

Thank you for attending the Indiana Utility Regulatory Commission's (IURC's) public field hearing this evening. The IURC's order on Vectren Energy Delivery's proposed electric infrastructure plan is expected later this year. No final decision will be made tonight.

The IURC is the state agency that has jurisdiction over Vectren's rates & charges. State law requires the IURC to balance utility and ratepayer interests, and to base its decision in each case on the evidence in the record.

The Indiana Office of Utility Consumer Counselor (OUCC) is the separate state agency that represents ratepayer interests in IURC cases. We'd like for you to know several things about the process:

An IURC public field hearing is a formal, legal proceeding.

- An Administrative Law Judge presides. At least one IURC Commissioner is present.
- An OUCC attorney participates. Attorneys for the utility and intervening parties may participate, as well.
- A court reporter records oral testimony.

You may speak, provide written comments, or do both.

- To speak, please complete the top half of the witness form and turn it in at the registration table.
 - An OUCC attorney will call speakers forward. All speakers will be sworn in and asked to spell their names for the court reporter.
 - The court reporter will record comments made under oath for the case record.
- Written consumer comments will also become part of the case's formal record. They carry the same weight as oral comments made under oath.
 - If you would like to submit written comments this evening, please use the witness form. If you have a letter or other documentation and would like to include it, OUCC staff can attach it to your form.
 - The OUCC needs to receive all consumer comments by the close of business on Friday, May 12, 2016. If comments are received later, we cannot guarantee that we can get them in the record.
 - The OUCC invites written comments by mail, email, fax, and online. All of our contact information is on page 4.

**The field hearing is one step in the process.
Its sole purpose is to give consumers the chance to speak.**

- Field hearings do not include presentations by utilities. Vectren filed testimony and exhibits in February.
- Commissioners may not answer questions about the case. They will render a decision later this year after weighing the case’s evidence.
- OUC staff will be available to answer questions about the process on an individual basis.

The OUC has until Thursday, May 4, 2017 to take a formal position.

- Under Indiana law, the OUC represents the interests of all consumers (residential, commercial, and industrial) in cases before the IURC and federal utility commissions.
- Our attorneys and technical staff (accountants, economists, and engineers) are reviewing Vectren’s request.
- We will file testimony and exhibits with the IURC that will explain the results of our review.
- After it is filed, our testimony will be available online at www.in.gov/oucc/2871.htm.

Several additional parties have intervened. Their testimony is also due on May 4:

- City of Evansville
- Citizens Action Coalition of Indiana
- Valley Watch, Inc.
- Industrial customers (including CountryMark Refining and Logistics, LLC, and Toyota Motor Manufacturing of Indiana)

This case includes a number of future steps:

May 4, 2017	OUC & intervening parties file testimony
May 25, 2017	Vectren files rebuttal testimony
June 26, 2017	IURC evidentiary hearing begins*
July/August 2017	Parties file proposed orders (written closing arguments)
September 2017	IURC order expected**

* The case’s evidentiary hearing is scheduled to start on June 26, 2017 at 9:30 a.m. Eastern Time in Room 222 at the PNC Center (101 W. Washington St. in Indianapolis). IURC evidentiary hearings are open to the public, but participation is typically limited to attorney and Commission questioning of technical witnesses for the case’s formal parties. The hearing will stream live on the Commission’s website at www.in.gov/iurc/2624.htm.

** Final orders are issued at the IURC’s weekly conferences, typically on Wednesday afternoons. Agendas are posted 48 hours in advance at www.in.gov/iurc/2428.htm.

All dates are subject to change. A settlement agreement is possible in any legal proceeding.

VECTREN INFRASTRUCTURE PLAN CASE: BASIC FACTS

In **Indiana Utility Regulatory Commission (IURC)** Cause No. 44910, **Vectren Energy Delivery** is seeking:

1. Approval of a seven-year infrastructure replacement plan for its electric utility in order to make investments in eligible transmission, distribution and storage system improvements.
2. Permission to implement a new rate adjustment mechanism (or tracker) that will allow it to raise rates to recover costs of the infrastructure projects as they are incurred.

Vectren has filed its request under a 2013 Indiana law (Indiana Code 8-1-39):

- The law allows an investor-owned electric or natural gas utility to seek IURC approval of a seven-year infrastructure improvement plan. The IURC must rule on the request within 210 days.
- If the plan is approved, the utility may then adjust rates every six months, subject to OUCC review and IURC approval, to recover project costs as they are incurred. The OUCC and IURC review periods are limited to 60 and 90 days, respectively.
- The rate adjustments – under a Transmission, Distribution, and Storage System Improvement Charge (TDSIC) mechanism – may not exceed two percent of the utility’s total retail revenues.
- Recovery of 20 percent of the costs must be deferred until the utility’s next base rate case, which must be filed before the end of the seven-year period.

According to Vectren’s testimony and exhibits:

- The proposed projects in its \$514 million plan – aimed at improving system reliability while replacing aging infrastructure – would be built from 2017 through 2023.
 - Projects would include the installation of advanced metering infrastructure throughout Vectren’s electric service territory. Other projects would include distribution system and underground network upgrades, along with replacements and improvements of substations, transformers, circuit breakers, poles, and lines.
 - Vectren is also proposing \$250 million in “potential substitution projects” that could add to the total cost.
- If the plan receives IURC approval, Vectren’s first electric TDSIC rate increase of about 0.83 percent would take effect in 2018.
- Estimated TDSIC rate increases from 2018 through 2024 would vary annually and would range between 0.83 percent and 1.72 percent each year.
 - Specific customer impacts would vary among customer classes (residential, commercial, and industrial).
 - For residential customers, Vectren is proposing to recover distribution system improvement costs through a fixed monthly charge that would not vary by usage or among customers.
 - The projected residential fixed charge added in 2018 would be \$1.19. It would then rise to:
 - \$3.29 in 2019.
 - \$5.05 in 2020.
 - \$6.51 in 2021.
 - \$8.59 in 2022.
 - \$10.54 in 2023.
 - \$13.46 in 2024.

The new tracker rate increases requested in this case are in addition to Vectren’s current base electric rates, which were approved in 2011, and in addition to various other trackers through which Vectren may currently adjust its rates subject to OUCC review and IURC approval. All Indiana investor-owned electric utilities use trackers. Vectren is authorized to use them to recover costs for generating fuel, environmental compliance, regional transmission, energy efficiency programs, and system reliability.

Other utilities that have received IURC approval to implement seven-year infrastructure plans include Duke Energy, Northern Indiana Public Service Company (NIPSCO), and Community Natural Gas Corp.

The OUCC is posting case updates at www.in.gov/oucc/2871.htm.

All publicly filed documents are available online. To view the IURC's public case file:

- Visit www.in.gov/iurc and click the "Electronic Document System" link in the upper right portion of the page.
- Look for the "Search for a Docketed Case" box on the following page, and click the blue "Start" icon.
- On the following page, enter 44910 in the "Cause Number" field and click "Search."
- The Cause Number, 44910, will then appear near the bottom of the page. Click the blue cause number and you will be directed to the file.

Vectren provides electric utility service to more than 140,000 customers in seven southwestern Indiana counties.

Natural gas rates and services are not at issue in this case. Seven-year infrastructure plans for both of Vectren's Indiana gas utilities received IURC approval in 2014.

TO SEND COMMENTS AFTER TONIGHT

The OUCC welcomes written consumer comments:

- Online at www.IN.gov/OUCC. Click the "Contact Us" link on the left side of the page.
- By email at uccinfo@oucc.IN.gov.
- By fax at (317) 232-5923.
- By mail at: Indiana Office of Utility Consumer Counselor, Consumer Services Staff
115 W. Washington St., Suite 1500 South
Indianapolis, IN 46204

All comments we receive by May 12, 2017 will be filed with the IURC for the case record. We are unable to take comments for the record by phone.

GENERAL AGENCY INFORMATION

Indiana Office of Utility Consumer Counselor (OUCC)

- State agency
- Represents the interests of all Indiana utility consumers, including residential, commercial and industrial, in cases before the IURC and federal utility regulatory commissions
- Staff of attorneys, accountants, engineers, economists, consumer services, and support personnel

Indiana Utility Regulatory Commission (IURC)

- State agency
- Regulates many, but not all, Indiana utilities.
- Regulates rates, financing, service territory, quality of service, etc.
- Required by law to make decisions that balance the interests of utilities and consumers