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Vectren announces plan for energy grid modernization to enhance reliability, customer service; company to continue path toward a balanced energy mix with universal solar projects

Evansville, Ind. – Today, Vectren Energy Delivery of Indiana - South (Vectren) announced a robust electric infrastructure improvement strategy the company intends to undertake over the next seven years to modernize its electric grid that delivers power to more than 144,000 southwestern Indiana homes and businesses. The official filing requesting approval for the 7-year plan will be made tomorrow with the Indiana Utility Regulatory Commission (IURC).

The electric system improvements include upgrades to portions of Vectren’s network of substations, transmission and distribution networks that serve seven counties in southwestern Indiana to maintain reliable system performance. The improvement projects were identified through a detailed risk assessment analysis of Vectren’s electric infrastructure over the past 18 months. Likewise, this work will prepare the grid to accept advanced technology to improve service to customers and provide access to better information about their energy use. Vectren will spend approximately $500 million over the next seven years on this energy grid modernization plan.

“Over the next several years, this modernization work will ensure our energy grid is resilient and more capable of meeting the energy demands of our customers for years to come, especially as advancements in energy technology require a smarter grid,” said Carl Chapman, Vectren chairman, president and CEO. “We developed a long-term asset management plan – from utility pole replacement to rebuilding older, aging circuits to installing digital meters – to ensure our 7,800-mile, 130 substation energy grid continues to reliably deliver power to our customers for years to come.”

The company also announced intentions to construct two 2-megawatt (MW) universal solar projects; one on Highway 41 near North High School, which will also include 1 MW of battery storage and the other site will be disclosed soon through a partnership with the City of Evansville. If approved, the solar projects will be operational by early 2018.

“The universal solar projects continue our commitment, along with our existing wind farm contracts and landfill gas project, toward a more balanced electric generation mix,” added Chapman. “As announced in November of 2016 with our Integrated Resource Plan (IRP) results, we expect to add more renewable energy and natural gas into our generation fleet in the coming years, and projects like these demonstrate our promise to become a next generation energy company.”

Chapman added that today’s announcements, along with the longer-term plan around diversifying its electric generation fleet and the ongoing gas system infrastructure modernization efforts are part of the energy company’s plans to deliver a “smart energy future” for its 1.2 million customers in Indiana and west central Ohio.

This Smart Energy Future vision includes the electric grid modernization plan filed today that will provide:

- **Continued electric system reliability and safety** by updating and replacing aging energy grid infrastructure, including substations, utility poles, power lines and transformers.
- **Shorter electric power outages** driven by automation technology. Today, when a tree or other object comes in contact with a power line causing an outage, every customer served by that line — and other lines connected to it — loses power. With automated technology, the company can detect the problem and restore power remotely or in situations where damage has occurred, the technology may isolate it and reroute power — so fewer customers are affected while repairs are made.
- **Faster electric outage identification** from advanced meters that self-report outages and enable the company to send a signal to meters to identify customers out of service rather than relying on customers to self-report outages. The company will also be able to provide customers more information about power outages and estimated restoration times, including communication through text messaging.
• **Fewer estimated customer bills** because the new, advanced meters are remotely and daily read through smart technology. With this capability, estimated customer bills are virtually eliminated. Likewise, the company will no longer have to access a homeowner’s property for monthly, walk-by meter reads.

• **Quicker service** because the majority of customer requests to turn electric service on or off will be performed remotely in near real time. For instance, there will be no need for customers to wait for a deployed electric technician to arrive to activate or deactivate service after a customer moves. Natural gas meters will not have this remote capability.

• **More information to improve customer control over their energy use** through digital meters. Customers will be able to access their energy data to help them understand their use in summary or detailed daily/hourly formats. The information can help customers make wiser energy decisions. Approximately 50 percent of the nation already has made the transition to digital meter technology.

The grid modernization plan will have significant benefits for the economy according to a study conducted by Indiana University, including:

- resulting in a positive economic impact of nearly $650 million over the 7-year period,
- generating about $20 million in state and local government tax revenue effects through 2023; and
- at its peak will support approximately 1,000 jobs.

Through the IURC filing, Vectren is requesting to recover the planned capital expenditures through 2023. Indiana legislation allows energy companies to prepare and submit infrastructure modernization plans with gradual cost recovery for which the IURC has ultimate approval rights and oversight authority. Vectren’s plan follows the recent approvals of other Indiana electric utility plans, including Duke Energy and NIPSCO.

If the grid modernization plan is approved as is, electric bills are gradually adjusted beginning in 2018 and adjustments continue with modest increases in subsequent years as the improvement projects are completed. In 2018, the typical residential electric customer would pay $1 to $2 more per month on his/her electric bill.

“While this infrastructure plan is vital to ensuring a modernized grid, the cost of our electric service remains top of mind, and we remain focused on providing reasonably priced electricity and continued reliability for all communities we serve,” added Chapman. “Vectren has not filed an electric base rate case since 2009.”

Today’s announcements do not impact natural gas bills, nor are related to the IRP results regarding coal plant retirements and potential new natural gas plant. Customers can learn more about today’s announcements at www.vectren.com/SmartEnergyFuture.

Vectren Energy Delivery of Indiana - South delivers electricity to approximately 144,000 customers in all or portions of Gibson, Dubois, Pike, Posey, Spencer, Vanderburgh and Warrick counties.

**About Vectren**

Vectren Corporation (NYSE: VVC) is an energy holding company headquartered in Evansville, Ind. Vectren’s energy delivery subsidiaries provide gas and/or electricity to more than 1 million customers in adjoining service territories that cover nearly two-thirds of Indiana and about 20 percent of Ohio, primarily in the west central area. Vectren’s nonutility subsidiaries and affiliates currently offer energy-related products and services to customers throughout the U.S. These include infrastructure services and energy services. To learn more about Vectren, visit www.vectren.com.