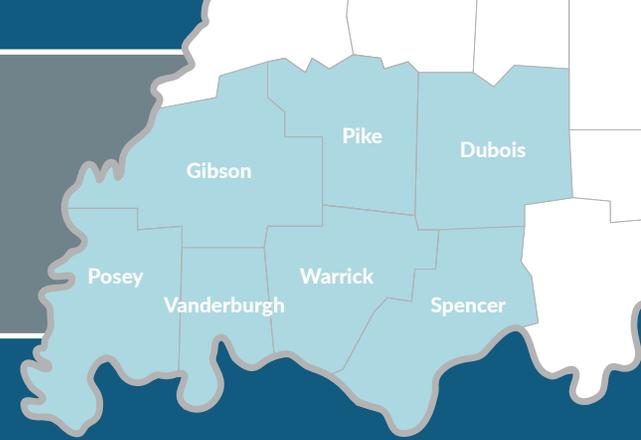


Vectren Proposes Next Step in Smart Energy Future for its Electric Customers



Building a new natural gas plant

Vectren filed a proceeding with the Indiana Utility Regulatory Commission requesting approval to construct a natural gas-fired generation facility. The estimated \$900 million plant, the cost for which includes the natural gas pipeline needed to serve it, would be constructed at the current site of Vectren's A.B. Brown power plant in Posey County.



Installing additional universal solar

Vectren is finalizing details to construct among the largest single-sited solar farms in the Midwest to further diversify its resource mix. The 50-MW (megawatts) solar array will be located in Vectren's electric service area in southwestern Indiana and will consist of more than 150,000 solar panels on nearly 300 acres.



Retrofitting the most efficient coal-fired unit

Vectren will request approval to retrofit its largest, most-efficient coal-fired generation unit, Culley unit 3 (270 MW), to ensure it remains in compliance with EPA (Environmental Protection Agency) rules related to coal ash and waste water handling.



Retiring or exiting four coal-fired units

The filed plan leads to a 60% reduction in carbon emissions by retiring three coal-fired generation units and exiting ownership of another in 2023: two 245-MW units at A.B. Brown, a 90-MW unit at the F.B. Culley plant in Warrick County and exiting co-ownership of 150 MW of Warrick unit 4, a unit currently co-owned with Alcoa through 2023.

Vectren announced its long-term electric generation transition plan; a key element of the energy company's Smart Energy Future strategy for ensuring a reliable, reasonably priced and well-balanced energy mix for its 145,000 customers in southwestern Indiana.

Residential electric bills will see no immediate change as a result of the February 20th filing. Although cost recovery will be requested beginning in 2019 for some of the generation transition-related initiatives, including the 50-MW solar farm, Culley Unit 3 projects, and the coal ash recycling initiative should it prove feasible. The natural gas generation plant, however, must be operational before cost recovery can be requested through an electric rate review process, and that request is not expected to come until 2024. When you combine the electric bill reduction spurred by the Federal tax change with the expected cost recovery of the smaller components of the generation transition plan that will begin in 2019, monthly electric bill amounts will essentially not be changed by these generation transition-related projects through 2024.

Closing coal ash ponds over time

Vectren is exploring options related to closing its ash ponds within the planning period, another item triggered by EPA mandates. Since 2009, Vectren has been recycling nearly all of its dry fly ash rather than placing it in a pond, which has helped avoid the need for a new landfill. Discussions have begun to determine if ash in the ash ponds can be extracted and recycled as well.

A Smart Energy Future

transitioning to a balanced energy mix

