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State utility consumer advocate recommends denial of Vectren generation proposal

Vectren Energy Delivery's request to build a new power plant in Posey County is premature, according to expert testimony filed by the Indiana Office of Utility Consumer Counselor (OUCC). The OUCC is recommending that the Indiana Utility Regulatory Commission (IURC) deny Vectren's proposed electric generation plan on the grounds that Vectren has not fully evaluated all viable options for meeting its electric customers' future power supply needs.

Under its proposal before the IURC, Vectren would install emissions control technology on one of its five coal-fired generation units, retire the remaining four units in 2023, and build a new natural gas-fired plant to replace the retired coal units. Vectren's testimony has estimated construction costs at about \$781 million for the new power plant and \$95 million for the coal emissions control technology.

The OUCC is the state agency representing the interests of all consumers in cases before the IURC.

"Any electric utility that seeks to overhaul its generation fleet today must evaluate all possible options. It must also carefully examine the ways the options would impact its customers in terms of both money and electric reliability," said Indiana Utility Consumer Counselor Bill Fine. "In this case, Vectren has not evaluated all options or shown that it is proceeding in the most prudent manner."

The OUCC's testimony is based on its five-month legal and technical review of Vectren's request. The review demonstrates that:

- Vectren has not fully evaluated all options for extending its coal-fired units' useful lives beyond 2023.
- Vectren did not fully evaluate the option of transitioning the two coal-fired units at its existing A. B. Brown generating plant to gas-fired units. The evidence shows that such a move would be viable and would cost far less than building an entirely new plant, even though Vectren disregarded the option early in its planning process.
- Refueling one A.B. Brown unit and building a smaller natural gas plant is an alternative worth exploring.
- Vectren's customer demand for electricity over the last five years has gotten smaller, not larger. In addition, Vectren currently has a surplus of produced electricity even after serving its peak load.
- The proposal would not diversify Vectren's generation fuel mix. By closing four coal-fired units at three different locations, and consolidating their power production at a single facility, the utility would be subjecting its customers to additional risks, such as potential future increases in natural gas prices.

Along with its testimony, the OUCC has filed written comments from more than 600 consumers regarding Vectren's request. The vast majority of consumer comments oppose the utility's proposal for various reasons, including the utility's current rates, environmental concerns, and potential economic harm to the state's coal industry.

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Vectren has until September 10, 2018 to file rebuttal testimony. An IURC order is expected next year.

Natural gas rates and charges are not at issue in this case. Vectren's electric utility serves about 145,000 customers in southwestern Indiana.

(IURC Cause No. 45052)

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.

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