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For Immediate Release
April 27, 2011

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Vectren electric rate order: OUCC statement

Today's Indiana Utility Regulatory Commission (IURC) order in the Vectren electric rate case (Cause No. 43839) offers a pair of key customer protections, according to the state agency representing consumer interests in IURC cases.

"The Commission's rejection of Vectren's rate decoupling request is a significant victory for the utility's customers," said Indiana Utility Consumer Counselor David Stippler, noting that Vectren is the first electric utility to request a decoupled rate design in Indiana. "While decoupling has been approved for natural gas utilities in Indiana, including Vectren, electric utilities are very different. Our team at the Indiana Office of Utility Consumer Counselor (OUCC) put forward a strong case against Vectren's attempt to depart from traditional electric utility ratemaking, and we are very pleased with the outcome on this issue."

As part of the traditional "regulatory compact," Vectren – as a monopoly service provider – is allowed to serve all electric consumers in its service territory. In turn, it is obligated to conserve resources. Vectren's decoupling proposal would have authorized the utility to recover revenues for energy conservation results not caused by the company's own efforts.

"Another positive outcome in this order will be new safeguards regarding the utility's coal purchasing and related costs that are recoverable from ratepayers," continued Stippler, noting that the OUCC raised strong concerns about Vectren's coal procurement practices in the rate case, including its relationship with affiliate Vectren Fuels. "With Vectren required to participate in future IURC proceedings regarding its coal supply, the OUCC and IURC will be able to closely monitor the utility's coal purchases and take steps to help ensure that Vectren's coal costs are more competitive."

The IURC order in this case authorized a \$28.6 million increase in annual operating revenues for Vectren's electric utility. That amount is higher than the \$16.1 million limit the OUCC recommended in the case's closing arguments but lower than the amounts Vectren requested.

Electric rates for customers in Vectren's southwestern Indiana service territory were at issue in this case. Natural gas rates will not be affected by today's order.

(IURC Cause No. 43839)

The Indiana Office of Utility Consumer Counselor (OUCC) represents Indiana consumer interests before state and federal bodies that regulate utilities. As a state agency, the OUCC's mission is to represent all Indiana consumers to ensure quality, reliable utility services at the most reasonable prices possible through dedicated advocacy, consumer education, and creative problem solving. To learn more, visit www.IN.gov/OUCC.