

## **Executive Summary – Vectren’s Commitment to Sustainability**

*As a local energy provider, we understand the value of integrating sustainable practices in our daily operations and long-term strategies. Whether through community improvement initiatives, system enhancements, employee wellness offerings or energy efficiency programs, we continue to operate on the principle that sustainability and our stakeholders form the backbone of our performance and identity as a company. Although an evolving energy environment will demand a new approach to areas of our business, our commitment to this principle will remain unchanged.*

Carl L. Chapman  
Chairman, President & CEO

## **WE VALUE OUR STAKEHOLDERS**

### **OUR CUSTOMERS**

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At Vectren, we are committed to being an industry leader in customer experience.

- We continue to invest in infrastructure modernization programs to ensure safe and reliable energy delivery.
- We openly share the environmental impact of our operations, including greenhouse gas emissions, on an annual basis to promote transparency and build trust with our customers.
- We offer a growing portfolio of natural gas and electric energy efficiency (EE) programs to help our customers curb energy costs.
- We offer a demand response program, referred to as Summer Cyclor, which briefly cycles air conditioning and water heating units in customer homes during periods of peak electricity demand. Our customers that participate in Summer Cyclor earn \$5 monthly bill credits during the cooling season of June through September.

### **OUR COLLEAGUES**

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At Vectren, we are committed to achieving best-in-class safety performance.

- We provide safety training to employees to ensure they have the knowledge and skills necessary to perform their job responsibilities safely.
  - ✓ Vectren employees recorded 27,693 safety training hours in 2015.
  - ✓ Our ongoing commitment to employee safety earned Vectren the American Gas Association’s Safety Achievement Award in 2015.

## OUR COMMUNITIES

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At Vectren, we are committed to being a leader in corporate citizenship and sustainability.

- We encourage community service by providing employees paid time off to volunteer.
  - ✓ In 2015, Vectren employees recorded nearly 38,000 on-the-clock and off-the-clock volunteer hours, which is the equivalent of about 20 hours per employee.
- We provide charitable grants to programs focused on community development, education, energy conservation and environmental stewardship.
  - ✓ Since 2000, the Vectren Foundation has provided nearly \$32 million in grants and contributions aimed at achieving sustainable improvements in our communities.
- We continue to invest in infrastructure modernization programs which contribute to the economic sustainability of our communities through income and job growth.
  - ✓ Since their inception in 2008, our infrastructure modernization programs have generated approximately \$330 million in labor income and an average of 1,097 jobs per year.

## OUR ENVIRONMENT

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Environmental stewardship is a basic value and belief for each one of us at Vectren. Our employees and their families live and work in the same cities and towns, breathe the same air and utilize the same natural resources as our customers. Each of us is committed to fully comply with all environmental regulation and ensure our energy products and services not only meet customer needs, but also enhance the quality of life in each of our communities and leave behind a better environment for us all.

- Our natural gas and electric EE programs have delivered substantial energy savings since their inception. By continuing to grow our portfolio of programs, we set new records for energy savings in 2015.
  - ✓ Since their inception in 2010, our electric EE programs have saved nearly 700 million kilowatt hours. In 2015, our electric EE programs helped conserve 40 million kilowatt hours, which is enough to power more than 3,000 homes.
  - ✓ Our natural gas EE programs have saved approximately 135 million therms since their inception in 2006. In 2015, our natural gas EE programs helped customers conserve nearly 5 million therms, which is enough natural gas to heat more than 6,000 homes for a year.

- Our Summer Cycler program cycles off major electric appliances for short periods of time during peak power demand, resulting in peak demand savings during times of high use.
  - ✓ As of 2015, about 25,000 customers have switches installed in their homes, giving us the ability to curtail 17.6MW in peak demand savings during times of high use.
- By investing millions of dollars in new emissions control technology, we have been able to dramatically reduce emissions at existing facilities.
  - ✓ **SO<sub>2</sub> emissions are down more than 90% since 1970.**
  - ✓ **NO<sub>x</sub> emissions are down 80% since 1970.**
- By investing in renewable energy, improving the efficiency of the turbines in our coal-fired generation fleet, and encouraging customers to use less energy, we have successfully reduced carbon emissions over the past decade.
  - ✓ **Vectren's CO<sub>2</sub> emissions are down 31% since 2005.**
- As part of our Integrated Resource Plan filed in Indiana in December 2016, we plan on reducing our reliance on coal-fired electric generation by retiring approximately 75% of our coal-fired generation and adding renewables generation and a combined cycle natural gas plant to our generation portfolio by 2024.
  - ✓ **This new generation fleet will reduce CO<sub>2</sub> emissions by approximately 46% by 2024 from 2012 levels, exceeding the Clean Power Plan requirement of a 32% reduction by 2030. CO<sub>2</sub> emissions reductions from 2005 levels will be almost 60% by 2024.**
  - ✓ **Renewables and ongoing Energy Efficiency are expected to account for approximately 20% of total capacity by 2036 while base load coal generation is expected to account for only 16% of capacity by 2036.**
- We acknowledge the risks, both physical and financial, that the uncertainty of climate change poses to our business and service territories. These risks are published in our annual 10K disclosure. Additionally, we share our position on climate change on the corporate environmental stewardship page of our vectren.com website.

*The information provided in this document can be found in our most recent Sustainability Report published in mid 2016 and our Integrated Resource Plan filed in December 2016.*