



On Dec. 11, 2009, Vectren Energy Delivery of Indiana – South (Vectren) filed a request with the Indiana Utility Regulatory Commission (IURC) for a base rate adjustment for its southwestern Indiana electric utility. The regulatory filing requests approval of a base rate increase to address capital investments in energy delivery infrastructure, a modified electric rate structure that facilitates a partnership between the company and customers to pursue energy efficiency and conservation, and new energy efficiency programs to complement those currently offered for natural gas customers.

Details on the base rate increase: Vectren has worked aggressively to manage costs and has held annual operating budgets relatively flat, cutting costs where possible. However, the company cannot delay projects indefinitely without jeopardizing the safety of the system and its customers. Nearly half of the request is driven by the need to recover costs associated with the roughly \$325 million spent in infrastructure construction within the past three years. The remainder of the request is to account for declines in overall sales attributed to the recession in addition to slight increases in the utility's annual operating and maintenance budget.

Proposed energy efficiency programs: Vectren is also seeking approval of energy efficiency programs to complement those currently offered for natural gas customers. The proposed programs include automatic discounts through various retailers on compact fluorescent light bulbs, rebates for the early retirement of older, inefficient appliances, including refrigerators and window-unit air conditioners, and custom programs for high-efficiency lighting for small business customers. Vectren has also proposed to establish on-site energy audits for both residential and small commercial customers.

Bill impact if rate adjustment is approved

as filed: If the proposal is approved by the IURC, a typical combination gas and electric customer who uses around 900 kilowatt hours per month would experience a monthly bill increase of about \$18. The chart featured here compares present and proposed bill amounts at various monthly usage levels.

Additional request: The final piece of the filing includes a plan to install dense pack technology on two generating units at the company's A.B. Brown power plant in Posey County. The \$35-million project, which will be completed in two phases over 2012 and 2013, will enhance generation efficiency and ultimately help delay the need for a new generating plant, which would require a much higher capital expenditure. By improving the units' efficiency, Vectren can use less fuel and reduce emissions, including carbon, up to 5%. The company is requesting the project costs be placed into base rates in 2013 upon project completion, which, in turn, would increase bills by about \$1.60 per month by the end of 2013.

Vectren Energy Delivery of Indiana – Electric Typical Bill Comparison – Residential

Monthly Usage (kilowatt hours)	Present Bill	Proposed Bill	Increase Amount	Percent Increase
100	\$20.39	\$26.14	\$5.75	28.18%
200	\$35.28	\$41.28	\$5.99	16.99%
400	\$62.64	\$71.55	\$8.92	14.24%
500	\$75.91	\$86.69	\$10.78	14.21%
700	\$102.45	\$116.97	\$14.52	14.17%
900	\$128.99	\$147.24	\$18.25	14.15%
1,000	\$142.26	\$162.38	\$20.12	14.14%
2,000	\$274.97	\$313.76	\$38.80	14.11%

Electric heating rate modification: To further support conservation objectives, Vectren is also requesting approval to phase out its residential electric home heating rate (rate EH). At the time new rates are approved, customers who are taking service under the home heating rate will be considered "transitional customers," and Vectren's transitional rate will apply to those customers so long as they continue to reside at their current residence. All other residential customers will be served under Vectren's standard residential rate.

What to expect: The Indiana Utility Regulatory Commission (IURC) will review the filing and hold at least one public hearing before it makes a decision. This review process will likely take several months to a year.

Learn more: For more information about the rate case process, an overview of the proposed energy efficiency programs or for a list of frequently asked questions, visit Vectren.com/ratecase.