LARGE FILING SEPERATOR SHEET

CASE NUMBER: 02-1668-GA-CRS

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DESCRIPTION OF DOCUMENT:

Renewal App
(CONTINUED)

(In millions)	At December 31, 2007		At December 31, 2006	
Commercial paper	$	385.9	$	270.1
Bank loans		171.1		194.7
Total short-term borrowings	**$**	**557.0**	**$**	**464.8**

Long-Term Debt

Long-term senior unsecured obligations and first mortgage bonds outstanding by subsidiary follow:

(In millions)	At December 31, 2007		At December 31, 2006	
Utility Holdings				
Fixed Rate Senior Unsecured Notes				
2011, 6.625%	$	250.0	$	250.0
2013, 5.25%		100.0		100.0
2015, 5.45%		75.0		75.0
2018, 5.75%		100.0		100.0
2035, 6.10%		75.0		75.0
2036, 5.95%		100.0		100.0
Total Utility Holdings		**700.0**		**700.0**
SIGECO				
First Mortgage Bonds				
2016, 1986 Series, 8.875%		13.0		13.0
2020, 1998 Pollution Control Series B, 4.50%, tax exempt		4.6		4.6
2024, 2000 Environmental Improvement Series A, 4.65%, tax exempt		22.5		22.5
2029, 1999 Senior Notes, 6.72%		80.0		80.0
2030, 1998 Pollution Control Series B, 5.00%, tax exempt		22.0		22.0
2015, 1985 Pollution Control Series A, current adjustable rate 4.00%, tax exempt, auction rate mode, 2007 weighted average: 3.83%		9.8		9.8
2023, 1993 Environmental Improvement Series B, current adjustable rate 4.61%, tax exempt, auction rate mode, 2007 weighted average: 4.13%		22.6		22.6
2025, 1998 Pollution Control Series A, current adjustable rate 4.00%, tax exempt, auction rate mode, 2007 weighted average: 3.90%		31.5		31.5
2030, 1998 Pollution Control Series C, current adjustable rate 4.77%, tax exempt, auction rate mode, 2007 weighted average: 4.15%		22.2		22.2
2041, 2007 Pollution Control Series, current adjustable rate 5.22%, tax exempt, auction rate mode, 2007 weighted average: 4.80%		17.0		-
Total SIGECO		**245.2**		**228.2**
Indiana Gas				
Senior Unsecured Notes				
2007, Series E, 6.54%		-		6.5
2013, Series E, 6.69%		5.0		5.0
2015, Series E, 7.15%		5.0		5.0
2015, Series E, 6.69%		5.0		5.0
2015, Series E, 6.69%		10.0		10.0
2025, Series E, 6.53%		10.0		10.0
2027, Series E, 6.42%		5.0		5.0
2027, Series E, 6.68%		1.0		1.0
2027, Series F, 6.34%		20.0		20.0
2028, Series F, 6.36%		10.0		10.0
2028, Series F, 6.55%		20.0		20.0
2029, Series G, 7.08%		30.0		30.0
Total Indiana Gas	**$**	**121.0**	**$**	**127.5**

(In millions)	At December 31, 2007	2006
Vectren Capital Corp.		
Fixed Rate Senior Unsecured Notes		
2007, 7.83%	$ -	$ 17.5
2010, 4.99%	25.0	25.0
2010, 7.98%	22.5	22.5
2012, 5.13%	25.0	25.0
2012, 7.43%	35.0	35.0
2015, 5.31%	75.0	75.0
Total Vectren Capital Corp.	**182.5**	**200.0**
Other Long-Term Notes Payable	0.3	0.6
Total long-term debt outstanding	**1,249.0**	**1,256.3**
Current maturities of long-term debt	(0.3)	(24.2)
Debt subject to tender	-	(20.0)
Unamortized debt premium & discount - net	(3.3)	(3.8)
Fair value of hedging arrangements	-	(0.3)
Total long-term debt-net	**$ 1,245.4**	**$ 1,208.0**

SIGECO Pollution Control Bonds
On December 6, 2007, SIGECO closed on $17 million of auction rate tax-exempt long-term debt. The debt has a life of 33 years, maturing on January 1, 2041. The initial interest rate was set at 4.50 percent but the rate will be reset every 7 days through an auction process that began December 13, 2007. This new debt was collateralized through the issuance of first mortgage bonds and the payment of interest and principal was insured through Ambac Assurance Corporation (Ambac).

Utility Holdings 2006 Issuance
In October 2006, Utility Holdings issued $100 million in 5.95 percent senior unsecured notes due October 1, 2036 (2036 Notes). The 30-year notes were priced at par. The 2036 Notes are guaranteed by Utility Holdings' three public utilities: SIGECO, Indiana Gas, and VEDO. These guarantees are full and unconditional and joint and several. These notes, as well as the timely payment of principal and interest, are insured by a financial guaranty insurance policy by Financial Guaranty Insurance Company (FGIC).

The 2036 Notes have no sinking fund requirements, and interest payments are due quarterly. The notes may be called by Utility Holdings, in whole or in part, at any time on or after October 1, 2011, at 100 percent of principal amount plus accrued interest. During the first and second quarters of 2006, Utility Holdings entered into several interest rate hedges with a $100 million notional amount. Upon issuance of the notes, these instruments were settled resulting in the payment of approximately $3.3 million, which was recorded as a *Regulatory asset* pursuant to existing regulatory orders. The value paid is being amortized as an increase to interest expense over the life of the issue. The proceeds from the sale of the 2036 Notes, settlement of the hedging arrangements, and payments of issuance costs totaled approximately $92.8 million.

Utility Holdings 2005 Issuance
In December 2005, Utility Holdings issued senior unsecured notes with an aggregate principal amount of $150 million in two $75 million tranches. The first tranche was 10-year notes due December 2015, with an interest rate of 5.45 percent priced at 99.799 percent to yield 5.47 percent to maturity (2015 Notes). The second tranche was 30-year notes due December 2035 with an interest rate of 6.10 percent priced at 99.799 percent to yield 6.11 percent to maturity (2035 Notes).

The notes have no sinking fund requirements, and interest payments are due semi-annually. The notes may be called by Utility Holdings, in whole or in part, at any time for an amount equal to accrued and unpaid interest, plus the greater of 100 percent of the principal amount or the sum of the present values of the remaining scheduled payments of principal and interest, discounted to the redemption date on a semi-annual basis at the Treasury Rate, as defined in the indenture, plus 20 basis points for the 2015 Notes and 25 basis points for the 2035 Notes.

In January and June 2005, Utility Holdings entered into forward starting interest rate swaps with a total notional amount of $75 million. Upon issuance of the debt, the instruments were settled resulting in the receipt of approximately $1.9 million in cash, which was recorded as a regulatory liability pursuant to existing regulatory orders. The value received is being amortized as a reduction of interest expense over the life of the issue maturing December 2035. The net proceeds from the sale of the senior notes and settlement of related hedging arrangements approximated $150 million.

Vectren Capital Corp. 2005 Debt Issuance

On October 11, 2005, Vectren and Vectren Capital Corp., its wholly-owned subsidiary (Vectren Capital), entered into a private placement Note Purchase Agreement (2005 Note Purchase Agreement) pursuant to which various institutional investors purchased the following tranches of notes from Vectren Capital: (i) $25 million 4.99 percent Guaranteed Senior Notes, Series A due 2010, (ii) $25 million 5.13 percent Guaranteed Senior Notes, Series B due 2012 and (iii) $75 million 5.31 percent Guaranteed Senior Notes, Series C due 2015. These Guaranteed Senior Notes are unconditionally guaranteed by Vectren, the parent of Vectren Capital. The proceeds from this financing were received on December 15, 2005. This Note Purchase Agreement contains customary representations, warranties and covenants, including a covenant to the effect that the ratio of consolidated total debt to consolidated total capitalization will not exceed 75 percent.

On October 11, 2005, Vectren and Vectren Capital entered into First Amendments with respect to a Note Purchase Agreement dated as of December 31, 2000 pursuant to which Vectren Capital issued to institutional investors the following tranches of notes: (i) $38 million 7.67 percent Senior Notes due 2005, (ii) $17.5 million 7.83 percent Senior Notes due 2007, (iii) $22.5 million 7.98 percent Senior Notes due 2010 and (iv) a Note Purchase Agreement, dated April 25, 1997, pursuant to which Vectren Capital issued to an institutional investor a $35 million 7.43 percent Senior Note due 2012. The First Amendments (i) conform the covenants to those contained in the 2005 Note Purchase Agreement, (ii) eliminate a credit ratings trigger which would have afforded noteholders the option to require prepayment if the ratings of Indiana Gas or SIGECO fell below a certain level, (iii) replace a more limited support agreement with an unconditional guarantee by Vectren and (iv) provide for a 100 basis point increase in interest rates if the ratio of consolidated total debt to total capitalization exceeds 65 percent.

Long-Term Debt Put & Call Provisions

Certain long-term debt issues contain put and call provisions that can be exercised on various dates before maturity. The put or call provisions are not triggered by specific events, but are based upon dates stated in the note agreements, such as when notes are remarketed. During 2007, 2006 and 2005, no debt was put to the Company. Debt which may be put to the Company during the years following 2007 (in millions) is zero in 2008, $80.0 in 2009, $10.0 in 2010, $30.0 in 2011, zero in 2012 and thereafter. Debt that may be put to the Company within one year is classified as *Long-term debt subject to tender* in current liabilities.

In February 2008, SIGECO began the process of providing notice to the current holders of approximately $103 million of tax exempt auction rate mode long term debt that the Company will convert that debt from its current auction rate mode into a daily interest rate mode during March 2008. The debt will be subject to mandatory tender for purchase on the conversion date at 100 percent of the principal amount plus accrued interest.

Utility Holdings and Indiana Gas Debt Calls

In 2006, the Company called at par $100.0 million of Utility Holdings senior unsecured notes originally due in 2031. In 2005, the Company called at par $49.9 million of Indiana Gas insured senior unsecured notes originally due in 2030. The notes called in 2006 and 2005 had stated interest rates of 7.25 percent and 7.45 percent, respectively.

Other Financing Transactions

At December 31, 2005, $53.7 million of SIGECO notes could be put to the Company in March of 2006, the date of their next remarketing. In March of 2006, the notes were successfully remarketed, and are now classified in *Long-term debt*. Prior to the remarketing, the notes had tax-exempt interest rates ranging from 4.75 percent to 5.00 percent. After the remarketing, interest rates are reset every seven days using an auction process.

As part of the integration of Miller into the Company's consolidated financing model, $24.0 million of Miller's outstanding long-term debt was retired in the fourth quarter of 2006.

Other Company debt totaling $24.0 million in 2007 and $38.0 million in 2005 was retired as scheduled.

Future Long-Term Debt Sinking Fund Requirements & Maturities
The annual sinking fund requirement of SIGECO's first mortgage bonds is 1 percent of the greatest amount of bonds outstanding under the Mortgage Indenture. This requirement may be satisfied by certification to the Trustee of unfunded property additions in the prescribed amount as provided in the Mortgage Indenture. SIGECO intends to meet the 2007 sinking fund requirement by this means and, accordingly, the sinking fund requirement for 2007 is excluded from *Current liabilities* in the Consolidated Balance Sheets. At December 31, 2007, $836.7 million of SIGECO's utility plant remained unfunded under SIGECO's Mortgage Indenture. SIGECO's gross utility plant balance subject to the Mortgage Indenture approximated $2.2 billion at December 31, 2007.

Consolidated maturities of long-term debt during the five years following 2007 (in millions) are zero in 2008 and in 2009, $47.5 in 2010, $250.0 in 2011, and $60.0 in 2012.

Covenants
Both long-term and short-term borrowing arrangements contain customary default provisions; restrictions on liens, sale-leaseback transactions, mergers or consolidations, and sales of assets; and restrictions on leverage and interest coverage, among other restrictions. As of December 31, 2007, the Company was in compliance with all financial covenants.

Ratings Triggers
None of Vectren's currently outstanding debt arrangements contain ratings triggers.

Debt Guarantees
Vectren Corporation guarantees Vectren Capital's long-term and short-term debt, which totaled $183 million and $171 million, respectively, at December 31, 2007. Utility Holdings' currently outstanding long-term and short-term debt is jointly and severally guaranteed by Indiana Gas, SIGECO, and VEDO. Utility Holdings' long-term and short-term debt outstanding at December 31, 2007, totaled $700 million and $386 million, respectively.

9. Share-Based Compensation

The Company has various share-based compensation programs to encourage executives, key non-officer employees, and non-employee directors to remain with the Company and to more closely align their interests with those of the Company's shareholders. Under these programs, the Company issues stock options and non-vested shares (herein referred to as restricted stock). All share-based compensation programs are shareholder approved. In addition, the Company maintains a deferred compensation plan for executives and non-employee directors where participants have the option to invest earned compensation and vested restricted stock in phantom stock units. Certain option and share awards provide for accelerated vesting if there is a change in control or upon the participant's retirement.

On January 1, 2006, the Company adopted SFAS 123R "Share Based Compensation" (SFAS 123R) using the modified prospective method. Accordingly, information prior to the adoption has not been restated. Prior to the adoption of SFAS 123R, the Company accounted for these programs using APB Opinion 25, "Accounting for Stock Issued to Employees" (APB 25), and its related interpretations. From the Company's perspective, the primary cost recognition difference between SFAS 123R and APB 25 is that costs related to stock options were not recognized in the financial statements in those years prior to SFAS 123R's adoption.

Following is a reconciliation of the total cost associated with share-based awards recognized in the Company's financial statements to its after tax effect on net income:

	Year ended December 31,		
(in millions)	2007	2006	2005
Total cost of share-based compensation	$ 2.5	$ 3.2	$ 4.5
Less capitalized cost	0.5	0.9	1.0
Total in other operating expense	2.0	2.3	3.5
Less income tax benefit in earnings	0.8	0.6	1.4

Restricted Stock Related Matters

The Company periodically grants executives and other key non-officer employees restricted stock and/or restricted stock units whose vesting is contingent upon meeting a total return and/or return on equity performance objectives. In addition non-employee directors receive a portion of their fees in restricted stock. Grants to executives and key non-officer employees generally vest at the end of a four-year period, with performance measured at the end of the third year. Based on that performance, awards could double or could be entirely forfeited. Awards to non-employee directors are not performance based and generally vest over one year. Because executives and non-employee directors have the choice of settling awards in shares, cash, or deferring their receipt into a deferred compensation plan (where the value is eventually withdrawn in cash), these awards are accounted for as liability awards at their settlement date fair value. Upon adoption of SFAS 123R, the Company reclassified the earned value of these awards, which totaled $4.1 million on January 1, 2006, from equity to other long-term liabilities. Awards to key non-officer employees must be settled in shares and are therefore accounted for in equity at their grant date fair value.

A summary of the status of the Company's restricted stock awards separated between those accounted for as liabilities and equity as of December 31, 2007, and changes during the year ended December 31, 2007, is presented below:

	Equity Awards		Liability Awards	
	Shares	Wtd. Avg. Grant Date Fair value	Shares/units	Fair value
Restricted at January 1, 2007	23,009	$ 26.32	376,185	
Granted	13,030	29.18	181,788	
Vested	(2,378)	24.88	(68,607)	
Forfeited	(11,791)	27.16	(137,478)	
Restricted at December 31, 2007	21,870	$ 28.11	351,888	$ 29.01

As of December 31, 2007, there was $6.1 million of total unrecognized compensation cost related to restricted stock awards. That cost is expected to be recognized over a weighted-average period of 2.9 years. The total fair value of shares vested for awards to executives and non-employee directors (Liability Awards) during the years ended December 31, 2007, 2006, and 2005, was $1.9 million, $1.8 million, and $2.1 million, respectively. The total fair value of shares vested for awards to key non-officer employees (Equity Awards) during the year ended December 31, 2007, was $0.1 million. On January 1, 2008, the Company granted 21,170 shares of restricted stock and 155,400 restricted stock units to executives and other key non-officer employees.

Stock Option Related Matters

Option awards were granted to executives with an exercise price equal to the market price of the Company's stock at the date of grant; those option awards generally require 3 years of continuous service and have 10-year contractual terms. Share awards generally vest on a pro-rata basis over 3 years. No options were granted in 2006 or 2007, and the Company does not intend to issue options in 2008.

The fair value of option awards granted in prior years was estimated on the date of grant using a Black-Scholes option valuation model. Expected volatilities were based on historical volatility of the Company's stock and other factors. The Company used historical data to estimate the expected term and forfeiture patterns of the options. The risk-free rate for periods within the contractual life of the option was based on the U.S. Treasury yield curve in effect at the time of grant. The following weighted average assumptions used for grants in the year ended December 31, 2005 were used: risk-free rate of return of 4.22 percent; expected option term of 8 years; expected volatility of 21.43 percent; and dividend yield of 4.4 percent. The weighted average fair value of options granted in 2005 was $4.36.

A summary of the status of the Company's stock option awards as of December 31, 2007, and changes during the period ended December 31, 2007, follows:

	Shares	Weighted average Exercise Price	Weighted average Remaining Contractual Term (years)	Aggregate Intrinsic Value (In millions)
Outstanding at January 1, 2007	1,963,985	$ 23.33		
Granted	-	-		
Exercised	(526,015)	$ 21.90		
Forfeited or expired	(5,196)	$ 21.27		
Outstanding at December 31, 2007	1,432,774	$ 23.86	5.0	$ 7.4
Exercisable at December 31, 2007	1,338,775	$ 23.66	4.8	$ 7.2

The total intrinsic value of options exercised during the twelve months ended December 31, 2007, 2006, and 2005 was $3.6 million, $0.8 million, and $1.6 million, respectively. As of December 31, 2007, there was less than $0.1 million of total unrecognized compensation cost related to vesting stock options. That cost is expected to be recognized in 2008. The actual tax benefit realized for tax deductions from option exercises was approximately $1.2 million in 2007, $0.2 million in 2006, and $0.1 million in 2005.

The Company periodically issues new shares and also from time to time repurchases shares on the open market to satisfy share option exercises. During the twelve months ended December 31, 2007, 2006, and 2005, the Company received value upon exercise of stock options totaling approximately $11.4 million, $3.2 million, and $1.6 million, respectively. During those periods, the Company repurchased shares totaling $6.9 million in 2007 and $3.8 million in 2006. No shares were purchased on the open market in 2005. The Company does not expect future period repurchase activity to be materially different.

Deferred Compensation Plan Matters

As discussed above, the Company has nonqualified deferred compensation plans that include an option to invest in Company phantom stock. The amount recorded in earnings related to the investment activities in Vectren phantom stock associated with these plans during the years ended December 31, 2007, 2006 and 2005, was a cost of $0.4 million, and a benefit of $0.3 million and a cost of $1.5 million, respectively.

10. Common Shareholders' Equity

Common Stock Offering

In February 2007, the Company sold 4.6 million authorized but previously unissued shares of its common stock to a group of underwriters in an SEC-registered primary offering at a price of $28.33 per share. The transaction generated proceeds, net of underwriting discounts and commissions, of approximately $125.7 million. The Company executed an equity forward sale agreement (equity forward) in connection with the offering, and therefore, did not receive proceeds at the time of the equity offering. The equity forward allows the Company to price an offering under market conditions existing at that time, and to better match the receipt of the offering proceeds and the associated share dilution with the implementation of regulatory initiatives, providing a return on the new equity employed. The offering proceeds, when and if received, will be used to permanently finance primarily electric utility capital expenditures.

In connection with the equity forward, an affiliate of one of the underwriters (the forward seller), at the Company's request, borrowed an equal number of shares of the Company's common stock from institutional stock lenders and sold those borrowed shares to the public in the primary offering. The Company will receive an amount equal to the net proceeds from that sale, subject to certain adjustments defined in the equity forward, upon full share settlement of the equity forward. Those adjustments defined in the equity forward include 1) daily increases in the forward sale price based on a floating interest factor equal to the federal funds rate, less a 35 basis point fixed spread, and 2) structured quarterly decreases to the forward sale price that align with expected Company dividend payments.

The Company may elect to settle the equity forward in shares or in cash, except in specified circumstances or events where the counterparty to the equity forward could force a share settlement. Examples of such events include, but are not limited to, the Company making dividend payments greater than the structured quarterly decreases identified in the equity forward or the Company repurchasing a number of its outstanding common shares over a specified threshold. If the Company elects to settle in shares, the maximum number of shares deliverable by the Company is 4.6 million shares. If the Company elects to settle in cash, an affiliate of one of the underwriters (the forward purchaser) would purchase shares in the market and return those shares to the stock lenders. The Company will either owe or be owed funds depending upon the Company's average share price during the "unwind period" defined in the equity forward in relation to the equity forward's contracted price. Generally, if the equity forward's contracted price is lower than average share price during the "unwind period", then the Company would owe cash; and if the average share price during the "unwind period" is less than the equity forward's contracted price, the Company would receive cash. Proceeds received or paid when the equity forward is settled will be recorded in *Common Shareholders' Equity*, even if settled in cash. The equity forward must be settled prior to February 28, 2009.

The equity forward had an initial forward price of $27.34 per share, representing the public offering price of $28.33 per share, net of underwriting discounts and commissions. Management therefore estimated the contract had no initial fair value. If the equity forward had been settled by delivery of shares at December 31, 2007, the Company would have received approximately $126.4 million based on a forward price of $27.47 for the 4.6 million shares. If the Company had elected to settle the equity forward in cash at December 31, 2007, the Company estimates it would have paid approximately $3 million, assuming the price in the "unwind period" approximates the trailing three month average of Vectren's stock price. The federal funds rate was 4.50 percent at December 31, 2007. The Company currently anticipates settling the equity forward by delivering shares.

Authorized, Reserved Common and Preferred Shares

At December 31, 2007, and 2006, the Company was authorized to issue 480.0 million shares of common stock and 20.0 million shares of preferred stock. Of the authorized common shares, approximately 6.3 million shares at December 31, 2007 and 7.2 million shares at December 31, 2006, were reserved by the board of directors for issuance through the Company's share-based compensation plans, benefit plans, and dividend reinvestment plan. At December 31, 2007, and 2006, there were 396.4 million and 396.7 million, respectively, of authorized shares of common stock and all authorized shares of preferred stock, available for a variety of general corporate purposes, including future public offerings to raise additional capital and for facilitating acquisitions. At December 31, 2007 available authorized common shares include the 4.6 million shares related to the equity forward.

Shareholder Rights Agreement

The Company's board of directors previously adopted a Shareholder Rights Agreement (Rights Agreement). As part of the Rights Agreement, the board of directors declared a dividend distribution of one right for each outstanding Vectren common share. Each right entitles the holder to purchase from Vectren one share of common stock at a price of $65.00 per share (subject to adjustment to prevent dilution). The rights become exercisable 10 days following a public announcement that a person or group of affiliated or associated persons (Vectren Acquiring Person) has acquired beneficial ownership of 15 percent or more of the outstanding Vectren common shares (or a 10 percent acquirer who is determined by the board of directors to be an adverse person), or 10 days following the announcement of an intention to make a tender offer or exchange offer, the consummation of which would result in any person or group becoming a Vectren Acquiring Person. The Vectren Shareholder Rights Agreement expires October 21, 2009.

11. Earnings Per Share

Basic earnings per share is computed by dividing net income available to common shareholders by the weighted-average number of common shares outstanding for the period. Diluted earnings per share assumes the conversion of stock options into common shares and settlement in shares of an equity forward contract (see Note 10), using the treasury stock method, as well as the conversion of restricted shares using the contingently issuable shares method, to the extent the effect would be dilutive.

The following table illustrates the basic and dilutive earnings per share calculations for the three years ended December 31, 2007:

	Year Ended December 31,		
(In millions, except per share data)	2007	2006	2005
Numerator:			
Numerator for basic and diluted EPS - Net income	$ 143.1	$ 108.8	$ 136.8
Denominator:			
Denominator for basic EPS - Weighted average common shares outstanding	75.9	75.7	75.6
Equity forward dilution effect	0.1	-	-
Conversion of stock options and lifting of restrictions on issued restricted stock	0.6	0.5	0.5
Denominator for diluted EPS - Adjusted weighted average shares outstanding and assumed conversions outstanding	76.6	76.2	76.1
Basic earnings per share	**$ 1.89**	**$ 1.44**	**$ 1.81**
Diluted earnings per share	**$ 1.87**	**$ 1.43**	**$ 1.80**

For the years ended December 31, 2007, 2006 and 2005, all options were dilutive.

12. Commitments & Contingencies

Commitments

Future minimum lease payments required under operating leases that have initial or remaining noncancelable lease terms in excess of one year during the five years following 2007 and thereafter (in millions) are $5.6 in 2008, $4.0 in 2009, $3.0 in 2010, $1.2 in 2011, $0.6 in 2012 and $0.7 thereafter. Total lease expense (in millions) was $8.7 in 2007, $8.5 in 2006, and $6.1 in 2005.

Firm purchase commitments for commodities by consolidated companies total (in millions) $59.9 in 2008, $7.1 in 2009, $2.9 in 2010, 2011 and 2012. Firm purchase commitments for utility and nonutility plant total (in millions) $36.6 in 2008, $4.0 in 2009, and zero in 2010, 2011 and 2012.

Other Guarantees

Vectren issues guarantees to third parties on behalf of its unconsolidated affiliates. Such guarantees allow those affiliates to execute transactions on more favorable terms than the affiliate could obtain without such a guarantee. Guarantees may include posted letters of credit, leasing guarantees, and performance guarantees. As of December 31, 2007, guarantees issued and outstanding on behalf of unconsolidated affiliates approximated $3 million. The Company has accrued no liabilities for these guarantees as they relate to guarantees issued among related parties, or such guarantees were executed prior to the adoption of FASB Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others."

In 2006, the Company issued a guarantee with an approximate $5 million maximum risk related to the residual value of an operating lease that expires in 2011. As of December 31, 2007, Vectren Corporation has a liability representing the fair value of that guarantee of less than $0.1 million. Liabilities accrued for, and activity related to, product warranties are not significant.

Legal Proceedings

The Company is party to various legal proceedings arising in the normal course of business. In the opinion of management, there are no legal proceedings pending against the Company that are likely to have a material adverse effect on its financial position, results of operations or cash flows.

13. Environmental Matters

Clean Air/Climate Change

In March of 2005 USEPA finalized two new air emission reduction regulations. The Clean Air Interstate Rule (CAIR) is an allowance cap and trade program requiring further reductions in Nitrogen Oxides (NOx) and Sulfur Dioxide (SO_2) emissions from coal-burning power plants. The Clean Air Mercury Rule (CAMR) is an allowance cap and trade program requiring further reductions in mercury emissions from coal-burning power plants. Both sets of regulations require emission reductions in two phases. The first phase deadline for both rules is 2010 (2009 for NOx under CAIR), and the second phase deadline for compliance with the emission reductions required under CAIR is 2015, while the second phase deadline for compliance with the emission reduction requirements of CAMR is 2018. However, on February 8, 2008, the US Court of Appeals for the District of Columbia vacated the federal CAMR regulations. At this time it is uncertain how this decision will affect Indiana's recently finalized CAMR implementation program.

To comply with Indiana's implementation plan of the Clean Air Act of 1990 and to further comply with CAIR and CAMR of 2005, SIGECO has received authority from the IURC to invest in clean coal technology. Using this authorization, SIGECO invested approximately $258 million in Selective Catalytic Reduction (SCR) systems at its coal fired generating stations. SCR technology is the most effective method of reducing NOx emissions where high removal efficiencies are required. To further reduce particulate matter emissions, the Company invested approximately $49 million in a fabric filter at its largest generating unit (287 MW). These investments were included in rate base for purposes of determining new base rates that went into effect on August 15, 2007, (See Note 14). Prior to being included in base rates, return on investments made and recovery of related operating expenses were recovered through a rider mechanism.

Further, the IURC granted SIGECO authority to invest in an SO_2 scrubber at its generating facility that is jointly owned with ALCOA (the Company's portion is 150 MW). The order, as updated with an increased spending level, allows SIGECO to recover an approximate 8 percent return on up to $92 million, excluding AFUDC, in capital investments through a rider mechanism which is updated every six months for actual costs incurred. The Company may file periodic updates with the IURC requesting modification to the spending authority. As of December 31, 2007, the Company has invested approximately $53 million in this project. The Company expects the SO_2 scrubber will be operational in 2009. At that time, operating expenses including depreciation expense associated with the scrubber will also be recovered through a rider mechanism.

Once the SO_2 scrubber is operational, SIGECO's coal fired generating fleet will be 100 percent scrubbed for SO_2 and 90 percent controlled for NOx, and mercury emissions will be reduced to meet the CAMR mercury reduction standards described in the original 2005 emission reduction regulations. The use of SCR technology positions the Company to be in compliance with the CAIR deadlines specifying reductions in NOx emissions by 2009 and further reductions by 2015. SIGECO's investments in scrubber, SCR and fabric filter technology positions it to comply with more stringent mercury reduction requirements should CAMR regulations be further modified.

If legislation requiring reductions in carbon dioxide and other greenhouse gases or mandating energy from renewable sources is adopted, such regulation could substantially affect both the costs and operating characteristics of the Company's fossil fuel generating plants and nonutility coal mining operations. At this time and in the absence of final legislation, compliance costs and other effects associated with reductions in greenhouse gas emissions or obtaining renewable energy sources remain uncertain.

SIGECO is studying renewable energy alternatives, and on April 9, 2007, filed a green power rider in order to allow customers to purchase green power and to obtain approval of a contract to purchase 30 MW of power generated by wind energy. The wind contract has been approved. Future filings with the IURC with regard to new generation and/or further environmental compliance plans will include evaluation of potential carbon requirements.

Environmental Remediation Efforts

In the past, Indiana Gas, SIGECO, and others operated facilities for the manufacture of gas. Given the availability of natural gas transported by pipelines, these facilities have not been operated for many years. Under currently applicable environmental laws and regulations, those that operated these facilities may now be required to take remedial action if certain contaminants are found above the regulatory thresholds at these sites.

Indiana Gas identified the existence, location, and certain general characteristics of 26 gas manufacturing and storage sites for which it may have some remedial responsibility. Indiana Gas completed a remedial investigation/feasibility study (RI/FS) at one of the sites under an agreed order between Indiana Gas and the IDEM, and a Record of Decision was issued by the IDEM in January 2000. Indiana Gas submitted the remainder of the sites to the IDEM's Voluntary Remediation Program (VRP) and is currently conducting some level of remedial activities, including groundwater monitoring at certain sites, where deemed appropriate, and will continue remedial activities at the sites as appropriate and necessary.

Indiana Gas accrued the estimated costs for further investigation, remediation, groundwater monitoring, and related costs for the sites. While the total costs that may be incurred in connection with addressing these sites cannot be determined at this time, Indiana Gas has recorded costs that it reasonably expects to incur totaling approximately $21 million.

The estimated accrued costs are limited to Indiana Gas' share of the remediation efforts. Indiana Gas has arrangements in place for 19 of the 26 sites with other potentially responsible parties (PRP), which serve to limit Indiana Gas' share of response costs at these 19 sites to between 20 percent and 50 percent. With respect to insurance coverage, Indiana Gas has received and recorded settlements from all known insurance carriers under insurance policies in effect when these plants were in operation in an aggregate amount approximating $20 million.

In October 2002, SIGECO received a formal information request letter from the IDEM regarding five manufactured gas plants that it owned and/or operated and were not enrolled in the IDEM's VRP. In October 2003, SIGECO filed applications to enter four of the manufactured gas plant sites in IDEM's VRP. The remaining site is currently being addressed in the VRP by another Indiana utility. SIGECO added those four sites into the renewal of the global Voluntary Remediation Agreement that Indiana Gas has in place with IDEM for its manufactured gas plant sites. That renewal was approved by the IDEM in February 2004. SIGECO is also named in a lawsuit filed in federal district court in May 2007, involving another site subject to potential environmental remediation efforts.

SIGECO has filed a declaratory judgment action against its insurance carriers seeking a judgment finding its carriers liable under the policies for coverage of further investigation and any necessary remediation costs that SIGECO may accrue under the VRP program and/or related to the site subject to the May 2007 lawsuit. While the total costs that may be incurred in connection with addressing these sites cannot be determined at this time, SIGECO has recorded costs that it reasonably expects to incur totaling approximately $8 million. With respect to insurance coverage, SIGECO has received and recorded settlements from insurance carriers under insurance policies in effect when these sites were in operation in an aggregate amount approximating the costs it expects to incur.

Environmental remediation costs related to Indiana Gas' and SIGECO's manufactured gas plants and other sites have had no material impact on results of operations or financial condition since costs recorded to date approximate PRP and insurance settlement recoveries. While the Company's utilities have recorded all costs which they presently expect to incur in connection with activities at these sites, it is possible that future events may require some level of additional remedial activities which are not presently foreseen and those costs may not be subject to PRP or insurance recovery.

Jacobsville Superfund Site

On July 22, 2004, the USEPA listed the Jacobsville Neighborhood Soil Contamination site in Evansville, Indiana, on the National Priorities List under the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA). The USEPA has identified four sources of historic lead contamination. These four sources shut down manufacturing operations years ago. When drawing up the boundaries for the listing, the USEPA included a 250 acre block of properties surrounding the Jacobsville neighborhood, including Vectren's Wagner Operations Center. Vectren's property has not been named as a source of the lead contamination, nor does the USEPA's soil testing to date indicate that the Vectren property contains lead contaminated soils. Vectren's own soil testing, completed during the construction of the Operations Center, did not indicate that the Vectren property contains lead contaminated soils. At this time, Vectren anticipates only additional soil testing could be requested by the USEPA at some future date.

14. Rate & Regulatory Matters

Vectren North (Indiana Gas Company, Inc.) Gas Base Rate Order Received

On February 13, 2008, the Company received an order from the IURC which approved its Vectren North gas rate case. The order provided for a base rate increase of $16.3 million and an ROE of 10.2 percent, with an overall rate of return of 7.8 percent on rate base of approximately $793 million. The settlement also provides for the recovery of $10.6 million of costs through separate cost recovery mechanisms rather than base rates.

Further, additional expenditures for a multi-year bare steel and cast iron capital replacement program will be afforded certain accounting treatment that mitigates earnings attrition from the investment between rate cases. The accounting treatment allows for the continuation of the accrual for allowance for funds used during construction (AFUDC) and the deferral of depreciation expense after the projects go in service but before they are included in base rates. To qualify for this treatment, the annual expenditures are limited to $20 million and the treatment cannot extend beyond four years on each project.

With this order, the Company has in place for its North gas territory weather normalization, a conservation and lost margin recovery tariff, tracking of gas cost expense related to bad debts and unaccounted for gas through the existing gas cost adjustment mechanism, and tracking of pipeline integrity expense.

Vectren South (SIGECO) Electric Base Rate Order Received
On August 15, 2007, the Company received an order from the IURC which approved its Vectren South electric rate case. The settlement agreement provides for an approximate $60.8 million electric rate increase to cover the Company's cost of system growth, maintenance, safety and reliability. The settlement provides for, among other things: recovery of ongoing costs and deferred costs associated with the MISO; operations and maintenance (O&M) expense increases related to managing the aging workforce, including the development of expanded apprenticeship programs and the creation of defined training programs to ensure proper knowledge transfer, safety and system stability; increased O&M expense necessary to maintain and improve system reliability; benefit to customers from the sale of wholesale power by Vectren's sharing equally with customers any profit earned above or below $10.5 million of wholesale power margin; recovery of and return on the investment in past demand side management programs to help encourage conservation during peak load periods; timely recovery of the Company's investment in certain new electric transmission projects that benefit the MISO infrastructure; an overall rate of return of 7.32 percent on rate base of approximately $1,044 million and an allowed return on equity (ROE) of 10.4 percent.

Vectren South (SIGECO) Gas Base Rate Order Received
On August 1, 2007, the Company received an order from the IURC which approved its Vectren South gas rate case. The order provided for a base rate increase of $5.1 million and an ROE of 10.15 percent, with an overall rate of return of 7.20 percent on rate base of approximately $122 million. The settlement also provides for the recovery of $2.6 million of costs through separate cost recovery mechanisms rather than base rates.

Further, additional expenditures for a multi-year bare steel and cast iron capital replacement program will be afforded certain accounting treatment that mitigates earnings attrition from the investment between rate cases. The accounting treatment allows for the continuation of the accrual for allowance for funds used during construction (AFUDC) and the deferral of depreciation expense after the projects go in service but before they are included in base rates. To qualify for this treatment, the annual expenditures are limited to $3 million and the treatment cannot extend beyond three years on each project.

With this order, the company now has in place for its South gas territory weather normalization, a conservation and lost margin recovery tariff, tracking of gas cost expense related to bad debts and unaccounted for gas through the existing gas cost adjustment mechanism, and tracking of pipeline integrity expense.

Vectren Energy Delivery of Ohio, Inc. (VEDO) Gas Base Rate Case Filing
In November 2007, the Company filed with the PUCO a request for an increase in its base rates and charges for VEDO's distribution business in its 17-county service area in west central Ohio. The filing indicates that an increase in base rates of approximately $27 million is necessary to cover the ongoing cost of operating, maintaining and expanding the approximately 5,200-mile distribution system used to serve 318,000 customers.

In addition, the Company is seeking to increase the level of the monthly service charge as well as extending the lost margin recovery mechanism currently in place to be able to encourage customer conservation and is also seeking approval of expanded conservation-oriented programs, such as rebate offerings on high-efficiency natural gas appliances for existing and new home construction, to help customers lower their natural gas bills. The Company is also seeking approval of a multi-year bare steel and cast iron capital replacement program.

The Company anticipates an order from the PUCO in late 2008.

Ohio and Indiana Lost Margin Recovery/Conservation Filings

In 2005, the Company filed conservation programs and conservation adjustment trackers in Indiana and Ohio designed to help customers conserve energy and reduce their annual gas bills. The proposed programs would allow the Company to recover costs of promoting the conservation of natural gas through conservation trackers that work in tandem with a lost margin recovery mechanism. These mechanisms are designed to allow the Company to recover the distribution portion of its rates from residential and commercial customers based on the level of customer revenues established in each utility's last general rate case.

Indiana

In December 2006, the IURC approved a settlement agreement that provides for a five-year energy efficiency program. It allows the Company's Indiana utilities to recover a majority of the costs of promoting the conservation of natural gas through conservation trackers that work in tandem with a lost margin recovery mechanism. The order was implemented in the North service territory in December 2006, and provides for recovery of 85 percent of the difference between weather normalized revenues actually collected by the Company and the revenues approved in the Company's most recent rate case. Energy efficiency programs began in the North gas territory in December 2006. A similar approach regarding lost margin recovery commenced in the South gas territory on August 1, 2007, as the new base rates went into effect, allowing for recovery of 100 percent of the difference between weather normalized revenues collected and the revenues approved in that rate case. The recent Vectren North base rate order also allows for full recovery of the difference between weather normalized revenues collected by the Company and the revenues provided for in that settlement, superseding the original December 2006 order. While most expenses associated with these programs are recoverable, in the first program year the Company incurred $0.9 million in program costs without recovery, of which $0.8 million was expensed in 2007 and, in addition contributed $0.2 million in assets that are being depreciated over the term of the program without recovery

Ohio

In June 2007, the Public Utilities Commission of Ohio (PUCO) approved a settlement that provides for the implementation of a lost margin recovery mechanism and a related conservation program for the Company's Ohio operations. This order confirms the guidance the PUCO previously provided in a September 2006 decision. The conservation program, as outlined in the September 2006 PUCO order and as affirmed in this order, provides for a two year, $2 million total conservation program to be paid by the Company, as well as a sales reconciliation rider intended to be a recovery mechanism for the difference between the weather normalized revenues actually collected by the Company and the revenues approved by the PUCO in the Company's most recent rate case. Approximately 60 percent of the Company's Ohio customers are eligible for the conservation programs. The Ohio Consumer Counselor (OCC) and another intervener requested a rehearing of the June 2007 order and the PUCO granted that request in order to have additional time to consider the merits of the request. In accordance with accounting authorization previously provided by the PUCO, the Company began recognizing the impact of the September 2006 order on October 1, 2006, and has recognized cumulative revenues of $4.6 million, of which $3.3 million was recorded in 2007. The OCC appealed the PUCO's accounting authorization to the Ohio Supreme Court, but that appeal has been dismissed as premature pending the PUCO's consideration of issues raised in the OCC's request for rehearing. Since October 1, 2006, the Company has been ratably accruing its $2 million commitment.

MISO

Since February 2002 and with the IURC's approval, the Company has been a member of the Midwest Independent System Operator, Inc. (MISO), a FERC approved regional transmission organization. The MISO serves the electrical transmission needs of much of the Midwest and maintains operational control over the Company's electric transmission facilities as well as that of other Midwest utilities.

On April 1, 2005, the MISO energy market commenced operation (the Day 2 energy market). As a result of being a market participant, the Company now bids its owned generation into the Day Ahead and Real Time markets and procures power for its retail customers at Locational Marginal Pricing (LMP) as determined by the MISO market. The Company is typically in a net sales position with MISO and is only occasionally in a net purchase position. Net positions are determined on an hourly basis. When the Company is a net seller such net revenues are included in *Electric Utility revenues* and when the Company is a net purchaser such net purchases are included in *Cost of* *fuel and purchased power.* The Company also receives transmission revenue that results from other members' use of the Company's transmission system. These revenues are also included in *Electric Utility revenues.*

Pursuant to an order from the IURC received in December 2001, certain MISO startup costs (referred to as Day 1 costs) were deferred, and those deferred costs are now being recovered through base rates that went into effect on August 15, 2007. On June 1, 2005, Vectren, together with three other Indiana electric utilities, received regulatory authority from the IURC to recover fuel related costs and to defer other costs associated with the Day 2 energy market. The order allows fuel related costs to be passed through to customers in Vectren's existing fuel cost recovery proceedings. During 2006, the IURC reaffirmed the definition of certain costs as fuel related; the Company is following those guidelines. Other MISO fuel related and non-fuel related administrative costs were deferred, and those deferred costs are now being recovered through base rates that went into effect on August 15, 2007. The IURC order authorizing new base rates also provides for a tracking mechanism associated with ongoing MISO-related costs and transmission revenues.

As a result of MISO's operational control over much of the Midwestern electric transmission grid, including SIGECO's transmission facilities, SIGECO's continued ability to import power, when necessary, and export power to the wholesale market has been, and may continue to be, impacted. Given the nature of MISO's policies regarding use of transmission facilities, as well as ongoing FERC initiatives, and a pending Day 3 market, where MISO plans to provide bid-based regulation and contingency operating reserve markets, it is difficult to predict near term operational impacts. MISO has indicated that the Day 3 ancillary services market would begin in June 2008.

The need to expend capital for improvements to the transmission system, both to SIGECO's facilities as well as to those facilities of adjacent utilities, over the next several years is expected to be significant. The Company will timely recover its investment in certain new electric transmission projects that benefit the MISO infrastructure at a FERC approved rate of return.

Weather Normalization

On October 5, 2005, the IURC approved the establishment of a normal temperature adjustment (NTA) mechanism for Vectren Energy Delivery of Indiana. The OUCC had previously entered into a settlement agreement with Vectren Energy Delivery of Indiana providing for the NTA. The NTA affects the Company's Indiana regulated residential and commercial natural gas customers and should mitigate weather risk in those customer classes during the October to April heating season. These Indiana customer classes represent approximately 60-65 percent of the Company's total natural gas heating load.

The NTA mechanism will mitigate volatility in distribution charges created by fluctuations in weather by lowering customer bills when weather is colder than normal and increasing customer bills when weather is warmer than normal. The NTA has been applied to meters read and bills rendered after October 15, 2005. Each subsequent monthly bill for the seven-month heating season is adjusted using the NTA

The order provides that the Company will make, on a monthly basis, a commitment of $125,000 to a universal service fund program or other low-income assistance program for the duration of the NTA or until a general rate case. SIGECO's portion of its commitment ceased in August 2007, and Indiana Gas' portion of the commitment ceased on February 14, 2008.

Rate structures in the Company's Indiana electric territory and Ohio gas territory do not include weather normalization-type clauses.

VEDO Base Rate Increase in 2005

On April 13, 2005, the PUCO approved a $15.7 million base rate increase for VEDO's gas distribution business. The base rate change was implemented on April 14, 2005 and provide for the recovery of some level of on-going costs to comply with the Pipeline Safety Improvement Act of 2002.

Gas Cost Recovery (GCR) Audit Proceedings

In 2005, the PUCO issued an order disallowing the recovery of approximately $9.6 million of gas costs relating to the two-year audit period ended October 2002 and in 2006, an additional $0.8 million was disallowed related to the audit period ending October 2005. The initial audit period provided the PUCO staff its initial review of the portfolio administration arrangement between VEDO and ProLiance. Since November 1, 2005, the Company has used a provider other than ProLiance for these services.

Through a series of rehearings and appeals, including action by the Ohio Supreme Court in the first quarter of 2007, the Company was required to refund $8.6 million to customers. In total, the Company has reflected $6.2 million in *Cost of gas sold* related to this matter, of which $1.1 million, $4.1 million, and $1.0 million were recorded in 2007, 2005, and 2003, respectively. The impact of the disallowance includes a sharing of the ordered refund by Vectren's partner in ProLiance. As of December 31, 2007, all amounts have been refunded to customers.

15. Derivatives & Other Financial Instruments

Accounting Policy for Derivatives

The Company executes derivative contracts in the normal course of operations while buying and selling commodities to be used in operations, optimizing its generation assets, and managing risk. The Company accounts for its derivative contracts in accordance with SFAS 133, "Accounting for Derivatives" and its related amendments and interpretations. In most cases, SFAS 133 requires a derivative to be recorded on the balance sheet as an asset or liability measured at its market value and that a change in the derivative's market value be recognized currently in earnings unless specific hedge criteria are met.

When an energy contract that is a derivative is designated and documented as a normal purchase or normal sale, it is exempted from mark-to-market accounting. Otherwise, energy contracts and financial contracts that are derivatives are recorded at market value as current or noncurrent assets or liabilities depending on their value and on when the contracts are expected to be settled. Contracts with counter-parties subject to master netting arrangements are presented net in the Consolidated Balance Sheets. The offset resulting from carrying the derivative at fair value on the balance sheet is charged to earnings unless it qualifies as a hedge or is subject to SFAS 71. When hedge accounting is appropriate, the Company assesses and documents hedging relationships between the derivative contract and underlying risks as well as its risk management objectives and anticipated effectiveness. When the hedging relationship is highly effective, derivatives are designated as hedges. The market value of the effective portion of the hedge is marked to market in accumulated other comprehensive income for cash flow hedges. Ineffective portions of hedging arrangements are marked-to-market through earnings. For fair value hedges, both the derivative and the underlying are marked to market through earnings. The offset to contracts affected by SFAS 71 are marked-to-market as a regulatory asset or liability. Market value for derivative contracts is determined using quoted market prices from independent sources. Following is a more detailed discussion of the Company's use of mark-to-market accounting in five primary areas: asset optimization, synfuels risk management, SO_2 emission allowance risk management, natural gas procurement, and interest rate risk management.

Asset Optimization

Periodically, generation capacity is in excess of that needed to serve native load and firm wholesale customers. The Company markets this unutilized capacity to optimize the return on its owned generation assets. These optimization strategies involve the sale of excess generation into the MISO day ahead and real-time markets. As part of these strategies, the Company may execute energy contracts that are integrated with portfolio requirements around power supply and delivery and are short-term purchase and sale transactions that expose the Company to limited market risk. Asset optimization contracts that are derivatives are recorded at market value.

At December 31, 2007 and 2006, no asset optimization derivative contracts were outstanding. The proceeds received and paid upon settlement of both purchase and sale contracts along with changes in market value of open contracts that are derivatives are recorded in *Electric Utility revenues*. Net revenues from asset optimization activities totaled $39.8 million in 2007, $29.8 million in 2006 and $38.0 million in 2005.

Synfuel Risk Management

As discussed in Note 3, the Company's synfuel operations were exposed to commodity price risk associated with oil. The Company executed derivative instruments designed to limit the effects of a phase out of synfuel tax credits and other risks. During 2006 the Company purchased contracts with a notional amount of 0.5 million barrels to mitigate 2006 risks. All contracts were settled in 2006 at a loss of $5.3 million, which is recorded in *Other-net*. In 2006, the Company also purchased contracts with a notional amount of 2.8 million barrels to mitigate 2007 phase out risk and other risks. The mark to market loss associated with these contracts totaled $2.5 million in 2006 and was also reflected in *Other-net*. In 2007, these contracts increased income $13.4 million, all of which was a realized gain. The fair value of those contracts, which was recorded in *Prepayments and other current assets*, totaled $22.8 million and $11.2 million as of December 31, 2007 and 2006, respectively. The pretax impact of an insurance contract related to synfuels was a loss of $0.3 million in 2007, earnings of $3.1 million in 2006 and a loss of $1.9 million in 2005. These results are also recorded in *Other, net*. As of December 31, 2006, the fair value of the insurance contract, which is included in *Prepayments and other current assets*, totaled $4.4 million and was received in 2007.

SO_2 Emission Allowance Risk Management
The Company's wholesale power marketing operations are exposed to price risk associated with SO_2 emission allowances. To mitigate this risk, the Company executed call options to hedge wholesale emission allowance utilization in future periods. The Company designated and documented these derivatives as cash flow hedges. At December 31, 2007, a deferred gain of approximately $0.7 million remains in accumulated comprehensive income related to these call options which will be recognized in earnings as emission allowances are utilized. Hedge ineffectiveness totaled $0.2 million of expense in 2006 and $0.8 million of expense in 2005. No SO_2 emission allowance hedges are outstanding as of December 31, 2007.

Natural Gas Procurement Activity
The Company's regulated operations have limited exposure to commodity price risk for purchases and sales of natural gas and electricity for retail customers due to current Indiana and Ohio regulations which, subject to compliance with those regulations, allow for recovery of such purchases through natural gas and fuel cost adjustment mechanisms. Although Vectren's regulated operations are exposed to limited commodity price risk, volatile natural gas prices can result in higher working capital requirements, increased expenses including unrecoverable interest costs, uncollectible accounts expense, and unaccounted for gas, and some level of price-sensitive reduction in volumes sold. The Company may mitigate these risks by using derivative contracts. These contracts are subject to regulation which allows for reasonable and prudent hedging costs to be recovered through rates. When regulation is involved, SFAS 71 controls when the offset to mark-to-market accounting is recognized in earnings.

The Company's wholly owned gas retail operations also mitigate price risk associated with forecasted natural gas purchases by using derivatives. These nonregulated gas retail operations may also from time-to-time execute weather derivatives to mitigate extreme weather affecting unregulated gas retail sales.

At December 31, 2007 and 2006, the market values of these contracts and the book value of weather contracts were not significant.

Interest Rate Management
The Company is exposed to interest rate risk associated with its borrowing arrangements. Its risk management program seeks to reduce the potentially adverse effects that market volatility may have on interest expense. The Company has used interest rate swaps and treasury locks to hedge forecasted debt issuances and other interest rate swaps to manage interest rate exposure.

Interest rate swaps hedging the fair value of a planned VUHI debt issuance in 2008 with a total notional amount of $80.0 million are outstanding. The fair value liability associated with those swaps was $8.9 million at December 31, 2007. At December 31, 2006, interest rate swaps hedging the fair value of fixed-rate debt with a total notional amount of $17.5 million were outstanding, and the fair value liability associated with those swaps was $0.3 million. Related to derivative instruments associated with completed debts issuances, an approximate $2.2 million net regulatory liability remains at December 31, 2007. Of that net liability, $0.6 million will be reclassified to earnings in 2008, $0.6 million was reclassified to earnings in 2007, and $0.7 million was reclassified to earnings during 2006.

Fair Value of Other Financial Instruments

The carrying values and estimated fair values of the Company's other financial instruments follow:

	At December 31,			
	2007		2006	
(In millions)	Carrying Amount	Est. Fair Value	Carrying Amount	Est. Fair Value
Long-term debt	$ 1,249.0	$ 1,236.6	$ 1,256.3	$ 1,276.2
Short-term borrowings & notes payable	557.0	557.0	464.8	464.8

Certain methods and assumptions must be used to estimate the fair value of financial instruments. The fair value of the Company's long-term debt was estimated based on the quoted market prices for the same or similar issues or on the current rates offered to the Company for instruments with similar characteristics. Because of the maturity dates and variable interest rates of short-term borrowings, its carrying amount approximates its fair value.

Under current regulatory treatment, call premiums on reacquisition of long-term debt are generally recovered in customer rates over the life of the refunding issue or over a 15-year period. Accordingly, any reacquisition would not be expected to have a material effect on the Company's results of operations.

Periodically, the Company tests its cost method investments and notes receivable for impairment which may require their fair value to be estimated. Because of the customized nature of these investments and lack of a readily available market, it is not practical to estimate the fair value of these financial instruments at specific dates without considerable effort and costs. At December 31, 2007 and 2006, the fair value for these financial instruments was not estimated.

16. Segment Reporting

The Company segregates its operations into three groups: 1) Utility Group, 2) Nonutility Group, and 3) Corporate and Other.

The Utility Group is comprised of Vectren Utility Holdings, Inc.'s operations, which consist of the Company's regulated operations and other operations that provide information technology and other support services to those regulated operations. The Company segregates its regulated operations into a Gas Utility Services operating segment and an Electric Utility Services operating segment. The Gas Utility Services segment provides natural gas distribution and transportation services to nearly two-thirds of Indiana and to west central Ohio. The Electric Utility Services segment provides electric distribution services primarily to southwestern Indiana, and includes the Company's power generating and wholesale marketing operations. The Company manages its regulated operations as separated between Energy Delivery, which includes the gas and electric transmission and distribution functions, and Power Supply, which includes the power generating and asset optimization operations. In total, regulated operations supply natural gas and /or electricity to over one million customers. In total, the Utility Group has three operating segments as defined by SFAS 131 "Disclosure About Segments of an Enterprise and Related Information" (SFAS 131).

The Nonutility Group is comprised of one operating segment as defined by SFAS 131 that includes various subsidiaries and affiliates investing in energy marketing and services, coal mining, and energy infrastructure services, among other energy-related opportunities. The Nonutility Group includes all amounts reported in *Equity in earnings of unconsolidated affiliates* disclosed on the statement of operations and all investments disclosed on the Statement of Cash Flows. For the periods presented, all earnings from and investments in equity method investees are in the Nonutility Group operating segment.

Corporate and Other includes unallocated corporate expenses such as advertising and charitable contributions, among other activities, that benefit the Company's other operating segments. Net income is the measure of profitability used by management for all operations. Information related to the Company's business segments is summarized below:

	Year Ended December 31,		
(In millions)	2007	2006	2005
Revenues			
Utility Group			
Gas Utility Services	$ 1,269.4	$ 1,232.5	$ 1,359.7
Electric Utility Services	487.9	422.2	421.4
Other Operations	40.4	36.6	36.1
Eliminations	(38.7)	(34.8)	(35.4)
Total Utility Group	1,759.0	1,656.5	1,781.8
Nonutility Group	643.4	503.2	344.3
Eliminations	(120.5)	(118.1)	(98.1)
Consolidated Revenues	$ 2,281.9	$ 2,041.6	$ 2,028.0
Profitability Measures - Net Income			
Gas Utility Services	$ 41.7	$ 41.5	$ 34.7
Electric Utility Services	52.6	41.6	50.4
Other Operations	12.2	8.3	10.0
Utility Group Net Income	106.5	91.4	95.1
Nonutility Group Net Income	37.0	18.1	48.2
Corporate & Other Net Loss	(0.4)	(0.7)	(6.5)
Consolidated Net Income	$ 143.1	$ 108.8	$ 136.8
Amounts Included in Profitability Measures			
Depreciation & Amortization			
Utility Group			
Gas Utility Services	$ 70.6	$ 67.6	$ 64.9
Electric Utility Services	66.0	61.8	56.9
Other Operations	21.8	21.9	19.5
Total Utility Group	158.4	151.3	141.3
Nonutility Group	26.4	21.0	16.0
Corporate & Other	-	-	0.9
Consolidated Depreciation & Amortization	$ 184.8	$ 172.3	$ 158.2
Interest Expense			
Utility Group			
Gas Utility Services	$ 39.8	$ 40.7	$ 40.2
Electric Utility Services	29.6	28.6	23.7
Other Operations	11.2	8.2	6.0
Total Utility Group	80.6	77.5	69.9
Nonutility Group	21.9	20.0	14.6
Corporate & Other	(1.5)	(1.9)	(0.6)
Consolidated Interest Expense	$ 101.0	$ 95.6	83.9

	Year Ended December 31,		
(In millions)	2007	2006	2005
Income Taxes			
Utility Group			
Gas Utility Services	$ 33.2	$ 22.6	$ 22.3
Electric Utility Services	38.0	25.3	33.5
Other Operations	(4.5)	(0.2)	1.7
Total Utility Group	66.7	47.7	57.5
Nonutility Group	10.5	(17.6)	(9.9)
Corporate & Other	(1.2)	0.2	(3.5)
Consolidated Income Taxes	$ 76.0	$ 30.3	$ 44.1
Capital Expenditures			
Utility Group			
Gas Utility Services	$ 128.9	$ 76.8	$ 81.0
Electric Utility Services	134.7	156.8	100.0
Other Operations	36.4	24.8	29.9
Non-cash costs & changes in accruals	(0.2)	(11.8)	3.6
Total Utility Group	299.8	246.6	214.5
Nonutility Group	34.7	34.8	17.1
Consolidated Capital Expenditures	$ 334.5	$ 281.4	$ 231.6

	At December 31,	
(In millions)	2007	2006
Assets		
Utility Group		
Gas Utility Services	$ 2,287.4	$ 1,953.6
Electric Utility Services	1,369.2	1,277.6
Other Operations	2,229.7	225.9
Eliminations	(2,242.6)	(16.3)
Total Utility Group	3,643.7	3,440.8
Nonutility Group	704.1	639.7
Corporate & Other	407.0	466.7
Eliminations	(458.3)	(455.6)
Consolidated Assets	$ 4,296.4	$ 4,091.6

17. Additional Operational & Balance Sheet Information

Prepayments and other current assets in the Consolidated Balance Sheets consist of the following:

	At December 31,	
(In millions)	2007	2006
Prepaid gas delivery service	$ 65.2	$ 66.2
Deferred income taxes	29.9	3.6
Synfuels related derivatives	22.8	15.6
Prepaid taxes	9.8	12.3
Utilicom receivable - current	-	44.6
Other prepayments & current assets	32.8	30.4
Total prepayments & other current assets	**$ 160.5**	**$ 172.7**

Accrued liabilities in the Consolidated Balance Sheets consist of the following:

TRUE TRUE

	At December 31,	
(In millions)	2007	2006
Refunds to customers & customer deposits	$ 43.7	$ 43.0
Accrued taxes	34.2	31.6
Accrued interest	17.4	16.8
Asset retirement obligation	9.5	-

Equity in earnings of unconsolidated affiliates in the Consolidated Statements of Income consists of the following:

	Year Ended December 31,		
(In millions)	2007	2006	2005
ProLiance Holdings , LLC	$ 41.0	$ 35.3	$ 52.4
Haddinton Energy Partners, LP	(0.2)	0.3	7.7
Pace Carbon Synfuels, LP	(20.0)	(17.8)	(15.7)
Other	2.1	(0.8)	1.2
Total equity in earnings of unconsolidated affiliates	**$ 22.9**	**$ 17.0**	**$ 45.6**

Other – net in the Consolidated Statements of Income consists of the following:

	Year Ended December 31,		
(In millions)	2007	2006	2005
AFUDC & capitalized interest	$ 6.3	$ 5.3	$ 2.5
Interest income	2.9	4.0	3.8
Synfuel-related activity	23.4	(11.4)	(1.9)
Broadband charges	0.1	(1.9)	(1.1)
All other income	4.1	1.3	2.9
Total other – net	**$ 36.8**	**$ (2.7)**	**$ 6.2**

18. Quarterly Financial Data (Unaudited)

Information in any one quarterly period is not indicative of annual results due to the seasonal variations common to the Company's utility operations. Summarized quarterly financial data for 2006 and 2005 follows:

(In millions, except per share amounts)	Q1	Q2	Q3	Q4
2007				
Operating revenues	$ 834.0	$ 421.7	$ 381.4	$ 644.8
Operating income	95.6	39.7	45.1	80.1
Net income	70.1	16.0	17.1	39.9
Earnings per share:				
Basic	$ 0.92	$ 0.21	$ 0.23	$ 0.53
Diluted	0.92	0.21	0.22	0.52
2006				
Operating revenues	$ 774.5	$ 317.5	$ 340.5	$ 609.1
Operating income	91.5	28.5	28.4	72.1
Net income	57.6	4.3	12.0	34.9
Earnings per share:				
Basic	$ 0.76	$ 0.06	$ 0.16	$ 0.46
Diluted	0.76	0.06	0.16	0.45

19. Impact of Recently Issued Accounting Guidance

<u>SFAS No. 157</u>
In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements" (SFAS 157). SFAS 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles (GAAP), and expands disclosures about fair value measurements. This statement does not require any new fair value measurements; however, the standard will impact how other fair value based GAAP is applied. SFAS 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007. However, in December 2007, the FASB issued proposed FSP FAS 157-b which would delay the effective date of SFAS 157 for all nonfinancial assets and nonfinancial liabilities, except those that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually). This proposed FSP partially defers the effective date of Statement 157 to fiscal years beginning after November 15, 2008, and interim periods within those fiscal years for items within the scope of this FSP. The Company will adopt SFAS 157 on January 1, 2008, except as it applies to those nonfinancial assets and nonfinancial liabilities as noted in proposed FSP FAS 157-b. The partial adoption of SFAS 157 will not have a material impact on the Company's financial position, results of operations or cash flows.

<u>SFAS 159</u>
In February 2007, the FASB issued SFAS No. 159, The Fair Value Option for Financial Assets and Financial Liabilities – Including an Amendment of FASB Statement No. 115 (SFAS 159). SFAS 159 permits entities to measure many financial instruments and certain other items at fair value. Items eligible for the fair value measurement option include: financial assets and financial liabilities with certain exceptions; firm commitments that would otherwise not be recognized at inception and that involve only financial instruments; nonfinancial insurance contracts and warranties that the insurer can settle by paying a third party to provide those goods or services; and host financial instruments resulting from separation of an embedded financial derivative instrument from a nonfinancial hybrid instrument. The fair value option may be applied instrument by instrument, with few exceptions, is an irrevocable election and is applied only to entire instruments. SFAS 159 is effective as of the beginning of an entity's first fiscal year that begins after November 15, 2007. The Company will adopt SFAS 159 on January 1, 2008, and does not expect that adoption will have a material impact on its financial statements and results of operations.

SFAS 141 (Revised 2007)
In December 2007, the FASB issued SFAS 141, Business Combinations (SFAS 141). SFAS 141 establishes principles and requirements for how the acquirer of an entity (1) recognizes and measures the identifiable assets acquired, the liabilities assumed, and any Noncontrolling interest in the acquiree (2) recognizes and measures acquired goodwill or a bargain purchase gain and (3) determines what information to disclose in its financial statements in order to enable users to assess the nature and financial effects of the business combination. SFAS 141 applies to all transactions or other events in which one entity acquires control of one or more businesses and applies to all business entities. SFAS 141 applies prospectively to business combinations with an acquisition date on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. Early adoption is not permitted. The Company will adopt SFAS 141 on January 1, 2009, and because the provisions of this standard are applied prospectively, the impact to the Company cannot be determined until the transactions occur.

SFAS 160
In December 2007, the FASB issued SFAS 160, Noncontrolling Interests in Consolidated Financial Statements-an Amendment of ARB No. 51 (SFAS 160). SFAS 160 establishes accounting and reporting standards that require that the ownership percentages in subsidiaries held by parties other than the parent be clearly identified, labeled, and presented separately from the parent's equity in the equity section of the consolidated balance sheet; the amount of consolidated net income attributable to the parent and the noncontrolling interest to be clearly identified and presented on the face of the consolidated income statement; that changes in the parents ownership interest while it retains control over its subsidiary be accounted for consistently; that when a subsidiary is deconsolidated, any retained noncontrolling equity investment be initially measured at fair value; and that sufficient disclosure is made to clearly identify and distinguish between the interests of the parent and the noncontrolling owners. SFAS 160 applies to all entities that prepare consolidated financial statements, except for non-profit entities. SFAS 160 is effective for fiscal years beginning after December 31, 2008. Early adoption is not permitted. The Company will adopt SFAS 160 on January 1, 2009, and is currently assessing the impact this statement will have on its financial statements and results of operations.

ITEM 9. CHANGE IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Changes in Internal Controls over Financial Reporting

During the quarter ended December 31, 2007, there have been no changes to the Company's internal controls over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures

As of December 31, 2007, the Company conducted an evaluation under the supervision and with the participation of the Chief Executive Officer and Chief Financial Officer of the effectiveness and the design and operation of the Company's disclosure controls and procedures. Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that the Company's disclosure controls and procedures are effective as of December 31, 2007, to ensure that information required to be disclosed in reports filed or submitted under the Exchange Act is:

1) recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and
2) accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Management's Report on Internal Control over Financial Reporting

Vectren Corporation's management is responsible for establishing and maintaining adequate internal control over financial reporting. Under the supervision and with the participation of management, including the Chief Executive Officer and Chief Financial Officer, the Company conducted an evaluation of the effectiveness of its internal control over financial reporting based on the framework in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on that evaluation under the framework in *Internal Control — Integrated Framework*, the Company concluded that its internal control over financial reporting was effective as of December 31, 2007.

The effectiveness of internal control over financial reporting as of December 31, 2007, has been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report which is included in Item 8 of this annual report.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by Part III, Item 10 of this Form 10-K is incorporated by reference herein, and made part of this Form 10-K, from the Company's Proxy Statement for its 2008 Annual Meeting of Stockholders, which will be filed with the Securities and Exchange Commission pursuant to Regulation 14A, within 120 days after the end of the fiscal year. The Company's executive officers are the same as those named executive officers detailed in the Proxy Statement.

The Company's Corporate Governance Guidelines, its charters for each of its Audit, Compensation and Benefits and Nominating and Corporate Governance Committees, and its Code of Ethics covering the Company's directors, officers and employees are available on the Company's website, *www.vectren.com*, and a copy will be mailed upon request to Investor Relations, Attention: Steve Schein, One Vectren Square, Evansville, Indiana 47708. The Company intends to disclose any amendments to the Code of Ethics or waivers of the Code of Ethics on behalf of the Company's directors or officers including, but not limited to, the principal executive officer, principal financial officer, principal accounting officer or controller and persons performing similar functions on the Company's website at the internet address set forth above promptly following the date of such amendment or waiver and such information will also be available by mail upon request to the address listed above.

ITEM 11. EXECUTIVE COMPENSATION

Information required by Part III, Item 11 of this Form 10-K is incorporated by reference herein, and made part of this Form 10-K, from the Company's Proxy Statement for its 2008 Annual Meeting of Stockholders, which will be filed with the Securities and Exchange Commission pursuant to Regulation 14A, within 120 days after the end of the fiscal year.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Except with respect to equity compensation plan information of the Registrant, which is included herein, the information required by Part III, Item 12 of this Form 10-K is incorporated by reference herein, and made part of this Form 10-K, from the Company's Proxy Statement for its 2008 Annual Meeting of Stockholders, which will be filed with the Securities and Exchange Commission pursuant to Regulation 14A, within 120 days after the end of the fiscal year.

Shares Issuable under Share-Based Compensation Plans

As of December 31, 2007, the following shares were authorized to be issued under share-based compensation plans:

Plan category	A Number of securities to be issued upon exercise of outstanding options, warrants and rights	B Weighted average exercise price of outstanding options, warrants and rights	C Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)
Equity compensation plans approved by security holders	1,432,774 (1)	$ 23.88 (1)	2,768,528 (2)
Equity compensation plans not approved by security holders	-	-	-
Total	1,432,774	$ 23.88	2,768,528

(1) Includes the following Vectren Corporation Plans: Vectren Corporation At-Risk Compensation Plan and 1994 SIGCORP Stock Option Plan.

(2) Future issuances of shares awards can only be made under the Vectren Corporation At-Risk Plan. Shares available for issuance under the At-Risk Plan have been reduced by the issuance of 21,170 restricted shares and 155,400 restricted units approved by the board of directors' Compensation Committee, effective January 1, 2008.

The SIGCORP stock option plan was approved by SIGCORP common shareholders prior to the merger forming Vectren. The At-Risk Compensation plan was approved by Vectren Corporation common shareholders after the merger forming Vectren.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

Information required by Part III, Item 13 of this Form 10-K is incorporated by reference herein, and made part of this Form 10-K, from the Company's Proxy Statement for its 2008 Annual Meeting of Stockholders, which will be filed with the Securities and Exchange Commission pursuant to Regulation 14A, within 120 days after the end of the fiscal year.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Information required by Part III, Item 14 of this Form 10-K is incorporated by reference herein, and made part of this Form 10-K, from the Company's Proxy Statement for its 2008 Annual Meeting of Stockholders, which will be filed with the Securities and Exchange Commission pursuant to Regulation 14A, within 120 days after the end of the fiscal year.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

List of Documents Filed as Part of This Report

Consolidated Financial Statements

The consolidated financial statements and related notes, together with the report of Deloitte & Touche LLP, appear in Part II "Item 8 Financial Statements and Supplementary Data" of this Form 10-K. The financial statements of ProLiance Holdings, LLC are attached as exhibit 99.1 to this Form 10-K.

Supplemental Schedules

For the years ended December 31, 2007, 2006, and 2005, the Company's Schedule II -- Valuation and Qualifying Accounts Consolidated Financial Statement Schedules is presented herein. The report of Deloitte & Touche LLP on the schedule may be found in Item 8. All other schedules are omitted as the required information is inapplicable or the information is presented in the Consolidated Financial Statements or related notes in Item 8.

SCHEDULE II
Vectren Corporation and Subsidiaries
VALUATION AND QUALIFYING ACCOUNTS AND RESERVES

Column A	Column B	Column C		Column D	Column E
		Additions			
Description	Balance at Beginning of Year	Charged to Expenses	Charged to Other Accounts	Deductions from Reserves, Net	Balance at End of Year
(In millions)					
VALUATION AND QUALIFYING ACCOUNTS:					
Year 2007 – Accumulated provision for uncollectible accounts	$ 3.3	$ 16.6	$ -	$ 16.2	$ 3.7
Year 2006 – Accumulated provision for uncollectible accounts	$ 2.8	$ 15.3	$ -	$ 14.8	$ 3.3
Year 2005 – Accumulated provision for uncollectible accounts	$ 2.0	$ 15.1	$ -	$ 14.3	$ 2.8
OTHER RESERVES:					
Year 2007 – Restructuring costs	$ 1.7	$ -	$ -	$ 1.1	$ 0.6
Year 2006 – Restructuring costs	$ 2.4	$ -	$ -	$ 0.7	$ 1.7
Year 2005 – Restructuring costs	$ 2.7	$ -	$ -	$ 0.3	$ 2.4

List of Exhibits

The Company has incorporated by reference herein certain exhibits as specified below pursuant to Rule 12b-32 under the Exchange Act. Exhibits for the Company attached to this filing filed electronically with the SEC are listed below. Exhibits for the Company are listed in the Index to Exhibits beginning on page 99.

Vectren Corporation
Form 10-K
Attached Exhibits

The following Exhibits are included in this Annual Report on Form 10-K.

Exhibit Number	**Document**
31.1	Chief Executive Officer Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Chief Financial Officer Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32	Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

The following Exhibits, as well as the Exhibits listed above, were filed electronically with the SEC with this filing.

Exhibit Number	**Document**
4.1	Southern Indiana Gas and Electric Company with Deutsche Bank Trust Company Americas, as Trustee. Supplemental Indenture relating to the First Mortgage Bonds 4.50% Series B 1998 due 2020 and 5.00% Series B 1998 due 2030, dated April 1, 2005
4.2	Southern Indiana Gas and Electric Company with Deutsche Bank Trust Company Americas, as Trustee. Supplemental Indenture relating to the First Mortgage Bonds Series A 1998 due 2025 and Series C 1998 due 2030, dated March 1, 2006
4.3	Southern Indiana Gas and Electric Company with Deutsche Bank Trust Company Americas, as Trustee. Supplemental Indenture relating to the First Mortgage Bonds Series 2007 due 2041, dated December 1, 2007
21.1	List of Company's Significant Subsidiaries
23.1	Consent of Independent Registered Public Accounting Firm
23.2	Consent of Independent Auditors
99.1	ProLiance Holdings, LLC Consolidated Financial Statements

INDEX TO EXHIBITS

2. Plan of Acquisition, Reorganization, Arrangement, Liquidation or Succession

2.1 Asset Purchase Agreement dated December 14, 1999 between Indiana Energy, Inc. and The Dayton Power and Light Company and Number-3CHK with a commitment letter for a 364-Day Credit Facility dated December 16, 1999. (Filed and designated in Current Report on Form 8-K dated December 28, 1999, File No. 1-9091, as Exhibit 2 and 99.1)

3. Articles of Incorporation and By-Laws

3.1 Amended and Restated Articles of Incorporation of Vectren Corporation effective March 31, 2000. (Filed and designated in Current Report on Form 8-K filed April 14, 2000, File No. 1-15467, as Exhibit 4.1.)

3.2 Amended and Restated Code of By-Laws of Vectren Corporation as of February 1, 2007. (Filed and designated in Current Report on Form 8-K filed February 5, 2007, File No. 1-15467, as Exhibit 3.2.)

3.3 Shareholders Rights Agreement dated as of October 21, 1999 between Vectren Corporation and Equiserve Trust Company, N.A., as Rights Agent. (Filed and designated in Form S-4 (No. 333-90763), filed November 12. 1999, File No. 1-15467, as Exhibit 4.)

4. Instruments Defining the Rights of Security Holders, Including Indentures

4.1 Mortgage and Deed of Trust dated as of April 1, 1932 between Southern Indiana Gas and Electric Company and Bankers Trust Company, as Trustee, and Supplemental Indentures thereto dated August 31, 1936, October 1, 1937, March 22, 1939, July 1, 1948, June 1, 1949, October 1, 1949, January 1, 1951, April 1, 1954, March 1, 1957, October 1, 1965, September 1, 1966, August 1, 1968, May 1, 1970, August 1, 1971, April 1, 1972, October 1, 1973, April 1, 1975, January 15, 1977, April 1, 1978, June 4, 1981, January 20, 1983, November 1, 1983, March 1, 1984, June 1, 1984, November 1, 1984, July 1, 1985, November 1, 1985, June 1, 1986. (Filed and designated in Registration No. 2-2536 as Exhibits B-1 and B-2; in Post-effective Amendment No. 1 to Registration No. 2-62032 as Exhibit (b)(4)(ii), in Registration No. 2-88923 as Exhibit 4(b)(2), in Form 8-K, File No. 1-3553, dated June 1, 1984 as Exhibit (4), File No. 1-3553, dated March 24, 1986 as Exhibit 4-A, in Form 8-K, File No. 1-3553, dated June 3, 1986 as Exhibit (4).) July 1, 1985 and November 1, 1985 (Filed and designated in Form 10-K, for the fiscal year 1985, File No. 1-3553, as Exhibit 4-A.) November 15, 1986 and January 15, 1987. (Filed and designated in Form 10-K, for the fiscal year 1986, File No. 1-3553, as Exhibit 4-A.) December 15, 1987. (Filed and designated in Form 10-K, for the fiscal year 1987, File No. 1-3553, as Exhibit 4-A.) December 13, 1990. (Filed and designated in Form 10-K, for the fiscal year 1990, File No. 1-3553, as Exhibit 4-A.) April 1, 1993. (Filed and designated in Form 8-K, dated April 13, 1993, File No. 1-3553, as Exhibit 4.) June 1, 1993 (Filed and designated in Form 8-K, dated June 14, 1993, File No. 1-3553, as Exhibit 4.) May 1, 1993. (Filed and designated in Form 10-K, for the fiscal year 1993, File No. 1-3553, as Exhibit 4(a).) July 1, 1999. (Filed and designated in Form 10-Q, dated August 16, 1999, File No. 1-3553, as Exhibit 4(a).) March 1, 2000. (Filed and designated in Form 10-K for the year ended December 31, 2001, File No. 1-15467, as Exhibit 4.1.) August 1, 2004. (Filed and designated in Form 10-K for the year ended December 31, 2004, File No. 1-15467, as Exhibit 4.1.) October 1, 2004. (Filed and designated in Form 10-K for the year ended December 31, 2004, File No. 1-15467, as Exhibit 4.2.) April 1, 2005 (Filed and designated in Form 10-K for the year ended December 31, 2007, File No 1-15467, as Exhibit 4.1) March 1, 2006 (Filed and designated in Form 10-K for the year ended December 31, 2007, File No 1-15467, as Exhibit 4.2) December 1, 2007 (Filed and designated in Form 10-K for the year ended December 31, 2007, File No 1-15467, as Exhibit 4.3)

4.2 Indenture dated February 1, 1991, between Indiana Gas and U.S. Bank Trust National Association (formerly know as First Trust National Association, which was formerly know as Bank of America Illinois, which was formerly know as Continental Bank, National Association. Inc.'s. (Filed and designated in Current Report on Form 8-K filed February 15, 1991, File No. 1-6494.); First Supplemental Indenture thereto dated as of February 15, 1991. (Filed and designated in Current Report on Form 8-K filed February 15, 1991, File No. 1-6494, as Exhibit 4(b).); Second Supplemental Indenture thereto dated as of September 15, 1991, (Filed and designated in Current Report on Form 8-K filed September 25, 1991, File No. 1-6494, as Exhibit 4(b).); Third supplemental Indenture thereto dated as of September 15, 1991 (Filed and designated in Current Report on Form 8-K filed September 25, 1991, File No. 1-6494, as Exhibit 4(c).); Fourth Supplemental Indenture thereto dated as of December 2, 1992, (Filed and designated in Current Report on Form 8-K filed December 8, 1992, File No. 1-6494, as Exhibit 4(b).); Fifth Supplemental Indenture thereto dated as of December 28, 2000, (Filed and designated in Current Report on Form 8-K filed December 27, 2000, File No. 1-6494, as Exhibit 4.)

4.3 Indenture dated October 19, 2001, among Vectren Utility Holdings, Inc., Indiana Gas Company, Inc., Southern Indiana Gas and Electric Company, Vectren Energy Delivery of Ohio, Inc., and U.S. Bank Trust National Association. (Filed and designated in Form 8-K, dated October 19, 2001, File No. 1-16739, as Exhibit 4.1); First Supplemental Indenture, dated October 19, 2001, between Vectren Utility Holdings, Inc., Indiana Gas Company, Inc., Southern Indiana Gas and

Electric Company, Vectren Energy Delivery of Ohio, Inc., and U.S. Bank Trust National Association. (Filed and designated in Form 8-K, dated October 19, 2001, File No. 1-16739, as Exhibit 4.2); Second Supplemental Indenture, among Vectren Utility Holdings, Inc., Indiana Gas Company, Inc., Southern Indiana Gas and Electric Company, Vectren Energy Delivery of Ohio, Inc., and U.S. Bank Trust National Association. (Filed and designated in Form 8-K, dated November 29, 2001, File No. 1-16739, as Exhibit 4.1); Third Supplemental Indenture, among Vectren Utility Holdings, Inc., Indiana Gas Company, Inc., Southern Indiana Gas and Electric Company, Vectren Energy Delivery of Ohio, Inc., and U.S. Bank Trust National Association. (Filed and designated in Form 8-K, dated July 24, 2003, File No. 1-16739, as Exhibit 4.1); Fourth Supplemental Indenture, among Vectren Utility Holdings, Inc., Indiana Gas Company, Inc., Southern Indiana Gas and Electric Company, Vectren Energy Delivery of Ohio, Inc., and U.S. Bank Trust National Association. (Filed and designated in Form 8-K, dated November 18, 2005, File No. 1-16739, as Exhibit 4.1). Form of Fifth Supplemental Indenture, among Vectren Utility Holdings, Inc., Indiana Gas Company, Inc., Southern Indiana Gas & Electric Company, Vectren Energy Delivery of Ohio, Inc., and U.S. Bank Trust National Association. (Incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K, dated October 16, 2006, File No. 1-16739).

4.4 Note purchase agreement, dated October 11, 2005, between Vectren Capital Corp. and each of the purchasers named therein. (Filed designated in Form 10-K for the year ended December 31, 2005, File No. 1-15467, as Exhibit 4.4.)

10. Material Contracts

10.1 Summary description of Southern Indiana Gas and Electric Company's nonqualified Supplemental Retirement Plan (Filed and designated in Form 10-K for the fiscal year 1992, File No. 1-3553, as Exhibit 10-A-17.) First Amendment, effective April 16, 1997 (Filed and designated in Form 10-K for the fiscal year 1997, File No. 1-3553, as Exhibit 10.29.).

10.2 Southern Indiana Gas and Electric Company 1994 Stock Option Plan (Filed and designated in Southern Indiana Gas and Electric Company's Proxy Statement dated February 22, 1994, File No. 1-3553, as Exhibit A.)

10.3 Indiana Energy, Inc. Unfunded Supplemental Retirement Plan for a Select Group of Management Employees as amended and restated effective December 1, 1998. (Filed and designated in Form 10-Q for the quarterly period ended December 31, 1998, File No. 1-9091, as Exhibit 10-G.)

10.4 Vectren Corporation At Risk Compensation Plan effective May 1, 2001,(as amended and restated s of May 1, 2006). (Filed and designated in Vectren Corporation's Proxy Statement dated March 15, 2006, File No. 1-15467, as Appendix H.)

10.5 Vectren Corporation Non-Qualified Deferred Compensation Plan, as amended and restated effective January 1, 2001. (Filed and designated in Form 10-K, for the year ended December 31, 2001, File No. 1-15467, as Exhibit 10.32.)

10.6 Vectren Corporation Change in Control Agreement between Vectren Corporation and Niel C. Ellerbrook dated as of March 1, 2005. (Filed and designated in Form 8-K dated March 1, 2005, File No. 1-15467, as Exhibit 99.1.)

10.7 Vectren Corporation At Risk Compensation Plan specimen Restricted Stock Grant Agreement for officers, effective January 1, 2005. (Filed and designated in Form 8-K, dated January 1, 2005, File No. 1-15467, as Exhibit 99.1.)

10.8 Vectren Corporation At Risk Compensation Plan specimen restricted stock grant agreement for officers, effective January 1, 2006. (Filed and designated in Form 8-K, dated February 27, 2006, File No. 1-15467, as Exhibit 99.1.)

10.9 Vectren Corporation At Risk Compensation Plan specimen restricted stock grant agreement for officers, effective January 1, 2008. (Filed and designated in Form 8-K, dated December 28, 2007, File No. 1-15467, as Exhibit 99.1.)

10.10 Vectren Corporation At Risk Compensation Plan specimen restricted stock units agreement for officers, effective January 1, 2008. (Filed and designated in Form 8-K, dated December 28, 2007, File No. 1-15467, as Exhibit 99.2.)

10.11 Vectren Corporation At Risk Compensation Plan specimen Stock Option Grant Agreement for officers, effective January 1, 2005. (Filed and designated in Form 8-K, dated January 1, 2005, File No. 1-15467, as Exhibit 99.2.)

10.12 Vectren Corporation specimen employment agreement dated February 1, 2005. (Filed and designated in Form 8-K, dated February 1, 2005, File No. 1-15467, as Exhibit 99.1.)

10.13 Life Insurance Replacement Agreement between Vectren Corporation and certain named officers, effective December 31, 2006. (Filed and designated in Form 8-K, dated December 31, 2006, File No. 1-15467 as Exhibit 99.1.)

10.14 Gas Sales and Portfolio Administration Agreement between Indiana Gas Company, Inc. and ProLiance Energy, LLC, effective August 30, 2003. (Filed and designated in Form 10-K, for the year ended December 31, 2003, File No. 1-15467, as Exhibit 10.15.)

10.15 Gas Sales and Portfolio Administration Agreement between Southern Indiana Gas and Electric Company and ProLiance Energy, LLC, effective September 1, 2002. (Filed and designated in Form 10-K, for the year ended December 31, 2003, File No. 1-15467, as Exhibit 10.16.)

10.16 Formation Agreement among Indiana Energy, Inc., Indiana Gas Company, Inc., IGC Energy, Inc., Indiana Energy Services, Inc., Citizens Gas & Coke Utility, Citizens Energy Services Corporation and ProLiance Energy, LLC, effective March 15, 1996. (Filed and designated in Form 10-Q for the quarterly period ended March 31, 1996, File No. 1-9091, as Exhibit 10-C.)

10.17 Revolving Credit Agreement (5 year facility), dated November 10, 2005, among Vectren Utility Holdings, Inc., and each of the purchasers named therein. (Filed and designated in Form 10-K, for the year ended December 31, 2005, File No. 1-15467, as Exhibit 10.24.)

10.18 Revolving Credit Agreement (5 year facility), dated November 10, 2005, among Vectren Capital Corp., and each of the purchasers named therein. (Filed and designated in Form 10-K, for the year ended December 31, 2005, File No. 1-15467, as Exhibit 10.25.)

21. Subsidiaries of the Company

The list of the Company's significant subsidiaries is attached hereto as Exhibit 21.1. (Filed herewith.)

23. Consents of Experts and Counsel

The consents of Deloitte & Touche LLP are attached hereto as Exhibits 23.1 and 23.2. (Filed herewith.)

31. Certification Pursuant To Section 302 of the Sarbanes-Oxley Act of 2002

Chief Executive Officer Certification Pursuant to Section 302 of the Sarbanes-Oxley Act Of 2002 is attached hereto as Exhibit 31.1 (Filed herewith.)

Chief Financial Officer Certification Pursuant to Section 302 of the Sarbanes-Oxley Act Of 2002 is attached hereto as Exhibit 31.2 (Filed herewith.)

32. Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Certification Pursuant To Section 906 of the Sarbanes-Oxley Act Of 2002 is attached hereto as Exhibit 32 (Filed herewith.)

99.1 ProLiance Holdings, LLC Consolidated Financial Statements for the Fiscal Years Ended September 30, 2007, 2006, and 2005. (Filed herewith.)

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

VECTREN CORPORATION

Dated February 19, 2008

/s/ Niel C. Ellerbrook
Niel C. Ellerbrook,
Chairman, Chief Executive Officer, and Director

Pursuant to the requirements of the Securities and Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in capacities and on the dates indicated.

Signature	Title	Date
/s/ Niel C. Ellerbrook Niel C. Ellerbrook	Chairman, Chief Executive Officer, and Director (Principal Executive Officer)	February 19, 2008
/s/ Jerome A. Benkert, Jr. Jerome A. Benkert, Jr.	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	February 19, 2008
/s/ M. Susan Hardwick M. Susan Hardwick	Vice President, Controller and Assistant Treasurer (Principal Accounting Officer)	February 19, 2008
/s/ John M. Dunn John M. Dunn	Director	February 19, 2008
/s/ John D. Engelbrecht John D. Engelbrecht	Director	February 19, 2008
/s/ Anton H. George Anton H. George	Director	February 19, 2008
/s/ Martin C. Jischke Martin J. Jischke	Director	February 19, 2008
/s/ Robert L. Koch II Robert L. Koch II	Director	February 19, 2008

/s/ William G Mays William G. Mays	Director	February 19, 2008
/s/ J. Timothy McGinley J. Timothy McGinley	Director	February 19, 2008
/s/ Richard P. Rechter Richard P. Rechter	Director	February 19, 2008
/s/ R. Daniel Sadlier R. Daniel Sadlier	Director	February 19, 2008
/s/ Richard W. Shymanski Richard W. Shymanski	Director	February 19, 2008
/s/ Michael L Smith Michael L Smith	Director	February 19, 2008
/s/ Jean L. Wojtowicz Jean L. Wojtowicz	Director	February 19, 2008

Exhibit 31.1

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

CHIEF EXECUTIVE OFFICER CERTIFICATION

I, Niel C. Ellerbrook, certify that:

1. I have reviewed this Annual Report on Form 10-K of Vectren Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 19, 2008

/s/ Niel C. Ellerbrook
Niel C. Ellerbrook
Chairman and Chief Executive Officer

Exhibit 31.2

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

CHIEF FINANCIAL OFFICER CERTIFICATION

I, Jerome A. Benkert, Jr., certify that:

1. I have reviewed this Annual Report on Form 10-K of Vectren Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 19, 2008

/s/ Jerome A. Benkert, Jr.
Jerome A. Benkert, Jr.
Executive Vice President and Chief Financial Officer

Exhibit 32

CERTIFICATION PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

CERTIFICATION

By signing below, each of the undersigned officers hereby certifies pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to his knowledge, (i) this Annual Report on Form 10-K fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and (ii) the information contained in this report fairly presents, in all material respects, the financial condition and results of operations of Vectren Corporation.

Signed this 19th day of February, 2008.

/s/ Jerome A. Benkert, Jr.	/s/ Niel C. Ellerbrook
(Signature of Authorized Officer)	(Signature of Authorized Officer)
Jerome A. Benkert, Jr.	Niel C. Ellerbrook
(Typed Name)	(Typed Name)
Executive Vice President and Chief Financial Officer	Chairman and Chief Executive Officer
(Title)	(Title)

<u>EXHIBIT C-3</u>

<u>FINANCIAL STATEMENTS</u>

PUBLIC VERSION – REDACTED

VECTREN

Vectren Source
P.O. Box 3037
Evansville, Indiana 47730-3037

May 9, 2008

To Whom It May Concern:

I hereby certify that the attached financial statements are true and correct to the best of my knowledge. These financial statements are unaudited and as such are confidential. Vectren Retail, LLC is a 100% owned subsidiary of Vectren Corporation.

Sincerely,

Greg Collins
President

Attachment(s)

VECTREN RETAIL BALANCE SHEET

UNAUDITED

DECEMBER, 2007

	DEC-07	NOV-07	Monthly Change	DEC-06	Annual Change	DEC-06
Current Assets						
Cash	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Accounts Receivable - Trade	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
A/R - I/C & Affiliates	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Accrued Unbilled Revenues	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Inventories	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Unamort Customer Acq Costs	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other Current Assets	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total Current Assets	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Fixed Assets						
Property, Plant & Equipment	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Accumulated Depreciation	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Capital In Progress	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total Fixed Assets	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
TOTAL ASSETS	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
LIABILITIES						
Current Liabilities						
Accounts Payable - Trade	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
A/P - I/C & Affiliates	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Accrued Taxes	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Notes Payable - Capital Corp	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Accrued Liabilities	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
FlatBill Variance	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Accum Def Income	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other Deferred Credits	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other Liabilities	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total Current Liabilities	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
L-T Debt - Capital Corp	[redacted]	[redacted]	-	[redacted]	-	[redacted]
Shareholder's Equity						
Common Stock						
Additional Paid-In Capital	[redacted]	[redacted]	-	[redacted]	-	[redacted]
Accum Comp Income	-	-	-	[redacted]	[redacted]	[redacted]
Minority Interest	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Retained Earnings	[redacted]	[redacted]	-	[redacted]	[redacted]	[redacted]
Current Year Net Income (Loss)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	-
Total Equity	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
TOTAL LIAB & EQUITY	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

VECTREN RETAIL INCOME STATEMENT

UNAUDITED

DECEMBER, 2007

	CURRENT MONTH			PRIOR YEAR		YEAR TO DATE			PRIOR Y-T-D	
	DEC-07 This Year	DEC-07 Budget	Variance Change	DEC-06 Last Year	Variance Change	DEC-07 This Year	DEC-07 Budget YTD	Variance Change	DEC-06 Last Year	Variance Change
Revenue										
NATURAL GAS	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
PRODUCTS & SERVICES	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total Revenue	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Cost of Goods Sold										
NATURAL GAS	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
PRODUCTS & SERVICES	-	-	-	-	-	-	-	-	-	-
Total Cost of Goods Sold	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Gross Margin										
NATURAL GAS	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
% OF SALES	[redacted]	[redacted]		[redacted]		[redacted]	[redacted]		[redacted]	
PRODUCTS & SERVICES	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
% OF SALES	[redacted]	[redacted]		[redacted]		[redacted]	[redacted]		[redacted]	
Total Gross Margin	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total % of Sales	[redacted]	[redacted]		[redacted]		[redacted]	[redacted]		[redacted]	
ADJUSTED GROSS MARGIN	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
ADJUSTED % OF SALES	[redacted]	[redacted]		[redacted]		[redacted]	[redacted]		[redacted]	
Operating Costs										
GENERAL & ADMINISTRATIVE	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
FINANCE	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
MARKETING	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
REGULATORY & MARKET OPERAT	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
BUSINESS OPERATIONS	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total Operating Costs	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other Income (Expense)										
MISC REVENUES	-	-	-	[redacted]	[redacted]	[redacted]	-	[redacted]	[redacted]	[redacted]
Total Other Income (Expense)	-	-	-	[redacted]	[redacted]	[redacted]	-	[redacted]	[redacted]	[redacted]
EBITDA	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
DEPRECIATION & AMORTIZATION	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
EBIT	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
INTEREST EXPENSE (INCOME)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
EBT	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
TAXES (TAX BENEFIT)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Net Income	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
MINORITY INTEREST	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Net Income after Minority Interest	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

VECTREN RETAIL
FINANCIAL STATEMENTS
UNAUDITED

	2007	January-07	February-07	March-07	April-07	May-07	June-07	July-07	August-07	September-07	October-07	November-07	December-07
Statement of Cash Flows													
Cash Flows from Operating Activities													
Net Income	$ [redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Adjustments to reconcile net income to cash													
Depreciation	$ [redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Accounts Receivable	$ [redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Inventories	$ [redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other Assets	$ [redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Accounts Payable	$ [redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Accrued Liabilities	$ [redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other Liabilities	$ [redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Net Cash Flow from Operating Activities	$ [redacted]	[redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]
Cash Flow from Investing Activities													
Purchase of Property, Plant & Equipment	$ [redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Loss on Sale of Property, Plant & Equipment	$ -												
Net Cash Flow from Investing Activities	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]
Cash Flows from Financing Activities													
Net increase (decrease) on ST notes payable	$ [redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Net increase (decrease) on LT notes payable	$ -	-	-	-	-	-	-	-	-	-	-	-	-
Principal payment on long-term borrowings	$ -												
Proceeds from capital infusion from parent	$ -												
Accum Comprehensive Income	$ [redacted]	[redacted]	[redacted]	[redacted]	-	-	-	-	-	[redacted]	[redacted]	-	-
APIC/Retained Earnings	$ -												
Minority Interest	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]
Net Cash Flow from Financing Activities	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]
Net Increase (Decrease) in Cash	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]
Beginning Cash Balance	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]
Ending Cash Balance	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]

COLLECTIONS
EXP
NET CASH CHANGE
BEG CASH
END CASH

VECTREN RETAIL BALANCE SHEET

UNAUDITED

DECEMBER, 2006

	DEC-06	NOV-06	Monthly Change	DEC-05	Annual Change	DEC-05
Current Assets						
Cash	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Accounts Receivable - Trade	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
A/R - I/C & Affiliates	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Accrued Unbilled Revenues	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Inventories	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Unamort Customer Acq Costs	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other Current Assets	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total Current Assets	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Fixed Assets						
Property, Plant & Equipment	[redacted]	[redacted]	-	[redacted]	[redacted]	[redacted]
Accumulated Depreciation	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Capital In Progress	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total Fixed Assets	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
TOTAL ASSETS	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
LIABILITIES						
Current Liabilities						
Accounts Payable - Trade	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
A/P - I/C & Affiliates	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Accrued Taxes	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Notes Payable - Capital Corp	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Accrued Liabilities	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
FlatBill Variance	[redacted]	[redacted]	[redacted]	-	[redacted]	-
Accum Def Income	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other Deferred Credits	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other Liabilities	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total Current Liabilities	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
L-T Debt - Capital Corp	[redacted]	[redacted]	-	[redacted]	[redacted]	[redacted]
Shareholder's Equity						
Common Stock						
Additional Paid-In Capital	[redacted]	[redacted]	-	[redacted]	-	[redacted]
Accum Comp Income	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Minority Interest	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Retained Earnings	[redacted]	[redacted]	-	[redacted]	[redacted]	[redacted]
Current Year Net Income (Loss)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	-
Total Equity	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
TOTAL LIAB & EQUITY	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

VECTREN RETAIL INCOME STATEMENT

UNAUDITED

DECEMBER, 2006

	CURRENT MONTH			PRIOR YEAR		YEAR TO DATE			PRIOR Y-T-D	
	DEC-06 This Year	DEC-06 Budget	Variance Change	DEC-05 Last Year	Variance Change	DEC-06 This Year	DEC-06 Budget YTD	Variance Change	DEC-05 Last Year	Variance Change
Revenue										
NATURAL GAS	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
PRODUCTS & SERVICES	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total Revenue	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Cost of Goods Sold										
NATURAL GAS	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
PRODUCTS & SERVICES	-	-	-	-	-	-	-	-	-	-
Total Cost of Goods Sold	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Gross Margin										
NATURAL GAS	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
% OF SALES	[redacted]	[redacted]		[redacted]		[redacted]	[redacted]		[redacted]	
PRODUCTS & SERVICES	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
% OF SALES	[redacted]	[redacted]		[redacted]		[redacted]	[redacted]		[redacted]	
Total Gross Margin	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total % of Sales	[redacted]	[redacted]		[redacted]		[redacted]	[redacted]		[redacted]	
Operating Costs										
GENERAL & ADMINISTRATIVE	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
FINANCE	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
MARKETING	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
REGULATORY & MARKET OPERAT	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
BUSINESS OPERATIONS	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total Operating Costs	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other Income (Expense)										
MISC REVENUES	[redacted]	-	[redacted]	-	[redacted]	[redacted]	-	[redacted]	[redacted]	[redacted]
Total Other Income (Expense)	[redacted]	-	[redacted]	-	[redacted]	[redacted]	-	[redacted]	[redacted]	[redacted]
EBITDA	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
DEPRECIATION & AMORTIZATION	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
EBIT	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
INTEREST EXPENSE (INCOME)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
EBT	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
TAXES (TAX BENEFIT)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Net Income	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
MINORITY INTEREST	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Net Income after Minority Interest	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

VECTREN RETAIL
FINANCIAL STATEMENTS
UNAUDITED

	2006	January-06	February-06	March-06	April-06	May-06	June-06	July-06	August-06	September-06	October-06	November-06	December-06
Statement of Cash Flows													
Cash Flows from Operating Activities													
Net Income	$ [redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
<u>Adjustments to reconcile net income to cash</u>													
Depreciation	$ [redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Accounts Receivable	$ [redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Inventories	$ [redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other Assets	$ [redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Accounts Payable	$ [redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Accrued Liabilities	$ [redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other Liabilities	$ [redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Net Cash Flow from Operating Activities	$ [redacted]	[redacted]	$ [redacted]	[redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]
Cash Flow from Investing Activities													
Purchase of Property, Plant & Equipment	$ [redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Loss on Sale of Property, Plant & Equipment	$ -												
Net Cash Flow from Investing Activities	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]
Cash Flows from Financing Activities													
Net increase (decrease) on ST notes payable	$ [redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Net increase (decrease) on LT notes payable	$ [redacted]	[redacted]	-	-	-	-	-	-	-	-	-	-	-
Principal payment on long-term borrowings	$ -												
Proceeds from capital infusion from parent	$ -												
Accum Comprehensive Income	$ [redacted]	[redacted]	[redacted]	[redacted]	-	-	-	-	-	[redacted]	-	[redacted]	[redacted]
APIC/Retained Earnings	$ -								[redacted]				
Minority Interest	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]
Net Cash Flow from Financing Activities	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]
Net Increase (Decrease) in Cash	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]
Beginning Cash Balance	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]
Ending Cash Balance	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]

COLLECTIONS
EXP
NET CASH CHANGE
BEG CASH
END CASH

EXHIBIT C-4

FINANCIAL ARRANGEMENTS

PUBLIC VERSION – REDACTED

AMENDED AND RESTATED FINANCIAL SERVICES AND SECURITY AGREEMENT

This Amended and Restated Financial Services and Security Agreement (this "Agreement"), dated as of March ___, 2003, is made by and between (herein referred to as " ") and firms named herein (herein referred to as the " ").

BACKGROUND

is the financing corporation for and its .

is willing to continue to provide financial services to the on a consolidated basis in order to achieve long-term benefits for the and their customers.

The are willing to provide with a security interest in all of their respective assets as an inducement for to continue to provide financial services to the on a consolidated basis, including the willingness of to provide financing under the short-term borrowings to the .

Accordingly, the parties have determined to enter into this Agreement for the continued provision of financial services by to the and for the proper allocation of the costs of providing such services.

AGREEMENT

1. Services. will provide, either directly or through arrangements with third parties for the benefit of the , such financial services as to which and the may from time to time agree, including but not limited to those more fully described below. will not provide such services to any entity other than the . Nor shall undertake short-term or long-term borrowings for any purpose other than providing financial services to the , as described herein.

will provide short-term loans ("ST Loans") and has provided long-term loans ("LT Loans," and collectively with ST Loans, the "Loans") to the . The ST Loans shall be evidenced by promissory notes issued by the to substantially in the form attached as Exhibit A-1 where the does not own real property and substantially in the form attached as Exhibit B-1 where the does own real property (each a "ST Promissory Note"). The LT Loans shall be evidenced by promissory notes issued by the to , substantially in the form of Exhibit A-2 where the does not own real property and substantially in the form attached as Exhibit B-2 where the does own real property (each a "LT Promissory Note," and collectively with the ST Promissory Notes, the " Promissory Notes"). To the extent that any owns real property, payment of each Promissory Note is to be secured by, *inter alia*, a Real Estate Mortgage and Security Agreement, substantially in the form attached as Exhibit C (each a "Mortgage").

will provide cash management services to the to maximize use of the cash resources. At the effective date of the Agreement, each excess or deficient cash balance will be swept to and consolidated at each day with the cash resources of the other Excess cash balances of a swept to will be used first to reduce any ST Loans of the to and the balance will be used to repay any amounts then due and payable under any LT Loans of the to . Any amount remaining will be invested with If excess funds of a are invested with , the will earn a rate of interest each day equal to weighted average borrowing cost for that day or, if is a net investor, the investment income earned on those funds by . Upon the request of a , shall execute one or more promissory notes in favor of the , each substantially in the form attached as Exhibit D to the Agreement, as evidence of such investment.

2. Security Interest. As security for the payment and performance of all of the obligations of each under the Promissory Notes to which it is a party, each hereby assigns, pledges and grants to a continuing security interest in the Collateral (as hereinafter defined). security interest shall continually exist with respect to each until all obligations of such under its respective Promissory Note have been paid in full. For the purposes of this Agreement, "Collateral" shall mean, with respect to each , all of the personal property, both now owned and hereafter acquired, including, but not limited to (the following terms shall have the meanings assigned to them by the Indiana Uniform Commercial Code as in effect on the date hereof): accounts; as-extracted collateral; chattel paper; chattels real; deposit accounts; documents; equipment; farm products; fixtures; general intangibles; goods; instruments; inventory; investment property; letter-of-credit rights; and proceeds and products of all of the foregoing. To the extent that any owns real property, and in accordance with the laws of the State of Indiana, including, but not limited to, Ind. Code §§ 8-1-5-1 and 26-1-9.1-311, the term "Collateral" shall also include all of the property of that described in the Mortgage to which it is a party and situated in any county in the State of Indiana where the Mortgage is or shall be recorded in the manner provided for recording real estate mortgages.

3. Financing Statements. The authorize to file financing statements covering the Collateral and all personal property of the and containing such legends as shall deem necessary or desirable to protect interest in the Collateral.

4. Costs. The agree to pay to their allocable share of the costs incurred by in providing the services described in Paragraph 1, including but not limited to bank service charges and related debt facility fees. Transaction costs incurred by in connection with the Loans will be allocated among the during each calendar quarter in proportion to the average principal amount of Loans that each has outstanding during the quarter. Administrative costs, such as accounting fees, will be allocated among the in equal amounts. Principal and interest on the ST Loans and the LT Loans shall be billed to the separately pursuant to the promissory notes executed pursuant to Paragraph 8.

5. Statements and Payment. will prepare and deliver by email to the quarterly statements of the costs incurred by and amounts payable to , giving effect to all of the provisions of this Agreement. The will have the net amounts shown on their respective statements settled by debt principal increases recorded in the ICMS Cash Management System on the first of each month for the prior month's activities.

6. Inspection. Upon reasonable notice, will make available to each for its inspection books, records, bills, accounts and any other documents that describe or support the costs allocated to the under this Agreement.

7. Obligations Not Joint. The obligations of the to shall be several and not joint. A will not be responsible to any other or to for any payment in excess of payments due by the to under this Agreement or a promissory note executed pursuant to Paragraph 8.

8. Notes and Mortgages. The ST Loans under this Agreement will be evidenced by promissory notes substantially in the form attached hereto as Exhibit A-1 and Exhibit B-1. The LT Loans will be evidenced by promissory notes substantially in the form attached hereto as Exhibit A-2 and Exhibit B-2. To the extent that any owns real property, that payment of the Loans will be secured by, *inter alia*, a Real Estate Mortgage and Security Agreement, substantially in the form attached hereto as Exhibit C. Loans by the of excess cash balances to pursuant to the cash management program described in Paragraph 1 will be evidenced by short-term promissory notes substantially in the form of Exhibit D to this Agreement.

9. Exclusivity. This Agreement prohibits and restricts a from borrowing from third parties or obtaining services described in this Agreement from third parties, without the prior written approval by

10. Effectiveness. This Agreement shall be effective as of the date hereof.

11. Termination. A or may terminate its participation in this Agreement by giving five (5) days prior written notice of such termination to the other party. Termination of this Agreement will not affect: (a) a obligations to under any promissory notes issued pursuant to Paragraph 8; (b) any party's obligations with respect to any amounts owing under Paragraphs 4 and 5; (c) the security interest granted by any to under Paragraph 2, (d) any mortgage given by any in favor of under Paragraph 8, or (e) obligations to the under any promissory note issued under Paragraph 8.

12. Modification. This Agreement may be amended or modified only by a written instrument signed by all parties at discretion.

13. Counterparts. This Agreement may be executed by the parties in one or more counterparts, each of which shall be considered an original.

14. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Indiana.

15. Amendment and Restatement of the Financial Services Agreement. The and agree that, upon the execution and delivery of this Agreement by each of the parties hereto, the terms and provisions of the Financial Services Agreement dated by and among and the (the "Financial Services Agreement") shall be and hereby are amended, superseded and restated in their entirety by the terms and provisions of this Agreement. This Agreement is not intended to and shall not constitute a novation of the Financial Services Agreement or the indebtedness created thereunder.

[signature pages immediately following]

IN WITNESS WHEREOF, the and have each caused this Agreement to be signed on its behalf by its duly authorized officers.

ATTEST:

By: Blenner
Print Name & Title:
Leslie Blenner
Treasury Director

By: Robert L. Goocher
Robert L. Goocher
Vice President and Treasurer

ATTEST:

By: Blenner
Print Name & Title:

By: Robert L. Goocher
Robert L. Goocher
Vice President, Treasurer

ATTEST:

By: Blenner
Print Name & Title:

By: Randy L. Beck
Randy L. Beck
President

ATTEST:

By: Blenner
Print Name & Title:

By: Randy L. Beck
Randy L. Beck
President

ATTEST:

By:________________________
Print Name & Title:

By: Jerome A. Benkert, Jr.
Jerome A. Benkert, Jr.
President

ATTEST:

By:________________________
Print Name & Title:

By:________________________
Carl L. Chapman
President

ATTEST:

By:________________________
Print Name & Title:

By:________________________
Carl L. Chapman
President

ATTEST:

By: Blemer
Print Name & Title:
Leslie Blemer
Treasury Director

By: Gregory F. Collins
Gregory F. Collins
President

ATTEST:

By:________________________
Print Name & Title:

By:________________________
Carl L. Chapman
President

ATTEST:

By:________________________
Print Name & Title:

By:________________________
Carl L. Chapman
President

PROMISSORY NOTE

PROMISSORY NOTE

PROMISSORY NOTE

EXHIBIT C-5

FORECASTED FINANCIAL STATEMENTS

PUBLIC VERSION – REDACTED

VECTREN SOURCE

2008 - 2009 Plan
Budget Assumptions
7/30/07 5:49 PM

	2008	2009
Total Acquisitions	[redacted]	[redacted]
Year-End Counts	[redacted]	[redacted]
Delivered Volumes (Bcf)	[redacted]	[redacted]
Monthly Churn	[redacted]	[redacted]
Renewal Churn	[redacted]	[redacted]

[redacted]

PREPARER:
Tami Wilson, VP-Finance and Commodity Operations
Vectren Retail, LLC
One Vectren Square
Evansville, IN 47708
email: trwilson@vectren.com
phone: 812-491-4284
fax: 812-492-9275

VECTREN RETAIL
FINANCIAL STATEMENTS
2008 Budget

	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	2008 TOTAL
Income Statement													
Revenue													
AGL Charges	$ -	$ [redacted]	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ [redacted]
Natural Gas	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]
Late Fees	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Products & Services	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]
Total Revenue	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]
Cost of Goods Sold													
AGL Charges	$ -	$ [redacted]	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ [redacted]
Natural Gas	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]
Products & Services	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total COGS	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]
Gross Margin													
Electricity	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Natural Gas	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]
Late Fees	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Products & Services	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]
Total GM	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]
Other Operating Costs													$ [redacted]
Regulatory Affairs and Commodity O	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]
Business Ops	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]
Products & Services													$ -
Marketing	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]
Finance	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]
G&A	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]
Total Operating Costs	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]
MISC REVENUE													$ [redacted]
EBITDA	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]
Depreciation & Amortization	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]
EBIT	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]
Interest Expense	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]
EBT	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]
Taxes (Tax Benefit)	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]
Net Income	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]
Minority Interest	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	[redacted]	[redacted]
Net Income after Minority Interest	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	[redacted]	$ [redacted]
NET INCOME--2007 Budget													$ [redacted]
VARIANCE	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	$ [redacted]
EPS on Budget NI													$ [redacted]
EPS on Ref. Case NI													$ [redacted]

VECTREN RETAIL
FINANCIAL STATEMENTS
2008 Budget

	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	2008 TOTAL
	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	
Balance Sheet													
ASSETS													
Current Assets													
Cash	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]
Accounts Receivable	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]
Inventories	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]
Other Current Assets	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]
Total Current Assets	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]
Other Assets													
Total Other Assets	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Fixed Assets													
Property, Plant & Equipment	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]
Accumulated Depreciation	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]
Total Assets	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]
Total Assets	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]
LIABILITIES													
Current Liabilities													
Accounts Payable	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]
Accrued Liabilities	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]
Other Liabilities/Accd Taxes	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]
Total Current Liabilities	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]
Long-term Debt													
Shareholder's Equity													
Additional Paid-In Capital	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]
Accum Comp Income													
Minority Interest	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]
Retained Earnings	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]
Current Year Net Income (Loss)	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]
Total Equity	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]
Total Liabilities & Equity	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]
BALANCE ERROR	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]

VECTREN RETAIL
FINANCIAL STATEMENTS
2008 Budget

	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	2008 TOTAL
Statement of Cash Flows													
Cash Flows from Operating Activities													
Net Income	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Adjustments to reconcile net income to cash													
Net Cash Flow from Operating Activities $ -	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Cash Flow from Investing Activities													
Purchase of Property, Plant & Equipment	-	[redacted]	[redacted]	[redacted]	[redacted]	-	[redacted]	[redacted]	-	[redacted]	[redacted]	[redacted]	[redacted]
Net Cash Flow from Investing Activities	-	[redacted]	[redacted]	[redacted]	[redacted]	-	[redacted]	[redacted]	-	[redacted]	[redacted]	[redacted]	[redacted]
Cash Flows from Financing Activities													
Net Increase (decrease) on notes payable	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Principal payment on long-term borrowings													
Accum Comp Income													
Proceeds from capital infusion from parent	-	-	-	-	-	-	-	-	[redacted]	[redacted]	-	-	
Minority Interest	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Net Cash Flow from Financing Activities	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Net Increase (Decrease) in Cash	-	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Beginning Cash Balance	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Ending Cash Balance	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

VECTREN RETAIL
FINANCIAL STATEMENTS
2008 Budget

	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	2009 TOTAL
Income Statement													
Revenue													[redacted]
AGL Charges	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Natural Gas	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]
Late Fees	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Products & Services	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]
Total Revenue	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]
Cost of Goods Sold													
AGL Charges	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Natural Gas	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]
Products & Services	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total COGS	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]
Gross Margin													
Electricity	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Natural Gas	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]
Late Fees	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Products & Services	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]
Total GM	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]
Other Operating Costs													$ [redacted]
Regulatory Affairs and Commodity O	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]
Business Ops	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]
Products & Services													$ -
Marketing	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]
Finance	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]
G&A	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]
Total Operating Costs	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]
MISC REVENUE													$ [redacted]
EBITDA	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]
Depreciation & Amortization	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]
EBIT	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]
Interest Expense	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]
EBT	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]
Taxes (Tax Benefit)	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]
Net Income	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]
Minority Interest	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]
Net Income after Minority Interest	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]
NET INCOME--2007 Budget													$ [redacted]
VARIANCE	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	$ [redacted]
EPS on Budget NI													$ [redacted]
EPS on Ref. Case NI													$ [redacted]

VECTREN RETAIL
FINANCIAL STATEMENTS
2008 Budget

	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	2009 TOTAL
	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	
Balance Sheet													
ASSETS													
Current Assets													
Cash	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]
Accounts Receivable	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]
Inventories	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]
Other Current Assets	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]
Total Current Assets	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]
Other Assets													
Total Other Assets	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Fixed Assets													
Property, Plant & Equipment	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]
Accumulated Depreciation	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]
Total Assets	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]
Total Assets	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]
LIABILITIES													
Current Liabilities													
Accounts Payable	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]
Accrued Liabilities	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]
Other Liabilities/Accd Taxes	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]
Total Current Liabilities	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]
Long-term Debt													
Shareholder's Equity													
Additional Paid-In Capital	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]
Accum Comp Income													
Minority Interest	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]
Retained Earnings	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]
Current Year Net Income (Loss)	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	
Total Equity	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]
Total Liabilities & Equity	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]
BALANCE ERROR	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]

VECTREN RETAIL
FINANCIAL STATEMENTS
2009 Budget

	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	2009 TOTAL
Statement of Cash Flows													
Cash Flows from Operating Activities													
Net Income	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]
Adjustments to reconcile net income to cash													
Net Cash Flow from Operating Activities $ -	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]
Cash Flow from Investing Activities													
Purchase of Property, Plant & Equipment	$ [redacted]	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ [redacted]
Net Cash Flow from Investing Activities	$ [redacted]	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ [redacted]
Cash Flows from Financing Activities													
Net increase (decrease) on notes payable	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]
Principal payment on long-term borrowings													
Accum Comp Income													
Proceeds from capital infusion from parent	$ [redacted]	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
Minority Interest	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]
Net Cash Flow from Financing Activities	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]
Net Increase (Decrease) in Cash	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	[redacted]
Beginning Cash Balance	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	[redacted]
Ending Cash Balance	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	[redacted]
	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	[redacted]

EXHIBIT C-6

CREDIT RATING

Vectren Source does not have its own credit rating. Therefore the credit rating of Vectren Corp. is attached hereto accompanied by a letter of parental guaranty.

STANDARD
&POOR'S

RatingsDirect®

January 8, 2008

Summary:

Vectren Corp.

Primary Credit Analyst:
Ralph A DeCesare, CFA, New York (1) 212-438-4682; ralph_decesare@standardandpoors.com

Table Of Contents

Summary:
Vectren Corp.

Credit Rating: A-/Stable/--

Rationale

The rating on electric and gas utility holding company Vectren Corp. reflects its excellent business risk profile stemming from its favorable regulation, a high percentage of cash flows from its regulated businesses, and a stable and diverse customer base. Weaknesses stem from more volatile earnings at its nonregulated business lines.

As of Sept. 30, 2007, the Evansville, Ind.-based company had about $1.7 billion of debt outstanding.

Vectren's regulatory rate design and cost recovery mechanisms are very strong. All three of its gas operating regions have decoupling mechanisms which protect gas margins that would be lost due to customer conservation, while its Indiana territories have weather normalization. Rate cases in its Southern Indiana gas region (annual revenue increase of $7.7 million with a 10.15% ROE) and Southern Indiana electric region ($60.8 million for 10.4%) were completed in 2007. Rate cases for its Northern Indiana gas territory (revenue increase of $27.5 million expected by the company with 10.2% ROE anticipated) and Ohio gas region ($27.3 million expected with 11.5% ROE requested) should be completed sometime in 2008. Final rate judgments at or near the company's expected levels will help support credit quality. Only 13% of Vectren's gas margin comes from industrial customers, with two-thirds from residential customers. The culmination of these rate increases, along with improvements in rate design and a largely residential service territory, allows for a stable and solid base of earnings at Vectren.

We expect Vectren Utility Holdings Inc. to provide at least 80% of Vectren's consolidated cash flows in the foreseeable future. The annual earnings contribution from electric and gas operations is split about 50/50. Vectren Utility Holdings serves as the intermediate holding company for its three operating public utilities, Southern Indiana Gas & Electric Co. (SIGECO), Indiana Gas Co., and Vectren Energy Delivery of Ohio (VEDO). SIGECO, Indiana Gas, and VEDO have about 142,000 electric and 992,000 gas customers in southern and central Indiana and west-central Ohio. Vectren is also the parent to Vectren Enterprises Corp. (Enterprises), the holding company for Vectren's unregulated businesses. Vectren Capital Corp. (guaranteed by Vectren Corp.) is the financing arm for Enterprises.

Vectren's nonregulated earnings consist of its energy marketing, energy infrastructure, and coal-mining businesses and have earnings that can be more volatile than its utilities. The energy marketing business (Proliance Energy) uses Vectren's mainly leased storage capacity of about 40 billion cubic feet (bcf), and arbitrages price volatility stemming from seasonal price spreads, cash versus NYMEX price spreads, and pricing differences from changing levels of transportation and storage capacity. Currently favorable conditions for storage producers means that Vectren's leasing costs can rise as its contracts expire, setting a higher break-even point for its operations. As its costs rise, Vectren will be more dependent on gas market volatility to earn a favorable return on capital in this segment. Energy Infrastructure includes Miller Pipeline, which has benefited from other gas distribution companies spending on pipeline integrity and bare steel pipe replacement programs. Coal mining provides Vectren with nearly all of its needs for its coal-fired electric power plants, with additional coal sold into the open market. With the addition of the Oaktown mines, coal tons mined will nearly double, increasing Vectren's exposure to coal price volatility,

0212

although prices should remain strong in the near term.

Vectren's financial risk profile is intermediate. We expect the company's funds from operations (FFO) interest coverage to be around 3.8x in the next few years; it benefits from the company's low embedded cost of debt. This level is appropriate for the current rating. Still, consolidated debt leverage is somewhat high at 59% expected in 2009 and, accordingly, FFO to debt should remain within 17%-19%, which is weak for the rating. The more leveraged nonregulated businesses weaken the strong utility measures. .

Liquidity

Vectren's liquidity is considered adequate. Vectren manages cash on a centralized basis. The three utilities guarantee Vectren Utility Holdings' debt, and financing for Enterprises is done at Vectren Capital. Vectren guarantees Vectren Capital's debt, but does not guarantee Vectren Utility Holdings' debt. Parent Vectren has no debt of its own.

Vectren had $780 million of short-term borrowing capacity through lines of credit and commercial paper programs, including Vectren Utility Holdings' $515 million short-term credit facility (available until November 2010), and Vectren Capital's $255 million facility (also available until November 2010). As of Sept. 30, 2007, $167 million was available for the utility group and $126 million was available for the nonutility group. ProLiance has its own $300 million line of credit, along with a $100 million seasonal line, with no guarantees from Vectren. Besides having short-term debt and current maturities of $524.5 million, Vectren has negligible debt maturities coming due until $250 million matures in 2011.

The company estimates that total capital expenditures will be more than $400 million in 2008, up from $285 million in 2006, reflecting the acquisition of the Oaktown coal mines. Capital spending should return to the mid-$300 million level in 2009, more in line with cash flows from operations that are also expected in the mid$300 million area. Net cash flow to capex will be somewhat stretched at an expected 56% in 2008, and should rise to about 69% in 2009.

Vectren's access to capital markets and refinancing strategy is positive for credit quality. In February 2007, Vectren sold 4.6 million common shares for total proceeds of about $126 million. At the same time, Vectren executed an equity-forward sale agreement and so has not yet booked the proceeds from the sale on its balance sheet. Standard & Poor's expects Vectren to settle the equity-forward by delivering shares (and booking the increased equity) around April 2008, although they have until February 2009 to settle the forward. This action alone could lower Vectren's debt to capital ratio by about 350 basis points, all else being equal.

Outlook

The stable outlook on Vectren reflects weather normalization for a portion of its gas-distribution margins, decoupling mechanisms that result in stable cash flow generation, and assumes continued adequate rate increases as well as steady, but somewhat slow, customer growth for the utilities with no near-term significant debt maturities. We could raise the ratings if financial parameters significantly improve, which we do not expect in the near term. With financial parameters that are somewhat weak for the rating, we could lower the ratings should there be unanticipated profit weakness, especially stemming from nonregulated operations, or the company expands nonregulated business beyond what is contemplated.

The McGraw-Hill Companies

Credit Opinion: Vectren Utility Holdings, Inc.

Vectren Utility Holdings, Inc.

Indianapolis, Indiana, United States

Ratings

Category	Moody's Rating
Outlook	Stable
Bkd Sr Unsec Bank Credit Facility	Baa1
Senior Unsecured	Baa1
Bkd Commercial Paper	P-2
Indiana Gas Company, Inc.	
Outlook	Stable
Senior Unsecured	Baa1
Southern Indiana Gas & Electric Company	
Outlook	Stable
Issuer Rating	Baa1
First Mortgage Bonds	A3
Senior Secured	A3
Preferred Shelf	(P)Baa2

Contacts

Analyst	Phone
Edward Tan/New York	212.553.1097
William L. Hess/New York	212.553.3837

Opinion

Company Profile

An Indiana corporation, Vectren Utility Holdings, Inc. (VUHI) was formed in March 2000 to serve as the intermediate holding company for Vectren Corporation's (Vectren, unrated) operating utility subsidiaries. These subsidiaries include the Indiana Gas Company (IGC, Baa1, sr. uns.), Southern Indiana Gas & Electric Company (SIGECO, Baa1, sr. uns. equivalent), and Vectren Energy Delivery of Ohio, (VEDO, unrated). VUHI also possesses information technology assets and other assets that service its operating subsidiaries. As a holding rather than operating company, all of VUHI's short and long-term debt issued is guaranteed jointly and severally by its three utility subsidiaries.

VUHI's three utilities are engaged in electric utility services (47% of 2007 EBIT) and/ or natural gas delivery services (45% of 2007 EBIT), and are also involved in the production and marketing of wholesale electric power. In total, IGC, SIGECO, and VEDO serve over one million customers in adjoining service territories covering nearly two thirds of Indiana and sixteen counties in west central Ohio.

Recent Developments

In February 2008, IGC received approval from the Indiana Utility Regulatory Commission (IURC) to raise its gas rates by $27.5MM. The decision allows the operating subsidiary to recover gas costs related to uncollected customer bills and unaccounted-for gas costs, as well as other costs totaling $10.6MM through mechanisms other than base rates. The rate case conclusion also allows for a main replacement program to replace cast-iron and bare steel pipeline across IGC's system.

On August 15, 2007, SIGECO received approval from the IURC regarding its electric distribution business in southwestern Indiana. The settlement agreement allows for an approximate $60.8MM electric rate increase to recover capital expenditures in electric utility infrastructure and to support costs related to system growth, maintenance, and reliability. On August 1, 2007, SIGECO also received approval from the IURC to increase rates in its gas distribution business in southwestern Indiana. As a result of this second decision, the operating subsidiary can increase rates by $7.7MM, and benefit from weather normalization, a conservation and decoupling tariff, and tracking of gas cost expense related to bad debts, and tracking of pipeline integrity.

Rating Rationale

VUHI has maintained a stable credit rating of Baa1 since 2002, reflecting a sound credit profile that results from the regulated nature of its utility assets. VUHI's business portfolio is diversified across the electric and natural gas services, with electric utility services accounting for roughly 38% of 2007 total assets, and natural gas utility services 56%. The holding company's ratings also benefit from a lower business risk profile due to regulation. VUHI's ratings are restrained, however, largely by a weaker financial profile especially on Return on Equity and EBIT/Interest Coverage ratios than those of similarly rated peers, including Keyspan Corporation and Enbridge Inc.

Moody's applies its published rating methodology for diversified natural gas transmission and distribution companies in its assessment of VUHI, given its electric and gas earnings mix. The key rating factors and their weights in the methodology are: scale, 10%, quality of diversification, 20%, management strategy & financial policy, 10%, and financial strength, 60%. While VUHI currently maps to a Baa2 rating using this methodology for the three fiscal years ending 2007, Moody's expects that the company's credit ratings should improve with recent rate case approvals for its utilities.

I. Scale

VUHI maps to a Baa rating by the two factors that Moody's considers in this category: Total Assets and Net Income. VUHI's Total Assets have a book value of roughly $3.7 Bn, and consist almost wholly of assets in the gas distribution and electric service segments (roughly 56% and 38%, respectively, with the remaining 6% being inter-utility service assets). VUHI's asset base is small compared to the Baa1 peer average of over $10 Bn. With a net income of $106.5MM in 2007, the holding company has sufficient financial flexibility to meet its operating needs. In comparison to its Baa1 peers, however, VUHI's Net Income is substantially smaller, coming in at a third of the group average of $333MM.

II. Quality of Diversification

In the quality of diversification category, Moody's considers the scale of a company's unregulated exposure, and the degree of a company's business risk. In both of these factors, VUHI rates higher than its rating of Baa1. The holding company's scale of diversification, as measured by percentage of operating income from unregulated operations, rates in the AAA category. VUHI's operating income is derived almost entirely from its three operating subsidiaries, IGC, SIGECO, and VEDO, which are all publicly regulated utility companies subject to the regulatory commissions of Indiana and Ohio. Operating income from unregulated operations is thus very small, giving rise to the AAA rating.

In rating VUHI's business risk factor, Moody's considers the relationship that the company has with its regulators. In this category VUHI rates in the Aa category. As evidenced by the positive August 2007 rate orders for SIGECO and the positive February 2008 rate order for IGC, there appear to be reasonable levels of support from the Indiana Utility Regulatory Commission for the subsidiaries of the holding company. In both cases, VUHI's subsidiaries were able to obtain satisfactory annual revenue increases from the commission ($68.5MM for SIGECO, and $27.5MM for IGC) to sustain profitability consistent with its credit rating. A rate case has also been filed for the third subsidiary in Ohio, VEDO, and a rate order is expected later this year.

III. Management Strategy & Financial Policy

VUHI falls in the Baa category under the management strategy factor. Management has a stated goal of achieving and maintaining solid investment grade ratings for the company, and has demonstrated a commitment to financial strategies consistent with its current rating. VUHI's management has utilized rate cases appropriately to maintain financial performance metrics on par with its rating, and is targeting steady plant growth for the medium term. Management ultimately also has a track record of several years of being able to maintain its credit metrics and business profile.

With regard to its financial policy, VUHI has demonstrated a willingness to issue equity alongside debt, as evidenced by its $130MM common equity forward deal entered into in February 2007. This will allow the company to access equity funding later this year to retire short-term debt. Finally, the holding company also has guarantees from its three operating utilities, SIGECO, IGC, and VEDO, for all of its funded debt issuances, its commercial paper program, and credit-back-up facilities. These guarantees are full and unconditional, and joint and several. Debt is issued at the VUHI level with the proceeds then issued to operating utilities, via master promissory notes.

IV. Financial Strength

VUHI's financial strength metrics are generally in line with those of its Baa-rated diversified gas peers. The holding company's gas revenues and margins are protected from losses due to conservation, and its Indiana residential and commercial gas margins are weather protected. The recent positive conclusions to VUHI's rate cases bolster the company's earnings to a small degree and further protect and stabilize VUHI's margins and returns going forward.

The four key financial strength credit metrics are as follows:

1. EBIT/Interest Expense

VUHI's EBIT/Interest Expense measure falls right on the border between the Baa and Ba range, with a three year average from 2005 to 2007 measuring 2.99 times. This is below the 3.81 average ratio of Baa1 peers, and also just below the 3.0 cut off for the Baa category. VUHI's low EBIT/Interest Expense ratio of 2.63 times in 2006 weighs the average for this metric down. Given the annual revenue increase awarded to the company in August 2007 and February 2008, this metric may improve for the holding company and move it into the range of a Baa rating category.

2. Debt to Book Capitalization

Although this ratio has been increasing slightly over the past three years, VUHI's three-year 53.14% average debt to book capitalization is only slightly above the Baa1 peer group average of 51.39%. This ratio will change, however, as in the future, long-term debt issuances for utility subsidiaries are expected to be executed at the VUHI level for its subsidiaries, as occurs now with short-term debt.

3. Retained Cash Flow to Debt

VUHI falls within in the Baa rating category with an average retained cash flow to debt ratio from 2005 to 2007 of 14.74%. Here the 12.66% of 2006 weighs down on VUHI's average in this category. The holding company's Baa1 peers average 16.1%.

4. Return on Equity

The holding company has a modest three-year ROE average of 8.84%, which is more compatible with a Ba rated company. VUHI's Baa1 peers have an average ROE of 10.78%. This ratio may improve going forward though, given the recent rate case settlements awarding VUHI's SIGECO and IGC ROE ratios of over 10%.

Liquidity

VUHI has adequate liquidity for the near future. Gross Cash Flow for 2007 of $302MM covered almost all of the cash requirements for capital expenditure needs of $303MM. Dividends of $76.6MM were also paid-out over the same time period. The balance of capital expenditures and dividends was funded through an increase in short term debt of $116MM. VUHI is expected to pay off its short term debt using proceeds from its equity drawdown later this year. Capital expenditures are expected to slightly increase in the next year before decreasing again below the $300 MM level. A large portion of these expenditures are not maintenance related and therefore can be scaled back significantly, if necessary.

VUHI also has an authorized commercial paper program of $600MM that is backstopped by a syndicated $515MM five-year committed bank facility (with an accordion feature allowing an increase to $575MM) agented by JPMorgan Chase Bank, N.A.(bank holding company senior debt rated Aa3). This facility, which expires on November 10, 2010, does not require representations and warranties for borrowings. Covenants include limitations on liens, limits on affiliate transactions, limits on sale of assets, and a 65% debt to capitalization limit. At September 31, 2007, VUHI was within the stated covenants of the credit facility.

VUHI has rarely operated the program at full capacity and has a policy of always having committed bank lines that cover the amount of commercial paper outstanding. Commercial paper is used approximately 75% for short-term working capital purposes and 25% to bridge long-term debt or equity issues. Peak outstandings of $412MM were reached in 2007 backed by the JPMorgan Chase's $515MM five-year facility. Average commercial paper outstanding for the fiscal year 2007 was $254MM.

One of VUHI's subsidiaries, SIGECO, experienced some negative effects of the recent capital market turmoil with regards to its $103MM of tax-exempt adjustable rate long-term securities (ARS). Some of these auction rate debt pieces, whose interest rates are reset every seven days through an auction process, failed due to insufficient interest from investors following downgrades and negative watches on the credit ratings of monoline insurers (monoline insurer Ambac Assurance Corporation insures SIGECO's ARS). As a result, SIGECO was required to pay the maximum rates permitted for the securities, which ranged from 10 to 15% per annum. On a weekly basis, this results in an interest expense increase of $200,000 over the average weekly interest expense incurred based on rates experienced during 2007. The utility has since provided notice to current holders that its ARS will be converted into a daily interest rate mode during March 2008 and will be subject to mandatory tender for purchase on the conversion date at 100% of the principal amount plus accrued interest. Moody's will continue to monitor this situation as the company may also replace SIGECO's outstanding debt with taxable debt from VUHI.

Rating Outlook

Currently the outlook for the Baa1 rating for VUHI is stable.

What Could Change the Rating - Up

While unlikely at this time, any rating action for positive outlook or upgrades would have to be triggered by marked improvements in credit metrics. In order to be considered for an upgrade, VUHI's EBIT/Interest expense would have to rise above 4 times, Debt/Book Capitalization to fall below 45%, RCF/Debt to rise above 20%, or ROE to increase above 13%.

What Could Change the Rating - Down

Barring any fundamental changes in business profile, VUHI's rating could come under pressure if financial strength ratios deteriorated. If EBIT/Interest expense were to fall below 2 times, Debt/Book Capitalization to rise above 60%, RCF/Debt to fall below 10%, or ROE to decrease below 7%, VUHI ratings may come under negative pressure.

Rating Factors

Vectren Utility Holdings, Inc.

Diversified Natural Gas Transmission and Distribution	Aaa	Aa	A	Baa	Ba	B	Caa
Factor 1: Scale (10% weighting)							
a) Net Profit After-Tax Before Unusual Items (US$MM) (5%)					X		
b) Total Assets (US$B) (5%)				X			
Factor 2: Quality of Diversification (20% weighting)							
a) Scale of Unregulated Exposure (10%)	X						
b) Degree of Business Risk (10%)		X					
Factor 3: Management Strategy & Financial Policy (10% weighting)							
a) Management Strategy & Financial Policy (10%)				X			
Factor 4: Financial Strength (60% weighting)							
a) EBIT/Interest Expense (15%)					X		
b) Debt to Book Capitalization (excluding goodwill) (15%)				X			
c) Retained Cash Flow/Debt (15%)				X			
d) Return on Equity (15%)					X		
Rating:							
a) Methodology Model Implied Senior Unsecured Rating			**Baa2**				
b) Actual Senior Unsecured Equivalent Rating			**Baa1**				

MOODY'S hereby discloses that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by MOODY'S have, prior to assignment of any rating, agreed to pay to MOODY'S for appraisal and rating services rendered by it fees ranging from $1,500 to approximately $2,400,000. Moody's Corporation (MCO) and its wholly-owned credit rating agency subsidiary, Moody's Investors Service (MIS), also maintain policies and procedures to address the independence of MIS's ratings and rating processes. Information regarding certain affiliations that may exist between directors of MCO and rated entities, and between entities who hold ratings from MIS and have also publicly reported to the SEC an ownership interest in MCO of more than 5%, is posted annually on Moody's website at www.moodys.com under the heading 'Shareholder Relations - Corporate Governance Director and Shareholder Affiliation Policy."

CERTIFICATION OF
PARENTAL GUARANTY

The undersigned duly authorized officer of Vectren Corporation does hereby represent, affirm, and certify that Vectren Corporation fully supports the entry into the deregulated Ohio natural gas market of Vectren Retail, LLC, a wholly owned subsidiary, and that Vectren Corporation hereby commits to the Public Utilities Commission of Ohio that it will assure that Vectren Retail, LLC has sufficient capital and access to lines of credit to cover all operating costs of Vectren Retail, LLC in the State of Ohio, as well as all working capital needs of Vectren Retail, LLC. This certification of parental guaranty is made with the expectation that Vectren Retail, LLC's cash flow from its Ohio operations may be negative for some period of time during the start up period, and with the understanding that the Public Utilities Commission of Ohio will rely materially on this certification of parental guaranty in evaluating the creditworthiness of Vectren Retail, LLC in the marketer certification process.

Vectren Corporation

By: Robert L. Goocher

Name: Robert L. Goocher

Title: Vice President and Treasurer

Date: May 7, 2008

EXHIBIT C-7

CREDIT REPORT

Decide with Confidence

Comprehensive Report

To save report(s) to your PC, click here for instructions.

Print this Report

ATTN: **credit & collections**

Report Printed: MAY 20 2008

Overview

BUSINESS SUMMARY

VECTREN RETAIL, LLC
(SUBSIDIARY OF VECTREN CORPORATION, EVANSVILLE, IN)
1 Vectren Sq Fl 3
Evansville, IN 47708

D&B D-U-N-S Number: 06-797-0926

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A forward look at the U.S. economy within this specific industry

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How much credit should you extend?
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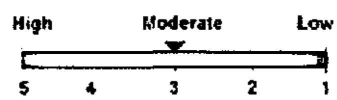
Payment trends and industry benchmarks
Jump to Payment Trends

This is a **single (subsidiary)** location.

Web site:	www.vectren.com
Telephone:	812 491-4000
Manager:	GREG COLLINS, MEMBER
Year started:	2001
Employs:	25
History:	CLEAR
Financing:	SECURED
SIC:	4932
Line of business:	Gas and other services combined

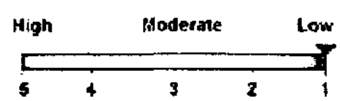
Credit Score Class: 3

Moderate risk of severe payment delinquency over next 12 months



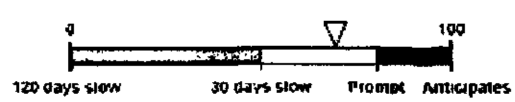
Financial Stress Class: 1

Low risk of severe financial stress over the next 12 months



12-Month D&B PAYDEX®: 68

When weighted by dollar amount, payments to suppliers average 17 days beyond terms.



D&B Rating:	**1R3**
Number of employees:	1R is **10 or more** employees.
Composite credit appraisal:	3 is **fair.**

D&B EXCLUSIVE

EXECUTIVE SUMMARY

The **Financial Stress Class of 1** for this company shows that firms with this classification had a failure rate of 1.2% (120 per 10,000), which is lower than the average of businesses in D&B's database

The **Credit Score class of 3** for this company shows that 14.3% of firms with this classification paid one or more bills severely delinquent, which is lower than the average of businesses in D&B's database.

Predictive Scores	**This Business**	**Comments**
Financial Stress Class	1	Failure Rate lower than the average of businesses in D&B's database
Financial Stress Score	1395	Highest Risk: 1,001; Lowest Risk: 1,875
Credit Score Class	3	Probability of Severely Delinquent Payment is lower than the average of businesses in D&B's database.
Credit Score	496	Highest Risk: 101; Lowest Risk: 670
Other Key Indicators		
PAYDEX Scores	17 days beyond terms	Pays more slowly than the average for its industry of 3 days beyond terms
Industry Median	3 days beyond terms	
Present management control	7 years	
UCC Filings	UCC filing(s) are reported for this business	
Public Filings	No record of open Suit(s), Lien(s), or Judgment(s) in the D&B database	
Financing	Is secured	
History	Is clear	

CREDIT CAPACITY SUMMARY

D&B Rating: **1R3**
Number of employees: 1R indicates **10 or more** employees.
Composite credit appraisal: 3 is **fair.**

The 1R and 2R ratings categories reflect company size based on the total number of employees for the business. They are assigned to business files that do not contain a current financial statement. In 1R and 2R Ratings, the 2, 3, or 4 creditworthiness indicator is based on analysis by D&B of public filings, trade payments, business age and other important factors. 2 is the highest Composite Credit Appraisal a company not supplying D&B with current financial information can receive. For more information, see the D&B Rating Key.

# of Employees Total: 25

Payment Activity:
(based on 6 experiences)

Average High Credit:	$8,837
Highest Credit:	$35,000
Total Highest Credit:	$36,350

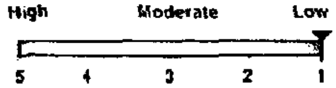
Jump to:
Overview | Payments | Public Filings | History & Operations | Banking & Finance

Scores D&B EXCLUSIVE

FINANCIAL STRESS SUMMARY

The Financial Stress Summary Model predicts the likelihood of a firm ceasing business without paying all creditors in full, or reorganization or obtaining relief from creditors under state/federal law over the next 12 months. Scores were calculated using a statistically valid model derived from D&B's extensive data files.

Financial Stress Class: 1



Low risk of severe financial stress, such as a bankruptcy, over the next 12 months.

Incidence of Financial Stress

Among Businesses with this Class: 1.20% (120 per 10,000)
Average of Businesses in D&B's Database: 2.60% (260 per 10,000)

Financial Stress National Percentile: 60 (Highest Risk: 1; Lowest Risk: 100)

Financial Stress Score: 1395 (Highest Risk: 1,001; Lowest Risk: 1,875)

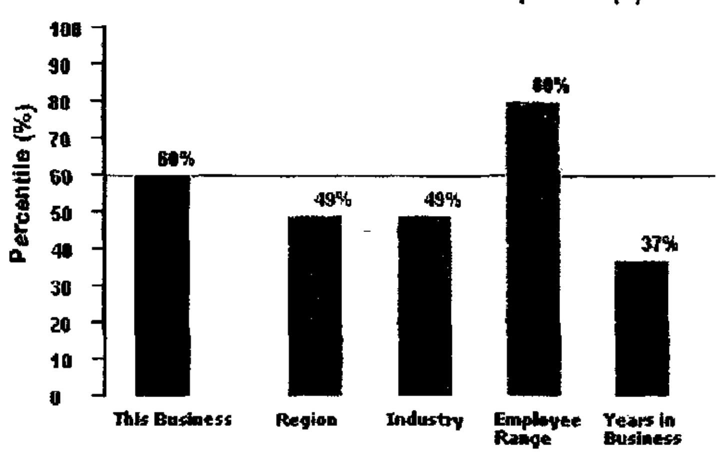
The Financial Stress Score of this business is based on the following factors:

- No record of open suit(s), lien(s), or judgment(s) in the D&B files.
- 50% of trade dollars indicate slow payment(s) are present.
- Control age or date entered in D&B files indicates higher risk.

Notes:

- The Financial Stress Class indicates that this firm shares some of the same business and financial characteristics of other companies with this classification. It does not mean the firm will necessarily experience financial stress.
- The Incidence of Financial Stress shows the percentage of firms in a given Class that discontinued operations with loss to creditors. The Average Incidence of Financial Stress is based on businesses in D&B's database and is provided for comparative purposes.
- The Financial Stress National Percentile reflects the relative ranking of a company among all scorable companies in D&B's file.
- The Financial Stress Score offers a more precise measure of the level of risk than the Class and Percentile. It is especially helpful to customers using a scorecard approach to determining overall business performance.
- All Financial Stress Class, Percentile, Score and Incidence statistics are based on sample data from 2004.

Financial Stress Norms Comparison (%)



Region=EAST NORTH CENTRAL
Industry=INFRASTRUCTURE
Employee Range=20-99
Years in Business=6-10

Norms	National %
This Business	60
Region: **EAST NORTH CENTRAL**	49
Industry: **INFRASTRUCTURE**	49
Employee Range: **20-99**	80
Years in Business: **6-10**	37

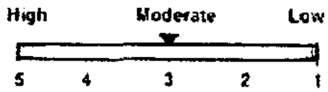
This business has a Financial Stress Percentile that shows:

- Lower risk than other companies in the same region.
- Lower risk than other companies in the same industry.
- Higher risk than other companies in the same employee size range.
- Lower risk than other companies with a comparable number of years in business.

CREDIT SCORE CLASS SUMMARY

The Credit Score Class predicts the likelihood of a firm paying in a severely delinquent manner (90+ Days Past Terms) over the next twelve months. It was calculated using statistically valid models and the most recent payment information in D&B's files.

Credit Score Class: 3



Moderate risk of severe payment delinquency over next 12 months.

Incidence of Delinquent Payment

Among Companies with this Class:	14.30%
Average Compared to Businesses in D&B's Database:	20.10%

Credit Score Percentile: 69 (Highest Risk: 1; Lowest Risk: 100)

Credit Score: 496 (Highest Risk: 101; Lowest Risk: 670)

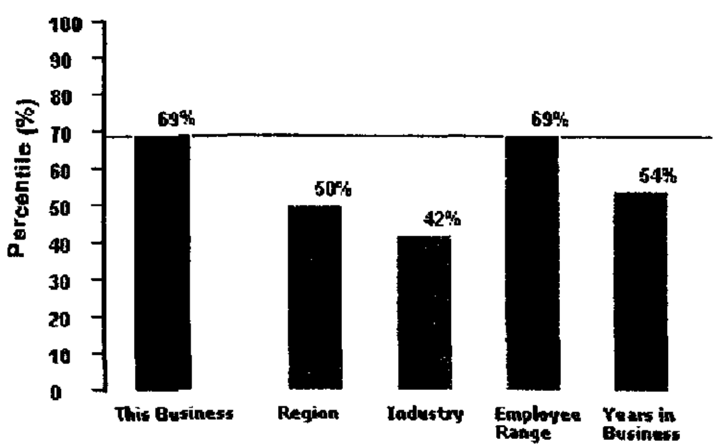
The Credit Score of this business is based on the following factors:

- 50% of trade dollars indicate slow payment(s) are present.
- No record of open suit(s), lien(s), or judgment(s) in the D&B files.

Notes:

- The Credit Score Class indicates that this firm shares some of the same business and payment characteristics of other companies with this classification. It does not mean the firm will necessarily experience delinquency.
- The Incidence of Delinquent Payment is the percentage of companies with this classification that were reported 90 days past due or more by creditors. The calculation of this value is based on an inquiry weighted sample.
- The Percentile ranks this firm relative to other businesses.For example, a firm in the 80th percentile has a lower risk of paying in a severely delinquent manner than 79% of all scorable companies in D&B's files.
- The Credit Score offers a more precise measure of the level of risk than the Class and Percentile. It is especially helpful to customers using a scorecard approach to determining overall business performance.
- All Credit Class, Percentile, Score and Incidence statistics are based on sample data from 2004.

Credit Score Norms Comparison (%)



Region=EAST NORTH CENTRAL
Industry=INFRASTRUCTURE
Employee Range=20-99
Years in Business=6-10

Norms	**National %**
This Business	69
Region: **EAST NORTH CENTRAL**	50
Industry: **INFRASTRUCTURE**	42
Employee Range: **20-99**	69
Years in Business: **6-10**	54

This business has a Credit Score Percentile that shows:

- Lower risk than other companies in the same region.
- Lower risk than other companies in the same industry.
- Similar risk compared to other companies in the same employee size range.
- Lower risk than other companies with a comparable number of years in business.

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Payments D&B EXCLUSIVE

PAYMENT TRENDS

Total Payment Experiences in D&B's File:	6
Payments Within Terms: (not dollar weighted)	91%
Total Placed For Collection:	0
Average Highest Credit:	$8,837
Largest High Credit:	$35,000
Highest Now Owing:	$10,000
Highest Past Due:	$0

Current PAYDEX is:	**68**	equal to 17 days beyond terms
Industry Median is:	**78**	equal to 3 days beyond terms
Payment Trend currently is:		**unchanged,** compared to payments three months ago

Indications of slowness can be the result of dispute over merchandise, skipped invoices, etc. Accounts are sometimes placed for collection even though the existence or amount of the debt is disputed.

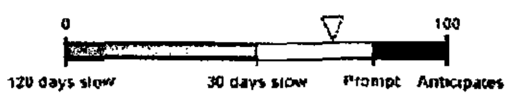
PAYDEX Scores

Shows the D&B PAYDEX scores as calculated on the most recent 3 months and 12 months of payment experiences.

The D&B PAYDEX is a unique, dollar weighted indicator of payment performance based on up to payment experiences as reported to D&B by trade references. A detailed explanation of how to read and interpret PAYDEX scores can be found at the end of this report.

12-Month D&B PAYDEX: 68

When weighted by dollar amount, payments to suppliers average 17 days beyond terms.



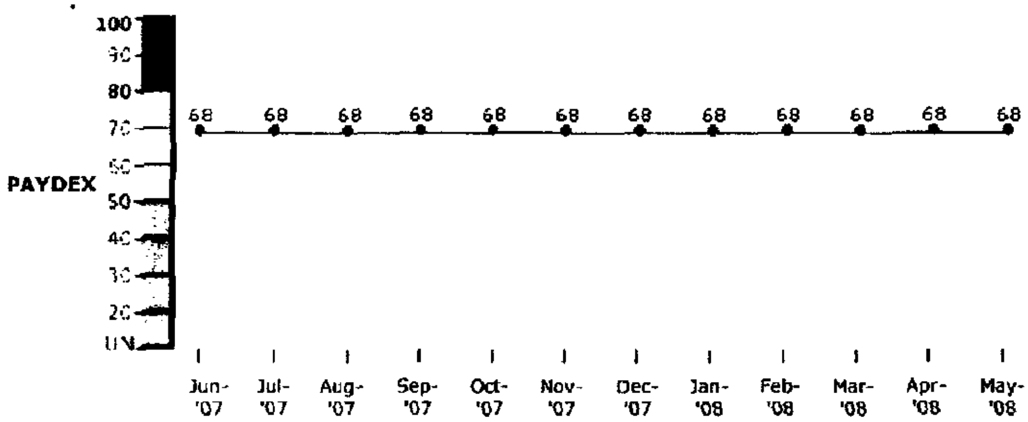
Based on payments collected over last 12 months.

PAYDEX Yearly Trend

12 Month PAYDEX Scores Comparison to Industry

	6/07	7/07	8/07	9/07	10/07	11/07	12/07	1/08	2/08	3/08	4/08	5/08
This Business	68	68	68	68	68	68	68	68	68	68	68	68
Industry Quartiles												
Upper	80			80			80			80		
Median	78			78			78			78		
Lower	71			70			69			70		

Shows the trend in D&B PAYDEX scoring over the past 12 months.



Last 12 Months

Based on payments collected over the last 12 months.

- Current PAYDEX for this Business is 68, or equal to 17 days beyond terms
- The 12-month high is **68**, or equal to 17 days beyond terms
- The 12-month low is **68**, or equal to 17 days beyond terms

PAYDEX Comparison to Industry

Shows PAYDEX scores of this Business compared to the Primary Industry from each of the last four quarters. The Primary Industry is Gas and other services combined, based on SIC code 4932.

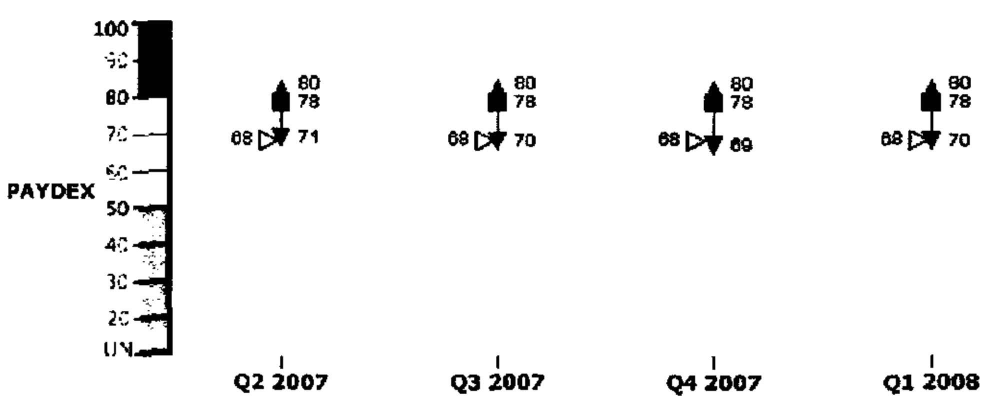
Quarterly PAYDEX Scores Comparison to Industry

Previous Year

	6/06	**9/06**	**12/06**	**3/07**
This Business	66	66	67	68
Industry Quartiles				
Upper	80	80	80	80
Median	78	78	78	78
Lower	70	71	71	71

Current Year

	6/07	**9/07**	**12/07**	**3/08**
This Business	68	68	68	68
Industry Quartiles				
Upper	80	80	80	80
Median	78	78	78	78
Lower	71	70	69	70



Last 12 Months

Based on payments collected over the last 4 quarters.

Score Comparison Key: ▷ This Business

▲ Industry upper quartile

■ Industry median

▼ Industry lower quartile

- Current **PAYDEX** for this Business is **68**, or equal to 17 days beyond terms
- The present industry **median score** is **78**, or equal to 3 days beyond terms.

- Industry upper quartile represents the performance of the payers in the 75th percentile
- Industry lower quartile represents the performance of the payers in the 25th percentile

Payment Habits

For all payment experiences within a given amount of credit extended, shows the percent that this Business paid within terms. Provides number of experiences used to calculate the percentage, and the total dollar value of the credit extended.

$ Credit Extended	% of Payments Within Terms	# Payment Experiences	$ Total Dollar Amount
Over 100,000	0%	0	$0
50,000-100,000	0%	0	$0
15,000-49,999	50%	1	$35,000
5,000-14,999	0%	0	$0
1,000-4,999	0%	0	$0
Under 1,000	100%	3	$350

Based on payments collected over the last 12 months.

Payment experiences reflect how bills are met in relation to the terms granted. In some instances, payment beyond terms can be the result of disputes over merchandise, skipped invoices, etc.

PAYMENT SUMMARY

The Payment Summary section reflects payment information in D&B's file as of the date of this report.

There are 6 payment experiences in D&B's file for the most recent 12 months, with 3 experiences reported during the last three month period.

Below is an overview of the company's dollar-weighted payments, segmented by its suppliers' primary industries:

	Total Rcv'd (#)	Total Dollar Amts ($)	Largest High Credit ($)	Within Terms (%)	Days Slow (%) <31	31-60	61-90	90>
Top industries:								
Executive office	2	100	50	100	0	0	0	0
Whol office supplies	1	35,000	35,000	50	50	0	0	0
Nonclassified	1	250	250	100	0	0	0	0
Radiotelephone commun	1	0	0	0	0	0	0	0
Other payment categories:								
Cash experiences	0	0	0					
Payment record unknown	1	1,000	1,000					
Unfavorable comments	0	0	0					
Placed for collections:								
With D&B	0	0	0					
Other	0	N/A	0					
Total in D&B's file	6		35,000					

The highest **Now Owes** on file is $10,000 The highest **Past Due** on file is $0

Accounts are sometimes placed for collection even though the existence or amount of the debt is disputed. Indications of slowness can be result of dispute over merchandise, skipped invoices, etc.

PAYMENT DETAILS

Detailed payment history

Date Reported (mm/yy)	Paying Record	High Credit ($)	Now Owes ($)	Past Due ($)	Selling Terms	Last Sale Within (months)
04/08	(001) Satisfactory.	50				6-12 mos
	(002) Satisfactory.	50				6-12 mos
02/08	(003)	1,000	0	0		2-3 mos
11/07	Ppt	0	0	0		6-12 mos
09/07	Ppt	250	0	0		6-12 mos
04/06	Ppt-Slow 30	35,000	10,000	0	N15	1 mo

Each experience shown is from a separate supplier. Updated trade experiences replace those previously reported.

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Public Filings

PUBLIC FILINGS

The following data includes both open and closed filings found in D&B's database on the subject company.

Record Type	# of Records	Most Recent Filing Date
Bankruptcy Proceedings	0	-
Judgments	0	-
Liens	0	-
Suits	0	-
UCC's	3	11/26/2007

The following Public Filing data is for information purposes only and is not the official record. Certified copies can only be obtained from the official source.

UCC FILINGS

Collateral:	All Accounts receivable
Type:	Amendment
Sec. party:	VECTREN CAPITAL, CORP., EVANSVILLE, IN
Debtor:	VECTREN RETAIL, LLC
Filing number:	0600005605903
Filed with:	SECRETARY OF STATE/UCC DIVISION, INDIANAPOLIS, IN
Date filed:	06/12/2006
Latest Info Received:	06/21/2006
Original UCC filed date:	07/03/2003
Original filing no.:	0300006246932

Type:	Amendment
Sec. party:	VECTREN CAPITAL, CORP., EVANSVILLE, IN
Debtor:	VECTREN RETAIL, LLC
Filing number:	0600006626280
Filed with:	SECRETARY OF STATE/UCC DIVISION, INDIANAPOLIS, IN
Date filed:	07/12/2006
Latest Info Received:	07/18/2006

Original UCC filed date:	07/03/2003
Original filing no.:	0300006246932
Collateral:	Account(s) and proceeds - Chattel paper and proceeds - General intangibles(s) and proceeds
Type:	Original
Sec. party:	NATIONAL FUEL GAS DISTRIBUTION CORPORATION, WILLIAMSVILLE, NY
Debtor:	VECTREN RETAIL, LLC
Filing number:	0700010997984
Filed with:	SECRETARY OF STATE/UCC DIVISION, INDIANAPOLIS, IN
Date filed:	11/26/2007
Latest Info Received:	12/11/2007

The public record items contained in this report may have been paid, terminated, vacated or released prior to the date this report was printed.

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History & Operations

HISTORY

The following information was reported **11/29/2007**:

Officer(s): GREG COLLINS, MEMBER

DIRECTOR(S): THE OFFICER(S)

This is a Limited Liability Company in Indiana since 07/27/01.

Ownership information provided verbally by Sources on Feb 28 2006.

Business started 2001 by Greg Collins.

GREG COLLINS. Antecedents are undetermined.

CORPORATE FAMILY

For more details on the Corporate Family, use D&B's Global Family Linkage product.

Buy Selected Report(s)

Parent:
Select business below to buy a Comprehensive Report.

Vectren Corporation	Evansville, IN	DUNS # 13-550-4913

Affiliates (US):*(Affiliated companies share the same parent company as this business.)*
Select businesses below to buy Comprehensive Report(s).

Energy Realty Inc	Indianapolis, IN	DUNS # 78-816-5181
Energy Systems Group, Inc.	Newburgh, IN	DUNS # 86-946-4123
Indiana Southern Properties Inc	Evansville, IN	DUNS # 15-520-2484
Miller Pipeline Corporation	Indianapolis, IN	DUNS # 00-287-9294
Vectren Capital Inc	Evansville, IN	DUNS # 05-454-2415
Vectren Communications Services, Inc.	Evansville, IN	DUNS # 05-454-3223
Vectren Energy Delivery of Ohio Inc	Dayton, OH	DUNS # 00-486-6344
Vectren Environmental Services, Inc	Evansville, IN	DUNS # 05-463-1655

Vectren Resources LLC	Evansville, IN	DUNS # 94-189-3448
Vectren Retail, LLC	Evansville, IN	DUNS # 05-454-1318
Vectren Utility Holdings, Inc.	Evansville, IN	DUNS # 14-460-8457

Buy Selected Report(s)

OPERATIONS

11/29/2007

Description: Subsidiary of VECTREN CORPORATION, EVANSVILLE, IN which operates as retailer of gas in deregulated markets.

Provides gas and other services combined(100%).

Terms are undetermined. Sells to general public. Territory : Local.

Nonseasonal.

Employees: 25 which includes partners.

Facilities: Owns premises in a two story brick building.

Location: Central business section on main street.

SIC & NAICS

SIC:
Based on information in our file, D&B has assigned this company an extended 8-digit SIC. D&B's use of 8-digit SICs enables us to be more specific to a company's operations than if we use the standard 4-digit code.

The 4-digit SIC numbers link to the description on the Occupational Safety & Health Administration (OSHA) Web site. Links open in a new browser window.

49320000 Gas and other services combined

NAICS:
221210 Natural Gas Distribution

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Banking & Finance

KEY BUSINESS RATIOS

D&B has been unable to obtain sufficient financial information from this company to calculate business ratios. Our check of additional outside sources also found no information available on its financial performance.
To help you in this instance, ratios for other firms in the same industry are provided below to support your analysis of this business.

Based on this number of establishments: 35

Industry Norms based on 35 establishments

	This Business	Industry Median	Industry Quartile
Profitability			
Return on Sales	UN	7.4	UN
Return on Net Worth	UN	5.2	UN

Short-Term Solvency			
Current Ratio	UN	2.4	UN
Quick Ratio	UN	1.3	UN
Efficiency			
Assets Sales	UN	263.8	UN
Sales / Net Working Capital	UN	4.3	UN
Utilization			
Total Liabs / Net Worth	UN	78.6	UN

UN = Unavailable

FINANCE

11/29/2007

On November 29, 2007, attempts to contact the management of this business have been unsuccessful. Outside sources confirmed operation and location.

CUSTOMER SERVICE

If you have questions about this report, please call our Customer Resource Center at 1.800.234.3867 from anywhere within the U.S. If you are outside the U.S. contact your local D&B office.

*** Additional Decision Support Available ***

Additional D&B products, monitoring services and specialized investigations are available to help you evaluate this company or its industry. Call Dun & Bradstreet's Customer Resource Center at 1.800.234.3867 from anywhere within the U.S. or visit our website at www.dnb.com.

EXHIBIT C-8

BANKRUPTCY INFORMATION

Not Applicable.

EXHIBIT C-9

MERGER INFORMATION

Not Applicable.

EXHIBIT D-1

OPERATIONS

Vectren Source enjoys an internal staff of commodity specialists who perform daily tactical services to support its retail activities. These upstream and city gate services include procurement, transportation, nominations, scheduling, delivery, and risk management.

EXHIBIT D-2

OPERATIONS EXPERTISE

Vectren Source serves approximately 156,000 residential and small commercial customers in eight local distribution company service territories in four states. In addition to staff referred to in Exhibit D-1 whose focus is on commodity-related operational issues, Vectren Source has a full complement of internal staff dedicated to matter germane to customer service.

EXHIBIT D-3

KEY TECHNICAL PERSONNEL

Lawrence K. Friedeman, Senior Regulatory Counsel

Email Address: lfriedeman@vectren.com
Telephone Number: 812-491-4282

Mr. Friedeman attended the University of Pittsburgh where he was awarded a Bachelor of Arts degree, graduating summa cum laude, as well as his Juris Doctorate degree. Mr. Friedeman spent many years with a Northwest Ohio manufacturer, achieving the position of President & CEO. Immediately prior to his association with Vectren Source, Mr. Friedeman was the Regulatory Liaison for Columbia Energy Services Corporation, where he represented Columbia Energy Services before the Regulatory Commissions of Ohio, Michigan, Pennsylvania, New Jersey, Virginia, Maryland, and Georgia in regard to the retail energy endeavors of Columbia Energy Services.

Tamara R. Wilson, CPA
Vice President, Finance and Commodity Operations

Email Address: trwilson@vectren.com
Telephone Number: (812) 491-4284

Ms. Wilson manages the financial and commodity operations departments. The Commodity Department is responsible for ensuring the daily delivery of natural gas to Vectren Retail's customers, daily supply planning, optimizing sales and purchases of natural gas for delivery as well as the optimization of commodity assets. In addition, she also is responsible for long-term supply planning and risk hedging strategies for the organization.

In regard to Ms. Wilson's oversight of the Finance Department, she is responsible for the financial and accounting related aspects of the organization including financial reporting, budgeting, internal controls, and risk reporting. In addition, she is responsible for the financial evaluation of entry into new retail gas markets and potential acquisition opportunities, long-term forecasting, and creation and maintenance of product pricing models.

Ms. Wilson has 15 years of experience in finance and accounting and is a Certified Public Accountant. Her previous work experience includes positions in the retail commodity, telecommunications, and manufacturing industries.

Ms. Wilson graduated from the University of Evansville, cum laude, with a BS in Accounting.

Brian R. Stout, Gas Scheduling Representative, Commodity Operations

Email address bstout@vectren.com
Telephone Number: 812-491-4219

Mr. Stout has 15 years of experience in the natural gas marketing and pipeline industry. Mr. Stout has held positions in Gas Control / Gas Scheduling, and has industry experience in Marketing, Gathering & Processing, and Transportation & Storage. Mr. Stout has experience in load forecasting as well as a strong understanding of gas operations. Mr. Stout started his career at Mississippi River Transmission in St. Louis, MO, where he was responsible for monitoring pipeline integrity. Mr. Stout later went on to work for ONEOK, Inc. in Tulsa, OK, where he was responsible for pipeline integrity, imbalance management, and transportation billing.

Currently, Mr. Stout holds the position of Gas Scheduling Representative with Vectren Source where he is responsible for scheduling interstate natural gas pipelines, market assessment, and commodity procurement.

Thomas L. Melton, Gas Scheduling Representative, Commodity Operations

Email address: tmelton@vectren.com
Telephone Number: 812-491-5183

Mr. Melton has 5 years of experience in the natural gas marketing and pipeline industry. Mr. Melton began his career with Southern Star Central Gas Pipeline, Inc. where he held positions in Operations Management and Business Development/Marketing. While working for Southern Star, Mr. Melton was Project Manager of long-term customer supply planning and company wide strategic planning. In addition, Mr. Melton was responsible for managing new supply interconnect projects as well as pipeline expansion opportunities. After leaving the regulated pipeline industry, Mr. Melton joined Atmos Energy Marketing as Regional Manager of Marketing in Kansas and Oklahoma. This role included the responsibilities of managing customer supply needs and marketing to new and existing customer bases.

Currently, Mr. Melton holds the position of Gas Scheduling Representative with Vectren Source where he is responsible for scheduling interstate natural gas pipelines, market assessment, and commodity procurement.

Mr. Melton graduated, magna cum laude, from Kentucky Wesleyan College with a B.S. in Business Administration and Psychology. Mr. Melton received his MBA from the Murray State University School of Business.

Ryan Scherer, Manager, Gas Operation

Email address: rdscherer@vectren.com
Telephone Number: 812-491-4478

Mr. Scherer has 6 years of experience in the natural gas marketing and pipeline industry, with 4 of those years focused on the Natural Gas Choice Markets. Mr. Scherer has held position as a Gas Supply Analyst on both the Utility side of the business and the Energy Choice side. He focused on analyzing in supply planning, pipeline optimization, and storage planning for the given markets. He was also responsible for following market trends, and studying future developments in the natural gas markets. Finally, Mr. Scherer was responsible for working with Gas Control and demand forecasting to make sure all deliveries were operationally possible, along with focusing on the economics.

Currently, Mr. Scherer holds the position of Manager, Gas Operations with Vectren Source where he is responsible for overseeing the scheduling of pipelines, market assessment, and commodity procurement, and storage planning for all of Vectren Source's Choice markets.

Jennifer L. Rankins, Commodity Analyst

Email address: jrankins@vectren.com
Telephone Number: (812) 491-4294

Ms. Rankins was formerly employed at Signature Energy Management, LLC (SEM) as Industrial Management Specialist. Ms. Rankins' employment responsibilities included reconciliation of customers' Natural Gas, Propane, and Electricity invoices, compilation, maintenance, and analysis of pertinent historical data for both Natural Gas and Electricity. Ms. Rankins also maintained customer contracts and created monthly reports that detailed and reconciled consumption, costs, billing variances, and savings. Ms. Rankins currently holds the position of Commodity Analyst where she is responsible for the maintenance of monthly future supply planning to track commodity, storage, and capacity. Ms. Rankins also assists with the purchases of gas supply and coordinates with others to monitor and reconcile transportation, storage and capacity on a daily and monthly basis.