NC

FILE

RECEIVED-DOCKETING DIV
2010 DEC 22 PM 5:14
PUCO

26

BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Joint Application of Vectren Energy Delivery of Ohio, Inc. and Indiana Gas Company, Inc. for Approval of an Adjustment to the Reorganization of the Indebtedness and Capitalization of Vectren Energy Delivery of Ohio, Inc.	)	Case No. 10-3120-GA-AIS

JOINT APPLICATION

Gretchen J. Hummel (Trial Attorney)
McNees Wallace & Nurick LLC
Fifth Third Center
21 East State Street, 17th Floor
Columbus, OH 43215
Telephone: 614-469-8000
Telecopier: 614-469-4653
ghummel@mwncmh.com
(614)719-2841

December 22, 2010

Attorney for Vectren Energy Delivery of Ohio, Inc. and Indiana Gas Company, Inc.

This is to certify that the images appearing are an accurate and complete reproduction of a case file document delivered in the regular course of business
Technician _____ Date Processed DEC 23 2010

{C32834: }

BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Joint Application of Vectren Energy Delivery of Ohio, Inc. and Indiana Gas Company, Inc. for Approval of an Adjustment to the Reorganization of the Indebtedness and Capitalization of Vectren Energy Delivery of Ohio, Inc.	)	Case No. 10-_____-GA-AIS

JOINT APPLICATION

Vectren Energy Delivery of Ohio, Inc. ("VEDO") and Indiana Gas Company, Inc. ("IGC") (collectively, "Joint Applicants") respectfully request, pursuant to Section 4905.40(A)(2), Revised Code, that the Public Utilities Commission of Ohio ("PUCO" or "Commission") grant such authority as may be required for the transfer of IGC's share of the jointly-owned Ohio assets to VEDO. In support of this Joint Application, VEDO and IGC state as follows:

1. VEDO is an Ohio corporation engaged in the business of providing natural gas service to approximately 315,000 customers in southwestern Ohio and as such, is a public utility as defined by Section 4905.02 and 4905.03, Revised Code. IGC is both an Indiana and an Ohio corporation, and a wholly-owned subsidiary of Vectren Utility Holdings, Inc. ("VUHI"). IGC and VEDO, which are both wholly-owned subsidiaries of VUHI, a wholly-owned subsidiary of Vectren Corporation ("Vectren"), co-own the assets of VEDO as

a tenancy in common ("TIC"). As co-owners of VEDO's assets, Joint Applicants are subject to the provisions of Sections 4905.40, Revised Code.

2. Joint Applicants acquired the gas assets of the Dayton Power & Light Company ("Gas Assets") effective October 31, 2000 as approved by the Commission in Case No. 00-524-GA-ATR.[1] In order to preserve Vectren's "intrastate" exemption under the Public Utility Holding Company Act of 1935 ("PUHCA 1935"), ownership in the Gas Assets was transferred to VEDO and IGC in 53 percent and 47 percent portions, respectively, as a TIC.[2] This structure was reviewed by the Securities and Exchange Commission ("SEC"). Both VEDO and IGC were incorporated in the state of Ohio, and the Gas Assets were combined to be operated by VEDO as a single entity for all regulatory purposes.

3. In 2006, PUHCA 1935 was repealed and replaced by the Public Utility Holding Company Act of 2005 ("PUHCA 2005"). Under PUHCA 2005, the TIC ownership structure is no longer one of the requirements necessary to maintain Vectren's intrastate exemption. There are requirements associated with the TIC ownership

[1] See *In the Matter of the Joint Application of Vectren Energy Delivery of Ohio, Inc., Indiana Gas Company, Inc., and the Dayton Power and Light Company, to Transfer the Natural Gas Assets of the Dayton Power and Light Company to Vectren Energy Delivery of Ohio, Inc. and/or Indiana Gas Company, Inc. Pursuant to Section 4905.48(B) and (C), Revised Code*, Case No 00-524-GA-ATR, Finding and Order (July 13, 2000).

[2] *Id.* at 2-5.

structure which impose administrative burdens and financial reporting challenges on both VEDO and IGC. With the TIC structure no longer necessary, Vectren now seeks to dissolve the TIC and consolidate ownership of the Gas Assets with VEDO ("Ownership Transfer").

4. The proposed Ownership Transfer will simplify the preparation of separate financial statements for IGC and VEDO and improve the efficiency of the various accounting functions of each entity. Corporate structures will be streamlined by the elimination of the dual incorporation of IGC in Indiana and Ohio (see Attachment A). Finally, regulatory efficiencies will be realized in the filing and processing of rate cases and other regulatory proceedings for both the companies and the regulators in Indiana and Ohio.

5. Section 4905.40, Revised Code, provides, in pertinent part, as follows:

> (A) A public utility or a railroad may, when authorized by order of the public utilities commission, issue stocks, bonds, notes, and other evidences of indebtedness, payable at periods of more than twelve months after their date of issuance, when necessary:
>
> (2) For reorganization or readjustment of its indebtedness and capitalization, for the discharge or lawful refunding of its obligation, or for the reimbursement of moneys actually expended for such purposes from income or from any other moneys in the treasury of the public utility or railroad not secured or obtained from the issue of stocks, bonds, notes, or other evidences of indebtedness of such public utility or railroad. No reimbursement of moneys expended for such purposes from income or other moneys in the treasury shall be authorized unless the applicant has kept its accounts and vouchers of such expenditures in such manner as to enable

the commission to ascertain the amount and purposes of such expenditures.

The steps required to achieve the Ownership Transfer do **not** require the issuance of any stocks, bonds, notes, or other evidences of indebtedness. However, changes to VEDO's indebtedness and capitalization will result from the completion of the Ownership Transfer. In light of these required adjustments, VEDO and IGC respectfully request such approval as is necessary to accomplish the proposed Ownership Transfer. The proposed Ownership Transfer does not involve any purchase, sale or lease of utility property, plant, or business. Nor does it involve any transfer of regulatory assets.

6. Prior to initiating the transfer of ownership of IGC's share of the Gas Assets to VEDO, a private letter ruling ("PLR") was sought from the Internal Revenue Service ("IRS") in order to ensure that the transfer would not result in a taxable transaction due to the transfer of assets among affiliated companies. In the PLR, the IRS ruled that the specific steps outlined to accomplish the Ownership Transfer would not result in a taxable event. These steps are as follows:

(a) Wholly-owned financing subsidiaries will be formed by IGC and VEDO ("FINCO-I" and "FINCO-V," respectively), for the

purpose of holding debt previously issued by IGC to VUHI in support of IGC's operations and its investment in VEDO.

(b) VUHI will transfer notes receivable representing long-term debt owed to it by IGC, with respect to its operations, to FINCO-I in exchange for new notes receivable from FINCO-I with comparable terms to the existing notes receivable between VUHI and IGC (see Attachment B). Similar transfers of short-term notes receivable occur for short-term debt owed to VUHI by IGC.

(c) VUHI will transfer notes receivable representing the long-term debt owed to it by IGC with respect to IGC's ownership of the Gas Assets to FINCO-V in exchange for new notes receivable from FINCO-V with comparable terms to the existing notes receivable between VUHI and IGC (see Attachment B). Similar transfers of short-term notes receivable occur for short-term debt owed to VUHI by IGC related to its ownership of the Gas Assets.

(d) IGC will convert to a limited liability company under Indiana law ("IGC LLC").

(e) IGC LLC will dividend its 47 percent share of the TIC Interest to VUHI and transfer to VUHI its long-term and short-term notes payable to FINCO-V. VUHI will then contribute the 47

percent TIC Interest to VEDO and transfer to VEDO (and VEDO will assume) the long-term and short-term notes payable to FINCO-V. Then, IGC will file articles of dissolution with the Ohio Secretary of State to terminate its status as an Ohio corporation.

(f) IGC LLC will convert back to a corporation under Indiana law.

7. In sum, as a result of the Ownership Transfer, it will be necessary to recapitalize both IGC and VEDO, both directly and through the use of two new wholly-owned financing subsidiaries, as described in Paragraph 6(a-f) above. This will be accomplished by reallocating a portion of IGC's existing long-term and short-term debt and common equity presently supporting its ownership in the Gas Assets to VEDO. Actual amounts of capitalization to be transferred will be determined based on the actual balance of IGC's TIC interest in the Gas Assets at the time of transfer. By way of illustration, based on IGC's investment balances at November 30, 2009 of $253 million, IGC would transfer to VEDO $110 million of common equity; $102 million of long-term debt; and $41 million of short-term debt. (See Attachment C which reflects these proforma changes at IGC and VEDO, on a consolidated basis).

8. The proposed Ownership Transfer will result in no adverse impacts on customers. There will be no material impact on cost of service, capital structure or cost of capital.

9. Applicants participate in a Financial Services Agreement ("FSA"), which permits VEDO, IGC, and Southern Indiana Gas and Electric Company ("SIGECO") to issue new debt through VUHI under a pooling arrangement which facilitates attractive interest rates and lower transaction costs than would otherwise be available. The terms and conditions of the FSA, including Applicants' guarantee of the outstanding debt of VUHI, have been previously authorized by the Commission in its Orders dated April 1 and April 17, 2003, in Case No. 03-688-GA-AIS; October 19, 2005 in Case No. 05-1142-GA-AIS; October 17, 2007 in Case No. 07-1010-GA-AIS; and September 15, 2009 in Case No. 09-655-GA-AIS. Several changes to the FSA are required related to completion of the Ownership Transfer, primarily to accommodate the creation of the financing subsidiaries of VEDO and IGC. The FSA has been revised to incorporate the participation of FINCO-I and FINCO-V in the pooling arrangement as described in Paragraph 5 above and to update some unrelated provisions. The revised FSA is attached hereto as Attachment D. VEDO requests Commission approval to participate in the revised FSA which will be in effect for financing conducted subsequent to the Ownership Transfer.

10. A similar petition will be submitted to the Indiana Utility Regulatory Commission ("IURC") for such approvals as IGC requires for the transactions described in this Joint Application.[3] Execution of the Ownership Transfer is dependent upon receipt of approval and authorization of this Commission and the IURC of terms and conditions identical in Ohio and Indiana which are consistent with the steps set out in Paragraph 6 above and acceptable to VEDO, IGC, and Vectren.

WHEREFORE, Joint Applicants respectfully request that the Commission order that:

(a) Joint Applicants be granted such authority and approvals as are set out above to achieve the described Ownership Transfer.

(b) Joint Applicants be granted any such other relief as may be fitting, proper, and required to achieve the described Ownership Transfer.

Respectfully submitted this 20th day of December, 2010.

[3] A copy of this petition will be provided to Staff.

INDIANA GAS COMPANY, INC. and VECTREN ENERGY DELIVERY OF OHIO, INC.

By:

Robert L. Goocher

Robert L. Goocher
Vice President and Treasurer

By:

Robert E. Heidorn

Robert E. Heidorn
Vice President, General Counsel and Assistant Secretary

Counsel:
Gretchen J. Hummel
McNees Wallace & Nurick LLC
Fifth Third Center
21 East State Street, 17th Floor
Columbus, Ohio 43215
614-469-8000
ghummel@mwncmh.com

STATE OF INDIANA)
COUNTY OF VANDERBURGH) ss:

Personally appeared before me, Robert L. Goocher and Robert E. Heidorn, who being first duly sworn, say that they are the Vice President and Treasurer and Vice President, General Counsel, and Assistant Secretary of Indiana Gas Company, Inc. and Vectren Energy Delivery of Ohio, Inc., respectively, that they did sign the foregoing Joint Application, and that the statements contained therein are true as they verily believe.

Sworn to and subscribed before me this 20 day of December, 2010.

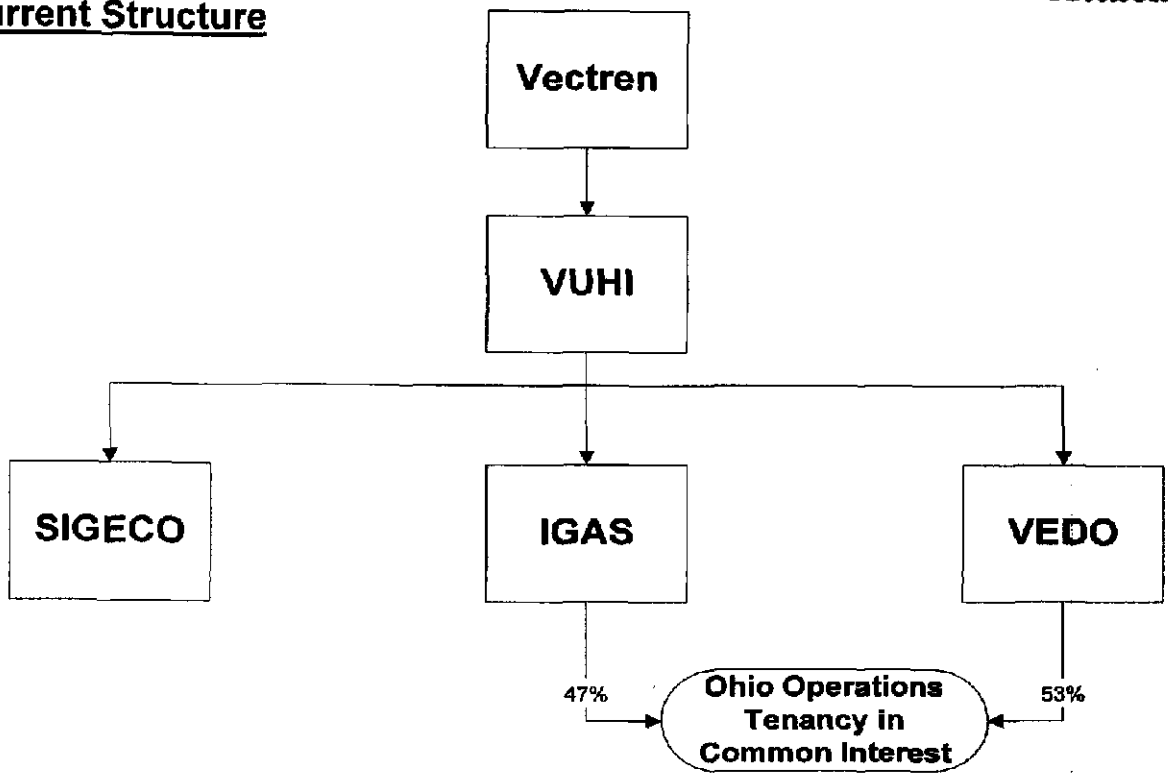
MARY ETTA SMITH
Notary Public, State of Indiana
County of Vanderburgh
My Commission Expires July 4, 2014

Mary Etta Smith
Notary Public

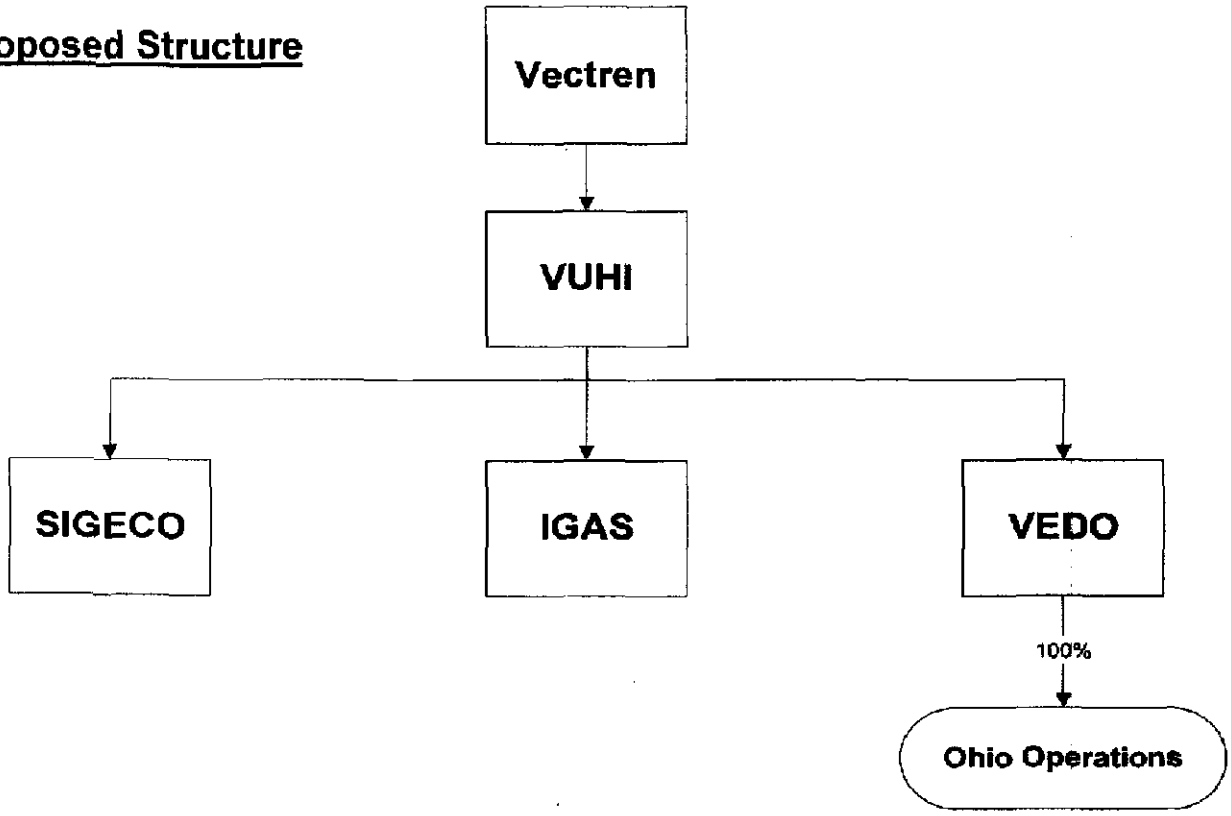
(SEAL)

Attachment A

Current Structure

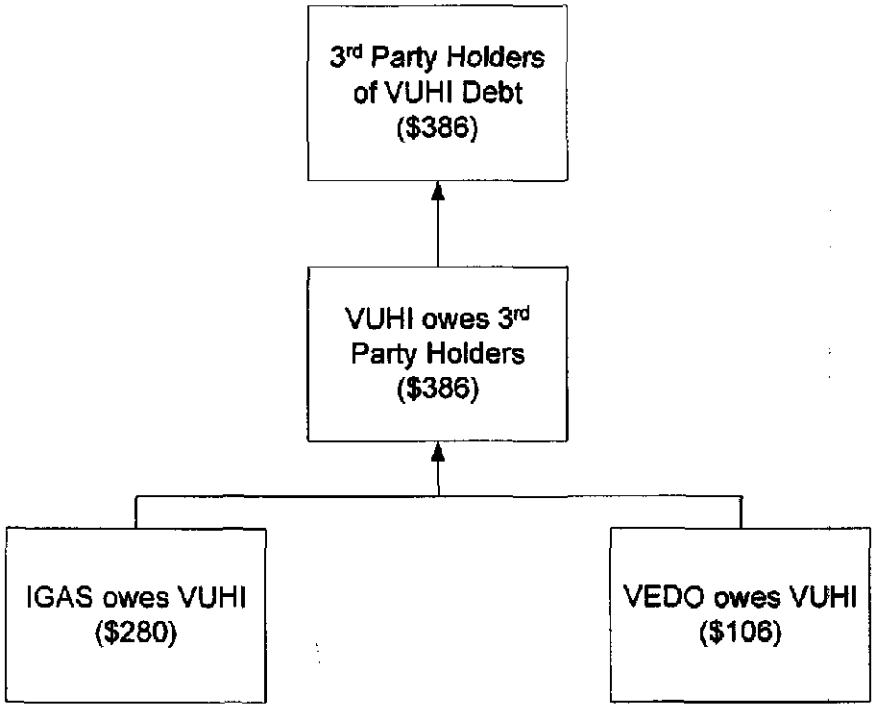


Proposed Structure

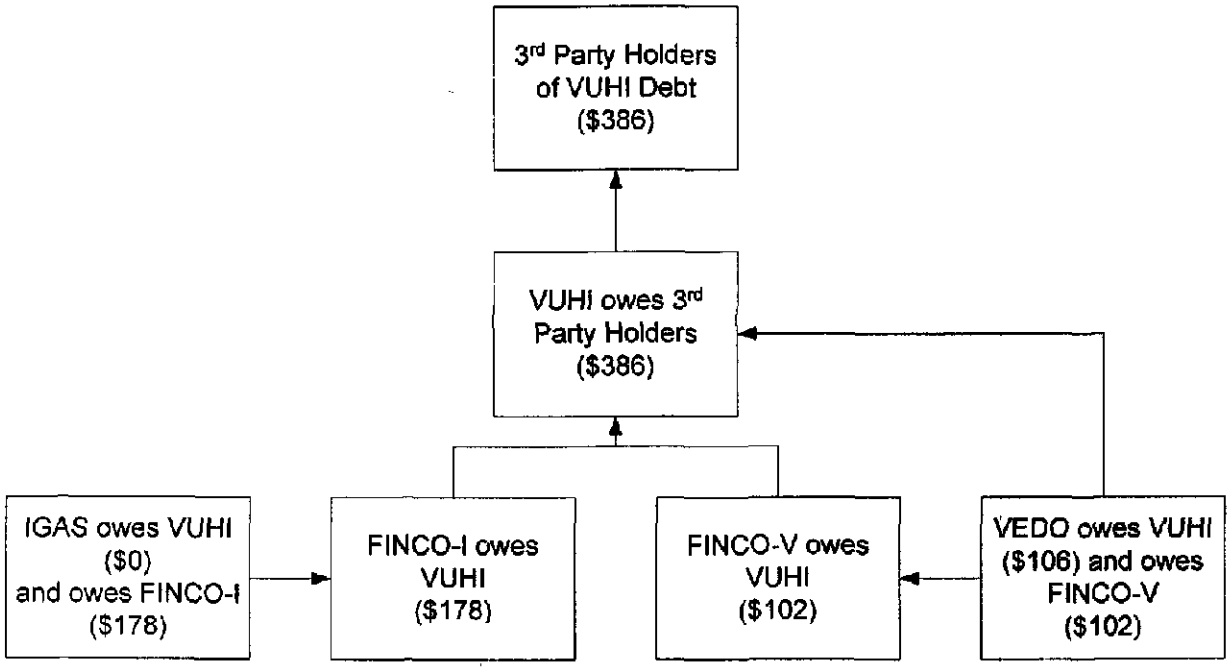


Attachment B

Current VUHI Debt Structure (Illustration with IGAS and VEDO Only)



Final State VUHI Debt Structure (Illustration with IGAS and VEDO Only)



Attachment C

Utility Capitalization and Assets - Ohio Operations Analysis (Dollars in Millions)

	IGAS			VEDO		
	11/30/2009	ProForma Changes	ProForma 11/30/2009	11/30/2009	ProForma Changes	ProForma 11/30/2009
Net Utility Plant	$ 969	$ -	$ 969	$ 373	$ -	$ 373
Goodwill	-			199		199
Inv. In Ohio Operations	253	(253)		-		-
Total	1,222	(253)	969	573		573
Total Assets	1,395	(253)	1,142	708		708
Common Equity	433	(110)	323	85	110	195
VUHI Long-Term Debt	280	(102)	178	106	102	208
Third Party Long-Term Debt	121		121	-	-	-
Total Perm. Capitalization	$ 833	$ (212)	$ 621	$ 191	$ 212	$ 403
Short-Term Debt	$ 63	$ (41)	$ 22	$ (68)	$ 41	$ (27)
Permanent Capitalization Ratios						
Common Equity	51.94%	0.02%	51.96%	44.44%	3.91%	48.36%
Long-Term Debt	48.08%	-0.01%	48.07%	55.57%	-3.92%	51.65%
Total	100.00%		100.00%	100.00%		100.00%

Attachment D

FINANCIAL SERVICES AGREEMENT

THIS AGREEMENT, dated as of December X, 2010 is made by and among INDIANA GAS COMPANY, INC. ("IGC"), SOUTHERN INDIANA GAS AND ELECTRIC COMPANY ("SIGECO"), VECTREN ENERGY DELIVERY OF OHIO, INC. ("VEDO") (collectively the "Utilities" and individually a "Utility"); FINCO-I, Inc. (a wholly-owned financing subsidiary of IGC) and FINCO-V, Inc. (a wholly-owned financing subsidiary of VEDO) (collectively the "Financing Subsidiaries" and individually a "Financing Subsidiary"); and VECTREN UTILITY HOLDINGS, INC. ("VUHI"). It replaces the similar agreement originally executed on January 5, 2001 and later amended on January 22, 2003 by VUHI and the Utilities.

BACKGROUND

Each of the Utilities is a wholly-owned public utility subsidiary of VUHI.

The Utilities have determined that they can perform their debt financing functions more efficiently by consolidating them with each other, as they have done since January 2001.

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

VUHI's Ohio utility operations are jointly owned by IGC (47%) and VEDO (53%) through a Tenancy in Common ("TIC") interest. VUHI plans to transfer IGC's 47% TIC interest to VEDO. To facilitate the transfer without adverse income tax consequences, it is necessary to create the two Financing Subsidiaries to hold the existing IGC short and long-term debt owned to VUHI that supports IGC's operations and its 47% ownership in the Ohio operations. The creation of these new Financing Subsidiaries necessitates the replacement of the previous Financial Services Agreement with this new Agreement. Any provisions related to the Utilities in this Agreement are also deemed to be applicable to their wholly-owned Financing Subsidiaries, without the necessity to specifically reference them in each section of the Agreement.

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

AGREEMENT

1. Services. VUHI will provide, either directly or through arrangements with third parties for the benefit of the Utilities, such financial services as to which the Utilities and VUHI may from time to time agree, including but not limited to those more fully described in *Exhibit A* to this Agreement. Other than to meet its own needs for financial services, including short-term or long-term borrowings, VUHI will not provide such services to any entities other than the Utilities.

2. Costs. The Utilities agree to pay to VUHI their allocable share of the costs incurred by VUHI in providing the services described in Paragraph 1, including but not limited to bank service charges and related debt facility fees. Common transaction costs incurred by VUHI in connection with its short-term borrowings, letters of credit and similar borrowing arrangements will be allocated among the Utilities during each calendar year based on VUHI's standard allocation methodology used to allocate other comparable common costs to the Utilities. Transaction costs incurred by VUHI in connection with each long-term borrowing by VUHI will be allocated among the Utilities in proportion to the principal amount of the borrowing that is loaned by VUHI to each Utility. Principal and interest on VUHI's short-term and long-term borrowings shall be allocated to the Utilities separately pursuant to the promissory notes executed pursuant to Paragraph 6.

3. Reporting. Reporting for the VUHI borrowings and repayments will be maintained monthly and will be representative of the services provided by VUHI and amounts payable to VUHI, after giving effect to all of the provisions of this Agreement. The Utilities' settlement of principal and interest will also be reflected on these reports.

4. Inspection. Upon reasonable notice, VUHI will make available to each Utility for its inspection VUHI's books, records, accounts and any other documents which describe or support the costs allocated to the Utility under this Agreement.

5. Obligations Not Joint. Except as provided in Paragraph 7, the obligations of the Utilities to VUHI shall be several and not joint, and a Utility will not be responsible to any other Utility or to VUHI for any payment in excess of payments due by the Utility to VUHI under this Agreement or a promissory note executed pursuant to Paragraph 6.

6. Notes. The Utilities' borrowings under this Agreement will be evidenced by promissory notes substantially in the form of *Exhibit B* and *Exhibit C* to this Agreement. Loans by the Utilities of excess cash balances to VUHI pursuant to the cash management program described in *Exhibit A* will be evidenced by promissory notes substantially in the form of *Exhibit D* to this Agreement.

7. Guarantees. In order to maximize the benefits of the consolidated financial services arrangement described herein, the Utilities may on several or joint and several basis agree to guarantee payment of the debt of VUHI incurred in connection with the arrangement. In no event shall the assets of the Utilities be pledged or mortgaged as security in connection with any such guarantee.

8. Non-Exclusivity. Nothing in this new Agreement prohibits or restricts a Utility from borrowing from third parties, or obtaining services described in this Agreement from third parties, whenever and on whatever terms the Utility deem appropriate.

9. Effectiveness. This new Agreement shall be effective as of the date hereof; provided that, if prior approval by the regulatory commission of any jurisdiction is required before this Agreement may become effective as to a Utility, or before VUHI may provide a particular service hereunder to a Utility, this Agreement shall not be effective as to that Utility or as to that service, as the case may be, unless and until the required approval has been obtained.

10. Termination. Each Utility may terminate its participation in this Agreement by giving ten (10) days prior written notice of such termination to VUHI. VUHI may terminate this Agreement by giving ninety (90) days prior written notice of such termination to each of the Utilities. Termination of this Agreement will not affect: (a) a Utility's obligations to VUHI under any promissory notes issued pursuant to Paragraph 6; (b) any party's obligations with respect to any amounts owing under Paragraphs 2 and 3; (c) VUHI's obligations to the Utilities under any promissory note issued under Paragraph 6; or (d) any guarantee to third parties by a Utility made pursuant to Paragraph 7 to the extent the guarantee relates to debt outstanding as of the termination date.

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

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

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

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

INDIANA GAS COMPANY, INC.

By:_____
Jerome A. Benkert, Jr.
Executive Vice President and Chief Financial Officer

SOUTHERN INDIANA GAS AND ELECTRIC COMPANY

By:_____
M. Susan Hardwick
Vice President, Controller, and Asst. Treasurer

VECTREN ENERGY DELIVERY OF OHIO, INC.

By:_____
Ronald E. Christian
Executive Vice President and Secretary

VECTREN UTILITY HOLDINGS, INC.

By:_____
Robert L. Goocher
Vice President and Treasurer

FINCO-I, INC.

By:_____
Robert L. Goocher
Vice President and Treasurer

FINCO-V, INC.

By:_____
Robert L. Goocher
Vice President and Treasurer

EXHIBIT A

DESCRIPTION OF FINANCIAL SERVICES

Set forth below is a list of the type services which VUHI agrees to provide to the Utilities upon their request pursuant to the Agreement.

1. Short-Term Loans. VUHI will provide short-term loans, letters of credit and other similar short-term borrowing arrangements to the Utilities. Short-term loans will be provided pursuant to the terms set forth in promissory notes to be issued by the Utilities to VUHI, each substantially in the form attached as *Exhibit B.*

2. Long-Term Borrowings. VUHI will provide loans other than short-term loans to the Utilities pursuant to the terms set forth in promissory notes to be issued by the Utilities to VUHI, each substantially in the form attached as *Exhibit C.*

3. Cash Management. VUHI will provide cash management services to the Utilities to maximize use of the Utilities' cash resources. Upon execution of the Agreement, each Utility's excess or deficient cash balance will generally be swept to and consolidated at VUHI each day with the cash resources of the other Utilities, unless it is determined to be more cost effective to maintain compensating balances in the individual utility accounts. Excess cash balances of a Utility swept to VUHI will be used first to reduce any short-term borrowings of the Utility to VUHI. Any amount remaining will be invested with VUHI. If excess funds of a Utility are invested with VUHI, the Utility will earn a rate of interest each day equal to VUHI's weighted average short-term borrowing cost for that day or, if VUHI is a net investor, the investment income earned on those funds by VUHI. Upon the request of a Utility, VUHI shall execute one or more promissory notes in favor of the Utility, each substantially in the form attached as *Exhibit D* to the Agreement, as evidence of such investment.

4. VUHI Assets Supporting Utilities. VUHI may also from time to time finance the acquisition of assets acquired by VUHI in order to provide shared services requested by the Utilities, such as information technology.

EXHIBIT B
PROMISSORY NOTE
FOR SHORT-TERM LOANS

$_____ _____, 20__

FOR VALUE RECEIVED, _____, an _____ corporation ("Borrower") hereby promises to pay to [VECTREN UTILITY HOLDINGS, INC., an Indiana corporation]; [FINCO-I, Inc., an Indiana corporation]; or [FINCO-V, Inc., an Ohio corporation] ("Lender"), upon demand, in same day funds at its principal offices in Evansville, Indiana, or at such other place Lender may from time to time designate, the principal sum of _____ Dollars ($_____) (the "Maximum Principal Sum"), or such lesser amount as shall equal the aggregate unpaid principal amount of the loans made by Lender to Borrower (other than loans evidenced by a promissory note under which the principal amount is due and payable in or more scheduled installments more than one year after the date of its issue), together with interest thereon from the date hereof until paid in full, all without relief from valuation or appraisement laws. Interest shall be charged on the unpaid outstanding balance of this Note at a rate per annum equal to Lender's weighted average daily cost of short-term funds, such rate to change as Lender's weighted average daily cost of short-term funds changes. In the absence of manifest error, such documentation and the records maintained by Lender of the amount and term, if any, of borrowings hereunder shall be deemed conclusive.

Presentment, notice of dishonor and demand, protest and diligence and collection and bringing suit are hereby severally waived by Borrower and each endorser hereby consents that the time for payment of this Note or any installment hereunder may be extended from time to time without notice by Lender. No waiver of any default or failure or delay to exercise any right or remedy by Lender shall operate as a waiver of any other default or of the same default in the future or as a waiver of any right or remedy with respect to the same or any other occurrence. No single or partial exercise by Lender of any right or remedy shall preclude other or further exercises thereof or of any other right or remedy.

This Note inures to the benefit of Lender and binds Borrower and Lender's and Borrower's respective successors and assigns, and the terms "Lender" and "Borrower" whenever occurring herein shall be deemed and construed to include such respective successors and assigns.

This Note shall be construed according to, and governed by, the laws of the State of Indiana.

This Note is one of the promissory notes referred to in the Financial Services Agreement, dated December X, 2010, by and between Lender, Borrower and certain

other public utility subsidiaries of Lender to which reference is made for a statement of additional rights and obligations of the parties hereto.

IN WITNESS WHEREOF, the Borrower has caused this Note to be executed as of the day and the year first hereinabove written.

[Name of Borrower]

By: _____

Title: _____

EXHIBIT C
PROMISSORY NOTE
FOR LONG-TERM LOANS

$_____ _____, 20__

FOR VALUE RECEIVED, _____, an _____ corporation ("Borrower") hereby promises to pay to [VECTREN UTILITY HOLDINGS, INC., an Indiana corporation]; [FINCO-I, Inc., an Indiana corporation]; or [FINCO-V, Inc., an Ohio corporation] ("Lender"), in same day funds at its principal offices in Evansville, Indiana, or at such other place Lender may from time to time designate, the principal sum of _____ Dollars ($_____), together with interest thereon from the date hereof until paid in full, all without relief from valuation or appraisement laws. Interest shall be charged on the unpaid outstanding balance of this Note at a rate per annum equal to the rate paid and to be paid by Lender with respect to the borrowings it made in order to provide funds to Borrower hereunder. Interest on borrowings shall be due and payable in immediately available funds on the same business day on which Lender must pay interest on the borrowings it made in order to provide funds to the Borrower hereunder. The principal hereof shall be due and payable hereunder at such times and in such amounts and in such installments hereunder as Lender must pay with respect to the borrowings it made in order to provide funds to Borrower hereunder. Lender has provided Borrower with a copy of the documentation evidencing the borrowings made by Lender in order to provide funds to Borrower hereunder. In the absence of manifest error, such documentation and the records maintained by Lender of the amount and term, if any, of borrowings hereunder shall be deemed conclusive.

The terms and conditions of the borrowings made by Lender in order to provide funds to Borrower hereunder, such documentation of which is attached hereto as *Appendix A*, are hereby incorporated by reference and made a part hereof; *provided, however*, that the principal sum under this Note shall be in such amount as set forth in this Note. In the event of any conflict or inconsistency between the terms of this Note and the terms of the borrowings made by Lender in order to provide funds to Borrower hereunder, the terms of this Note shall govern.

Presentment, notice of dishonor and demand, protest and diligence and collection and bringing suit are hereby severally waived by Borrower and each endorser hereby consents that the time for payment of this Note or any installment hereunder may be extended from time to time without notice by Lender. No waiver of any default or failure or delay to exercise any right or remedy by Lender shall operate as a waiver of any other default or of the same default in the future or as a waiver of any right or remedy with respect to the same or any other occurrence. No single or partial exercise by Lender of any right or remedy shall preclude other or further exercises thereof or of any other right or remedy.

This Note inures to the benefit of Lender and binds Borrower and Lender's and Borrower's respective successors and assigns, and the terms "Lender" and "Borrower" whenever occurring herein shall be deemed and construed to include such respective successors and assigns.

This Note shall be construed according to, and governed by, the laws of the State of Indiana.

This Note is one of the promissory notes referred to in the Financial Services Agreement, dated December X, 2010, between Lender, Borrower and certain other public utility subsidiaries of Lenders to which reference is made for a statement of additional rights and obligations of the parties hereto.

IN WITNESS WHEREOF, the Borrower has caused this Note to be executed as of the day and the year first hereinabove written.

[Name of Borrower]

By: _____

Title: _____

EXHIBIT D
PROMISSORY NOTE
FOR SHORT-TERM LOANS
FROM THE UTILITIES TO VUHI

$_____ _____, 20__

FOR VALUE RECEIVED, VECTREN UTILITY HOLDINGS, INC., an Indiana corporation ("Borrower") hereby promises to pay to _____, an _____ corporation ("Lender"), upon demand, in same day funds at Borrower's principal offices in Evansville, Indiana, or at such other place Borrower may from time to time designate, the principal sum of _____ Dollars ($_____) (the "Maximum Principal Sum"), or such lesser amount as shall equal the aggregate unpaid principal amount of the loans made by Lender to Borrower, together with interest thereon from the date hereof until paid in full, all without relief from valuation or appraisement laws. Interest shall be charged each day on the unpaid outstanding balance of this Note at a rate per annum equal to Borrower's weighted average daily cost of short-term funds, such rate to change as Borrower's weighted average daily cost of short-term funds changes; *provided, however*, if and to the extent Borrower has invested the unpaid principal, interest shall be charged each day on such amount at a rate equal to the investment income earned on such amount by Borrower. In the absence of manifest error, such documentation and the records maintained by Lender of the amount and term, if any, of borrowings hereunder shall be deemed conclusive.

Presentment, notice of dishonor and demand, protest and diligence and collection and bringing suit are hereby severally waived by Borrower and each endorser hereby consents that the time for payment of this Note or any installment hereunder may be extended from time to time without notice by Lender. No waiver of any default or failure or delay to exercise any right or remedy by Lender shall operate as a waiver of any other default or of the same default in the future or as a waiver of any right or remedy with respect to the same or any other occurrence. No single or partial exercise by Lender of any right or remedy shall preclude other or further exercises thereof or of any other right or remedy.

This Note inures to the benefit of Lender and binds Borrower and Lender's and Borrower's respective successors and assigns, and the terms "Lender" and "Borrower" whenever occurring herein shall be deemed and construed to include such respective successors and assigns.

This Note shall be construed according to, and governed by, the laws of the State of Indiana.

This Note is one of the promissory notes referred to in the Financial Services Agreement, dated December X, 2010, by and between Lender, Borrower and certain

other public utility subsidiaries of Lender to which reference is made for a statement of additional rights and obligations of the parties hereto.

IN WITNESS WHEREOF, the Borrower has caused this Note to be executed as of the day and the year first hereinabove written.

VECTREN UTILITY HOLDINGS, INC.

By: _____

Title: