



Indiana Office of Utility Consumer Counselor

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## **Vectren gas infrastructure replacement plans: Consumer comments on anticipated rate increases invited**

The Indiana Office of Utility Consumer Counselor (OUCC) is inviting written consumer comments on Vectren Energy Delivery's plans for natural gas transmission, distribution and storage system improvements. This includes Vectren's request for incremental gas rate increases to recover the costs as the projects proceed over the next seven years, through a new rate adjustment mechanism. Vectren's proposals include a \$647 million plan for its North territory and a \$217 million plan for its South territory.

The OUCC – the state agency representing consumer interests in cases before the Indiana Utility Regulatory Commission (IURC) – is reviewing the utility's plans and has not yet taken a position in the pending case. The OUCC anticipates completing its review and filing testimony on March 7, 2014.

Vectren has filed its requests under two state laws: 1) A law approved by the Indiana General Assembly in 2011 (IC 8-1-8.4) that allows energy utilities to recover federally mandated costs through rates, and 2) A 2013 law (IC 8-1-39) allowing natural gas and electric utilities to submit seven-year infrastructure improvement plans for IURC approval. The 2013 law allows utilities to then seek rate increases every six months – subject to IURC and OUCC review – to recover project costs under their plans as they are incurred. Recovery under the 2013 law is referred to in statute as the "Transmission, Distribution, and Storage System Improvement Charge (TDSIC)." A utility may recover 80 percent of the incurred costs through the adjustments while deferring the remaining 20 percent to its next base rate case, which must be filed by the end of the seven-year period.

In IURC Cause No. 44429, Vectren proposes to create a new Compliance System and Improvement Adjustment (CSIA) to recover costs under the two laws, and states that it plans to file its first CSIA rate increase requests in September 2014.

- According to the utility's testimony, the proposed projects throughout its North and South service territories would start later this year.
- Projects would include main replacements and upgrades to transmission and distribution pipelines. The Vectren North plan would also include extensions into areas that currently do not have natural gas service.
- The seven-year plan for the Vectren North service territory – which includes about 570,000 customers in 48 central, south-central and southeastern Indiana counties formerly served by Indiana Gas Co. – includes a total of \$647.1 million in capital improvement projects. This total includes \$369.7 million under the federal mandate law and \$277.4 million in TDSIC rate recovery.
- The seven-year plan for the Vectren South service territory – which includes approximately 110,000 customers in nine southwestern Indiana counties formerly served by Southern Indiana Gas & Electric Co. (SIGECO) – includes a total of \$216.8 million in capital improvement projects. This total includes \$173.7 million under the federal mandate law and \$43.1 million in TDSIC rate recovery.
- In its testimony and exhibits, the utility projects that the TDSIC portion of the CSIA would raise an average residential customer's monthly bill – in the first year – by \$0.97 in the North territory and \$1.34 in the South territory. Larger increases would ensue each year through 2021.

(Continued)

This proposal would not affect service or rates for Vectren's electric utility in southwestern Indiana.

An IURC technical evidentiary hearing in this case is scheduled to start April 15, 2014 at the PNC Center (101 W. Washington St.) in Indianapolis. While evidentiary hearings are open to the public, participation is typically limited to attorney and Commission questioning of expert witnesses who have filed technical testimony on behalf of the case's formal parties.

For more information on this case and the applicable laws, please visit [www.in.gov/oucc/2770.htm](http://www.in.gov/oucc/2770.htm).

Consumers who wish to submit written comments may do so via the OUCC's Website at [www.in.gov/oucc/2361.htm](http://www.in.gov/oucc/2361.htm), or by mail, email or fax:

- **Mail:** Consumer Services Staff  
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Written comments the OUCC receives by February 28, 2014 will be filed with the Commission and included in the case's formal evidentiary record. Comments should include the consumer's **name, mailing address**, and a reference to "**IURC Cause No. 44429.**"

Consumers with questions about submitting written comments can contact the OUCC's consumer services staff toll-free at 1-888-441-2494.

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(IURC Cause No. 44429)

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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