,436	$ 1,864,044
Transmission plant	300,612	289,806
Distribution plant	128,626	121,876
General plant	151,752	157,488
Intangible plant	4,956	27,342
Electric plant in service	1,113,382	2,460,556
Construction work in progress	9,106	11,481
Plant held for future use	679	4,613
Plant expected to be retired—net	578,440	–
	$ 1,701,607	$ 2,476,650

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.

The balance of $578,440 identified as *Plant expected to be retired—net* represents the net unrecovered cost of Merom, consisting of electric plant in service in the amount of $1,389,371 less accumulated depreciation and amortization of $810,931. In January 2020, the Board approved a new long-range resource plan. Under the plan, Hoosier expects to retire Merom in 2023 and transition to a more diverse generating mix. Considering the planned retirement, it is likely Merom will be removed from service before fully recovered in rates. In November 2020, the Board took action to establish a regulatory asset, pursuant to ASC 980-360-35, for the unrecovered cost of Merom. The Board and RUS approved full recovery of the regulatory asset in future rates. The unrecovered costs will be amortized through 2038 which aligns with remaining debt principal obligations associated with Merom.

Supplemental Cash Flow Information

As of December 31, 2020 and 2019, Hoosier's accounts payable balances included $1,557 and $3,039, respectively, for capital expenditures. These amounts will be included as a cash outflow from investing activities for capital expenditures when paid.

4. INVESTMENTS

Amortized cost and estimated fair value of held-to-maturity investments at December 31, 2020 and 2019 are as follows:

2020	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
CoBank—Class C and E stock	$ 5,457	$ –	$ (43)	$ 5,414
CFC—capital and equity term certificates	3,787	1,327	–	5,114
CFC—capital patronage certificates	2,757	90	–	2,847
RUS—cushion of credit (restricted)	66,409	–	(882)	65,527
Corporate bonds[1]	5,595	94	–	5,689
Equity investment in LLC	4,663	–	–	4,663
Other investments	1,369	–	–	1,369
	$ 90,037	$ 1,511	$ (925)	$ 90,623

[1] Includes $1,984 in corporate bonds with maturities less than one year recorded in *Short-term investments*.

2019	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
CoBank—Class C and E stock	$ 5,210	$ –	$ (409)	$ 4,801
CFC—capital and equity term certificates	4,182	–	(321)	3,861
CFC—capital patronage certificates	2,732	89	–	2,821
RUS—cushion of credit (restricted)	97,620	1,456	–	99,076
Corporate bonds[1]	7,095	60	–	7,155
Equity investment in LLC	4,532	–	–	4,532
Other investments	1,679	–	–	1,679
	$ 123,050	$ 1,605	$ (730)	$ 123,925

[1] Includes $1,507 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 5% interest rate expired September 30, 2020. The current rate of 4% is in effect until September 30, 2021 after which deposits will earn interest at 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 $66,409 and $97,620 at December 31, 2020 and 2019, respectively and is recorded in *Investments*.

5. DEFERRED CHARGES AND CREDITS

Deferred charges, net of accumulated amortization, at December 31, 2020 and 2019, consist of the following:

	2020	2019
Regulatory asset for early plant retirement	$ 45,190	$ 50,838
Debt issuance costs	429	206
Regulatory asset for losses on early extinguishment of debt	73	120
Regulatory asset for fair value of derivative instruments	424	1,398
Regulatory asset for realized losses on interest rate hedging	6,832	7,540
Regulatory asset for abandoned project	4,846	5,219
Regulatory asset for major outage costs	10,312	12,375
Regulatory asset for landfill gas plant retirement	2,572	3,214
Pension prepayment, net of current portion (Note 9)	1,933	3,867
Other deferred charges	5,911	4,452
	$ 78,522	$ 89,229

The Ratts Generating Station (Ratts) 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 eighteen years, the lives of the related or replacement debt, using the straight-line method.

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 Merom. The costs are being amortized over eight years, which represents the expected cycle of major maintenance activities at the time the asset was established.

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 $13,384 and $20,219 in 2020 and 2019, respectively.

Deferred credits at December 31, 2020 and 2019, consist of the following:

	2020	2019
Regulatory liability for fair value of financial instruments	$ 4,104	$ –
Customer deposit in advance of construction	1,240	–
	$ 5,344	$ –

During 2020, Hoosier entered into two forward energy contracts in order to manage risk associated with volatility in market power prices. The contracts meet the definition of derivative instruments and do not qualify for the normal purchase and normal sales exclusion. Unrealized gains on the contracts are recognized as a regulatory liability at December 31, 2020.

In 2020, Hoosier received a deposit from a customer in advance of construction for a future transmission project.

6. 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 7) which contain restrictions on distributions.

The Board authorized, and the RUS approved, retirement of patronage capital totaling $12,547 and $6,547 in 2020 and 2019, respectively.

7. 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.

	2020	2019
Secured notes under the Indenture:		
Rural Utilities Service (RUS) (a)	$ 1,163	$ 1,739
Federal Financing Bank (FFB) (b)	843,520	882,296
CoBank (c)	66,879	71,825
CFC (d)	12,000	12,000
Series 2011A Notes (e)	190,000	190,000
Series 2011B Notes (f)	50,000	50,000
Subtotal	1,163,562	1,207,860
Less portion due within one year:		
RUS	606	576
FFB	29,596	38,776
CoBank	4,902	4,946
Subtotal	35,104	44,298
Total	$ 1,128,458	$ 1,163,562

(a) The notes payable to United States of America (RUS) are due in monthly installments of varying amounts through 2023. The weighted average interest rate was 5% at December 31, 2020.

(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 January 2023 through January 2045, and the weighted average interest rate was 3.3% at December 31, 2020.

(c) The terms of the CoBank notes provide for quarterly payments of principal and monthly payments of interest at a weighted average rate of 2.8% at December 31, 2020. Maturity dates range from July 2022 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 note provides for quarterly payments of interest at 4.4% and principal is due 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:

		2020		2019
Other unsecured notes:				
CoBank (g)	$	5,382	$	8,801
CFC (h)		1,759		2,150
Subtotal		7,141		10,951
Less portion due within one year:				
CoBank		2,106		3,419
CFC		421		387
Subtotal		2,527		3,806
Total	$	4,614	$	7,145

(g) The terms of the unsecured CoBank note provides for quarterly payments of principal and interest at 2.9% and the maturity date is May 2023.

(h) The terms of the unsecured CFC notes provide for quarterly payments of principal and interest at fixed rates. The weighted average interest rate on advanced funds was 2.16% at December 31, 2020 and the maturity dates are October 2024.

At December 31, 2020, estimated principal maturities of secured notes under the Indenture and other unsecured notes are as follows:

Years Ending December 31

2021	$	37,631
2022		49,504
2023		46,241
2024		56,280
2025		46,564
Thereafter		934,482
	$	1,170,702

Credit Lines

Hoosier has a $300,000 syndicated revolving credit facility, which matures November 24, 2022. 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 were no amounts outstanding as of December 31, 2020 or December 31, 2019.

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, 2020 and 2019.

Cash paid for interest was $41,017 and $44,672 during the years ended December 31, 2020 and 2019, respectively. Capitalized interest was $276 and $457 in 2020 and 2019, respectively.

8. CAPITAL LEASE OBLIGATIONS

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 2020 and 2019.

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

Years Ending December 31		
2021	$	1,327
2022		1,448
2023		1,448
2024		1,448
2025		1,448
Thereafter		6,146
Total minimum lease payments		13,265
Less amount representing interest at 4.9%		(2,353)
Present value of net minimum lease payments		10,912
Less portion due within one year		(854)
	$	10,058

9. INCOME TAXES

As of December 31, 2020 and 2019, Hoosier has net operating loss carryforwards for federal and state income tax purposes of $267,648 and $280,918, respectively, which are available to offset future taxable income. These net operating loss carryforwards will expire between 2021 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 2016 through 2020 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.

10. 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 2020 and in 2019 represented less than 5% of the total contributions made to the plan by all participating employers. Hoosier made contributions to the plan of $8,376 and $8,308 in 2020 and 2019, 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 2020 and 2019.

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, 2020 and January 1, 2019, 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 $1,498 and $1,446 in 2020 and 2019, 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 $614 and $503 were recorded in *Other long-term liabilities* as of December 31, 2020 and 2019, 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.

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 $4,727 and $4,267 as of December 31, 2020 and 2019, 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	
	2020	2019	2020	2019
Benefit obligation – beginning of year	$ 4,506	$ 4,845	$ 4,267	$ 2,438
Service cost	155	171	117	98
Interest cost	139	192	138	144
Actuarial loss / (gain)	107	(59)	481	1,122
Benefits paid	(472)	(643)	–	(6)
Prior service cost	–	–	–	471
Benefit obligation – end of year	4,435	4,506	5,003	4,267
Fair value of plan assets – beginning of year	–	–	–	–
Company contributions	472	643	–	6
Benefits paid	(472)	(643)	–	(6)
Fair value of plan assets – end of year	–	–	–	–
Funded status, other long-term liabilities	$ (4,435)	$ (4,506)	$ (5,003)	$ (4,267)
Service cost	$ 155	$ 171	$ 117	$ 98
Interest cost	139	192	138	144
Amortization of prior service cost	–	–	99	101
Amortization of loss / (gain)	–	–	212	198
Net periodic benefit cost	$ 294	$ 363	$ 566	$ 541
Unrecognized actuarial loss / (gain)	$ 513	$ 406	$ -	$ -
Accumulated other comprehensive income	$ 513	$ 406	$ 3,222	$ 3,051

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	
	2020	2019	2020	2019
Weighted average discount rate	2.50 %	3.25 %	2.63 %	3.40 %
Average salary increase	– %	– %	4.00 %	4.00 %
Health care trend rate:				
Initial	8.00 %	8.00 %	– %	– %
Ultimate	4.50 %	4.50 %	– %	– %
Years to ultimate	7	7	–	–

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
2021	$ 473	$ 276
2022	435	21
2023	409	–
2024	348	–
2025	402	–
2026-2030	1,548	7,829

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 2020 as follows:

	Post-Retirement Health Plan	
	1% Increase	1% Decrease
Accumulated post-retirement benefit obligation	$ 340	$ (301)
Net periodic post-retirement benefit expense	28	(25)

11. COMMITMENTS AND CONTINGENCIES

LONG-TERM POWER SUPPLY AGREEMENTS

Hoosier is committed to the following estimated expenditures under the various contracts described below:

Renewable Energy Purchases

Hoosier has long-term agreements for the purchase of hydroelectric, solar and wind energy from various power suppliers. The agreements have varying terms, with the longest contract extending through 2043. Hoosier is obligated to purchase the energy generated from these facilities at fixed prices for the term of the agreements. Hoosier's expenses for energy purchased under these agreements were $13,723 and $9,752 in 2020 and 2019, respectively.

Other Purchased Power

Hoosier has long-term agreements for the purchase of energy and capacity from various other power suppliers. The agreements have varying terms, with the longest extending through 2033. Hoosier is obligated to purchase energy and capacity at either fixed or variable prices for the term of the agreements. Hoosier's expenses for energy and capacity purchased under these agreements were $57,641 and $63,227 in 2020 and 2019, respectively.

Future estimated expenditures under the various long-term power supply agreements discussed above are:

Years Ending December 31	
2021	$ 76,017
2022	80,648
2023	127,423
2024	136,698
2025	137,890
Thereafter	1,325,320
	$ 1,883,996

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 2020 and 2019 were $92,752 and $114,952, respectively, and total estimated minimum payments for the contracts through the year 2023 are:

Years Ending December 31		
2021	$	74,143
2022		30,037
2023		30,720
	$	134,900

Rail Car Leases

Hoosier leases one hundred ninety eight railroad cars used in transporting coal to the generating facility. The lease terms range from twelve to thirty months and rental expense related to rail car leases was $493 and $541 in 2020 and 2019, respectively.

Merom Leases

In 2016, Hoosier exercised end of lease renewal option for certain property at Merom. The original capital lease expired during 2017 and Hoosier elected a renewal period of five years. The lease expires June 30, 2022 and includes various renewal alternatives and fair market value purchase options. Rental expense related to Merom property lease was $995 in both 2020 and 2019.

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

Years Ending December 31		
2021	$	1,487
2022		809
2023		78
	$	2,374

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 $8,221 and $10,652 for 2020 and 2019, respectively. Liabilities associated with the plan were $918 and $1,150 as of December 31, 2020 and 2019, respectively, and are included in *Other current liabilities* in the Balance Sheets.

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, 2020 and 2019, and there were no liabilities recorded against the guaranty.

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. In January 2018, Hoosier submitted a closure and post-closure plan for inactive impoundments located at the site of the retired Ratts plant. On December 17, 2020, the Indiana Department of Environmental Management (IDEM) issued a denial for the plan submitted by Hoosier under the interpretation the plan was not in compliance with the federal CCR rule. Hoosier filed an appeal with IDEM on December 29, 2020. Additional costs associated with remediation efforts could be significantly higher than the Company's estimates. Pending the outcome of the appeals process, any potential future impact on the Company's financial position, results of operations and cash flows is uncertain and cannot be reasonably estimated at this time.

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. On June 19, 2019, EPA issued the final Affordable Clean Energy rule. 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. The IDEM is currently developing the state plan. 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. On August 31, 2020, EPA published the final Steam Electric Reconsideration Rule. The limitations established in the rule could require capital investments at Merom if the plant operates beyond planned retirement (Note 3). Management does not expect the rule to have a material impact on Hoosier's financial statements or disclosures.

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.

12. SUBSEQUENT EVENTS

The financial statements include a review of subsequent events through March 17, 2021, the date the financial statements were available to be issued.

FIVE-YEAR SUMMARY OF OPERATIONS

For the years ended December 31

(Dollars in thousands)	2020	2019	2018	2017	2016
REVENUES:					
Sales of electricity	$ 565,266	$ 613,031	$ 628,974	$ 673,552	$ 687,306
Other revenue	1,685	1,455	2,214	321	225
Total operating revenue	566,951	614,486	631,188	673,873	687,531
OPERATIONS EXPENSE:					
Production expense	135,555	177,401	206,259	176,688	215,152
Other power supply	169,564	146,987	137,754	192,025	178,771
Transmission and distribution	47,363	48,553	45,404	40,549	37,501
Administrative and general expenses	33,086	33,378	30,739	33,204	33,727
Depreciation and amortization	82,995	88,225	86,467	89,330	85,422
Other	(1,812)	(3,063)	(3,665)	(3,264)	(2,379)
Fixed charges, primarily interest expense	44,853	49,155	52,439	54,921	56,933
Total operations expense	511,604	540,636	555,397	583,453	605,127
MAINTENANCE EXPENSE:					
Production	30,340	41,919	42,995	53,395	41,233
Transmission	6,311	6,267	6,766	7,361	7,695
Distribution	5,301	5,388	5,214	4,569	4,087
General plant	2,056	1,841	1,880	1,870	1,873
Total maintenance expense	44,008	55,415	56,855	67,195	54,888
Total cost of electric service	555,612	596,051	612,252	650,648	660,015
Operating margin	11,339	18,435	18,936	23,225	27,516
Nonoperating margin and other	2,322	3,429	4,368	4,948	5,622
Net margin	$ 13,661	$ 21,864	$ 23,304	$ 28,173	$ 33,138

Member systems served	18	18	18	18	18
Peak demand by members (MW)	1,453	1,714	1,668	1,425	1,498
Sales to members (MWh)	7,315,654	7,676,168	7,851,821	7,309,713	7,395,500
Sales to others (MWh)	1,702,767	1,191,120	1,444,221	2,154,725	3,036,919
Average revenue/MWh sold	$ 62.68	$ 69.13	$ 67.66	$ 71.17	$ 65.88
Members average cost/MWh	$ 74.71	$ 75.41	$ 75.20	$ 75.39	$ 75.50
Member consumers end of year	308,291	305,656	303,940	301,103	299,073
Net generation (MWh)	3,961,399	5,479,829	6,622,283	5,407,732	6,912,758
Purchased power (MWh)	5,188,117	3,562,122	2,872,027	4,227,248	3,690,126
Coal burned (Tons)	1,252,641	2,155,086	2,714,026	2,261,097	2,783,762
Number of employees	426	432	433	441	450

As of December 31, 2020	Member Consumers	Miles of Line	Net Utility Plant Value	Full Time Employees
Bartholomew County REMC	11,781	1,231	$47,430,882	35
Clark County REMC	25,847	1,865	106,563,703	52
Daviess-Martin County REMC	8,318	1,390	30,587,243	24
Decatur County REMC	8,106	1,061	33,280,630	26
Dubois REC	14,036	1,722	42,777,943	30
Harrison REMC	23,715	2,490	78,087,921	48
Henry County REMC	9,496	1,232	42,227,763	34
Jackson County REMC	24,664	2,944	90,836,490	79
Johnson County REMC	26,615	1,767	96,350,332	63
Orange County REMC	7,972	1,120	34,549,869	43
RushShelby Energy	14,664	2,129	67,792,498	44
South Central Indiana REMC	34,128	3,892	137,560,658	113
Southeastern Indiana REMC	27,578	3,244	106,901,466	61
Southern Indiana Power	9,380	1,665	38,779,896	24
Utilities District of Western Indiana REMC	19,254	2,683	78,007,953	46
Wayne-White Counties Electric Cooperative	13,668	3,209	66,645,273	45
Whitewater Valley REMC	12,002	1,894	46,351,707	27
WIN Energy	17,067	2,648	95,197,653	52
Total	**308,291**	**38,186**	**$1,239,929,880**	**846**

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.

01 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.

02 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.

03 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.

04 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.

05 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.

06 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.

07 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.

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