Minutes of the
Decatur County REMC
Special Meeting of the Board of Directors
June 9th, 2020
1430 W Main ST.
Greensburg, IN at 6:30 p.m.

Chairman Steve AmRhein called the meeting to order at 6:30 p.m., and Michael Brelage kept minutes of the meeting.

Five members of the board were present, not present were Jeff Lawrence, Carl Riedeman, and Suzanne Parmer. Also, present DCREMC staff members Chris Gallaway, Eric Busch, and Crystal Greathouse. Larry Feltner of Prime Group joined via WebEx.

Upon motion by Dale Wernke, seconded by Jason Barnhorst and carried, the agenda of the meeting was approved.

Larry Feltner led discussions by explaining how DCREMC's demand charges correspond with Hoosier Energy's demand charges, based upon when the cost is incurred by DCREMC, not when paid by DCREMC. He explained that all Hoosier production demand charges are accrued only during the peak months (Dec, Jan, Feb June, July and Aug) but in order to help local REMC's cash flows, Hoosier spreads the accrued amount over both the peak and non-peak months. He then showed how this corresponds with our rates because the production demand cost in the DCREMC rate is added into only the peak months as well. This methodology utilized in the COSS aligns the production demand cost incurred by DCREMC with the DCREMC demand charges billed to members. Overall, each DCREMC rate class is built to annually recover the power cost paid to Hoosier by the REMC for that specific rate class

Larry Feltner then explained the change in rate base that occurred between the 2008 COSS and the 2016 and 2017 COSS. He reported that after meeting with REMC staff he discovered that our Industrial members are serviced by circuits that cannot be back fed at full load and are located next to the substations. Due to this configuration, we can directly assign specific costs associated with Industrial members to the Industrial class. Assigning rate base from the served circuits rather than allocating costs from the entire system creates more equitable rates, by utilizing the cost of causation approach.
Feltner then explained that DCREMC's rate change in 2019 was done to reflect Hoosier's rate change where cost was shifted from energy to demand. He

explained that you can't make assessments of rates by looking at kWh but you need to look at the whole rate.

Feltner then explained that averages are used to formulate rates. He explained that rates can be developed without averages but would require a new complicated four-part rate, updating a large number of meters and an overhaul of the billing system.

When asked about the REMC instructing him to use specific information to influence the rates he stated he was never asked to use any data supplied to him in any certain way and the reason a rate consultant is hired is so that the study is objective and will hold up legally.

Feltner then explained the many reasons why a utility must be careful using billing comparison studies to make decisions. Some reasons include different vintages of rates among survey participants, rate design based on cost based rates can be different at each utility, and last the variables selected to define each class can differ from utility to utility which can cause comparing apples to oranges.

Feltner was then asked if he felt the three members not present understood these topics from their two video calls. He said that he didn't believe that they understood the topics after their two brief discussions.

Upon a motion made by Michael Brelage and seconded by Dale Wernke the meeting was adjourned at 8:20 p.m.

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Michael Brelage, Secretary

Attest: ___________________________

Steve AmRhein, Chairman