

INDIANA'S ELECTRICITY COST PROFILE

Maintaining affordable electric costs for Hoosiers and keeping the state competitive in job creation and economic development are vitally important. Indiana's electric utilities are committed to providing highly-competitive rates for Hoosier residents and businesses and ensuring the state's ability to compete for job creation and economic development.

Historically, the cost to generate and deliver electricity to Indiana residences, businesses and manufacturing facilities has been among the lowest in the nation. Indiana's abundance of relatively inexpensive and highly efficient coal resources has ensured safe, reliable power at low cost. However, coal also presents environmental challenges.

New, unprecedented U.S. Environmental Protection Agency (EPA) mandates targeting coal-burning power plants will drive up costs in Indiana. Companies not yet in compliance will spend billions to meet these

new air standards, which will raise customer bills. For those utilities that have completed these environment investments related to air compliance, such as Vectren, the bill increases have already occurred.

Indiana's electric utilities will continue to strive to provide low rates and keep Indiana competitive in job creation and economic development.

Today, Indiana ranks #13 among the 50 states for having the lowest average retail price of electricity, according to the U.S. Energy Information Administration. In recent decades, Indiana has consistently ranked among the 10 lowest-cost states in the country. And while electricity production in Indiana and across the nation has increased along with the nation's economic activity as measured through gross domestic product, air pollution from power production has been reduced.

CONTINUED ON BACK

INDIANA'S PRICE RANKS LOW

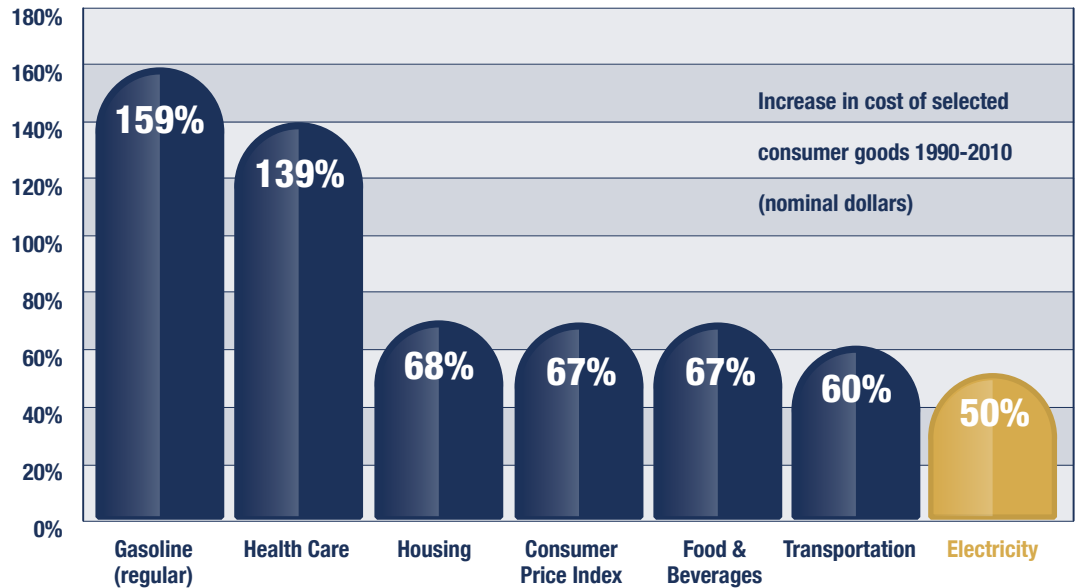
Highest Retail Price

- Hawaii
- Connecticut
- Alaska
- New York
- New Hampshire
- New Jersey
- Massachusetts
- Vermont
- California
- Rhode Island
- District of Columbia
- Maine
- Maryland
- Delaware
- Florida
- Pennsylvania
- Michigan
- Wisconsin
- Arizona
- Georgia
- Colorado
- Alabama
- Texas
- Tennessee
- Ohio
- Illinois
- Nevada
- Kansas
- Virginia
- South Carolina
- Mississippi
- New Mexico
- North Carolina
- Minnesota
- Missouri
- Montana
- South Dakota
- Oregon
- Indiana**
- West Virginia
- Nebraska
- Oklahoma
- Louisiana
- Iowa
- North Dakota
- Arkansas
- Utah
- Kentucky
- Washington
- Wyoming
- Idaho

Lowest Retail Price

Source: U.S. Energy Information Administration, Form EIA-826, "Monthly Electric Utility Sales and Revenue Report with State Distributions Report" for December 2011.

Nationwide Changes In Electricity Prices Compared to Other Consumer Products



Sources: U.S. Department of Labor, Bureau of Labor Statistics, U.S. Department of Energy, Energy Information Administration

The growth rate for electricity prices during the last two decades is lower than for other important goods and services. The price of one kilowatt-hour of electricity, adjusted for inflation, has increased less than the costs of products like gasoline, health care, housing, food and transportation.