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July 11, 2012

Mr. Jeff Derouen
Executive Director
Kentucky Public Service Commission
KY State Board on Electric Generation & Transmission Siting
211 Sower Boulevard
P.O. Box 615
Frankfort, KY 40601

RECEIVED

JUL 11 2012

**PUBLIC SERVICE
COMMISSION**

RE: Request by Southern Indiana Gas & Electric Co. d/b/a Vectren Energy Delivery of Indiana, Inc. for Flexibility to Address Unanticipated Construction Issues Pursuant to Order of the Kentucky State Board on Electric Generation and Transmission Siting, Case No. 2010-00223

Dear Mr. Derouen:

Southern Indiana Gas & Electric Co., d/b/a Vectren Energy Delivery of Indiana ("Vectren"), is in the process of completing construction of the 345 kV non-regulated transmission line approved by the Siting Board in the above referenced case. This line will connect Vectren's AB Brown Power Plant in Posey County, Indiana, to Big Rivers' Reid Station in Webster County, Kentucky (Brown-Reid 345 Project). Recall that this project, which is scheduled to be in service later this year, has been classified as a Baseline Reliability Project by the Midwest Independent System Operator (MISO) as critical to regional reliability needs.

Pursuant to its Memorandum of Understanding with Vectren, Big Rivers Electric Corporation ("BREC") is in the process of purchasing the final easements for this project along the route approved by the Board. This process has gone exceedingly well up until this point. However, Vectren is now compelled to request a minor modification to the approved centerline of the route, which would shift the route approximately 225 feet outside the 1000 foot corridor identified by the Board to allow for flexibility to address unanticipated construction issues. With the requested modification, less than 1000 feet of the line would be outside the existing 1000 foot corridor before crossing onto property owned by Big Rivers. The proposed modification would reduce the environmental impact of the line and take it farther from any public viewscape. Moreover, the

proposed new crossing point of the line for the Pennyriple Parkway would be closer to BREC's substation, and eliminate more than 700 feet of line that would run parallel to the Pennyriple. (See attached Map.)

This move is requested in consultation with Big Rivers and with the cooperation of a willing property owner, and would obviate the need for what is anticipated to be a protracted (multi-year) condemnation proceeding. The proposed move would shift the route back onto a parcel owned by Four Star, an extension of the four-county industrial development authority (which is in turn an extension of county government and a property owner which has already provided an easement for this line, and which has had notice of the Brown-Reid Project since its inception). Four Star has expressed a willingness to grant an additional easement for this route modification. The Four Star parcel abuts Big Rivers' property near the terminus of the line in Big Rivers' Reid Station, and would thus affect no property owners, other than the county and BREC.

This move is requested in part to expedite the easement acquisition process and to avoid protracted litigation with a previously-identified property owner whose parcel within the current 1000 foot corridor is the subject of condemnation litigation initiated by Big Rivers. The current litigation schedule virtually assures delays in construction of the Project, and the purpose of this contemplated change is to eliminate that delay and obviate the need for litigation. Specifically, the shift of the route onto a parcel whose owner has indicated willingness to negotiate an easement for that purpose without resort to litigation would allow the Project to continue on its current pre-construction and construction schedules for an estimated completion in late 2012. The proposed move slightly beyond the 1,000 foot corridor would also allow for timely compliance with certain identified, future reliability requirements for which the Project was designed, and would allow both reliability benefits and access to energy markets for the region to be realized within the planned timeframe.

With the contemplated shift in the route, the project benefits can still be accomplished, while at the same time further reducing the scenic impacts to the Commonwealth as required by KRS Chapter 278.714(7). Specifically, this contemplated shift in the route reduces by two the number of stream crossings already approved and permitted by the US Army Corps of Engineers and the Kentucky Division of Water for the project and reduces by three the number of wetlands impacted by the project – a significant reduction in the already reviewed and approved impacts for the Brown-Reid 345 Project. Moreover, the shift further removes the route from the viewscapes identified by the Board's consultants in their reports regarding the scenic impacts of the proposed route. Indeed, this shift keeps the line within the area studied in the initial route studies and within the route corridor selected as a result of those studies.

The Siting Board's Order at page 21 indicates that "Any changes greater than

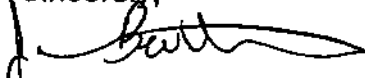
this distance (1000-foot corridor) or involving landowners not identified in Vectren's amended application will require Vectren to file another application with the Siting Board." Vectren respectfully submits that this proposed move of the route due to unanticipated construction issues, placing a very small portion of the line—1000 feet of a 15 mile line, just 225 feet outside the 1000 foot corridor—AND simultaneously reducing impacts to scenic assets and affected property owners, is wholly consistent with the requirements of the statute, the factual record, deliberations, and Construction Certificate issued by the Board in this matter.

Neither Vectren nor the Siting Board in its December 2010 Order could have anticipated the particular circumstances that give rise to this requested move to the centerline in the Brown-Reid 345 Project. Those particular circumstances include the risk that protracted trial and appellate litigation for easements could delay completion of the Brown-Reid 345 Project well beyond its 2012 completion date, creating delays in transmission system reliability for the region and exacerbating identified constraints in the transmission system. Additionally, neither Vectren nor the Siting Board in December of 2010 could have anticipated the ambitious implementation schedule set out this year by the US EPA for its MACT rules under the Clean Air Act. The near term impact of those rules leaves utilities with coal-burning generation and the RTOs/ISOs who manage fleets of those coal-burning generation assets planning to rely even more heavily on the transmission system and the workhorse 345 kV transmission lines. Within this region, MISO is already studying and planning for the impact of this and other rules on the transmission system, which underscore the importance of this Project.

Given that the 1,000 foot limitation established under the Order is neither required by statute or regulation to be included in any certificate for construction of a non-regulated transmission line, the delay and expense required by the filing of a new application for this minor modification of the route is not justified or required under these circumstances. Considering the length of the Kentucky portion of line, which is the southern leg (approximately 15 miles) of a 70 mile long project, a shift in the route of approximately 225 feet from the initially-established 1,000 foot corridor represents a small and reasonable accommodation to keep the project on schedule and place the project in service in a timely manner – to meet the reliability and interstate benefits to the region identified in the Order. The requested move is consistent with the Board's intent in establishing a 1000-foot corridor by confining the shift to a parcel owned by an entity already on notice for the project and from which an easement for the project has already been purchased. The proposed move further minimizes the scenic impact of the project by moving it closer to the existing transmission lines entering the Reid Station. And importantly in the case of any non-regulated transmission project, the new parcel owner is receptive to the project's purchase of an additional easement on the parcel. (See Letters from Judge Townsend and Board Chair for Four Star.)

Vectren truly appreciates the work of the Siting Board and the staff on this interstate baseline reliability project. We respectfully request that the Board find good cause to recognize the need for flexibility in order to complete construction based upon the specific facts and circumstances, as set forth above. This requested move is only for a very small portion of the centerline and only slightly beyond the 1,000 foot corridor set forth in the Order. It further reduces the environmental and scenic impacts of the line, while moving the project off of the property of an opposing landowner and onto one willing to grant an easement for the line. Please do not hesitate to contact me if you have any questions or request additional information in support of this request. We look forward to hearing back from the Board at your earliest convenience.

Sincerely,



Jason R. Bentley

Attorney for Vectren Energy Delivery of
Indiana

JAMES R. TOWNSEND
Webster County Judge Executive

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July 10, 2012

Mr. Jeff Derouen
Executive Director
Kentucky Public Service Commission
KY State Board on Electric Generation & Transmission Siting
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P.O.Box 615
Frankfort, KY 40601

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RE: Request by Southern Indiana Gas & Electric Co. d/b/a Vectren Energy Delivery of Indiana, Inc. for Flexibility to Address Unanticipated Construction Issues Pursuant to Order of the Kentucky State Board on Electric Generation and Transmission Siting, Case No. 2010-00223

Dear Mr. Derouen:

As County Judge/Executive for Webster County, Kentucky and as a member of the Kentucky Electric Generation and Transmission Siting Board for the Application submitted by the Southern Indiana Gas & Electric Co., d/b/a Vectren Energy Delivery of Indiana ("Vectren"), I write in support of Vectren's proposed shift in the route, and Vectren's proposal to acquire an easement from an adjoining property.

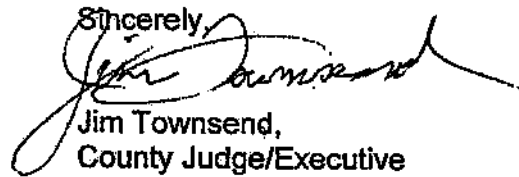
The shift places the Brown-Reid 345 Electric Transmission line in Webster County, and on property owned by a quasi-governmental entity called Four Star Industrial Development Park (Four Star). Webster County participates in Four Star, and Four Star has previously sold an easement to Big Rivers for the Brown-Reid 345 Project. Just this week, Four Star's Board authorized its Board chair to negotiate an additional easement for the Brown-Reid 345 project.

This shift would allow the Project to continue on its current pre-construction and construction schedules for an estimated completion in late 2012. The proposed move slightly beyond the 1,000 foot corridor would also allow for timely compliance with certain identified, future reliability requirements for which the Project was designed, and would allow both reliability benefits and access to energy markets for the region to be realized within the planned timeframe.

With the contemplated shift in the route, the project benefits can still be accomplished, while at the same time further reducing the scenic impacts to the Commonwealth as required by KRS Chapter 278.714(7). Specifically, this

contemplated shift in the route reduces by two the number of stream crossings already approved and permitted by the US Army Corps of Engineers and the Kentucky Division of Water for the project and reduces by three the number of wetlands impacted by the project – a significant reduction in the already reviewed and approved impacts for the Brown-Reid 345 Project. Moreover, the shift further removes the route from the viewscapes identified by the Board's consultants in their reports regarding the scenic impacts of the proposed route. Indeed, this shift keeps the line within the area studied in the initial route studies and within the route corridor selected as a result of those studies.

Sincerely,

A handwritten signature in black ink, appearing to read "Jim Townsend", with a long, sweeping horizontal stroke extending to the right.

Jim Townsend,
County Judge/Executive



West Kentucky
Regional Industrial
Development Authority

July 10, 2012

Mr. Jeff Derouen
Executive Director
Kentucky Public Service Commission
KY State Board on Electric Generation & Transmission Siting
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Dear Mr. Derouen:

As Chairman of the West Kentucky Regional Industrial Development Authority (WKRIDA) Board of Directors, I write in support of Southern Indiana Gas & Electric Co., d/b/a Vectren Energy Delivery of Indiana ("Vectren")'s, proposed shift in the route, and Vectren's proposal to acquire an easement from the WKRIDA in our 4-Star Industrial Park.

The shift places the Brown-Reid 345 Electric Transmission line in Webster County, and on property owned by WKRIDA. WKRIDA has previously sold an easement to Big Rivers for the Brown-Reid 345 Project. At our 3 July meeting, the WKRIDA Board authorized me, as its Chairman to negotiate an additional easement for the Brown-Reid 345 project.

This shift would allow the Project to continue on its current pre-construction and construction schedules for an estimated completion in late 2012. The proposed move slightly beyond the 1,000 foot corridor would also allow for timely compliance with certain identified, future electric reliability requirements for which the Project was designed, and would allow both reliability benefits and access to energy markets for the region to be realized within the planned timeframe.

Sincerely,

A handwritten signature in black ink, appearing to read 'D. E. Bell', written in a cursive style.

Douglas E. Bell
Chairman