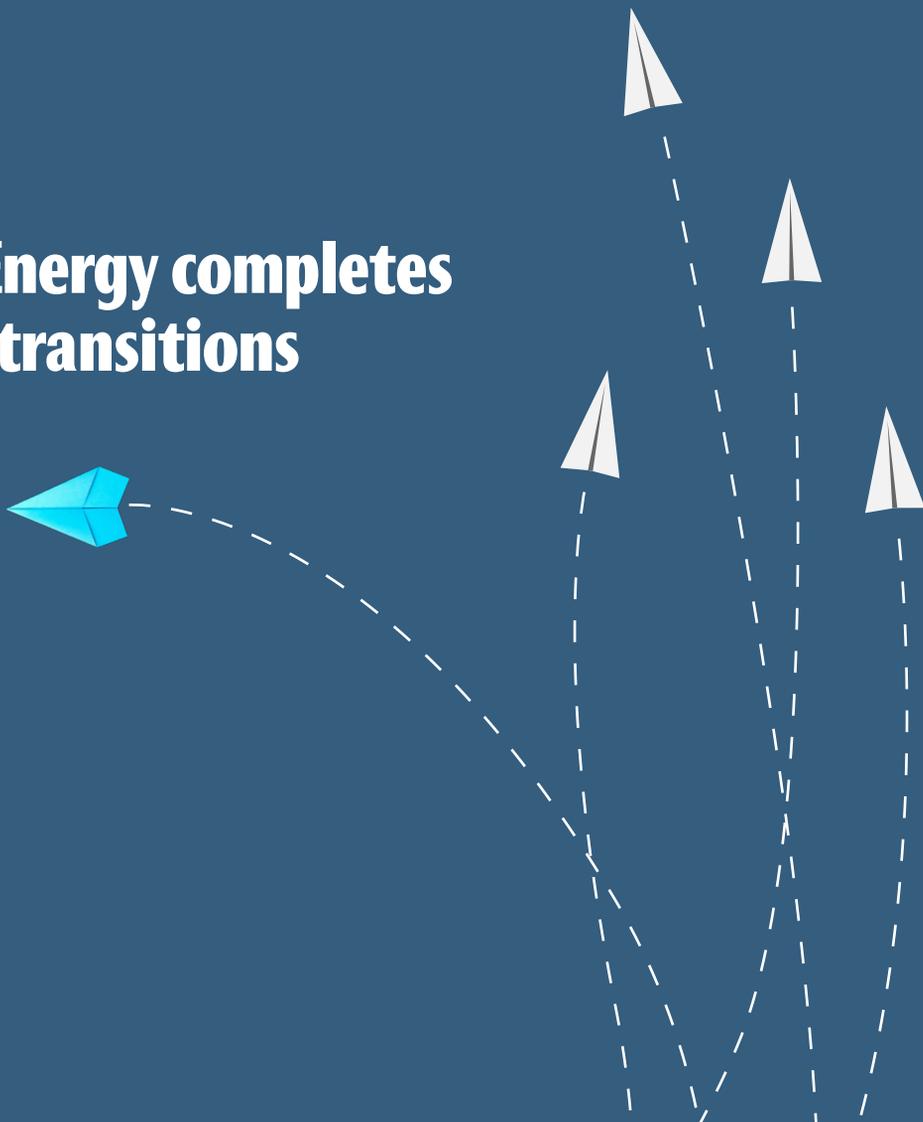


ENERGYLINES

YEAR IN REVIEW

Hoosier Energy completes a year of transitions

Pages 5-8



Steve Smith retires

Chief Executive Officer Smith retires after 45 years of service at Hoosier Energy.

Q&A on Pages 3-4

COMMITMENT TO COMMUNITY



HE photo

Nonprofits honored during reception

Hoosier Energy is proud to be a part of the Bloomington community. As part of our commitment to community, Hoosier Energy provides the use of the board room for local events. On Dec. 6, The Community Foundation of Bloomington and Monroe County (CFBMC) held its grant award reception at the generation and transmission cooperative. At the award reception, \$326,700 was distributed to nonprofit organizations as part of the CFBMC's Community Impact Funding Initiative. The CFBMC was created by those who share a passion for Monroe County and a vision for its future.

ENERGY IN TRANSITION

Digitalization to transform the power sector

The ingenuity blog, published by Siemens, has a post discussing digitalization within the power sector. The post, titled "Digitalization of the Utility: Motivations and Impacts," incorporates various motives for digitalization affecting generators, transmission and distribution operators, and utilities.

The post and associated white paper explain how digital technologies will affect business models, investments and revenues in the energy value chain.

ONLINE EXTRA

>> Visit the blog. To find this article search for Claire Curry.

<https://new.siemens.com/ingenuity/en/conversations.html>

COMMISSION APPOINTMENT

McNamee to join federal energy commission

The U.S. Senate confirmed Bernard McNamee to sit on the Federal Energy and Regulatory Commission (FERC). The 50-49 party-line vote in December brings McNamee to the five-member commission that regulates the transmission of wholesale electricity and natural gas. Those serving on the commission are political appointees by the President and are confirmed by the Senate. The Republican Party now holds a 3-2 majority at FERC.

Previously, McNamee led the Department of Energy's Office of Policy.

41

YEARS IN PRINT

The number of years EnergyLines has been in print for member-cooperatives and employees.

EnergyLines design refresh

Since 1978, EnergyLines has delivered information to member-cooperative employees, directors and Hoosier Energy employees. This month, EnergyLines is unveiling a reinvigorated look. The goal is to increase the accessibility for you, our readers, while reducing costs – fitting well with our member focus and cost-management initiatives.

Beginning with this issue, EnergyLines has a smaller size that serves two purposes. This helps promote shorter articles that will aid in the scanning of content. The smaller size scales better on tablet devices – improving both print and digital experiences.

You will notice additional content including a page devoted to what our members are doing simply called "Our members."

Another new section is called "Did you know," where you will find links to energy industry news and resources.

What hasn't changed is our focus on communicating what Hoosier Energy is doing to provide safe, reliable and cost-effective power and services to our members. [E](#)



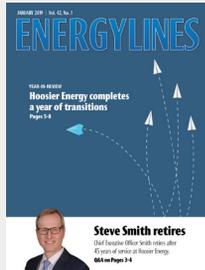
FIND US ONLINE

To subscribe or to read back issues, visit HoosierEnergy.com/news/energylines

ENERGYLINES

ON THE COVER

The year has been a time of transition for our cooperative and industry.



HOOSIER ENERGY LEADERSHIP

Tom Van Paris returns to Hoosier Energy

Renewed focus on member service and engagement

After spending three years as Chief Executive Officer at Indiana Electric Cooperatives (IEC), Tom Van Paris has returned to Hoosier Energy as Executive Vice President. Van Paris said he is excited by the opportunity he sees to make a significant impact within the organization, both for employees and for Hoosier Energy's 18 member systems.

One of the key items Van Paris will focus on in his new role is to serve our member systems in the most responsive way from a customer service standpoint.

"My priority as part of the member engagement division is to provide support to the members in a manner and delivery to which they expect," said Van Paris. "We will make sure that the products and services we provide to our members bring great value to them," he added.

Another top priority for Van Paris is to make sure that Hoosier Energy's resource planning and overall portfolio mix meet the needs of our 18 member systems. The industry is going to face some significant changes in how end-consumers use electricity he said, including where they get energy, how they get it and how it is delivered.

"I think the challenge for Hoosier Energy and members is to figure out how to stay out in front of those changes," said Van Paris.

In addition to Van Paris' increased focus on member engagement and resource planning, he wants to enable Hoosier Energy employees within his division to do the best possible job they can.

Van Paris interacted with all 38 Indiana electric co-ops during his time at IEC and found they all have more in common than they think.

"The concerns, the issues, the challenges they face are actually more common than they believe," said Van Paris. With this in mind, he believes Hoosier Energy can make a significant impact with the member systems as they work together to meet our common goal of providing affordable and reliable electricity to consumers. [EL](#)



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FUN FACT

Van Paris negotiated the naming rights for Cinergy Field, formerly Riverfront Stadium, in Cincinnati, where the Bengals and Reds played football and baseball.

CLARITY OF PURPOSE

Steve Smith led the generation and transmission cooperative to be a small company that thinks big.

Chief Executive Officer Steve Smith retired from Hoosier Energy on Jan. 15 after 42 years of service. He was named CEO in 1994 after serving 19 years in senior management positions. EnergyLines interviewed Smith about his lengthy career in the energy industry.

► What kept you at Hoosier Energy?

I really like the co-op business model and its purpose-driven, member-focused nature. New opportunities continued to present themselves for me to be involved and grow with the company. The work was always new, interesting, diverse and rewarding. I continued to feel I was contributing and making a difference, so I never had a reason to make a career change.

► How do you view the co-op business model in relation to the future?

The co-op business model will thrive in the future. What's not relevant about a model built on member-consumer engagement given the direction our industry is heading? It is a competitive advantage.

► What are you most proud of during your time as CEO?

I am especially proud of the workforce. The ability and willingness of Hoosier Energy employees to step up to new challenges has been outstanding.

► You have played a significant role in the development of the Merom Generating Station. What was that like?

When I joined Hoosier Energy in 1977, the decision was already made to build Merom. It was a huge commitment for a company our size then – the same is true today. It was a period of upheaval throughout the industry and Merom brought on

enormously difficult issues specific to Hoosier Energy. Over the years, I think we have done well in managing the risks, challenges and opportunities of Merom in a manner that has brought tremendous value to members.

► What is a challenge you see electric utilities facing in the future?

There are many, but a prominent one I see is in the way consumers will interact with utilities through a technology-driven and highly-integrated grid. Technology is rapidly bringing a new world of opportunities for consumers to produce and manage their energy use. The traditional utility planning model is being disrupted and there is much more to come.

► Who is a leader you admire?

I have always been captivated by the stories of cooperative founders. Fortunately, I had the opportunity early in my career to work directly with a few of them. Don Davis, who remains the longest serving Hoosier Energy Board Chairman, was an original incorporator of both his local co-op and Hoosier Energy. He had great stories about going out to get people signed up to be members of distribution co-ops in the 1930s. He is an example of a co-op leader who was tenacious and undeterred by the daunting challenges during the formation of distribution co-ops and then power supply co-ops. What I saw in him and others was intense determination and readiness to tackle big challenges forged from that experience.

► What is the most interesting place the job has taken you?

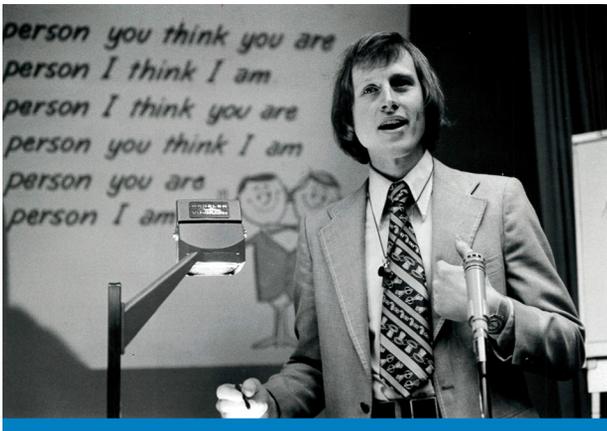
As co-ops, we have had a remarkable ability to positively affect public policy outcomes in the best interest of members. The place I have visited most frequently is Washington, DC, and it always remains interesting. Whenever I had a break from business, I especially enjoyed a run on the Capital Mall past the great historical monuments.

► Retirement provides time for new opportunities. What might you consider doing beyond the co-op world?

My wife and I are especially eager to spend more time with our expanding family. There are a lot of places in the U.S. and overseas that I would like to experience. And I'm looking forward to not passing on so many bike rides that I wish I had time for. I'll take a little time to mull



HE photos



over business opportunities. During my college years I worked construction and really enjoyed it. My son is now a construction manager so we sometimes talk about what a joint venture might look like. I tell him I would be glad to be the guy who drives the pick-up truck around!

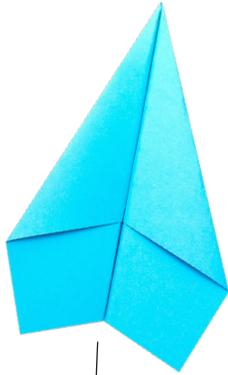
▶ **What else would you like to say to the readers of EnergyLines?**

I want to thank everyone for making Hoosier Energy a special place to work. I will deeply miss the wonderful people I have had the privilege to work with. I think the member systems and Hoosier Energy have a bright future and I wish everyone the very best. [E](#)

Steve Smith through the years

CLOCKWISE FROM TOP:

- ▶ Steve Smith took a moment for a photo as he settled into his new headquarters office.
- ▶ Smith aids in an employee's recognition for service.
- ▶ Early in his career, Smith makes a presentation using an overhead projector.



Hoosier Energy completes year of transitions

Year in review.

The year 2018 was a time of transition for our cooperative and our industry. We experienced

leadership changes at member-cooperatives and at Hoosier Energy. We also saw transitions in technology and a heightened need to protect our resources. Opportunities are evolving rapidly and Hoosier Energy is working to leverage those opportunities to benefit our members.

Hoosier Energy's workforce has managed costs by securing tens of millions of dollars in annual savings and operating efficiencies, and the co-op remains focused on adding value for members in an increasingly complex business environment.

We have fewer employees today than at any time in the past 15 years and manage more transmission and generation assets than ever before, while continuing to provide extensive services for members.

Our commitment to providing reliable service at competitive rates remains unchanged.

The following 2018 accomplishments reflect the dedication of Hoosier Energy employees who work every day to meet the needs of member cooperatives.

Cyber security efforts help thwart attacks

The cyber security team, led by Senior Manager, Cybersecurity and Network Operations Richie Field, thwarted a wide range of cyber attacks throughout 2018. This was accomplished through threat intelligence. Part of this process is collecting information and updates from sources including the E-ISAC, local DHS fusion center and contacts with the FBI Cyber Squad.

These resources, along with systems in place at the G&T, are helping the team respond to more than 100,000 malicious attempts to attack Hoosier Energy systems and SCADA networks every day. In return, core network systems maintained 100 percent reliability throughout the year.

Safety recognition program aids co-ops

Hoosier Energy developed a safety recognition program and assisted with the implementation of the Safe By Choice program for 13 member systems. A new feature that has helped this program be successful offers member systems the ability to manage their employees' user accounts and assign training to employees. This new opportunity also allows member systems to utilize the many training offerings housed within Hoosier Energy's Cooperative Academy for continued education.



Track-based bucket trucks improve access for power delivery crews, help improve reliability

The power delivery team determined that in water-soaked environments, replacing a bucket truck with one on tracks, similar to a tank, gives them the ability to drive through wet and muddy terrain with almost no visible property damage.

Bucket trucks equipped with standard tires often get stuck in mud. A bucket truck loaded with equipment can weigh nearly 60,000 pounds.

Tracked vehicles have a much larger area on the ground to distribute weight. They don't sink in mud.

The track vehicles were used last year for a line upgrade to the Abydel substation in Orange County. The tracks enabled the crew to complete the project without using a contractor to move equipment around the job site. Without the tracked vehicles, the contractor would have been needed each day of a multi-month project, at a minimum of \$250 per hour.

Economic Development and key account projects

Economic Development and key account efforts remained strong throughout 2018. The economic development team assisted member cooperatives in locating 55 new or expanded business facilities totaling \$730 million in investments.

This growth is projected to add 2,515 jobs in central and southern Indiana – adding 38 MW of new load for members. To attract new businesses or expansions, Hoosier Energy team members provide tariff and rate analysis as well as billing support.

Key account team members provided professional development opportunities for 50 economic development officials and sponsored events for 150 commercial and industrial (C&I) consumers. Training continued throughout the year through six seminars assisting more than 190 C&I professionals.



Enhancements made to member service projects

Recent member service enhancements provided by Human Resources include recruiting assistance for more than 50 employees – including four Chief Executive Officers – across 11 member co-ops. The assistance ranged from posting the positions on Hoosier Energy’s job board to full recruiting and talent selection facilitation.

Targeted Selection is a behavioral interviewing system that focuses on competencies, provides a consistent interview experience, emphasizes behavior and levels the playing field for candidates.

These services help member cooperatives provide nationwide exposure by leveraging Hoosier Energy’s reach through job boards.

Merom heat rate leads to significant savings

At the end of 2018, Merom Generating Station was able to claim a \$1.5 million victory. The crew at the generating station looked at several operational variables within their control and were able to make overall improvements to the processes.

These improvements included closely monitoring and utilizing software that allowed operators to better understand, in real time, the financial impacts associated with their operating decisions and improve the efficiency of the station.

Donna Walker named President and Chief Executive Officer as Steve Smith retires

Following a national search, Hoosier Energy announced Donna Walker as the next President and Chief Executive Officer of Hoosier Energy effective Nov. 13 2018.

She was an Indianapolis Business Journal CFO of the year nominee in 2017 and is a graduate of the elite Richard G. Lugar Excellence in Public Service Series. Walker is a lifelong resident of Indiana.

The Board of Directors offers its most sincere appreciation to retiring CEO Steve Smith for setting the vision for Hoosier Energy throughout the past 25 years. “The Board thanks Steve for his dedication and immeasurable contributions in generating member value,” said Darin Duncan, Chairman of Hoosier Energy Board of Directors. “We wish all the best for him and his family in his retirement.”



Walker’s career path

Walker joined the co-op in 1995. She recently held the office of Executive Vice President and Chief Financial Officer.



HE photo

Back-up transformer aids in reliability for members

To improve reliability for member co-ops, Hoosier Energy has a back-up transformer on location at the Merom Generating Station. Early in September, a spare transformer was delivered to the station by rail. The 283,475 pound transformer was transported to a concrete pad adjacent to the primary substation at the plant.

Transformers are designed to boost electricity voltage for efficient long-distance travel while reducing voltages for delivery to end-consumers. This variation in voltage control is called “stepping up” or “stepping down” voltage and is critical to electrical reliability.

My Solar program brings cooperative solar initiative to light

Hoosier Energy and member systems developed the My Solar program to give consumer-members direct access to solar energy. This program allows consumer-members to use solar energy within their home or business without installing or maintaining a private solar structure. Participants are able to use output from a one-megawatt solar array serving their area.

The My Solar program offers members the opportunity to reserve up to 12 solar panels. The size of the panels vary among the 10 solar sites, but average ~330 Watts. In one year, one panel will produce ~450 – 500 kWh.

Since June, six co-ops have enrolled in the My Solar program with 125 panels reserved by end-consumers.

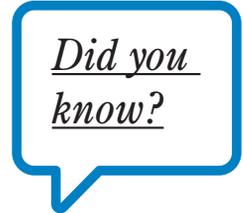
“We anticipate the majority of members will offer the My Solar program to their member-consumers by the end of 2019,”



said Hoosier Energy Project Developer for Renewable Energy Chad Jenkins.

The renewable energy and communications teams at Hoosier Energy work with member co-ops to provide marketing materials such as yard signs, brochures, banners, window clings, and printed and digital ads.

Each co-op also receives a customized website, video, radio ad and on-hold messaging to assist with marketing the program to their members.



‘ALONG THOSE LINES’ NRECA PODCAST

Along Those Lines, a new podcast from NRECA, shows the great work and some of the challenges that electric co-ops face across the country. The December podcast, “Waging a Comeback for Small-Town America,” discusses “place making” or revitalizing rural communities.

WHERE TO FIND IT:
electric.coop

DSM programs help reduce energy use



In the 10th year of the demand side management (DSM) program, Hoosier Energy members are making progress in reducing peak demand as well as improving end-use energy efficiency.

Programs in place are helping consumers save 10,700 MWh annually. When energy is at its peak in the summer and winter, DSM efforts are reducing high demand by 1-megawatt in the summer and 2-megawatts in the winter.

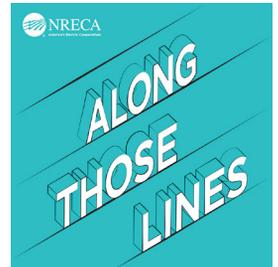
These savings are driven by a variety of programs. Residential heating and cooling rebates for the year are valued at \$899,000.

Stations’ VPP status renewed for five years

In 2018, the Worthington and Lawrence Generating Stations were awarded a five-year Volunteer Protection Programs (VPP) certification from the Occupational Safety and Health Administration (OSHA). The generating stations achieved their first VPP status in 2015.

This certification is a grand achievement for the facilities. Only two percent receive a five-year certification.

Facilities are inspected by OSHA for all safety elements and environmental health aspects.



ALSO FOUND AT
ELECTRIC.COOP

NRECA seeks 80 percent reduction in insurance premiums on co-op retirement plans.



HE photo

Training refreshes rebate knowledge

Blake Kleaving, Energy Efficiency Program Coordinator at Hoosier Energy, provided energy efficiency and HVAC contractor rebate training for the employees of Daviess-Martin County REMC. The session provided insight on how to determine if a member-consumer is qualified. Once qualification is determined, concerns about a member-consumer not meeting rebate requirements are reduced and relationships with HVAC/electrical vendors are improved. The training compared the difference in rebates when member-consumers are looking to reduce their energy consumption as they upgrade a heat pump or replace resistance heat. This helps member cooperatives maximize rebate dollars as they are applied to the correct energy-efficient measure.

INFOEXTRA

>> Interested in getting your staff refreshed on rebates?
Contact DSM Analyst Susie Smith at Susie.smith@hepn.com.

Patronage part of cooperative difference

Co-op value.

Donna Walker, President and CEO of Hoosier Energy, has begun her annual visits to the board meetings of our member cooperatives, presenting eligible cooperatives with their patronage capital. Patronage capital – also called capital credits – refers to annual cooperative revenue that remains after all expenses are paid. The margins are retained to cover operating costs and may, after a period of time, be returned

to members. Hoosier Energy's policy is to retain margins for 25 years and then retire them.

Walker will continue delivering the patronage capital to the co-ops through February.

Each co-op has the option to re-invest its patronage capital within its cooperative or to pass along the patronage to eligible consumer members.

Hoosier Energy has been returning patronage capital since 2000.

Social session

When the power goes out, electric cooperative employees work to get the power back on. Sending power restoration messages to consumers is aided by social media. Johnson County REMC and Decatur County REMC recently shared their efforts with member-consumers on Facebook.



WORKING SAFELY

CREWS REPAIR SUBSTATIONS WITH HELP FROM MOBILE EQUIPMENT

Put substation components on the back of a trailer and you have a mobile substation. This equipment was put to use by Hoosier Energy crews outside of Hayden, Ind. This equipment allows crews to safely work on a de-energized substation.

HI-SIDE MOD

This motor-operated disconnect can switch between 69KV and 34.5KV systems.

69KV TRANSFORMER

The transformer is what steps the power down from 69KV to the voltage needed for distribution lines at 12KV.

12KV ARRESTOR

These arrestors are in place to protect this equipment from overvoltages such as lightning.

POTENTIAL TRANSFORMER

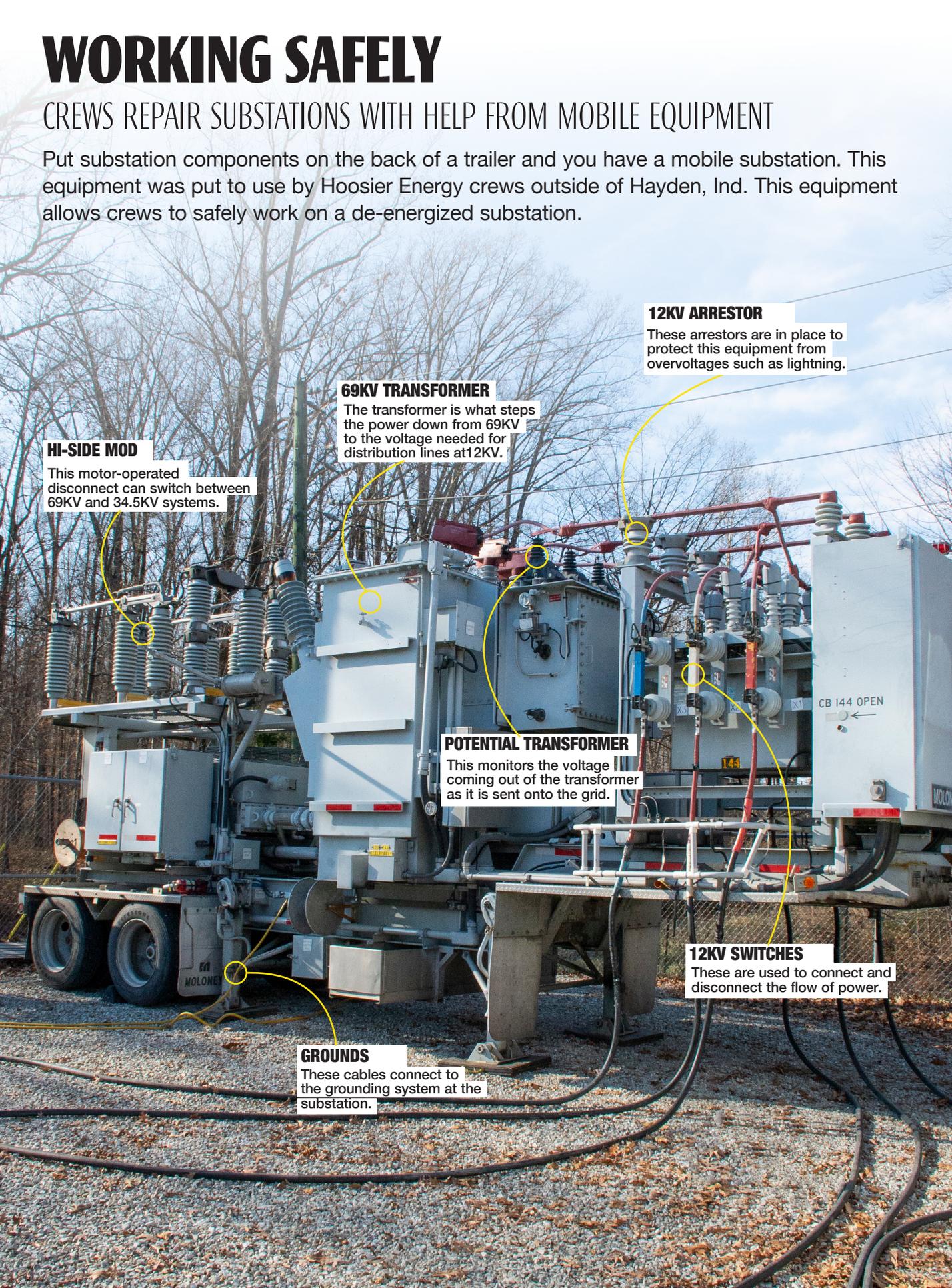
This monitors the voltage coming out of the transformer as it is sent onto the grid.

12KV SWITCHES

These are used to connect and disconnect the flow of power.

GROUNDS

These cables connect to the grounding system at the substation.





Be safe, share the road this winter

Winter weather creates driving challenges. If you are traveling when road conditions are poor, be sure to follow these tips when around snow plows and emergency vehicles.

GIVE 'EM SPACE

Don't crowd snow plows on the road, let them do their job.

ROAD POSITION

The road behind an active snow plow provides a safer road surface to drive on.

BACK IT UP

Don't tail closely behind snow plows. This will help keep road salt from being sprayed onto your vehicle.

VISIBILITY

Expect changes in visibility if traveling near snow plows as they can create snow clouds.