



## **Statement of John Blair, president of Valley Watch, Inc. , at the second public meeting regarding Vectren's Integrated Resource Plan. 7/22/16**

Thanks for this opportunity. Valley Watch's purpose since 1981 is simple. It is our mission to "Protect the Public Health and Environment of the Lower Ohio River Valley." As such, we remain concerned for the health of area residents due to the massive burning of coal in this region, including Vectren's old coal fired plants at Culley and Brown.

We have known for several years that Culley 2 costs more to operate than the revenue it brings in, yet, Vectren seems hell bent on keeping the dinosaur alive for some unknown reason.

Now, testimony in a current rate case by Vectren's own consultant, Black and Veach indicates that it is also uneconomic to place an additional burden on ratepayers for so called environmental upgrades on the ABBrown plants instead of retiring them and either building new, more economic capacity or purchasing power from the grid. Vectren claims that to embrace alternatives would leave stranded costs but then they decided unilaterally to increase those stranded costs onto their ratepayers. That makes their argument dubious and untrustworthy.

No one forced Vectren to stick with ABBrown and invest nearly \$100 million in these antiquated plants. In fact, they did so without even first asking Indiana Regulators for permission, confident they would gain approval without much scrutiny.

Already, Vectren residential and commercial electric rates are among the highest in the nation and definitely the highest in the midwest. That fact will never change as long as Vectren pursues the nefarious position of spending good money after bad.

For years, Valley Watch has recognized that Vectren has quickly and without objection followed the edicts of EPA, at least after their settlement with EPA over New Source Review violations in the early part of this century. And while we acknowledged that, we remained concerned with the manner of doing so spending millions incrementally and

often with the seeming intent of increasing stranded costs when the inevitable issue of carbon costs would rise, forcing retirement of those plants.

Now, of course, we are faced with similar issues when it comes to the ELG rule and the coal ash rule. Coal ash in particular is problematic for ratepayers since that money will have to be spent whether or not those plants continue to operate.

Yes, Valley Watch fully supports a broad range of renewable options. Solar, wind, geothermal and hydro power where dams already exist make abundant sense in a carbon constrained world, but most importantly in this equation is the efficacy of energy efficiency. We have only begun to tap the surface of energy efficiency in this country. Everywhere it is used with commitment and passion, it proves to be the most economical way to reduce cost and pollution. Vectren's commitment to both production and end use efficiency has a long way to go before it makes sense to develop additional energy generation capacity that will their customers, especially the poor to choose between eating and freezing.

Greater help for customers than offering now antiquated compact fluorescent bulbs is badly needed if we are to adapt to this new reality of carbon constraints and common sense energy policy.

Valley Watch will be happy to assist Vectren in planning and implementing policies and programs to get this job done in a way that is fair, both to Vectren consumers and assuring reasonable profits for a monopoly business model that has a return on their investments that is nearly 50 times greater than any of us can earn through savings, if we have anything left to save after paying Vectren each month.