

IURC News Release

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Indiana Utility Regulatory Commission approves Energy Efficiency Program for Vectren

Today, in Cause Nos. 42943 and 43046, the Indiana Utility Regulatory Commission (IURC, the Commission) approved a modified settlement agreement between Vectren and Indiana Office of Utility Consumer Counselor that establishes a new Energy Efficiency Program for Vectren as well as a "decoupling" mechanism that allows the company to recover a portion of the revenue lost by encouraging conservation.

As part of the 5-year Energy Efficiency Program, the company has agreed to:

1. Advocate conservation to all of its customers.
2. Establish a call center to answer customer questions about ways to reduce their bills.
3. Provide benefits to customers as they try to reduce their bills.
4. Provide an on-line audit tool.

The settlement establishes an oversight board that will monitor the progress and evaluate the effectiveness and determine if the benefits of the program justify the cost. The oversight board will also monitor how the program's \$4.315 million budget is spent. The board will consist of representatives from Vectren, IURC, Office of Utility Consumer Counselor, the Lieutenant Governor's Energy Group, the Energy Center at Discovery Park, Purdue University and the Alliance to Save Energy. Vectren will be responsible for funding a portion of the program and those program costs allocated to customers will be subject to IURC review.

The "decoupling" mechanism is designed to allow the company to encourage customers to reduce natural gas usage without jeopardizing the company's financial position. Under the terms of the agreement, Vectren can recover up to 85% of its lost sales volume due to the decrease in customer usage. The Commission denied the proposed alternative return on equity test requested by settling parties.

The Commission believes this program provides benefits not only to Vectren and its rate payers, but all Hoosiers in the promotion of energy conservation. The Commission applauds the settling parties for their comprehensive approach to expanding energy conservation in Indiana.

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