



Vectren Corporation

P.O. Box 209

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October 13, 2016

Via E-Mail and U.S. Mail

Dr. Bradley K. Borum
Director of Research, Policy & Planning
Indiana Utility Regulatory Commission
PNC Center
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Indianapolis, Indiana 46204-3407
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Dear Dr. Borum:

Pursuant to proposed Rule 170 IAC 4-7-2 Section 2.(a), Southern Indiana Gas and Electric Company d/b/a Vectren Energy Delivery of Indiana, Inc. (Vectren), must submit an IRP on November 1, 2016 to the Commission. The proposed rule also states that upon request, a utility may be granted an extension of its submission date by the director for good cause shown. Vectren has already been granted one extension through November 23, 2016. For the reasons stated below, Vectren South requests a second extension of its IRP deadline through December 16, 2016.

You may recall that Alcoa Power Generating, Inc. (Alcoa) operates a large industrial facility located within Vectren's electric service territory. The industrial facility is owned by an Alcoa subsidiary, while a separate Alcoa subsidiary (APGI) owns and operates three (3) generating units, Warrick Units 1-3, each with a capacity rating of 150 MW, that provide all the energy needs of the industrial facility. In addition, APGI and Vectren South jointly own an electric generating unit, Warrick Unit 4, with a capacity rating of 300 MW. Warrick Unit 4 which supplies approximately 15% of Vectren's base load generation. APGI is a contributor of electric generation to the grid within Vectren's load balancing authority through the Midcontinent Independent System Operator, Inc. ("MISO").

As explained in Vectren's March 1, 2016 letter requesting an extension, Alcoa has shut-down part of the industrial facility (the smelter operation) in Warrick County. Alcoa's Warrick County rolling mill will continue to operate. Alcoa is implementing a plan to reorganize and split into two separate publicly traded companies, likely completed in November, 2016. Originally, APGI and the rolling mill were to be transferred to different companies, but Alcoa has since changed that plan and APGI and the mill will now remain under the same parent company.

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In our March 1, 2016 letter, Vectren indicated that Alcoa might make additional announcements on or around the separation that could significantly impact Vectren's resource planning. Also, discussions between Alcoa and Vectren have continued. Vectren still does not have confirmation about how Alcoa will operate its generating resources going forward, and this timing is also subject to Vectren's own IRP related modeling.

With respect to Vectren's modeling for its IRP, we have attempted to reflect some conservative assumptions about Alcoa's exercise of its contractual rights with regard to Warrick Unit 4. In recent discussions, Alcoa has indicated that its plans may deviate from those assumptions to some extent. Vectren as a partner with ALCOA in Unit 4 is trying to understand both ALCOA's needs as it transitions but maintains important local operations, as well as implications for Vectren's own generation transition. Discussions are continuing between the parties, and it is Vectren's objective to have its modeling reflect more accurate assumptions based on these discussions with Alcoa.

For these reasons, Vectren is requesting an extension in filing its 2016 IRP until December 16, 2016 so that it can complete its modeling with the more accurate assumptions. This time will allow Vectren an opportunity to better reflect Alcoa's developing plans in its IRP. Vectren anticipates that the benefits to be gained from this extension will far outweigh any inconvenience that may result from it, as Vectren's ultimate goal is to present the most realistic plan for meeting its resource needs. Vectren has contacted representatives from the Indiana Office of Utility Consumer Counselor, the Citizens Action Coalition of Indiana, Inc. and Valley Watch to indicate that it is requesting this extension.

Sincerely,

A handwritten signature in black ink, appearing to read "P. Jason Stephenson", with a horizontal line extending to the right from the end of the signature.

P. Jason Stephenson