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The IURC Hosts Presentations on Coal and Natural Gas Price Projections
Costs associated with natural resources outlined by members of the IEA

INDIANAPOLIS – Members of the Indiana Electric Association (IEA) recently presented to the Indiana Utility Regulatory Commission (IURC) on natural gas and coal price projections. Following the presentation, discussion was held and IEA members answered pertinent questions regarding electric generation, natural gas supply and the economy.

As the demand for electricity continues to grow, the resources for electric generation become increasingly strained. According to the State Utility Forecasting Group, Indiana needs additional peaking and baseload resources by 2010 to accommodate changes in overall usage and consumption.

Because the commodity costs of natural gas and coal are tied to supply and demand, prices have been higher than in years past due to a tight market. Additionally, the economy has become increasingly more volatile, which makes securing resources at lower costs more difficult.

Vince Stroud, vice president of Duke Energy, explained that the economy is currently in a "super cycle," which describes how global commodity prices tend to peak every 50 years.

Utilities, however, continue to hedge against market volatility by engaging in price mitigation practices and diversifying their portfolios.

In the meantime, the Commission will continue to monitor utilities' price mitigation practices, diversification measures and gas cost adjustment (GCA) or fuel cost adjustment (FAC) filings.

For more information about the Commission or to review the PowerPoint presentations from the forums, please visit: www.in.gov/iurc.

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The Commission is a fact-finding body that hears evidence in cases filed before it and makes decisions based on the evidence presented in those cases. An advocate of neither the public nor the utilities, the IURC is required by state statute to make decisions that balance the interests of all parties to ensure the utilities provide adequate and reliable service at reasonable prices.