

VECTREN ENERGY DELIVERY OF OHIO, INC.
GAS RATE CASE
CASE NO. 18-0298-GA-AIR; CASE NO. 18-0299-GA-ALT
MASTER INDEX

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SUPPLEMENTAL FILING REQUIREMENTS
VECTREN ENERGY DELIVERY OF OHIO, INC.
CASE NO. 18-0298-GA-AIR; CASE NO. 18-0299-GA-ALT
TEST YEAR: 12 MONTHS ENDING SEPTEMBER 30, 2018
DATE CERTAIN: DECEMBER 31, 2017

SCHEDULES:

- S-1 FIVE YEAR CAPITAL EXPENDITURES BUDGET
- S-2 FIVE YEAR FINANCIAL FORECAST AND ASSUMPTIONS
- S-2.2 BALANCE SHEET ITEMS
- S-2.3 STATEMENT OF CHANGES IN FINANCIAL POSITION
- S-3 PROPOSED NEWSPAPER NOTICE-LEGAL NOTICE TO COMMISSION
- S-4.1 EXECUTIVE SUMMARY OF CORPORATE PROCESS
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VECTREN ENERGY DELIVERY OF OHIO, INC.
CASE NO. 18-0298-GA-AIR; CASE NO. 18-0299-GA-ALT
FIVE YEAR CAPITAL EXPENDITURES BUDGET
FOR THE YEARS 2019-2022

DATA: 3 MONTHS ACTUAL & 9 MONTHS ESTIMATED
TYPE OF FILING: "X" ORIGINAL ____ UPDATED ____ REVISED
WORK PAPER REFERENCE NO(S):

SCHEDULE S-1
PAGE 1 OF 2
WITNESS RESPONSIBLE:
J.C. SWIZ

Description	2018	2019	2020	2021	2022	
	Cap Ex	Cap Ex	Cap Ex	Cap Ex	Cap Ex	AFUDC
New Business						
Gas New Business-Distrib	4,825,775	5,136,450	5,498,854	5,730,331	5,846,737	23,075
Gas New Business-Trans	100,000	217	100,000	100,000	100,000	395
Gas Services - New Blanket	6,343,475	6,385,060	6,580,669	6,803,215	6,841,347	-
Gas Meter & Instr. Purchase (Blanket)	1,953,359	1,950,000	2,250,000	2,300,000	2,300,000	-
Total New Business	13,212,609	15,621,526	16,579,513	16,933,546	17,088,086	23,469
Modernization						
Modernization - Dis	7,830,488	11,114,247	10,975,131	15,331,082	17,373,934	68,545
Modernization - Trans	34,095	50,778	19,545,965	24,468,719	18,670,941	73,662
Total Modernization	23,963,363	25,560,340	30,520,696	39,799,801	36,044,875	142,206
System Improvement						
Gas Meter/Reg Station-Distrib	-	-	-	-	-	-
Gas Meter/Reg Station-Trans	-	-	-	-	-	-
Bare Steel/Cast Iron Replacement Prog.	56,375,000	57,794,375	59,226,984	60,700,709	34,225,098	135,027
Gas Services-Replacement (Blanket)	17,917,690	17,942,752	16,886,686	16,913,288	16,940,686	-
Gas System Improv.-Distrib	17,538	8,350,000	2,250,000	2,250,000	2,500,000	9,863
Gas System Improv.-Trans	885,100	5,739	8,685,700	8,685,700	2,185,700	8,683
Total System Improvement	83,278,380	83,742,827	80,037,370	81,535,697	55,837,484	153,313
All Other						
Gas Buildings, Furniture, & Equipment	694,100	693,600	700,000	700,000	700,000	2,762
Gas Capital Facility Damage	-	-	-	-	-	-
Gas Communication Equip	100,000	100,000	100,000	100,000	100,000	395
Gas General Tools & Equip (Blanket)	100,000	-	100,000	-	100,000	-
Gas Land Purchases (Blanket)	-	-	-	-	-	-
Gas Land Improv.-Distrib	2,000,000	2,500,000	2,500,000	2,500,000	2,500,000	9,863
Gas Public Improv.-Trans	100,000	100,000	100,000	100,000	100,000	395
Gas Transportation Equipment	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	5,129
Total All Other	4,294,100	4,793,600	4,800,000	4,800,000	4,800,000	18,543
Grand Total	\$ 126,355,452	\$ 131,736,287	\$ 131,751,579	\$ 143,092,044	\$ 113,786,444	\$ 337,731

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FIVE YEAR CAPITAL EXPENDITURES BUDGET
FOR THE YEARS 2018-2022

DATA: 3 MONTHS ACTUAL & 9 MONTHS ESTIMATED
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SCHEDULE S-1
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WITNESS RESPONSIBLE:
J.C. SWIZ

Specific Project Details*	2017 and Prior Cap Ex	2017 and Prior AFUDC	2018 Cap Ex	2018 AFUDC	2019 Cap Ex	2019 AFUDC	2020 Cap Ex	2020 AFUDC	2021 Cap Ex	2021 AFUDC	2022 Cap Ex	2022 AFUDC	Cap Ex	Total Project AFUDC	Total	Date Started	Estimated Completion
Modernization - Transmission																	
Project 1 - ILI Retrofit	198,670	1,330	10,286,251	113,750	-	135,251	-	-	-	-	-	-	-	115,080	10,600,001	2017	2018
Project 2 - Replacement	-	-	197,813	2,188	10,202,401	2,355	-	-	-	-	-	-	-	137,438	10,537,652	2018	2019
Project 3 - Replacement	-	-	-	-	147,645	2,355	5,326,847	79,747	-	-	-	-	-	82,102	5,556,594	2019	2020
Project 4 - Replacement	-	-	-	-	-	-	-	-	147,270	2,730	4,529,327	76,573	-	79,303	4,755,500	2021	2022
Project 5 - ILI Retrofit	-	-	-	-	147,645	2,355	3,949,380	59,125	-	-	-	-	-	61,480	4,158,505	2019	2020
Project 6 - ILI Retrofit	-	-	-	-	98,430	1,570	3,681,469	55,115	-	-	-	-	-	56,685	3,836,584	2019	2020
Project 7 - ILI Retrofit	-	-	98,906	1,094	-	44,848	-	-	-	-	-	-	-	45,942	3,527,894	2018	2019
Project 8 - Replacement	74,501	499	1,261,908	11,808	3,383,046	-	-	-	-	-	-	-	-	12,106	1,388,516	2017	2018
Total Modernization - Transmission	273,171	1,829	11,844,878	128,639	13,979,167	186,379	12,957,696	193,987	147,270	2,730	4,529,327	76,573	-	590,137	44,321,546		
System Improvement - Distribution																	
Project 1 - System Improvement	-	-	98,906	1,094	5,921,500	78,500	-	-	-	-	-	-	-	79,594	6,100,000	2018	2019
Total System Improvement - Distribution	-	-	98,906	1,094	5,921,500	78,500	-	-	-	-	-	-	-	79,594	6,100,000		

* Includes projects greater than \$1M. Individual projects less than \$1M are not specifically identified within the forecast years.

VECTREN ENERGY DELIVERY OF OHIO, INC.
CASE NO. 18-0298-GA-AIR; CASE NO. 18-0299-GA-ALT
FIVE YEAR FINANCIAL FORECAST
FOR THE YEARS 2018-2022

DATA: 3 MONTHS ACTUAL & 9 MONTHS ESTIMATED
TYPE OF FILING: "X" ORIGINAL ____ UPDATED ____ REVISED
WORK PAPER REFERENCE NO(S):

SCHEDULE S-2
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WITNESS RESPONSIBLE:
D.M. BOWLER

Income Statement

	Budget 2018	2019	2020	2021	2022
Operating Revenues					
Gas utility - total	\$ 168,684	\$ 209,927	\$ 231,946	\$ 243,501	\$ 255,289
Total Operating Revenues	168,684	209,927	231,946	243,501	255,289
Less:					
Cost of gas sold	5,739	5,627	5,557	5,579	5,590
Margin	162,945	204,300	226,389	237,921	249,699
Other Operating Expenses					
O & M labor	10,600	11,447	11,770	12,154	12,472
O & M non-labor	18,248	19,412	20,786	21,298	21,369
Asset charge	9,721	10,649	12,588	13,031	13,049
Corporate allocations - labor and non-labor	22,616	23,783	24,313	24,941	25,495
Total O & M before pass-thru expenses	61,185	65,292	69,457	71,424	72,385
Pass-thru O & M	6,116	6,924	6,573	6,262	6,433
Total operating and maintenance	67,302	72,216	76,029	77,686	78,818
Depreciation and amortization	28,509	38,848	43,676	46,184	48,435
Taxes other than income taxes	25,165	32,922	36,987	39,122	41,338
Total Operating Expenses	120,975	143,986	156,692	162,992	168,590
Operating Income	41,970	60,314	69,697	74,930	81,108
Other Income / (Expense)					
AFUDC - total	22,874	14,388	10,453	13,617	16,374
Other income / (expense) - net	408	444	458	473	492
Total Other Income / (Expense)	23,282	14,832	10,910	14,090	16,865
Interest expense	20,146	23,761	27,264	30,421	32,717
Income Before Income Taxes	45,106	51,385	53,343	58,599	65,257
Income taxes	15,793	17,985	18,670	20,509	22,839
Net Income (Loss)	\$ 29,313	\$ 33,400	\$ 34,673	\$ 38,090	\$ 42,417

VECTREN ENERGY DELIVERY OF OHIO, INC.
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FIVE YEAR FINANCIAL FORECAST
FOR THE YEARS 2008-2012

DATA: 3 MONTHS ACTUAL & 9 MONTHS ESTIMATED
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SCHEDULE S-2
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Balance Sheet

	Budget 2018	2019	2020	2021	2022
Assets					
Current Assets					
Cash & cash equivalents	\$ 579	\$ 527	\$ 453	\$ 367	\$ 66
Accounts receivable, less reserves	13,088	18,172	18,993	17,680	16,307
Accrued unbilled revenues	28,317	28,434	28,542	28,626	28,722
Inventories	1,261	1,261	1,261	1,261	1,261
Short-term intercompany notes receivable	-	-	-	-	-
Prepayments & other current assets	3,759	3,759	3,759	3,759	3,759
Total Current Assets	47,004	52,153	53,008	51,693	50,116
Utility Plant					
Utility plant at original cost	1,262,589	1,386,393	1,511,350	1,647,084	1,755,156
Less: accumulated depreciation & amortization	(281,080)	(306,896)	(336,053)	(368,812)	(405,563)
Net Utility Plant	981,509	1,079,497	1,175,297	1,278,273	1,349,593
Deferred Charges and Other Assets					
Other investments	3,121	3,121	3,121	3,121	3,121
Non-utility property - net	76	76	76	76	76
Goodwill - net	199,457	199,457	199,457	199,457	199,457
Regulatory assets	132,889	156,315	176,290	203,066	235,502
Other assets	11,751	11,751	11,751	11,751	11,751
Total Other Assets	347,294	370,719	390,694	417,471	449,907
Total Assets	\$ 1,375,807	\$ 1,502,370	\$ 1,619,000	\$ 1,747,436	\$ 1,849,616
Liabilities and Shareholders' Equity					
Current Liabilities					
Accounts payable	\$ 68,436	\$ 68,463	\$ 69,659	\$ 69,890	\$ 70,099
Accrued liabilities	38,881	42,104	45,720	49,655	53,475
Short-term borrowings	154,632	179,113	207,764	240,500	290,942
Total Current Liabilities	261,949	289,681	323,143	360,044	414,516
Deferred Income Taxes and Other Liabilities					
Deferred income taxes	288,881	311,200	319,669	328,953	340,356
Regulatory liabilities	148,394	158,047	170,373	184,227	200,840
Deferred credits and other liabilities	19,543	19,543	19,543	19,543	19,543
Total Deferred Income Taxes & Other Liabilities	456,818	488,790	509,585	532,723	560,739
Long-Term Debt - Net	363,195	413,195	458,195	483,195	483,195
Common Shareholders' Equity					
Common stock	259,773	266,582	273,527	305,472	312,417
Retained earnings	34,072	44,122	54,550	66,001	78,749
Total Common Shareholders' Equity	293,845	310,704	328,076	371,473	391,167
Total Liabilities and Shareholders' Equity	\$ 1,375,807	\$ 1,502,370	\$ 1,619,000	\$ 1,747,436	\$ 1,849,616

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FIVE YEAR FINANCIAL FORECAST
FOR THE YEARS 2008-2012

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WITNESS RESPONSIBLE:
D.M. BOWLER

Statement of Cash Flows

	Budget 2018	2019	2020	2021	2022
Cash Flows From (Required For) Operating Activities					
Net income	\$ 29,313	\$ 33,400	\$ 34,673	\$ 38,090	\$ 42,417
Adjustments to reconcile net income to net cash:					
Depreciation and amortization	\$ 28,509	\$ 38,848	\$ 43,676	\$ 46,184	\$ 48,435
Deferred income taxes and ITCs	30,737	22,319	8,469	9,284	11,403
Provision for uncollectible accounts	1,774	2,012	2,141	2,215	2,289
Other non-cash charges - net	(1,368)	(1,463)	(1,507)	(1,552)	(1,599)
Changes in working capital accounts:					
Accounts receivable and accrued unbilled revenue	(6,955)	(7,213)	(3,069)	(986)	(1,012)
Accounts payable - net	640	231	1,398	346	209
Changes in noncurrent assets	(22,661)	(14,035)	(10,134)	(13,325)	(16,036)
Changes in noncurrent liabilities	(5,268)	(5,496)	(4,458)	(4,844)	(3,827)
Net cash flows from (required for) operating activities	\$ 54,721	\$ 68,604	\$ 71,188	\$ 75,411	\$ 82,278
Cash Flows (Required For) From Financing Activities					
Proceeds from:					
Long-term debt issued	\$ 50,000	\$ 50,000	\$ 45,000	\$ 25,000	\$ -
Additional Equity Issuance / Capital Contribution	6,666	6,809	6,945	31,945	6,945
Requirements for:					
Dividends to parent	(20,737)	(23,351)	(24,246)	(26,638)	(29,669)
Retirement of long-term debt	-	-	-	-	-
Net change in short-term borrowings	30,451	24,481	28,651	32,736	50,443
Net cash flows (required for) from financing activities	\$ 66,380	\$ 57,939	\$ 56,350	\$ 63,043	\$ 27,719
Cash Flows (Required For) From Investing Activities					
Requirements for:					
Capital expenditures and AFUDC Debt, excluding					
Cost of Removal and AFUDC equity	\$ (121,300)	\$ (126,596)	\$ (127,612)	\$ (138,541)	\$ (110,297)
Net cash flows (required for) from investing activities	\$ (121,300)	\$ (126,596)	\$ (127,612)	\$ (138,541)	\$ (110,297)
Net increase or (decrease) in cash & cash equivalents	\$ (199)	\$ (52)	\$ (73)	\$ (87)	\$ (300)
Cash & cash equivalents at beginning of period	\$ 778	\$ 579	\$ 527	\$ 453	\$ 367
Cash & cash equivalents at end of period	\$ 579	\$ 527	\$ 453	\$ 367	\$ 66

VECTREN ENERGY DELIVERY OF OHIO, INC.
CASE NO. 18-0298-GA-AIR; CASE NO. 18-0299-GA-ALT
ASSUMPTIONS
FOR THE YEARS 2018-2022

DATA: 3 MONTHS ACTUAL & 9 MONTHS ESTIMATED
TYPE OF FILING: "X" ORIGINAL ____ UPDATED ____ REVISED
WORK PAPER REFERENCE NO(S):

SCHEDULE S-2
PAGE 4 OF 4
WITNESS RESPONSIBLE:
D.M. BOWLER

	2018	2019	2020	2021	2022
CUSTOMERS BY CLASS					
SALES & TRANSPORTATION					
RESIDENTIAL	295,404	297,224	299,160	301,225	303,431
GENERAL SERVICE	23,652	23,672	23,696	23,725	23,758
LARGE SERVICE	695	695	695	695	695
TOTAL SALES AND TRANSPORTATION	319,751	321,591	323,551	325,645	327,885
REVENUE BY CLASS					
SALES & TRANSPORTATION					
RESIDENTIAL	115,786,377	96,897,920	94,099,030	102,898,728	111,825,865
GENERAL SERVICE	27,067,929	22,881,557	22,046,375	23,834,092	25,688,856
LARGE SERVICE	23,207,198	22,818,460	23,618,663	24,499,809	25,424,245
TOTAL SALES AND TRANSPORTATION	166,061,504	142,597,937	139,764,068	151,232,629	162,938,966
MCF BY CLASS					
SALES & TRANSPORTATION					
RESIDENTIAL	22,686,996	22,707,918	22,736,172	22,772,586	22,818,035
GENERAL SERVICE	9,039,793	9,028,460	9,018,762	9,013,093	9,006,732
LARGE SERVICE	25,073,506	25,550,019	26,007,486	26,470,768	26,917,031
TOTAL SALES AND TRANSPORTATION	56,800,295	57,286,397	57,762,420	58,256,447	58,741,798

(A) Operations & Maintenance expense was budgeted by department for 2018 and 2019. Years 2020-2027 were based on the company's 2019 budget with escalation rates for Labor, 3%, Healthcare, 6% and Non-labor, 1.5%. No additional employees are assumed over the
(B) The Company anticipates funding future capital expenditures and dividends principally through internally generated funds, supplemented with incremental external debt and equity financing. The company maintains VEDO's capital structure in accordance with Vectren Corporation public targets and Utility Holdings' credit facility guidelines.

VECTREN ENERGY DELIVERY OF OHIO, INC.
CASE NO. 18-0298-GA-AIR; CASE NO. 18-0299-GA-ALT
BALANCE SHEET ITEMS
FOR THE YEARS 2018 - 2022

DATA: 3 MONTHS ACTUAL & 9 MONTHS ESTIMATED
TYPE OF FILING: "X" ORIGINAL ___ UPDATED ___ REVISED
WORK PAPER REFERENCE NO(S): S-2
SCHEDULE S-2.2
PAGE 1 OF 1
WITNESS RESPONSIBLE:
D.M. BOWLER

	2018	2019	2020	2021	2022
Gross Plant in Service	\$ 1,255,575	\$ 1,377,659	\$ 1,500,945	\$ 1,631,521	\$ 1,745,213
Accumulated Depreciation	(281,080)	(306,896)	(336,053)	(368,812)	(405,563)
Construction Work in Progress	7,014	8,735	10,405	15,564	9,943
Long-Term Debt	363,195	413,195	458,195	483,195	483,195
Common Equity	293,845	310,704	328,076	371,473	391,167
Deferred Income Taxes (1)	\$ 288,881	\$ 311,200	\$ 319,669	\$ 328,953	\$ 340,356

(1) Includes deferred taxes related to goodwill ammortization.

VECTREN ENERGY DELIVERY OF OHIO, INC.
CASE NO. 18-0298-GA-AIR; CASE NO. 18-0299-GA-ALT
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEARS 2018 - 2022

DATA: 3 MONTHS ACTUAL & 9 MONTHS ESTIMATED
TYPE OF FILING: "X" ORIGINAL ___ UPDATED ___ REVISED
WORK PAPER REFERENCE NO(S): S-2
SCHEDULE S-2.3
PAGE 1 OF 1
WITNESS RESPONSIBLE:
D.M. BOWLER

	2018	2019	2020	2021	2022
Change in Cash Balance	\$ (199)	\$ (52)	\$ (73)	\$ (87)	\$ (300)
Change in Retained Earnings:					
Net Income	29,313	33,400	34,673	38,090	42,417
Common Stock Dividends	(20,737)	(23,351)	(24,246)	(26,638)	(29,669)
	(1,801)	(1,801)	(1,801)	(1,801)	(1,801)
Depreciation Accruals	28,509	38,848	43,676	46,184	48,435
Deferred Income Taxes	30,737	22,319	8,469	9,284	11,403
External Funding:					
Long-Term Debt	50,000	50,000	45,000	25,000	-
Preferred Stock	-	-	-	-	-
Common Equity	6,666	6,809	6,945	31,945	6,945

Vectren Energy Delivery of Ohio (VEDO)
Case No. 18-0298-GA-AIR; Case No. 18-0299-GA-ALT

Chapter: II
Paragraph: B
Section: 7
Subsection: a-d

Description: A proposed notice for newspaper publication fully disclosing the substance of the application for increase in rates (identified as Schedule S-3). The proposed notice for newspaper publication shall include the following information and/or similar language:

- (a) Recommendations which differ from the application may be made by the staff of the public utilities commission or by intervening parties and may be adopted by the commission.
- (b) Any person, firm, corporation, or association may file, pursuant to section 4909.19 of the Revised Code, an objection to such proposed increased rates by alleging that such proposals are unjust and discriminatory or unreasonable.
- (c) A copy of the application is available for inspection at the office of the (company) located at (address, city), Ohio, and at the offices of the "Public Utilities Commission, 180 East Broad Street, Columbus, Ohio 43215-3793."
- (d) The percentage increase in operating revenue requested by the utility on a class of service or rate schedules basis.

Witness Responsible: C.M. Ryan

SCHEDULE S-3

VECTREN ENERGY DELIVERY OF OHIO, INC.
CASE NOS. 18-0298-GA-AIR & 18-0299-GA-ALT
PROPOSED NOTICE FOR NEWSPAPER PUBLICATION

NOTICE OF APPLICATION FOR AUTHORITY
TO INCREASE RATES FOR ITS GAS DISTRIBUTION SERVICE
AND FOR APPROVAL OF AN ALTERNATIVE RATE PLAN
VECTREN ENERGY DELIVERY OF OHIO, INC.
PUCO CASE NOS. 18-0298-GA-AIR & 18-0299-GA-ALT

In accordance with Section 4909.19, Revised Code, Vectren Energy Delivery of Ohio, Inc. hereby gives notice that on March 30, 2018, it filed an Application with the Public Utilities Commission of Ohio (Commission) requesting authority to increase the rates and charges for natural gas distribution services to its customers. VEDO has also applied, under Section 4929.05, Revised Code, for approval of an alternative rate plan including four elements.

This notice describes the substance of the Application. Any interested party, however, desiring complete, detailed information with respect to any affected rates, charges, regulations, and practices may inspect a copy of the Application and supporting schedules at the offices of the Commission at 180 East Broad Street, Columbus, Ohio 43215, or at the business office of VEDO at 1335 E. Dayton-Yellow Springs Road, Fairborn, Ohio 45324, during normal business hours. The Application and supporting documents may also be viewed by visiting the Commission's website at <http://www.puco.ohio.gov>, selecting DIS, inputting 18-0298 in the case lookup box, and selecting the date the Application was filed.

A notice of intent to file this Application to increase rates and a copy of the proposed rates were filed with the Commission and also mailed to the mayors and legislative authorities of the communities located within the areas served by VEDO on February 21, 2018.

The Application, which contains proposed revisions to VEDO's Tariff for Gas Service, affects the rates and charges for, and various terms and conditions applicable to, natural gas service to all customers of VEDO served within all or portions of Auglaize, Butler, Champaign, Clark, Clinton, Darke, Fayette, Greene, Highland, Logan, Madison, Miami, Montgomery, Pickaway, Preble, Shelby and Warren Counties in Ohio. The Application states that the current rates and charges do not provide a just and reasonable rate of return on VEDO's used and useful property as of December 31, 2017, the date certain in this case. The Application states that VEDO requires the proposed revenue increase to provide an opportunity to earn a fair return on its assets and to recover its costs of operation.

Any person, firm, corporation, or association may file, pursuant to Section 4909.19 of the Revised Code, an objection to such proposed increased rates by alleging that such proposals are unjust and discriminatory or unreasonable. Recommendations that differ from the Application may be made by the Staff of the Commission or by intervening parties and may be adopted by the Commission.

VEDO is proposing that base rates include \$5.6 million per year dedicated to energy efficiency programs to assist customers. VEDO is also proposing various revisions to non-rate terms and conditions contained in its Tariff for Gas Service, including modifications to the terms and conditions applicable to transportation service and its Choice program.

The increase in the operating revenue requested by VEDO for its various rate schedules is as follows:

Rate 310 – 11.41 percent inclusive of gas costs	Rate 311 – 24.49 percent exclusive of gas costs
Rate 315 – 24.44 percent exclusive of gas costs	Rate 320 – 3.54 percent inclusive of gas costs
Rate 321 – 17.66 percent exclusive of gas costs	Rate 325 – 17.95 percent exclusive of gas costs
Rate 345 – 15.14 percent exclusive of gas costs	Rate 360 – 10.30 percent exclusive of gas costs

VEDO is also seeking approval of an Alternative Rate Plan that includes the following four elements.

Distribution Replacement Rider. VEDO proposes continuing and expanding the accelerated replacement of bare steel, cast iron, and other targeted infrastructure at least until the end of 2023, along with the annual recovery of associated costs. VEDO proposes that fixed DRR charge per month applicable to its residential customers be capped in each annual DRR filing at the following levels:

<u>Annual Period</u>	<u>Residential Rate Cap</u> (per customer, per month)
September 1, 2019 – August 31, 2020	\$2.50
September 1, 2020 – August 31, 2021	\$5.00
September 1, 2021 – August 31, 2022	\$7.50
September 1, 2022 – August 31, 2023	\$10.00
September 1, 2023 – August 31, 2024	\$12.00
September 1, 2024 – August 31, 2025	\$13.75

Multi-Family Housing Pilot Program. To increase the opportunity for residents of multi-family housing units to enjoy the benefits of natural gas, VEDO proposes an incentive to qualifying developers and owners of multi-family buildings to cover certain costs related to natural gas piping and venting in those buildings.

SFV Rate Design. Under straight fixed variable (SFV) rates, a utility's costs of distributing natural gas are recovered through a fixed monthly charge, and are not based on the amount of gas consumed. VEDO's residential customers have been subject to SFV rates for nearly 10 years, and this will not change under VEDO's base-rate proposal. VEDO proposes in the alternative rate plan to expand SFV rates to small non-residential customers. VEDO proposes a fixed monthly charge of \$46.19 per meter, regardless of usage, for Group 1 Customers served under Rate 320, Rate 321, and Rate 325.

Energy adjustment at the time of customer billing. VEDO proposes to adjust customers' usage each month for billing purposes to reflect the variability in the energy content of the gas they consume. Currently, customer bills are based solely on the volume (Ccf) of natural gas consumed. The energy content adjustment, referred to as the "Energy Conversion Factor," will be updated monthly.

Vectren Energy Delivery of Ohio (VEDO)
Case No. 18-0298-GA-AIR; Case No. 18-0299-GA-ALT

Chapter: II
Paragraph: B
Section: 8
Subsection: (none)

Description: An executive summary of applicant utility's corporate process utilized by the board of directors and corporate officers. This would include a discussion of all pertinent elements of the applicant utility's management process encompassing such areas as policy and goal setting, strategic and long-range planning, organization structure, decision-making, ring fencing (plans and methods for protecting the regulated distribution company that limit the exposure of the operating company from the action of its parent company and/or subsidiary), controlling process, internal and external communications (identified as Schedule S-4.1).

Witness Responsible: C.M. Ryan

SCHEDULE S-4.1
VECTREN ENERGY DELIVERY OF OHIO, INC.
CASE NO. 18-0289-GA-AIR; CASE NO. 18-0299-GA-ALT
EXECUTIVE SUMMARY OF MANAGEMENT POLICIES, PRACTICES AND
ORGANIZATION
VECTREN CORPORATE PRACTICE

In accordance with paragraphs (B)(8) and (B)(9) of Chapter II of the Standard Filing Requirements, Vectren Energy Delivery of Ohio (hereafter, VEDO, Company) provides the following executive summary of the corporate process utilized by the board of directors and corporate officers, and VEDO's management policies, practices, and organization employed to meet the corporate goals determined by the board of directors and corporate officers. The discussion of these elements of VEDO's management process as they relate to the functional areas identified and requested by Staff are provided in the additional S-4.2 documents that follow this summary.

INTRODUCTION

On November 1, 2000, VEDO acquired the natural gas distribution assets of the Dayton Power and Light Company. Vectren Corporation (Vectren) and VEDO employees have long since successfully transitioned ownership of those assets, and, currently, VEDO provides reliable natural gas service to its 318,000 Ohio customers in a seventeen county region. In addition to providing reliable gas service, VEDO is an involved corporate citizen in Dayton and throughout our entire Ohio service territory. VEDO continues to operate the distribution system safely and reliably, while also improving service to customers in the following ways:

- Maintaining energy efficiency programs to help VEDO customers save money, including rebates for high-efficiency appliance and smart thermostats, rebates for insulation and home air sealing, custom projects for businesses, and low-income weatherization (with 3400 homes weatherized since 2009).
- Providing an updated website (Vectren.com) and app where customers can easily access a variety of services and information, pay their bills, and interact with Vectren representatives.
- Establishing a new focus on the Customer Experience, with emphasis on the customer and a mindset that interactions with customers are not "transactional" but rather opportunities to build relationships—in short, customer interactions should be Personable, Engaging, Empathetic, and Professional.
- Protecting natural gas distribution system assets by identifying and replacing aging assets, with the Bare Steel Cast Iron (BSCI) Replacement Program, distribution system modernization, transmission system modernization, new infrastructure for new residential and new businesses, other system improvements, including moving indoor meters outdoors, all further enhancing safety and reliability for customers and otherwise improving the system.

Schedule S-4.1

- Establishing a dedicated training facility in Ohio for VEDO.
- Updating meter reading through AMR (automated meter reading), reducing estimated reads and estimated bills and providing more certainty for VEDO customers.
- Outfitting VEDO employees and contractors with electronic access to maps and records on truck computers and smart phones, to reduce delays in work and improve response times in emergencies.
- Maintaining and expanding VEDO's residential and commercial customer choice program with approximately forty-five percent customer participation, currently.
- Expanding to add new delivery points for natural gas and enhancing system reliability.

Vectren Corporation and VEDO employees focus every day on providing safe, reliable and cost effective natural gas service to VEDO customers.

The departmental profiles which follow in Schedule S-4.2 further illustrate VEDO's commitment to safe, reliable and cost effective gas service for its customers.

I. POLICY AND GOAL SETTING

Introduction

Vectren's Purpose focuses on the need to conserve natural resources, while providing energy and related solutions that make our customers productive, comfortable and secure. Vectren's Mission is fourfold:

- to deliver an exceptional customer experience,
- to achieve industry-leading safety performance,
- to commit to a culture of continuous improvement, and,
- to deliver superior investor returns.

The policies and goals developed and implemented by Vectren and its subsidiaries, including VEDO, reflect and further that purpose and mission, incorporating the core "Vectren Values": customer, colleagues, community and capital.

Policy Development

The advancement of our purpose, mission and values drives Vectren's development of new policies. Each proposed policy is reviewed by the CEO and members of the senior staff (comprised of senior and executive vice presidents) and presented to the Board of Directors for discussion and adoption. Most often, new policies are developed to address changed circumstances or new issues; sometimes, new policies are developed to replace policies that have become outdated, hinder Company responses to customers or no longer meet customers' or

Schedule S-4.1

Vectren's needs. While Vectren encourages all employees to offer suggestions to improve the Company, new policies are most often proposed by the President or senior staff. Each member of the senior staff reviews policy proposals and recommends adoption, changes, or further study, as appropriate.

Vectren's policies are published and available; policies may be accessed on the Vectren intranet at any time. Vectren encourages employees to read and understand those policies and to integrate policy guidance into their work. During annual certifications related to Vectren's Code of Conduct, each employee is to certify that he or she is aware of and understands Vectren's Policies.

Goal Setting

Policies provide the framework for annual Company-wide goals developed by senior staff at the yearly strategic planning retreat, which is coordinated by the Corporate Planning Department. Each year's goals build on the activities, challenges and accomplishments of the year before, focusing particularly on new and emerging challenges and on areas identified as requiring attention and improvement.

To implement these corporate goals, following review and approval by the Board of Directors, Company-wide goals are reviewed with officers, directors and managers and they, in turn, develop goals specific to their areas, to support the established Company goals. The entire package of goals is introduced to the workforce by means of a document called the "Corporate Plan." Each employee receives a copy of the "Corporate Plan" and is encouraged to understand how his or her work supports the Corporate Plan. Thus, each employee's performance individually, and each area's performance collectively, drives the success of the Company, consistent with its goals and policies.

II. STRATEGIC PLANNING

In addition to establishing each year's corporate goals, Vectren's strategic planning activities address industry trends and strategic issues that may impact the Company significantly in the near term or long term. Vectren's Board of Directors takes an active role with Vectren executives to formulate and review the Company's long-term corporate strategy. Strategic planning is an on-going process, guided within the Company by the senior staff, assisted by a strategic issues team and coordinated by the Corporate Planning department. Senior staff guides the strategic planning process and sets the Company's annual strategic initiatives and long term strategic plan. Corporate Planning coordinates the Company's strategic planning activities, which include multi-day strategic planning retreats for senior staff as well as a series of presentations on those strategic plans to the Board of Directors, officers, directors and managers, employees and the financial community.

The Company's strategic planning process consists of three phases: developing the strategic plan, communicating the strategic plan, and tracking initiatives set out in the strategic plan. This approach is augmented by the Company's five-year forecasts, which serve as financial representations of the long-term strategic plan, and by monthly budget reviews, called "Holding Company" meetings, which address each department's near term performance and progress

towards annual strategic initiatives, or “initiative tracking.” This initiative tracking sets out “milestones” that assist senior staff in assessing each department’s progress towards the goals established in the annual strategic planning process.

III. ORGANIZATION STRUCTURE

Introduction

Vectren Corporation, an Indiana corporation headquartered in Evansville, Indiana, was formed on March 31, 2000. Vectren’s two predecessor companies, Indiana Energy, Inc., which provided natural gas distribution service to approximately 500,000 retail customers through its subsidiary Indiana Gas Company Inc., and SIGCORP, through its subsidiary, Southern Indiana Gas and Electric Company (SIGECO) which provided electric generation, transmission and distribution service to 130,000 retail customers in nine counties in Southwestern Indiana and natural gas distribution service to approximately 110,000 retail customers in southwestern Indiana, formed Vectren Corporation when they merged. On November 1, 2000, Vectren acquired the natural gas distribution assets of The Dayton Power and Light Company, and, after operating initially as a tenancy in common through two separate wholly-owned subsidiaries (Vectren Energy Delivery of Ohio, Inc., an Ohio corporation (VEDO) holding a 53% undivided ownership interest in the assets and Indiana Gas, Inc. holding a 47% undivided ownership interest in the assets), VEDO now operates these assets.

Vectren’s wholly-owned subsidiary, Vectren Utility Holdings, Inc. (VUHI), serves as the intermediate holding company for Vectren’s three operating public utilities: Indiana Gas Company, Inc. (formerly a wholly-owned subsidiary of Indiana Energy, Inc.), Southern Indiana Gas and Electric Company (formerly a wholly-owned subsidiary of SIGCORP), and VEDO (formed by Vectren after acquisition of the gas assets of Dayton Power & Light).

Vectren is also involved in non-regulated activities in two key business areas: Energy Marketing and Services and Utility Infrastructure Services. Vectren chose each of those business areas based on its relation to Vectren’s regulated business. Energy Marketing and Services markets natural gas and provides energy management services, including energy performance contracting services. Utility Infrastructure Services provides underground construction and repair. Corporate safeguards, including VEDO’s affiliate guidelines, assure that Vectren’s regulated utilities’ customers do not subsidize operations of Vectren’s non-regulated entities.

Additionally, Vectren has established the Vectren Foundation, Inc., which oversees the Company’s charitable activities. The Foundation’s leadership giving, in concert with the efforts of individual Vectren employees (in the form of contributions of both time and money) demonstrate Vectren’s commitment to community support in each of Vectren’s service territories, including VEDO. Foundation giving provides support for three key areas of community development:

- education and workforce readiness,
- community sustainability, and

- conservation and the environment.

Organization Structure

The Chairman of the Board, President and Chief Executive Officer of Vectren Corporation directly oversee the work of four officers:

- Executive Vice President and Chief Operating Officer,
- Executive Vice President and Chief Financial Officer,
- Executive Vice President and Chief Legal and External Affairs Officer, and
- Vice President for Planning and Corporate Development.

Senior vice presidents and vice presidents report directly to one of the executive vice presidents. For Vectren Utility Holdings, Inc., the intermediate holding company for Vectren Corporation's three utilities (including VEDO), the Chief Operating Officer directly oversees the work of the president of VUHI, who is also Senior Vice President for Utility Operations.

Both the Senior Vice President General Counsel, Chief Compliance Officer and Assistant Corporate Secretary and the Vice President of Corporate Audit report directly to the Board of Directors and Board committees on some matters, as required by federal law.

The President of VEDO is a key member of Vectren's leadership team, responsible for ensuring VEDO customers receive safe and reliable natural gas services and that those services are provided in compliance with applicable federal and state laws and regulations. The VEDO president also leads VEDO's external outreach efforts relating to governmental and regulatory affairs, customers, and interactions with local, county, state and community leaders and regulators on matters relevant to VEDO's operations. The VEDO president serves on several local and regional not-for-profit boards whose work supports VEDO's communities and on the Vectren Foundation Board.

A copy of the Organization Chart is attached.

IV. RESPONSIBILITIES

The Four "Vectren Values" and Vectren's Responsibilities

Vectren recognizes our environmental responsibility and the need to conserve energy resources; those concepts are integrated into Vectren's purpose and mission. Vectren's Purpose is "with a focus on the need to conserve natural resources, we provide energy and related solutions that make our customers productive, comfortable and secure." That purpose informs Vectren's Four Vectren Values: Customer, Colleagues, Community and Capital:

- The "Customer" Vectren Value: We know success comes from understanding our customers and delivering value in our services.

Schedule S-4.1

- The “Colleagues” Vectren Value: We value talent, innovation, diversity and superior performance. We will achieve our goals through teamwork and conduct our business with integrity.
- The “Community” Vectren Value: We will contribute to the social, economic and environmental sustainability of our communities.
- The “Capital” Vectren Value: We will deliver financial performance that attracts investors.

Customer

The Customer and Colleague Vectren Values work together at Vectren, because Vectren recognizes and values both customers and colleagues. In 2015, Vectren reorganized and refocused on the Customer Experience with the expressed goal of bringing together Vectren’s front-office and back-office work and streamlining Vectren processes that involved customer touchpoints—all to improve customer experience.

One of the first outputs of this reorganization was the concept of the “Vectren Voice.” The Vectren Voice initiative changes Vectren’s approach to serving our customers. Historically, utility customer service has focused on the transactional, i.e., completing the customer interaction as efficiently and quickly as possible. Now, with the adoption of the “Vectren Voice,” Vectren has shifted its focus for customer interactions. Vectren Voice focuses on both building a relationship with the customer *and* meeting customer needs. Combining both of those elements in each interaction helps Vectren provide customers with a positive experience. The Vectren Voice concept focuses on each customer interaction as an opportunity for Vectren’s workers to be Personable, Engaging, Empathetic, and Professional.

While the concept of the Vectren Voice was born out of the newly formed Customer Experience group as a means to deliver exceptional customer service, the Vectren Voice has been incorporated into Vectren workers’ interactions with colleagues as well. Vectren’s internal teams and departments rely on one another in the execution of tasks and other responsibilities, and the concept of the Vectren Voice (Personable, Engaging, Empathetic, and Professional) helps each Vectren worker deliver an experience to internal colleagues that fosters meaning and long term working relationships, i.e., a positive internal customer experience, as well. Vectren believes that a consistent approach to both traditional, external customer service and internal customer service leads to exceptional customer service for our customers.

Colleague

The Colleague Vectren Value is built on the principle that all employees recognize, accept and uphold the highest standards of ethical conduct, everyday. From senior staff to front line supervisors, Vectren’s leaders devote significant time and effort to building an organization and corporate culture that is committed to high levels of performance and accountability. Through Vectren’s Diversity, Inclusion and Human Equity initiatives, each led by an executive “champion,” Vectren attracts, retains and grows its talented workforce. Vectren is creating a company that is increasingly responsive and flexible, consistently looking for ways to maximize

efficiency and streamline processes, while remaining focused on core strengths that support and advance the core business. Vectren has embraced continuous improvement and incorporated the attributes of high reliability organizations into its operations.

Supporting these concepts, Vectren has instituted a Safety Management System (SMS). The SMS identifies and tracks operations risks and risk mitigation efforts, and applies principles of quality assurance to the work Vectren employees perform *and* to the work Vectren contractors perform. Vectren's SMS risk register is part of Vectren's enterprise-wide risk register and risk mitigation work, all of which is overseen by Vectren's Risk Management Committee, consisting of senior staff and other officers who meet regularly to review Vectren's enterprise-wide risk identification and risk mitigation work.

Community

The Community Vectren Value reflects the Company's recognition that the natural gas utility service it provides through VEDO is essential to the well-being, productivity and long-term success of the communities VEDO serves. Vibrant communities mean a richer quality of life for VEDO customers (including Company employees who live in the VEDO service area), and opportunities for economic development and a stronger community-based network of social services, arts and civic activities. Vectren's focus on its "Customer" and "Community" values is readily apparent. Through the Vectren Foundation and through corporate support, Vectren continues to make significant contributions in Ohio communities in the VEDO service area. Vectren's commitment to Customers and to Community are evidenced in other ways, as well, with employees encouraged to give generously of their time and their money within our communities for United Way and a host of volunteer programs and activities supporting local charitable endeavors.

The Company's commitment to these first three values, Customer, Colleagues, and Community helps to create a sustainable business model. They strengthen and improve Vectren's ability to attract capital to finance its businesses—our fourth Vectren value, "Capital."

Capital

The Capital Vectren Value is founded on the premise that how financial results are achieved—interactions with our customers, our employees and our communities—is as important as business success. Vectren is built on a foundation of Vectren values reflecting that belief. It is the Company's conviction that by acting on these values, the Company can inspire confidence and integrity in all of its business relationships. These values and a strong focus on providing superior investor returns allow the Company to maintain the credit quality to attract the capital required to finance the business.

Vectren's Purpose, and the Four Vectren Values, further focus Vectren's Mission:

- We will deliver an exceptional customer experience.
- We will achieve industry-leading safety performance.
- We will commit to a culture of continuous improvement.

Schedule S-4.1

- We will deliver superior investor returns.

The Company embraces these responsibilities, and furthers each of them daily through the work of Vectren employees, through achieving annual strategic goals and longer term strategic initiatives, through stewardship of the VEDO system assets *and* stewardship of the environment and natural resources, and through a strong commitment and focus on continuous improvement in all that we do.

V. PRACTICES AND PROCEDURES

While the Board of Directors, CEO and President, and senior staff set strategic goals and initiatives that reflect and reinforce Vectren's purpose, Vectren Values, and mission, our daily work translates this purpose, mission and Vectren Values into action. Vectren Values related to delivering superior investor returns, committing to continuous improvement, achieving industry-leading safety performance, and delivering an exceptional customer experience inform Vectren's work, at every level, from front line workers to senior staff.

In addition to the innovations and enhancements driven by the Vectren Values, one program unique to VEDO that reflects the Company's commitment to innovation as well as the Company's responsiveness to local needs is the Customer Choice Program, which began operation on January 1, 2003. Implementation of the Choice Program fulfilled VEDO's commitment to the Public Utilities Commission of Ohio to bring choice to its customers. Vectren's Customer Choice Program has been successful, as approximately 45% of eligible customers have chosen to participate.

Specific discussion of VEDO's practices and procedures with respect to the functional areas requested by Staff are included within Schedule S-4.2.

VI. DECISION-MAKING AND CONTROL

Generally, Vectren's decision-making consists of three separate, but interrelated, kinds of decision-making: strategic (related to overall corporate goals and objectives), coordination (related to translating strategic goals and objectives into operational decisions), and implementation (instituting programs to support corporate and departmental goals, including budgeting and other practical considerations). Each kind of decision is critical to the overall success of the Company, and the Company encourages sound decision-making and exercise of critical thinking skills by all employees at every level.

Strategic Decision-making

Much of the strategic decision-making is concentrated at the senior staff level and the officer level. Much senior staff and officer time involves strategic thinking and planning (including active participation in professional and industry-related groups) as well as active participation in the strategic planning retreat (senior staff). Typically, "operational" decisions that involve unusual or novel circumstances or application of new policies or procedures rise to the officers and senior staff, while routine decisions are handled at other levels of the Company.

Development of corporate policies and formulation of annual corporate goals are both aspects of strategic decision-making.

Coordination functions

Coordination functions are concentrated at the director and manager level, with occasional involvement by officers and senior staff. Many of these coordination functions involve translating corporate goals and strategic objectives into concrete actions to be carried out by field and other front line employees and supervisors, and this coordination is primarily the work of directors and managers. From the development of department goals and individual employee goals to the implementation of corporate policies, these coordination functions link strategic decision-making to implementation. Occasionally, front line employees will step up to the coordination function, and senior staff and officers will facilitate coordination of particularly important issues.

Implementation

Most implementation decision-making occurs at the manager and supervisor level, and at the front-line employee level. Thousands of times each day, employees make decisions that reflect commitment to Vectren's values, further strategic objectives, and, ultimately, serve our customers. For that reason, the Company focuses on hiring a well-qualified workforce, providing training as appropriate and empowering that workforce to do its work expertly and efficiently. Inherent in this approach is the belief that managers, directors, officers and senior staff all have a stake in the success of each employee, as well as a stake in the Company's overall success.

Controls

Vectren has several different kinds of predictive and detective controls in place to guide and validate decision-making at all levels. Such controls include policies posted on the Intranet, as well as departmental and business unit processes, contracting authority levels, and Vectren's Code of Conduct. Vectren recognizes the importance of employee compliance with the Code of Conduct, from both an accountability standpoint and from a customer and shareholder confidence standpoint. In addition to these internal controls, Vectren has internal budgetary controls (including the budget itself, monthly budget reviews and initiative tracking as well as on-going monitoring of operation and maintenance expenses, capital expenditures, and earnings per share). External controls include federal, state and local laws and regulations.

Vectren's Risk Management Committee evaluates Vectren's overall risk profile along with specific issues and areas of concern on a regular basis to determine whether the controls in place and other mitigative measures are sufficient. This function is another aspect of Vectren's incorporation of continuous improvement into all aspects of Vectren's work.

In addition to these controls, Vectren recognizes that there is no substitute for direct oversight and engagement. To that end, Vectren has an officer dedicated to specific, focused leadership within VEDO, namely, VEDO's President, whose internal and external role is described more fully at Section III above. In addition to other duties, the President supervises all VEDO-related

work and departments, and interfaces externally with local, regional, state and federal leaders and local and regional community-based not for profit entities.

VII. INTERNAL AND EXTERNAL COMMUNICATION

The Company communicates regularly with both internal and external audiences, and those communications are tailored to their intended audiences. Many of Vectren's external communications are developed by the Corporate Communications department in close consultation with the VEDO President, and, depending on the issue, one or more members of senior staff; others, including the customer satisfaction survey and the employee satisfaction survey, are prepared and administered by independent contractors with periodic reports to internal departments managing those contracts, and to the senior staff and other officers, including the VEDO President.

Internal

Internal communication includes directives from senior staff, other officers, directors, managers and supervisors, as well as departmental memos and staff meetings. Regular communications also include departmental and program "scorecards" and "dashboards" and other tools to focus effort and drive continuous improvement. One on one communications between employees and their supervisors are frequent and include annual performance review sessions (employee performance evaluations). Vectren schedules regular "officer visits" to worksites throughout the Vectren service territories, including VEDO. These visits provide an opportunity for employees and officers to interact informally: to ask questions, to understand the work of front-line Vectren employees, to offer and receive recommendations and to share information. These events are well attended, and employees report that they come away from these meetings with a better understanding of the Company and of operations of other parts of the Company.

One important innovation in Vectren's internal communication has been the addition of mobile communications for its field crews, including electronic access to maps and service records. This enables front line workers to respond more efficiently and more effectively to service calls and emergencies.

External

The Company communicates regularly with several different external groups. This communication is facilitated either by the Corporate Communications department or by other departments, depending on the nature of the communication and the intended audience for the communication. Those external groups include the banking and investment community, shareholders, state and federal regulators, elected officials in local, state and federal governments, utility industry, trade and professional associations, and local and national media.

Foremost among the Company's external communications is the Company's communication with customers. Across the various platforms for customer communication, Vectren incorporates the Vectren Voice, discussed at Section IV Responsibilities, above. Vectren's customers include residential, commercial and industrial customers, large and small, and no one mode of

communication meets all of their needs. For example, the Company communicates with residential customers primarily through customer service specialists when customers call or email the Company, or by informational and educational communications to customers in the form of bill inserts, media advertising, social media (including YouTube and Twitter) and customer assistance programs. Commercial and industrial customers' needs differ from those of residential customers, and, in addition to customer service specialists and the other informational communications described above, the Company also provides account representatives to address the particular needs, concerns and issues of those larger customers.

VIII. GOAL ATTAINMENT AND QUANTIFICATION

Vectren uses a balanced scorecard approach to goal attainment, with measures developed to align with Vectren Values of customer (customer satisfaction and growth), colleague (employee satisfaction and safety), community (citizenship index) and capital (earnings per share). This approach reflects Vectren's understanding that its performance and the performance of its employees and operations are best measured not only by earnings, but also by how it delivers service to its customers, how it develops and manages its employees, and how it supports the communities it serves.

CONCLUSION

Building from its Purpose, Mission and Vectren Values, Vectren focuses on providing the safe, reliable natural gas distribution service its customers expect. Vectren continues to innovate and enhance its utility service, as demonstrated above and in the departmental profiles that follow.

**CODE OF BY-LAWS
OF
VECTREN CORPORATION
AS MOST RECENTLY AMENDED
AS OF
October 1, 2017**

**ARTICLE 1
Identification**

Section 1.1. Name. The name of the corporation is Vectren Corporation (the "Corporation").

Section 1.2. Fiscal Year. The fiscal year of the Corporation shall begin at the beginning of the first day of January in each year and end at the close of the last day of December next succeeding.

**ARTICLE 2
Shares**

Section 2.1. Certificates for Shares. Pursuant to Ind. Code § 23-1-26-7, the board of directors (the "Board") is authorized to issue shares without certificates. If the Board issues share certificates, such certificates shall be in such form as the Board may prescribe from time to time signed (either manually or in facsimile) by the Chief Executive Officer of the Corporation and either the Secretary or an Assistant Secretary of the Corporation.

Section 2.2. Transfer of Shares. The shares of the Corporation shall be transferable on the books of the Corporation. If certificates are issued, the transfer of the shares shall occur upon surrender of the certificate or certificates representing the same, properly endorsed by the registered holder or by his duly authorized attorney, such endorsement or endorsements to be witnessed by one witness. The requirement for such witnessing may be waived in writing upon the form of endorsement by the Chair, President and Chief Executive Officer of the Corporation.

Section 2.3. Record Ownership of Shares or Rights. The Corporation, to the extent permitted by law, shall be entitled to treat the person in whose name any share or right of the Corporation (a "Right") is registered on the books of the Corporation as the owner thereof, for all purposes, and shall not be bound to recognize any equitable or other claim to, or interest in, such share or Right on the part of any other person, whether or not the Corporation shall have notice thereof.

**ARTICLE 3
Meetings of Shareholders**

Section 3.1. Place of Meetings. All meetings of shareholders of the Corporation shall be held at such place, within or without the State of Indiana, as may be specified in the respective notices or waivers of notice thereof.

Section 3.2. Annual Meeting. An annual meeting of the shareholders shall be held at such hour and on such date as the Board may select in each year for the purpose

of electing directors for the terms hereinafter provided and for the transaction of such other business as may properly come before the meeting. The Board may postpone an annual meeting for which notice has been given in accordance with Section 3.4 of this Article 3. Failure to hold the annual meeting shall not work any forfeiture or a dissolution of the Corporation or affect the validity of any corporate action.

Section 3.3. Special Meetings. Special meetings of the shareholders may be called by the Chair, President and Chief Executive Officer or the Board. Only business within the purpose or purposes described in the meeting notice may be conducted at a special shareholders meeting. The Board may postpone a special meeting for which notice has been given in accordance with Section 3.4 of this Article 3.

Section 3.4. Notice and Waiver. A written or printed notice, stating the place, day and hour of the annual meeting, and additionally, in case of a special meeting the purpose or purposes for which the meeting is called, shall be delivered or mailed by the Secretary or by the officers or persons calling the meeting, to each shareholder of the Corporation at the time entitled to vote, at such address as appears upon the records of the Corporation, no fewer than ten nor more than sixty days before the date of the meeting. Notice of any such meeting may be waived in writing by any shareholder, before or after the date and time stated in the notice, if the waiver is delivered to the Corporation for inclusion in the minutes for filing with the corporate records. Attendance at a meeting, in person or by proxy, waives objection to lack of notice or defective notice of the meeting unless the shareholder at the beginning of the meeting objects to holding the meeting or transacting the business at the meeting. Further, a shareholder's attendance at a meeting waives objection to consideration of a particular matter at the meeting that is not within the purpose or purposes described in the meeting notice unless the shareholder objects to considering the matter when it is presented.

Section 3.5. Notice of Shareholder Business. At any meeting of the shareholders, only such business may be conducted as shall have been properly brought before the meeting, and as shall have been determined to be lawful and appropriate for consideration by shareholders at the meeting. To be properly brought before an annual meeting, business must be (a) specified in the notice of meeting given in accordance with Section 3.4 of this Article 3, (b) otherwise properly brought before the meeting by or at the direction of the Board or the Chair, President and Chief Executive Officer, or (c) otherwise properly brought before an annual meeting by a shareholder who is a shareholder of record of the Corporation at the time such notice of meeting is delivered, who is entitled to vote at the meeting and who complies with the notice procedures set forth in this Section 3.5 (the "Proposing Shareholder"). In addition, any proposal of business must be a proper matter for shareholder action. For business (including shareholder nominations) to be properly brought before an annual meeting by a shareholder pursuant to clause (c) above, the Proposing Shareholder must have given timely notice thereof in writing to the secretary of the Corporation even if such matter is already the subject of any notice to the shareholders or public disclosure from the Board of Directors. To be timely, a Proposing Shareholder's notice must be delivered to or mailed and received at the principal office of the Corporation, not later than the close of business on the 90th day nor earlier than the 120th day prior to the first anniversary date of the annual meeting for the preceding year; provided, however, if and only if the annual meeting is not scheduled to be held within a period that commences thirty days before such anniversary date and ends thirty days after such anniversary date (an annual meeting date outside such period being referred to herein as an "Other Annual Meeting Date"), such shareholder notice shall be given in the manner provided herein by the close of business on the later of (i) the close of business on

the 90th day prior to such Other Annual Meeting Date or (ii) the close of business on the 10th day following the date such Other Annual Meeting Date is first publicly announced or disclosed. A Proposing Shareholder's notice to the secretary shall set forth as to each matter such shareholder proposes to bring before the meeting (including shareholder nominations) (a) a brief description of the business desired to be brought before the annual meeting, including the text of any proposal to be presented, and the reasons for conducting such business at the annual meeting, (b) the name and address, as they appear on the Corporation's stock records, of the Proposing Shareholder, (c) the class and number of shares of the Corporation which are owned by the Proposing Shareholder beneficially and of record together with a representation that the Proposing Shareholder will notify the Corporation in writing of the class and number of such shares owned beneficially and of record for the meeting promptly following the later of the record date or the date notice of the record date is first publicly disclosed, (d) a description of any agreement, arrangement or understanding with respect to such proposal between or among the Proposing Shareholder and any of its affiliates or associates, and any others (including their names) acting in concert with any of the foregoing together with a representation that the Proposing Shareholder will notify the Corporation in writing of any such agreement, arrangement or understanding in effect as of the record date for the meeting promptly following the later of the record date or the date notice of the record date is first publicly disclosed, (e) a description of any agreement, arrangement or understanding (including any derivative or short positions, profit interests, options, hedging transactions, and borrowed or loaned shares) that has been entered into as of the date of the Proposing Shareholder's notice by, or on behalf of, the Proposing Shareholder or any of its affiliates or associates, the effect or intent of which is to mitigate loss to, manage risk or benefit of share price changes for, or increase or decrease the voting power of, the Proposing Shareholder or any of its affiliates or associates with respect to shares of stock of the Corporation, together with a representation that the Proposing Shareholder will notify the Corporation in writing of any such agreement, arrangement or understanding in effect as of the record date for the meeting promptly following the later of the record date or the date notice of the record date is first publicly disclosed, (f) a representation that the Proposing Shareholder is a holder of record of shares of the Corporation entitled to vote at the meeting and intends to appear in person or by proxy at the meeting to present the proposal contained in the notice, (g) a representation whether the Proposing Shareholder intends to deliver a proxy statement and/or form of proxy to holders of at least the percentage of the Corporation's outstanding capital stock required to approve the proposal and/or otherwise to solicit proxies from shareholders in support of such proposal, and (i) any other information relating to such shareholder and beneficial owner, if any, on whose behalf the proposal is being made, required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for the proposal and pursuant to and in accordance with Section 14(a) of the Exchange Act and the rules and regulations promulgated thereunder. Only such business shall be brought before a special meeting of shareholders as shall have been specified in the notice of meeting given in accordance with Section 3.4 of this Article 3 (other than matters properly brought under Rule 14a-8 or Rule 14a-11 under the Securities Exchange Act of 1934, as amended). In no event shall the adjournment of an annual meeting or special meeting, or any announcement thereof, commence a new period for the giving of a shareholder's notice as provided in this Section 3.5. Notwithstanding anything in these By-Laws to the contrary, no business shall be conducted at a meeting except in accordance with the procedures set forth in this Section 3.5. The person presiding at the meeting shall, if the facts warrant, determine and declare to the meeting that business was not properly brought before the meeting in accordance with the By-Laws, or that business was not lawful or appropriate for consideration by shareholders at the meeting, and if he

should so determine, he shall so declare to the meeting and any such business shall not be transacted.

Section 3.6. Notice of Shareholder Nominees.

(a) Director Nominations. Nominations of persons for election to the Board of the Corporation may be made at any annual meeting of shareholders by or at the direction of the Board or by a Proposing Shareholder entitled to vote for the election of directors at the meeting (the "Nominating Shareholder"). Such shareholder nominations shall be made pursuant to timely notice given in writing to the secretary of the Corporation in accordance with Section 3.5 of this Article 3. The Nominating Shareholder's notice shall set forth, in addition to the information required by Section 3.5, as to each person whom the Nominating Shareholder proposes to nominate for election or re-election as a director, (i) the name, age, business address and residence address of such person, (ii) the principal occupation or employment of such person, (iii) the class and number of shares of the Corporation which are beneficially owned by such person, (iv) any other information relating to such person that is required to be disclosed in solicitation of proxies for election of directors, or is otherwise required, in each case pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (including without limitation such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected), and (v) the qualifications of the nominee to serve as a director of the Corporation as set forth in subsection (b) hereof. In the event the Board or the Chair, President and Chief Executive Officer calls a special meeting of shareholders for the purpose of electing one or more directors to the Board, any shareholder may nominate a person or persons (as the case may be) for election to such position(s) as specified in the notice of meeting, if the shareholder's notice of such nomination contains the information specified in this Section 3.6 and shall be delivered to the secretary of the Corporation not later than the close of business on the 10th day following the day on which the date of the special meeting and either the names of the nominees proposed by the Board to be elected at such meeting or the number of directors to be elected are publicly announced or disclosed. In no event shall the adjournment of an annual meeting or special meeting, or any announcement thereof, commence a new period for the giving of a shareholder's notice as provided in this Section 3.6. No shareholder nomination shall be effective unless made in accordance with the procedures set forth in this Section 3.6. The person presiding at the meeting shall, if the facts warrant, determine and declare to the meeting that a shareholder nomination was not made in accordance with the By-Laws, and if he should so determine, he shall so declare to the meeting and the defective nomination shall be disregarded.

(b) Director Qualifications. The following represents the non-exclusive list of criteria that must be considered by the Governance Committee (as established in Section 4.9 hereof) in assessing whether any proposed candidate/nominee should be considered for membership on the Board. Generally, the criteria will be employed by the Governance Committee when recruiting individuals for membership, as well as responding to properly submitted nominees provided to the Governance Committee or the Board in accordance with the procedures and requirements applicable to that process. The criteria are as follows:

1. The satisfaction of the requirements for "independence" as that concept is established from time to time by the Board;

2. The satisfaction of other potentially applicable “independence” and eligibility requirements, such as those required of members of the Audit committee and the Compensation and Benefits committee;
3. The person’s professional experiences, including achievements, and whether those experiences and achievements would be useful to the Board, given its existing composition, in discharging its responsibilities;
4. The person’s subject matter expertise, i.e., finance, accounting, legal, management, technology, strategic visioning, marketing, and the desirability of that particular expertise given the existing composition of the Board;
5. The viewpoint, background and demographics of the person and whether the person would positively contribute to the overall diversity of the Board;
6. The person’s professional ethics, integrity and values;
7. The person’s intelligence and ability to make independent analytical inquiries;
8. The person’s stated willingness and ability to devote adequate time to Board activities, including attending meetings and development sessions and adequately preparing for those activities;
9. The person’s service on more than three (3) public company boards, excluding the Board, unless the Governance Committee concludes, based upon a review of all of the facts and circumstances, that such service on more than three other public company boards would not impair the ability of the proposed candidate/nominee to discharge their responsibilities as a member of the Board, and, provided further, the proposed candidate/nominee does not serve on more than five (5) other public company boards;
10. The person’s principal business responsibilities;
11. Whether the person would be able to serve on the Board for an extended period of time;
12. Whether the person has, or potentially could have, a conflict of interest which would affect the person’s ability to serve on the Board or to participate in decisions that are material to the Corporation; and
13. Whether and to what extent the person has an ownership interest in the Corporation.

The foregoing criteria represent a non-exclusive list of factors to be considered when evaluating potential candidates and responding to properly submitted nominees. In each case, the then existing composition of the Board, its current and prospective needs, the operating requirements of the Corporation, and the long-term interests of the Corporation’s shareholders will be included in the mix of factors to be reviewed and assessed when performing this evaluation.

The review and application of these criteria will initially be conducted by the Governance Committee, and, following that action, the matter will then be presented to the Board for action, if appropriate and advisable. If any Board member, not a member of the Governance Committee, requests an independent review of any candidate against these criteria, the full Board shall conduct such a review.

Section 3.7. Voting at Meetings.

(a) Voting Rights. Except as otherwise provided by law or by the provisions of the Articles of Incorporation, every holder of the Common Stock of the Corporation shall have the right at all meetings of the shareholders of the Corporation to one vote for each share of stock standing in his name on the books of the Corporation.

(b) Proxies. A shareholder may vote, either in person or by proxy executed as provided by the Indiana Business Corporation Law (the "Act") by the shareholder or a duly authorized attorney-in-fact. No proxy shall be valid after eleven (11) months, unless a shorter or longer time is expressly provided in the appointment form.

(c) Quorum. Unless otherwise provided by the Articles of Incorporation or these By-Laws, at any meeting of shareholders the majority of the outstanding shares entitled to vote at such meeting, represented in person or by proxy, shall constitute a quorum. If less than a majority of such shares are represented at a meeting, the person presiding at the meeting may adjourn the meeting from time to time. At any meeting at which a quorum is present, the person presiding at the meeting may adjourn the meeting from time to time. The shareholders present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough shareholders to leave less than a quorum.

Section 3.8. Action By Shareholders Without Meeting. Any action required or permitted to be taken at any meeting of the shareholders may be taken without a meeting if the action is taken by all shareholders entitled to vote on the action and is evidenced by one or more written consents describing the action taken, signed by all shareholders entitled to vote on the action and delivered to the Corporation for inclusion in the minutes for filing with the Corporation's records.

Section 3.9. Participation in Meetings by Means of Conference or Other Similar Communications Equipment. Any shareholder may participate in an annual or special meeting of the shareholders by, or through the use of, any means of communication by which all shareholders participating may simultaneously hear each other during the meeting. A shareholder participating in such a meeting by this means is deemed to be present in person at the meeting.

ARTICLE 4
Board of Directors

Section 4.1. Number and Election. The Board shall consist of a minimum of one (1) and a maximum of sixteen (16) members. The actual number of directors shall be fixed from time to time by amendment to the By-Laws adopted by a majority vote of the directors then in office.

Effective October 1, 2017, the Board shall consist of eleven (11) members in a single class. Each director shall hold office until his successor is elected and qualified. Directors need not be shareholders.

The Board may elect or appoint, from among its members, a Chair of the Board (the "Chair"), who need not be an officer or employee of the Corporation. The Chair shall preside at all shareholder meetings and Board meetings and shall have such other powers

and perform such other duties as are incident to such position and as may be assigned by the Board.

A decrease in the number of directors shall not shorten an incumbent director's term.

Section 4.1.1. Election Not to be Governed by Ind. Code Section 23-1-33-6(c). The Corporation shall not be governed by any of the provisions set forth in Section 23-1-33-6(c) of the IBCL, as amended.

Section 4.2. Annual Meeting. The Board shall meet each year immediately after the annual meeting of the shareholders at the place established by resolution of the Board, for the purpose of organization, election of officers, and consideration of any other business that may be brought before the meeting. If the Board does not establish a place for such meeting by resolution, the meeting will be held at the place where the shareholders' meeting was held. No notice shall be necessary for the holding of this annual meeting. If such meeting is not held as above provided, the election of officers may be had at any subsequent meeting of the Board specifically called in the manner provided in Section 4.3 of this Article.

Section 4.3. Other Meetings. Regular meetings of the Board may be held as provided for in a Board resolution, without notice of the date, time, place or purpose of the meeting. Special meetings of the Board may be held upon the call of the Chair, President and Chief Executive Officer, or of any member of the Board, at any place within or without the State of Indiana, upon forty-eight hours' notice, specifying the time, place and general purposes of the meeting, given to each director, either personally, by mailing, or by facsimile. Such notice may be waived in writing by any director, before or after the date stated in the notice, if the waiver is signed by the director and filed with the Corporation's minutes or records. In addition, a director's attendance at or participation in a meeting waives any required notice of the meeting unless the director at the beginning of the meeting (or promptly upon his arrival) objects to holding the meeting or transacting business at the meeting and does not thereafter vote for or assent to action taken at the meeting.

Section 4.4. Quorum. At any meeting of the Board, the presence of a majority of the members of the Board shall constitute a quorum for the transaction of any business except the filling of vacancies in the Board. In the filling of vacancies, if the directors remaining in office constitute fewer than a quorum of the Board, they may fill a vacancy by the affirmative vote of a majority of all directors remaining in office.

Section 4.5. Action By Directors Without Meeting. Any action required or permitted to be taken at any meeting of the Board, or any committee thereof, may be taken without a meeting if the action is taken by all members of the Board and is evidenced by one or more written consents describing the action taken, signed by each director, and is included in the minutes or filed with the corporate records reflecting the action taken.

Section 4.6. Compensation of Directors. The Board is empowered and authorized to fix and determine the compensation of directors for attendance at meetings of the Board, and additional compensation for any additional services that the directors may perform for the Corporation.

Section 4.7. Participation in Meetings by Means of Conference or Other Similar Communications Equipment. A member of the Board or of a committee designated by the Board may participate in a regular or special meeting by, or conduct the meeting through the use of, any means of communication by which all directors participating may simultaneously hear each other during the meeting. A director participating in such a meeting by this means is deemed to be present in person at the meeting.

Section 4.8. Finance Committee. The Board shall, by resolution adopted by a majority of the full Board, designate a chair and the membership of the Finance Committee of the Board ("Finance Committee"), which shall consist of not less than three members, including the chair. A majority of the members of the Finance Committee shall meet the independence requirements established by the Board.

The Finance Committee shall meet at such times as may be requested by the Chair, President and Chief Executive Officer, the chair of the Finance Committee or otherwise pursuant to authority delegated by the Board. The purpose for the Finance Committee is to act on behalf of the Board, within parameters established by the full Board and applicable law, with respect to financing activities of the Corporation, including, as necessary or advisable, financing activities of one or more of the Corporation's subsidiaries or affiliates. Reasonable notice of all meetings shall be given by the secretary. A majority shall constitute a quorum of the Finance Committee. A majority of the Finance Committee in attendance shall decide any question brought before any meeting of the Finance Committee.

The Finance Committee shall adopt a Charter consistent with these By-Laws and shall review and reassess the adequacy of its Charter annually and recommend any proposed changes to the full Board for approval.

Section 4.9. Nominating and Corporate Governance Committee. The Board shall, by resolution adopted by a majority of the full Board, designate a chair and the membership of the Nominating and Corporate Governance Committee of the Board ("Governance Committee"), which shall consist of not less than three members, including the chair.

A director who is an employee (including non-employee executive officers) of the Corporation or any of its affiliates may not serve on the Governance Committee until three years following the termination of his or her employment or executive officer status, and, in the event the employment relationship or executive officer status is with a predecessor of the Corporation, the director cannot serve on the Governance Committee until three years following the termination of that employment relationship or executive officer status with the predecessor;

The Governance Committee shall have responsibility for the following matters:

- (a) searching for qualified nominees for election to the Board, and evaluating and making recommendations to the Board as to the qualifications of nominees to be submitted to the shareholders for election to the Board or considered to fill vacancies occurring from time to time on the Board;

- (b) receiving communications submitted to the Corporation from shareholders relating to nominees for director, and evaluating and making recommendations to the Board as to the qualifications of such nominees;
- (c) making recommendations concerning the composition, organization and functions of the Board;
- (d) making recommendations concerning the compensation for non-employee members of the Board;
- (e) monitoring and considering the Corporation's corporate governance practices;
- (f) reviewing periodically the performance of the full Board;
- (g) reviewing periodically the Corporation's Shareholder Rights Agreement;
- (h) reviewing periodically the Corporation's By-Laws and Articles of Incorporation;
- (i) performing succession planning with respect to the Chair, President and Chief Executive Officer; and
- (j) providing guidance with respect to the development of members of the Board.

Meetings of the Governance Committee shall be held at such times as may be requested by the Chair, President and Chief Executive Officer or by the chair of the Governance Committee. Reasonable notice of all meetings shall be given by the secretary. A majority shall constitute a quorum of the Governance Committee. A majority of the Governance Committee in attendance shall decide any question brought before any meeting of the Governance Committee.

Section 4.10. Corporate Responsibility and Sustainability Committee. The Board shall, by resolution adopted by a majority of the full Board, designate a chair and the membership of the Corporate Responsibility and Sustainability Committee of the Board ("Corporate Responsibility and Sustainability Committee"), which shall consist of not less than three members, including the chair. Any director of the Corporation may serve on the Corporate Responsibility and Sustainability Committee. The Corporate Responsibility and Sustainability Committee shall oversee the Corporation's policies, practices and procedures, as a responsible corporate citizen, including, but not limited to, the following areas:

- (a) policies, practices and procedures relating to sustainability, including monitoring of current and emerging political and social action, and public policy and environmental issues that may affect the business operations, material financial performance or public image of the company. Such oversight shall also consider policies for sustainable growth strategies to create value consistent with long-term preservation and enhancement of the Company's financial, environmental and social capital;
- (b) business practices, including compliance with applicable laws and regulations, including utility operations compliance with regulations, unless specifically the province of another Board committee pursuant to such committee's charter;;

- (c) public communications with key stakeholders, other than the financial community
- (d) community relations, including charitable contributions and community affairs;
- (e) customer relations, including customer satisfaction and quality of customer service;
- (f) employment practices and procedures, including employer of choice, workforce diversity and compliance with employment related laws, regulations and policies;
- (g) policies, practices and procedures related to employee and public safety, including the Company's efforts to maintain a corporate culture of safety; and
- (h) environmental compliance and stewardship, including adherence to environmental related laws and regulations.

Meetings of the Corporate Responsibility and Sustainability Committee shall be held at such times as may be requested by the Chair, President and Chief Executive Officer or by the chair of the Corporate Responsibility and Sustainability Committee. Reasonable notice of all meetings shall be given by the secretary. A majority shall constitute a quorum of the Corporate Responsibility and Sustainability Committee. A majority of the Corporate Responsibility and Sustainability Committee in attendance shall decide any question brought before any meeting of the Corporate Responsibility and Sustainability Committee.

Section 4.11. Compensation and Benefits Committee. The Board shall, by resolution adopted by a majority of the full Board, designate a chair and the membership of the Compensation and Benefits Committee of the Board ("Compensation Committee"). The Compensation Committee shall consist of not less than three members, including the chair, all of whom are to be "non-employee directors" within the meaning of Rule 16b-3(b)(3) under the Securities Exchange Act of 1934, as the same may be in effect from time to time.

The Compensation Committee shall have responsibility for the following matters:

- (a) reviewing annually the overall compensation program for the corporate officers of the Corporation and certain of its subsidiaries, including the executive officers;
- (b) approving the compensation of the executive officers, including, but not limited to, regular or periodic compensation and additional or year-end compensation;
- (c) reviewing and approving all consulting or employment contracts of the Corporation or of any subsidiary with any corporate officer, including any executive officer, or with any director, provided, that any such contract with any director must also be approved by the full Board;
- (d) serving as the granting and administrative committee for the Corporation's At-Risk Compensation Plan and, to the extent provided in such plans, all other executive and director compensation plans;

- (e) overseeing the administration of employee benefits and benefit plans for the Corporation and its subsidiaries; reviewing new benefits or changes in existing benefits; appointing from among the management of the Corporation committees to administer such employee benefits and benefit plans; and
- (f) performing such other duties as may from time to time be assigned by the full Board with respect to executive compensation.

Meetings of the Compensation Committee shall be held at such times as may be requested by the Chair, President and Chief Executive Officer or by the chair of the Compensation Committee. Reasonable notice of all meetings shall be given by the secretary. A majority shall constitute a quorum of the Compensation Committee. A majority of the Compensation Committee in attendance shall decide any question brought before any meeting of the Compensation Committee.

Section 4.12. Audit and Risk Management Committee. The Board shall, by resolution adopted by a majority of the full Board, designate a chair and the membership of the Audit and Risk Management Committee of the Board ("Audit Committee"). The Audit Committee shall consist of not less than three members, none of whom are current officers or employees of the Corporation or any subsidiary of the Corporation and each of whom is appointed by the Board. The members of the Audit Committee shall meet the independence and expertise requirements of the New York Stock Exchange, as the same may be in effect from time to time. The Audit Committee shall assist the Board in monitoring the integrity of the financial statements of the Corporation, and the independence and performance of the Corporation's internal auditors and independent accountants.

The Audit Committee shall have the authority to retain special legal, accounting or other consultants to advise the Committee. The Audit Committee may request any officer or employee of the Corporation, or the Corporation's outside counsel or independent accountant, to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee.

The Audit Committee shall have the responsibilities and powers set forth in its Charter. The Audit Committee shall review and reassess the adequacy of its Charter annually and recommend any proposed changes to the full Board for approval.

It is not the duty of the Audit Committee to plan or conduct audits or to determine that the Corporation's financial statements are complete and accurate and are in accordance with generally accepted accounting principles. This is the responsibility of management, as audited by the independent accountant.

Meetings of the Audit Committee shall be held at such times as may be requested by the Chair, President and Chief Executive Officer or by the chair of the Audit Committee. Reasonable notice of all meetings shall be given by the secretary. A majority shall constitute a quorum of the Audit Committee. A majority of the Audit Committee in attendance shall decide any question brought before any meeting of the Audit Committee.

Section 4.13. Other Committees of the Board. The Board may, by resolution adopted by a majority of the full Board, also designate other regular or special committees of the Board, with such powers and duties as shall be provided by resolution of the full Board.

Section 4.14. Resignations. A director may resign at any time by delivering notice to the Board or the Secretary of the Corporation. A resignation is effective when the notice is delivered unless the notice specifies a later effective date. If a resignation is made effective at a later date and the Corporation accepts the future effective date, the Board may fill the pending vacancy before the effective date if the Board provides that the successor does not take office until the effective date.

Section 4.15. Qualifications for Continued Service, Retirement.

(a) No director who has attained the age of seventy-five (75) years is qualified to remain a director longer than the term of office during which they turned age seventy five (75), unless this prohibition is waived by a majority of the independent members of the Board, excluding the director seeking the waiver, or a majority of the members of the Governance Committee, excluding the director seeking the waiver, subject to the disclosure and other provisions of the Securities and Exchange Act of 1934, the rules promulgated thereunder and the applicable rules of the New York Stock Exchange.

(b) The following qualifications are to be considered by the board of directors to determine whether an individual director may continue to be a director or may be re-nominated to be a director upon the expiration of his or her term:

- (i) If the director is to be counted as one of the Corporation's "independent" directors, as that term is defined from time to time by the board of directors, and he or she no longer qualifies as an "independent" director;
- (ii) If the director serves on the boards of directors of more than three (3) or more public companies in addition to the Corporation and the Governance Committee has concluded that such service would impair the ability of the director to discharge their responsibilities as a member of the board, and, provided further, the director does not serve on more than five (5) other public company boards;
- (iii) If there is a change in the director's principal business activity which affects the director's continuing ability to contribute to the Corporation;
- (iv) If the director fails to comply with the duly adopted share ownership guidelines (following a transition period for new service or an increase in the ownership equivalents);
- (v) If the director consistently fails to attend functions of the board of directors, including board meetings, committee meetings and board development activities;
- (vi) If the director fails to abide by the Code of Conduct applicable to the directors;

- (vii) If the director fails to comply with the Corporate Governance Guidelines;
- (viii) If the director has received more than a 50% withhold vote in an election where his or her name is on the ballot; or
- (ix) If the director is no longer able to fulfill the duties of a director of the Corporation.

(c) The Governance Committee shall first make the determination whether an individual director is qualified to remain on the board of directors or to be re-nominated to the board of directors if his or her term is expiring. Thereafter, if a director is determined by the Governance Committee to not meet the qualifications, the matter shall be referred to the full board of directors with the affected director being excused from the meeting and consideration.

ARTICLE 5

Officers

Section 5.1. Number. The officers of the Corporation shall consist of a Chair, President and Chief Executive Officer, Chief Financial Officer, Secretary, and such other officers as may be chosen by the Board at such time and in such manner and for such terms as the Board may prescribe. The Chair, President and Chief Executive Officer may appoint one or more officers as he or she may deem necessary or advisable to carry on the operations of the Corporation. The Board may appoint one or more assistant officers as it may deem necessary or advisable to carry on the operations of the Corporation. Such appointed officer(s) or assistant officer(s) shall hold office until the next annual meeting of the Board unless removed by resolution of the Board prior to such meeting date. Any two or more offices may be held by the same person.

Section 5.2. Election and Term of Office. The officers shall be chosen annually by the Board. Each officer shall hold office until his successor is chosen, or until his death, or until he shall have resigned or shall have been removed in the manner hereinafter provided.

Section 5.3. Removal. Any officer may be removed, either with or without cause, at any time, by a majority vote of the Board.

Section 5.4. Resignations. An officer may resign at any time by delivering notice to the Board or the Secretary of the Corporation. A resignation is effective when the notice is delivered unless the notice specifies a later effective date. If a resignation is made effective at a later date and the Corporation accepts the future effective date, the Board may fill the pending vacancy before the effective date if the Board provides that the successor does not take office until the effective date.

Section 5.5. Chair, President and Chief Executive Officer. The Chair, President and Chief Executive Officer shall be, subject to the control of the Board, in general charge of the affairs of the Corporation and perform such other duties as the Code by By-Laws or the Board may prescribe. He or she shall also preside at all meetings of shareholders and directors and shall discharge all the duties which devolve upon a presiding officer., In addition, the Chair, President and Chief Executive Officer shall have all of the powers and

duties as usually pertain to such a position, including the power to make and sign contracts and agreements in the name of and on behalf of the Corporation and supervisory powers over all other officers of the Corporation.

Section 5.6. Chief Financial Officer. The Chief Financial Officer shall be the financial officer of the Corporation; shall have charge and custody of, and be responsible for, all funds of the Corporation, and deposit all such funds in the name of the Corporation in such banks, trust companies or other depositories as shall be selected by the Board; shall receive, and give receipts for, monies due and payable to the Corporation from any source whatsoever; and, in general, shall perform all the duties incident to the office of Treasurer and such other duties as this Code of By-Laws provides or as may, from time to time, be assigned by the Board.

Section 5.7. The Vice-Presidents. Each Vice-President (if one or more Vice-Presidents be elected or appointed) shall have such powers and perform such duties as this Code of By-Laws provides or as the Chair, President and Chief Executive Officer, from time to time, prescribe or delegate to him or her.

Section 5.8. The Secretary. The Secretary shall prepare or cause to be prepared the minutes of the meetings of the shareholders and of the Board; shall see that all notices are duly given in accordance with the provisions of the Code of By-Laws and as required by law; shall be custodian and responsible for the authentication of the records; and, in general, shall perform all duties incident to the office of Secretary and such other duties as this Code of By-Laws provides or as may, from time to time, be assigned by the Board.

Section 5.9. Delegation of Authority. In case of the absence of any officer of the Corporation, or for any other reason that the Board may deem sufficient, the Board may delegate the powers or duties of such officer to any other officer, for the time being, provided a majority of the entire Board concurs therein.

Section 5.10. Salaries. The salaries of the executive officers shall be fixed, from time to time, by the Board and the salaries of the other officers shall be reviewed by the Compensation and Benefits Committee. No officer shall be prevented from receiving such salary by reason of the fact he is also a director of the Corporation.

ARTICLE 6

Negotiable Instruments, Deeds, Contracts and Shares

Section 6.1. Execution of Negotiable Instruments. All checks, drafts, notes, bonds, bills of exchange and orders for the payment of money of the Corporation shall, unless otherwise directed by the Board, or unless otherwise required by law, be signed by the Treasurer and one other officer, or such other officers or employees as may be directed by the Chair, President and Chief Executive Officer.

Section 6.2. Execution of Deeds, Contracts, Etc. All deeds and mortgages made by the Corporation and other material written contracts and agreements into which the Corporation enters other than transactions in the ordinary course of business shall, unless otherwise directed by the Board or required by law, be executed in its name by any authorized officer of the Corporation, signing singly, and, when necessary or required, shall be duly attested by the Secretary or Assistant Secretary. Written contracts and agreements in the ordinary course of business operations may be executed by any officer

or employee of the Corporation designated by the Chief Financial Officer to execute such contracts and agreements.

Section 6.3. Endorsement of Stock Certificates. Subject always to the further orders and directions of the Board, any share or shares of stock issued by any other corporation and owned by the Corporation (including retired shares of stock of the Corporation) may, for sale or transfer, be endorsed in the name of the Corporation by the Chair, President and Chief Executive Officer and the Secretary.

Section 6.4. Voting of Stock Owned by Corporation. Subject always to the further orders and directions of the Board, any share or shares of stock issued by any other corporation and owned or controlled by the Corporation may be voted at any shareholder's meeting of such other Corporation by the Chair, President and Chief Executive Officer of the Corporation or, in his or her absence, by the Secretary of the Corporation. Whenever, in the judgment of the Chair, President and Chief Executive Officer, it is desirable for the Corporation to execute a proxy or give a shareholder's consent in respect to any share or shares of stock issued by any other corporation and owned by the Corporation, such proxy or consent shall be executed in the name of the Corporation and shall be attested by the Secretary of the Corporation. Any person or persons designated in the manner above stated as the proxy or proxies of the Corporation shall have the full right, power, and authority to vote the share or shares of stock issued by such other corporation and owned by the Corporation the same as such share or shares might be voted by the Corporation.

ARTICLE 7

Provisions for Regulation of Business and Conduct of Affairs of Corporation

Section 7.1. Contracts. Any contract or other transaction between the Corporation and one or more of its directors, or between the Corporation and any firm of which one or more of its directors are members or employees, or in which they are interested, or between the Corporation and any corporation or association of which one or more of its directors are shareholders, members, directors, officers, or employees, or in which they are interested, shall be valid for all purposes, notwithstanding the presence of such director or directors at the meeting of the Board of the Corporation which acts upon, or in reference to, such contract or transaction, and notwithstanding his or their participation in such action, if the fact of such interest shall be disclosed or known to the Board and the Board shall, nevertheless, authorize, approve, and ratify such contract or transaction by a vote of a majority of the directors on the Board who have no direct or indirect interest in the contract or transaction or, if all directors have such an interest, then by a vote of a majority of the directors. If a majority of such directors vote to authorize, approve or ratify such contract or transaction, a quorum is deemed to be present for purposes of taking such action. This Section shall not be construed to invalidate any contract or other transaction which would otherwise be valid under the common and statutory law applicable thereto.

Section 7.2. Indemnification.

(a) Definitions. Terms defined in Chapter 37 of the Act (IND. CODE §§ 23-1-37, et seq.) which are used in this Article 7 shall have the same definitions for purposes of this Article 7 as they have in such chapter of the Act.

(b) Indemnification of Directors and Officers. The Corporation shall indemnify any individual who is or was a director or officer of the Corporation, or is or was serving at the request of the Corporation as a director, officer, partner or trustee of another foreign or domestic corporation, partnership, joint venture, trust, employee benefit plan or other enterprise whether or not for profit, against liability and expenses, including attorneys fees, incurred by him or her in any action, suit, or proceeding, whether civil, criminal, administrative, or investigative, and whether formal or informal, in which he or she is made or threatened to be made a party by reason of being or having been in any such capacity, or arising out of his status as such, except (i) in the case of any action, suit, or proceeding terminated by judgment, order, or conviction, in relation to matters as to which he or she is adjudged to have breached or failed to perform the duties of his office and the breach or failure to perform constituted willful misconduct or recklessness; and (ii) in any other situation, in relation to matters as to which it is found by a majority of a committee composed of all directors not involved in the matter in controversy (whether or not a quorum) that the person breached or failed to perform the duties of his office and the breach or failure to perform constituted willful misconduct or recklessness. The Corporation may pay for or reimburse reasonable expenses incurred by a director or officer in defending any action, suit, or proceeding in advance of the final disposition thereof upon receipt of (i) a written affirmation of the director's or officer's good faith belief that such director or officer has met the standard of conduct prescribed by Indiana law; and (ii) an undertaking of the director or officer to repay the amount paid by the Corporation if it is ultimately determined that the director or officer is not entitled to indemnification by the Corporation.

(c) Other Employees or Agents of the Corporation. The Corporation may, in the discretion of the Board, fully or partially provide the same rights of indemnification and reimbursement as herein above provided for directors and officers of the Corporation to other individuals who are or were employees or agents of the Corporation or who are or were serving at the request of the Corporation as employees or agents of another foreign or domestic corporation, partnership, joint venture, trust, employee benefit plan or other enterprise whether or not for profit.

(d) Non-exclusive Provision. The indemnification authorized under this Section 7.2 is in addition to all rights to indemnification granted by Chapter 37 of the Act (IND. CODE §§ 23-1-37, et seq.) and in no way limits the indemnification provisions of such Chapter.

Section 7.3. Exclusive Forum for Certain Claims. Unless the Corporation consents in writing to the selection of an alternative forum, the Circuit or Superior Courts of Vanderburgh County, State of Indiana, or the United States District Court in the Southern District of Indiana in a case of pendent jurisdiction, shall be the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of the Corporation, (ii) any action asserting a claim for breach of fiduciary duty owed by any director, officer, employee or agent of the Corporation to the Corporation or the Corporation's shareholders, (iii) any action asserting a claim arising pursuant to any provision of the Indiana Business Corporation Law, the Corporation's articles of incorporation or bylaws, or (iv) any action asserting a claim governed by the internal affairs doctrine, in each case subject to such court having personal jurisdiction over the indispensable parties named as defendants therein.

2018 Corporate Plan

Smart Energy Future

ELECTRIC GRID
UPGRADES IN
PROGRESS



NATURAL
GAS
PIPELINE
WORK



VECTREN
Live Smart

▶ our purpose

With a focus on the need to conserve natural resources, we provide energy and related solutions that make our customers productive, comfortable and secure.

▶ our mission

We will deliver an exceptional customer experience.

We will achieve industry-leading safety performance.

We will commit to a culture of continuous improvement.

We will deliver superior investor returns.

▶ our values

Customer

We know success comes from understanding our customers and delivering value in our services.

Colleagues

We value talent, innovation, diversity and superior performance. We will achieve our goals through teamwork and conduct our business with integrity.

Community

We will contribute to the social, economic and environmental sustainability of our communities.

Capital

We will deliver financial performance that attracts investors.

▶ our goals

Corporate Goals

- Deliver a dividend growth rate aligned with our long-term consolidated earnings per share growth rate of 6-8% and the dividend payout target of 60-65%
- Maintain strong credit ratings

All Vectren Operating Companies Goals

- Be a leader in customer experience
- Achieve best-in-class safety performance
- Attract, retain and engage talented employees
- Be a leader in diversity, inclusion and human equity
- Be a leader in corporate citizenship and sustainability

Utility Group Goals

- Increase utility earnings per share by 5-7% annually
- Earn at or near authorized returns at the utility group
- Be a leader in customer conservation and energy efficiency
- Achieve excellence in operations and maintenance (O&M) and asset management
- Optimize capital expenditures at each utility

Nonutility Group Goals

- Increase nonutility earnings per share by \$0.06 - \$0.10 annually

▶ our strategies

Our strategies will ultimately help achieve the goals listed above.

- Anticipate what our customers will demand in an evolving energy market
- Foster a work environment that encourages safety, engagement and human equity to enable our colleagues to contribute to the organization's success
- Achieve consistent earnings growth
- Develop new sources of utility and nonutility earnings growth

These strategies will be supported by successful implementation of the strategic initiatives.

The goals and strategic initiatives are not the same as, but do include achieving, the Vectren Incentive Plan (VIP) goals that tie to the annual pay-at-risk element.

strategy one

Anticipate what our customers will demand in an evolving energy market

Initiative 1:

Continue the modernization of our gas transmission and distribution systems by investing in projects that meet customer needs, enhance safety and reliability, reduce risk or comply with regulatory mandates

Initiative 2:

Continue managing the plan to modernize our electric transmission and distribution grid by investing in projects that maintain system reliability, enhance system performance and prepare the system for known and future technologies

Initiative 3:

Execute the plan to diversify our electric generation fleet with a focus on reliable, reasonably priced energy

Initiative 4:

Execute a utility branding, public relations and investor relations strategy, themed Smart Energy Future, to support the natural gas and electric infrastructure modernization and electric generation transition initiatives.

Initiative 5:

Continue to research and integrate new customer programs that enhance understanding of energy usage and enable cost-effective energy efficiency actions

Initiative 6:

Deliver customer experience improvements focused on self-service, improved appointment capability, customer access to usage detail and proactive customer communications

Initiative 7:

Continue to be the community catalyst in driving neighborhood revitalization with a particular focus on the energy needs of our low-income customers

Initiative 8:

Develop technology strategies that improve company and IT operating efficiencies and enable superior customer service, with a resilient infrastructure and robust policies that protect against cyber threats and loss of information

Initiative 9:

Implement a comprehensive corporate carbon policy and strategy which includes an optimal utility compliance plan and strategy for engaging state and regional decision makers and identifies energy conservation opportunities for corporate facilities and fleet

strategy two

Foster a work environment that encourages safety, engagement and human equity to enable our colleagues to contribute to the organization's success

Initiative 1:

Continuously improve our safety culture by engaging and empowering all employees to reduce risk, promote safety and health, and protect our workforce, assets and the public

Initiative 2:

Implement the Human Equity strategy to drive a culture supportive of a diverse and inclusive work environment where each colleague's individual talents are recognized, developed and maximized. This will be done through the Human Equity teams focused on talent attraction and retention, leadership development, culture and environment, and customer and supplier diversity and recognition.

Initiative 3:

Enhance workforce planning and employee development through the formalization of the strategic workforce planning process, improving the succession planning model and developing operating level and business unit learning

► strategy three

Achieve consistent earnings growth

Initiative 1:

Continue to integrate our performance management culture in order to achieve performance targets through continuous and sustainable improvements in employee and customer satisfaction, work-related processes and cost management

Initiative 2:

Continue to work with all stakeholders in the regulatory process to maintain and enhance alternative rate-making mechanisms that enable recovery of fixed costs and earning authorized returns while managing the impact to customer bills

Initiative 3:

Continue to manage capital efficiently as aligned with the capital investment strategy

Initiative 4:

Further develop a contractor governance model that ensures the execution of projects in a safe and timely manner

► strategy four

Develop new sources of utility and nonutility earnings growth

Initiative 1:

Implement new marketing programs, incentive packages and regulatory initiatives to increase residential and small commercial gas customers; includes a focus on multi-family developments and non-rural conversions

Initiative 2:

Execute pilot research projects focused on solar, storage, micro-grids and smart cities to gain experience with these technologies as well as determine the opportunities to develop products and services to complement existing energy services and address customer experience and revenue growth goals

Initiative 3:

Develop a strategy to facilitate the growth of alternative fueled vehicles (both gas and electric)

Initiative 4:

Develop and implement behind-the-meter products and services that provide customers with choices, utilize new technologies and support earnings growth

Initiative 5:

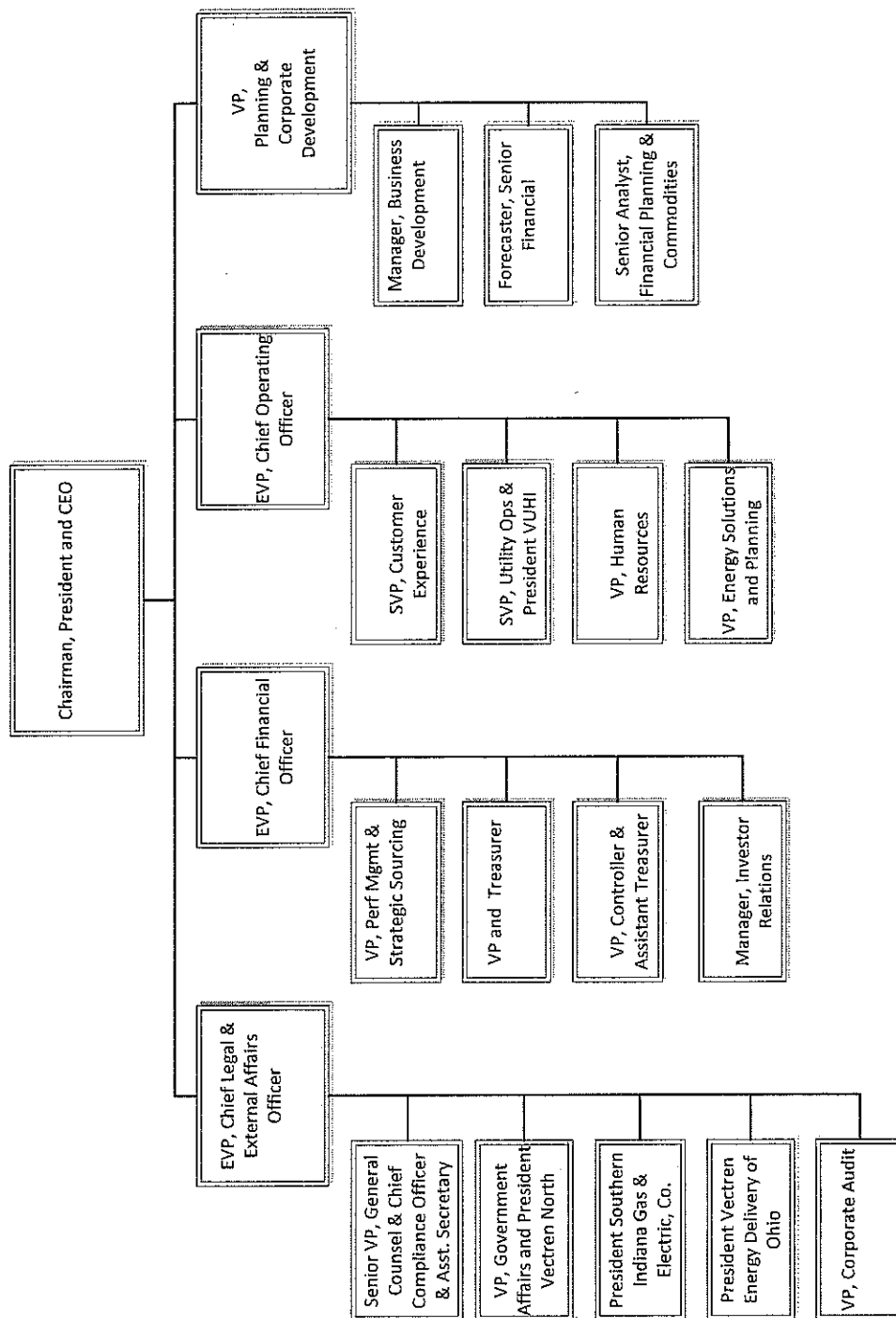
Develop and execute plans that promote economic development, including utility marketing programs focused upon large commercial and industrial customers attraction and retention

Initiative 6:

Vectren Infrastructure Services (VISCO): Continue to aggressively grow our infrastructure services businesses, which include gas distribution, gas/oil/NGL transmission and wastewater, through geographic expansion and performance improvement

Initiative 7:

Vectren Energy Services (VESCO): Aggressively expand our current energy services businesses including public and federal sector energy performance contracting and sustainable infrastructure solutions such as renewable energy, distributed generation, and operations services, through, among other strategies, the pursuit of opportunities for combined heat and power, renewables and micro-grids in energy security and resiliency



Corporate Code of Conduct



VECTREN
Live Smart



ESG ENERGY SYSTEMS GROUP

**MINNESOTA
LIMITED**
AN MVERGE COMPANY

**MILLER
PIPELINE**
AN MVERGE COMPANY

Customer • Colleagues • Community • Capital

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The Vectren Corporate Code of Conduct forms the foundation for our Ethics and Compliance Program. It guides the actions and decisions of each Vectren colleague. Each of us, by reading, understanding and following the Vectren standards, helps ensure that the highest ethical standards are upheld.

Vectren's reputation and success are built by our commitment to our values: Customer, Colleagues, Community and Capital. By living our values in the course of our daily work, each of us plays a vitally important role in maintaining a culture based on integrity, trust, openness, professionalism and pride in what we do.

Being committed to our values and ethical business conduct also instills trust and confidence in our relationships. Our customers, shareholders, communities, business partners, coworkers and regulators expect we will conduct business with integrity. Every interaction that we have, every decision that we make and every goal that we pursue must be approached with a dedication to ethical business conduct.

We have the personal and professional responsibility to live and support an ethical culture at Vectren. You are able to report violations and issues without fear of retaliation. I ask for your personal commitment to ethical leadership by embracing our values and the Vectren Corporate Code of Conduct. I thank you for doing your part!



Carl L. Chapman

Carl L. Chapman
Chairman, President and CEO

Version date: 12-22-2017

Ethics and Compliance – Our Shared Responsibility

Vectren's values

Our values serve as the foundation for a positive, productive and ethical business culture. They guide us to do the right things. Vectren embraces this Code of Conduct not only in furtherance of the Vectren values but also because it is the right thing to do. In many situations, however, we need specific guidance to meet Vectren's expectations.

Our Code of Conduct (the Code) describes the ethical expectations for all Vectren colleagues (Vectren officers, employees, affiliates, subsidiaries and our Board of Directors). These expectations also extend to Vectren's agents – our consultants, contractors and others who represent Vectren in any capacity. The Code provides a framework to work ethically and to comply with legal requirements. We commit to do our best work to the best of our ability.

Making ethical decisions

The Code cannot address every possible situation that might be encountered, but it provides guidance and is a resource for common issues that may arise in our work. Vectren does not expect perfection, but ethical, legal and sound business behavior is expected at all times. The Code is not a substitute for sound business judgment, common sense and specific guidance. An Appendix to this Code includes frequently asked questions and a recommended course of action for making ethical decisions. These tools assist those with applying the Code to activities that could occur.

Colleague responsibilities

We are responsible for our own integrity. Those in leadership positions have a responsibility to create and maintain an environment that reflects the Vectren values and incorporates ethical and legal requirements for doing business. This responsibility includes the communication of Vectren's values, the Code and Vectren's expectations, as well as any additional information or training that specific colleagues and business partners need to do their jobs. This communication begins during the hiring process, which is why it is important to choose employees who embrace Vectren's values and meet the Code's expectations. There is no place for unlawful activities or unethical behavior at Vectren. Also, there is no substitute for personal responsibility and diligent supervision by those with supervisory responsibilities. We understand that failure to follow the Code, applicable policies and procedures and applicable laws can result in disciplinary action, including termination of employment.

Vectren Corporate values

CUSTOMER

We know success comes from understanding our customers and delivering value in our services.

COLLEAGUES

We value talent, innovation, diversity and superior performance. We will achieve our goals through teamwork and conduct our business with integrity.

COMMUNITY

We will contribute to the social, economic and environmental sustainability of our communities.

CAPITAL

We will deliver financial performance that attracts investors.

Reporting or Inquiry

Vectren provides many ways to report issues and seek advice. Speak to your supervisor first. If you are uncomfortable speaking to your supervisor, use any of the methods listed in the caption.

Reporting violations and seeking advice

We recognize that this Code, as well as Vectren, is only as effective and ethical as our actions and those of our colleagues. We take violations of Vectren's Code seriously and reports of violations will be investigated.

Reporting accounting, auditing and control irregularities

We voice concerns related to questionable accounting and auditing activities or internal control irregularities directly to our supervisors, Corporate Audit, Human Resources, or Legal. Some examples of these issues include deficiencies in the design or operation of internal controls that impact Vectren's reported financial data; or fraud that involves those with a role in Vectren's financial reporting, disclosures or internal controls. All such reported concerns will be forwarded to the Vectren Audit and Risk Management Committee as required by the Sarbanes-Oxley Act of 2002.

Good faith reporting and non-retaliation policy

When we identify conduct that is or could be inconsistent with the Code, we report those issues to our supervisor or other mediums, such as our third-party hotline or internal helplines. We make such contacts without fear of retaliation.

Seeking advice?

If you have a question or would like to report conduct that is or could be inconsistent with the Code, direct questions to:

- Anonymous third-party ethics hotline at 877-703-5224 or online at www.RedFlagReporting.com/vectren
- Corporate Audit Leadership at 812-491-4897
- 'AskHR' under Departments on the *Work Smart* intranet
- Ethics and Compliance email: ethicsandcompliance@vectren.com
- Chief Compliance Officer at 812-491-4203
- Chair of the Audit Committee via mail at Chair of the Audit Committee, Vectren Corporation, P.O. Box 209, Evansville, Indiana, 47702-0209 or via email at chairauditcommittee@vectren.com

Find Vectren's Code of Conduct under Compliance Corner on the *Work Smart* intranet or at Vectren.com



Our Work Environment

Our work environment affects the way we perform our jobs. When we work in an atmosphere of honesty and respect, our relationships are enhanced. We are responsible for knowing applicable policies and procedures and applicable laws and regulations.

Integrity

We act honestly and obey the law. We treat all with whom we interact respectfully and fairly. We are accountable for our work and our actions, and we take responsibility. We correct immediately those situations that we can correct ourselves, and we bring other situations to the attention of those who can correct them. We require those who work for us, including agents and consultants, to do likewise. We recognize that those who work for us take their direction from us, and we do not tolerate unlawful or unethical activities by anyone. Business integrity may be hard to define but we recognize it when we see it. Even more importantly, we recognize when it is missing.

Fairness

We commit to fair and equitable treatment of all colleagues and all candidates for employment. We evaluate colleagues based on their demonstrated competencies, observable and measurable behaviors, skills and abilities and achievements without unlawful discrimination. We avoid transferring or promoting any employee into a situation where the appearance of favoritism might exist. We foster an atmosphere of open communication, trust and respect. We comply with all laws, including employment laws.

We evaluate employees without regard to their race, color, religion, national origin, veteran status, sex, age, sexual orientation, gender identity, or physical or mental disability.

Diversity

We promote diversity in our work force and in the work forces of those with whom we do business. We recognize the value of diverse backgrounds, experiences, styles, approaches and ideas to our business success; and we see our diverse work force as both a strength and competitive advantage. We create and sustain an inclusive work environment where each of us is encouraged and expected to achieve our full potential, both for personal fulfillment and in furtherance of Vectren's business success. We seek to provide meaningful responsibilities and growth and developmental opportunities for all colleagues. We recognize and support the diversity of our colleagues and the communities we serve.



Harassment prevention

We have the right to a workplace free from intimidation, harassment and abuse. We report any workplace harassment that we experience or observe to our supervisors, the Human Resources Department, Legal, Corporate Audit or any member of the management team. We recognize and understand that workplace harassment, bullying and violence of any kind, including threats and intimidation, is strictly prohibited. We understand behavior that disrupts any employee's work performance or creates an intimidating, offensive, abusive or hostile work environment is strictly prohibited and is not tolerated. We do not tolerate unwelcome verbal or physical conduct, including unwelcome sexual advances or requests for sexual favors. We help each other by speaking out when a fellow employee's actions or words make us or others uncomfortable. We are responsible for promptly reporting harassment when it occurs. We understand that Vectren takes harassment and bullying claims seriously and investigates claims thoroughly.



Personal safety

We work to create a safe and healthy work environment and to prevent accidents. We hold ourselves accountable for understanding and following the safety rules and practices that apply to our jobs and for taking necessary precautions to protect ourselves and our fellow employees, including immediately reporting unsafe conditions, practices, accidents and injuries. We look out for each other, and we take care of each other.

We report to work free from the influence of any substance that might impair us or compromise our safe and effective work or put ourselves, fellow employees or the public at risk. We recognize that Vectren provides confidential employee assistance, and we use that resource when we need to.

Weapons have no place in our workplaces or in the conduct of our business. Employees and visitors must comply with company policies and procedures regarding weapons in the workplace.

We recognize that our first obligation in any situation is our safety and the safety of the public. If we find ourselves in any situation we judge to be unsafe, we first leave that situation and, secondly, report that situation to our immediate supervisor and to law enforcement as directed.



Protecting Vectren's Information and Assets

We have a responsibility to protect Vectren's assets that we use to do our work. Vectren assets include not only financial assets like cash and checks but also Vectren equipment including electronic devices, small tools and vehicles. We follow security and safety procedures, and we stay alert to situations that could put Vectren assets at risk of loss and situations that could breach Vectren's physical security and cybersecurity. We use Vectren assets to do Vectren business and only use those assets for personal use with permission or in accordance with company policy.

We follow all applicable internal controls, and we refuse to participate in or tolerate misappropriation or misuse of any Vectren property. We immediately report any improper activity, and we cooperate fully with all inquiries – internal and external.

In addition to confidential colleague and customer information, we work with confidential Vectren business information. We protect this information from disclosure. We avoid discussion of confidential information by means of social media or in public areas, such as elevators, break rooms and areas outside Vectren. We continue to protect confidential business information even after our employment ends.

We understand there is no privacy expectation when using company equipment, such as computers and smart phones. We understand that Vectren reserves the right to inspect its facilities and property, including computers, telephone records, lockers, e-mail, internet usage, offices and other work spaces.



Business records and communications

We do our part to ensure that we keep accurate records and provide accurate information for both internal decision-making purposes and for review by regulators and other governmental agencies. We understand the necessity of providing accurate, timely and complete information. We also recognize the importance of full and accurate communications to the public. We understand that our reputations, both individually and collectively as Vectren, are a part of every communication and every record.

We know that accuracy begins with the most basic documents, our personal time-sheets and expense reports, for example. If we are uncertain about the validity of an entry or a process, we seek guidance from supervisors and, as appropriate, Corporate Audit. We acknowledge that Corporate Audit can examine all accounts and records and has access to all facilities and operations. We cooperate with those efforts, and we know that we should be honest and open with independent or corporate auditors during the course of their investigations, audits and other work.



We recognize that nearly every business record, including e-mails and voicemails, may become public at any time. We make every effort to be clear, concise and accurate in those records. We strive to avoid exaggeration, interjection of our personal opinions, use of colorful language and speculation in our business records and business communications.

We take special care with financial records, and we seek proper authorization for all payments and transactions. We do our part to see that financial records accurately reflect transactions and events and conform to our system of internal control. We recognize that our stakeholders rely on the accuracy of our information, and we strive to meet those expectations.

We follow our records retention policy and procedures. We keep only those records which the policy and procedures allow, and we follow directions from Legal and Human Resources concerning the handling of specific kinds of business records. We never alter, conceal, destroy or create documents during any investigation — internal or external.

Responding to inquiries

We have an obligation to provide accurate information to inquiries. Because only certain employees have all of the information and training to comply with this obligation, particularly with respect to inquiries from the public, shareholders, analysts, media and regulators, our first obligation is to see that all of these inquiries get to the employees who should provide responses. Corporate Communications, Investor Relations and Legal are among the groups who routinely respond to these kinds of inquiries and where we should direct any inquiries or requests we receive.



Intellectual property

We recognize that those who copyright, trademark, service mark or patent intellectual property have a legally protected interest in that work. We understand that the unauthorized copying, use or distribution of that work creates potential financial and legal liability for Vectren and perhaps for us personally. If we want to use the intellectual property of others, we secure the necessary permission. If we have questions about how to do that, we consult supervisors or Legal for guidance.

Inside information and non-public information

We use confidential business information as necessary in our work. We do not use such information for our personal benefit. We do not trade securities based on material information before that information is publicly available. If we are unsure whether information is material or publicly available, we consult Vectren's Insider Trading Policy, Legal or Corporate Audit for guidance.

If we have access to non-public electric transmission information or information about critical Vectren facilities and infrastructure, we keep that information confidential, and we use it only for our work. We do not pass that information to others. We do not share that information with colleagues who might benefit or who could take a business advantage from that information. If we are unsure whether information is non-public electric transmission information or information about critical Vectren facilities and infrastructure, we consult Legal for guidance. If we inadvertently disclose non-public transmission information, we immediately contact Legal.

Other confidential information

We protect each other's privacy and confidentiality. For those whose work involves access to confidential information, we do not compromise colleague or customer privacy and confidentiality, and we disclose such information only to those with a business need.



Conducting Vectren's Business

Public safety and customer services

We value our customers. We also value Vectren's reputation for keeping our customers productive, comfortable and secure, and we take our responsibility for Vectren's reputation personally. We work to improve Vectren's reputation in all of our interactions with customers, regulators and in our communities. We especially work to ensure that our customers and communities can trust the safety and reliability of the services we provide. We address unsafe situations we find, and we take the necessary steps to prevent unsafe situations from occurring.



Vendors and suppliers

We seek to do business with business partners who embrace and demonstrate high standards and ethical business behaviors. Our business partners have access to the Code, and we expect each of them to be familiar with it. We expect our business partners to do business in a manner consistent with the expectations that we set for ourselves, and we expect them to share our commitments to ethical business conduct. We expect to pay a fair charge and to receive fair value in return.

We survey the marketplace for both expertise and value, verify quality and service claims and forge relationships with business partners to gain the very best value. We require our employees to monitor the Vectren contracts for which they are responsible and to report to supervisors any concerns or instances in which Vectren does not receive fair value for its money. Our customers and shareholders expect no less.



Conflicts of interests

We make business decisions based on good business judgment and do not allow family or personal considerations to influence our business decisions. We recognize that there may be situations where our personal interests conflict with Vectren business interests. We avoid such conflicts and the appearance of conflicts by not participating in those business decisions. We report potential or actual conflicts to our supervisor and others pursuant to company policy.

We disclose conflicts and potential conflicts because we recognize they can be embarrassing to us and to Vectren and can be misinterpreted by others. We remain mindful of appearances, and we recognize that the mere appearance of a conflict of interest may damage reputations.



We do not accept gifts, favors or entertainment if those items will obligate, appear to obligate or otherwise influence any business decision in which we must be involved. We will not accept these items if they will compromise or appear to compromise our ability to make an objective business decision. This does not include occasional business meals that can be reciprocated or gifts of nominal value. We do not solicit or request gifts, favors or entertainment, and we never accept gifts of cash or cash equivalents.

We acknowledge employees receiving gifts, business meals or entertainment, services or anything of value from a single business partner of more than nominal value are required to report those items to their supervisor and follow additional steps pursuant to company policy. If we have any question concerning the propriety of any gift, favor or entertainment, we check with Corporate Audit and follow its guidance.

Outside employment

While employed at Vectren, we will not also be employed by or perform work for Vectren's business partners or those who are seeking to become business partners without expressed approval from our supervisor and Human Resources. This outside work can influence our decisions and regular duties and increases the risk that confidential information is disclosed. If we own a business or have other employment outside of Vectren and that work may appear to impact our Vectren responsibilities, we disclose those business commitments to our supervisor and Corporate Audit. If we have any questions, we check with Corporate Audit and follow its guidance.

Interacting with the government and government personnel

Every day those in our utility operations interact with government officials and providing services to the government is a significant part of our nonutility performance contracting operations. We value our good working relationships with government officials at all levels: local, state and federal. The laws and regulations affecting government interaction differ from our dealings with non-governmental business partners. In every instance we must abide by both the letter and spirit of all pertinent government rules and regulations. We recognize that ethical lapses by us in our interactions with government personnel can have severe consequences. The very appearance of impropriety can tarnish Vectren's reputation. Departures from our standards could lead to fines, restrictions from contracting with the government and the inability to achieve our corporate objectives.



Only employees familiar with the rules of government contracting and interacting with officials should engage government officials on Vectren's behalf. We recognize that only those approved by Vectren's Governmental Affairs department can lobby on Vectren's behalf. We consult with Governmental Affairs before we take any action or make any statement that might be interpreted as made on Vectren's behalf. We understand that political contributions are highly regulated. We make no contributions on Vectren's behalf without approval from Governmental Affairs. We make it clear that contributions we make are private contributions and are not subject to reimbursement by Vectren or attributable to Vectren in any way. We do not use corporate money for political contributions. Only funds contributed to Vectren's political action committee by employees and others are used for political contributions.

All Vectren personnel must comply with the following basic guidelines:

- We will not improperly influence government officials.
- When permissible, any gifts, favors, entertainment or meals provided to a governmental employee must be approved by Governmental Affairs.
- If approved, we will provide governmental employees and elected officials with invoices detailing the fair market value of any good or service we provide.
- We will accurately record and charge costs to government contracts in accordance with the terms of particular contracts and maintain accurate records.
- We will strictly follow government requirements regarding classified and/or confidential information.



Governmental requests

We cooperate with reasonable requests for information from governmental agencies and authorities, and we share information routinely. In all non-emergency situations, we disclose customer information only with customer permission or as mandated by law. We report all non-routine requests for information from governments to our supervisors and to Legal for response. If we question whether a request is routine, we confer with Legal. We provide truthful and accurate information in all instances. We cooperate with governmental inquiries, and we do not mislead, obstruct, or seek to influence any governmental agent.



Environment

We acknowledge our individual responsibilities for stewardship of our environment by choosing environmentally responsible options in our work. We comply with environmental laws and regulations, and we require our business partners to do so as well. We do not violate environmental requirements.

Community

We appreciate and support our communities, and we recognize Vectren's support of our communities. We have many opportunities to provide volunteer assistance within our communities, and Vectren supports us in those activities. We may use Vectren assets and resources in community activities only with expressed, prior permission and we seek guidance from our supervisor to grant us such permission.

Compliance with laws and regulations

We understand that many aspects of our business activities are regulated, and we comply with all laws and regulations. We acknowledge that our corporate commitment to compliance begins with each of us recognizing regulatory compliance as an integral part of our job. We work hard to maintain compliance with all these requirements, and we report suspected non-compliance immediately. We participate fully in internal and external investigations of suspected non-compliance, and we work to improve our compliance every day. If we have questions concerning compliance, we ask our supervisor, the Chief Compliance Officer or Legal.

Laws regarding fair competition are particularly complex, but at their core, anti-trust law drives independent decision making and levels the playing field. We never engage in unfair business practices or inappropriate information sharing with industry peer companies or competitors. We recognize the importance of not discussing sensitive business topics like market strategies and pricing with them.

Our regulated operations do not subsidize or prefer our affiliate nonutility operations. Transactions between utility and nonutility operations are subject to guidelines on file with our state regulators. All employees are required to follow these guidelines and seek guidance from the Chief Compliance Officer when questions arise. We understand that in addition to legal penalties, our personal reputations and Vectren's business reputation will be negatively impacted.

Federal regulatory authorities including the Securities and Exchange Commission (SEC), Federal Energy Regulatory Commission (FERC), North American Electric Reliability Corporation (NERC), Environmental Protection Agency (EPA), U.S. Department of Transportation (USDOT), regional authorities including Reliability First Corporation (RFC) and state and local authorities including the Indiana Utility Regulatory Commission (IURC) and Public Utility Commission of Ohio (PUCO) regulate many of our business activities.

Code of Conduct Annual Acknowledgement

We understand that we need to review the Code of Conduct on at least an annual basis. We understand that we disclose or update previous disclosures with our supervisors annually as well. Any deliberate failure to disclose relationships and issues described in the Code may result in disciplinary action. We know that we may seek guidance from Corporate Audit at any time by calling the Corporate Audit helpline at 812-491-4897.

CODE OF ETHICS ACKNOWLEDGEMENT FOR CORPORATE OFFICERS

In addition to the agreement below, to be completed annually by all corporate officers.

In my role as an executive of Vectren Corporation, I certify that I adhere to and advocate the following principles and responsibilities governing my professional and ethical conduct.

To the best of my knowledge and ability, I certify that:

1. I act with honesty and integrity, avoiding actual or apparent conflicts of interests of both personal and professional relationships.
2. I provide constituents with information that is accurate, complete, objective, relevant, timely and understandable.
3. I comply with rules and regulations of the federal, state and local governments as well as other appropriate private and regulatory agencies.
4. I act in good faith, responsibly, with due care, competence and diligence, without misrepresenting material facts.
5. I respect confidentiality of information acquired in the course of my work except when authorized or otherwise legally obligated to disclose. Confidential information acquired in the course of my work is not used for personal gain or advantage.
6. I share knowledge and maintain skills important and relevant to the company's needs.
7. I proactively promote ethical behavior as a responsible partner among peers and employees in my work environment.
8. I achieve responsible use of and control over all assets and resources employed or trusted to me.

Printed Name

Signature

Date

Employee Number

EMPLOYEE CODE OF CONDUCT ACKNOWLEDGEMENT AND ACCEPTANCE

To be completed annually by employees, officers and non employee members of the Board of Directors.

It is required that colleagues read the Code of Conduct and become familiar with company policies before signing this document.

I have read Vectren's Corporate Code of Conduct and agree to abide by it. I understand that further information regarding compliance requirements and other policies are available, and agree that I will familiarize myself and abide by these policies. I will contact my supervisor or Human Resources representative to further explain the Code of Conduct or policies that I do not fully understand. If I become aware of any potential violations of this Code or other policies, I will contact my supervisor, Human Resources, Vectren's Chief Compliance Officer, Corporate Audit or Chair of our Board's Audit and Risk Management Committee.

In this regard, I certify that I have read and understand the Code as well as any related policies. I also understand my responsibility to disclose any known or suspected violations of the Code. Any questions about this acknowledgement form should be directed to Corporate Audit or your Human Resources department.

Lastly, I understand Vectren reserves the right and, if appropriate, will seek restitution of any bonus or other compensation received by any colleague as a result of the colleague's intentional or knowingly fraudulent or illegal conduct. This includes making a material misrepresentation impacting the company's financial statements.

Printed Name

Signature

Date

Employee Number

Acknowledgement return procedures:

Vectren Corporate, VUHI and Utility Non-Bargaining Employees

Acknowledgement of the Code occurs within Vectren's *Talent Connection* for those colleagues with access to Vectren's *iWorkSmart*.

Vectren Utility Bargaining Employees

Acknowledgement of the Code occurs during an annual safety meeting.

Employees of Vectren Nonutility Subsidiary Companies

Please return the acknowledgement to your applicable Human Resources department according to its procedures.

Non-employee members of the Board

Please return the acknowledgement to Corporate Audit according to its procedures.

Corporate Code of Conduct Frequently Asked Questions

Ethics and Business Conduct

Question: Can the Code address every situation an employee may encounter?

Answer: No. The Code is only a guide and cannot address every situation an employee may encounter. The company does not expect perfection, but it does expect ethical, legal and sound business behavior at all times. A recommended course of action to make the best decision is included on page 17.

Question: When I see something happening in the workplace that might be unethical, what is my responsibility?

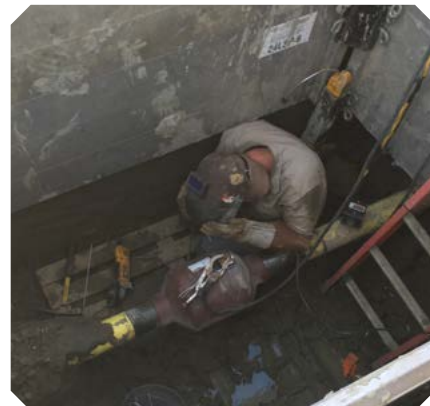
Answer: If we are concerned about a situation, even if we are not sure whether inappropriate behavior is involved, we must take action. Our personal responsibility as Vectren employees is to act in situations where we suspect illegal, unethical or behavior inconsistent with Vectren's values. We should immediately discuss such situations with our supervisor, Corporate Audit, Human Resources or Legal.

Question: I am concerned about a potential ethical issue, and I think I should call Vectren's hotline to discuss the situation. I don't mind giving my name to the hotline since I am sure it would make it easier to conduct any resulting investigation. However, I don't want my name released to anyone within Vectren. How can I be sure my confidentiality will be protected?

Answer: Corporate Audit will make every effort to protect the identity of anyone who provides a report through the hotline or otherwise. Only those individuals who need to be involved in an investigation will be advised, and findings will be reported only to those people whose position at Vectren requires they be informed. Of course, a caller may choose to remain anonymous.

Question: You receive a personal e-mail from a friend or family member. Should you respond?

Answer: When you use company e-mail you are a representative of Vectren. E-mail should be used as a means of communication to increase productivity and manage business activities. Although you may use Vectren's e-mail system for occasional personal purposes, you should never write anything in an e-mail that could hurt Vectren's reputation. Vectren reserves the right to inspect all e-mails. When you are sending work related emails, you should always use your company provided email address.



Antitrust

Question: Can Miller Pipeline personnel be informed of pricing offered to Vectren's utilities by other infrastructure companies?

Answer: No. Employees should never discuss pricing offered by a vendor with another vendor regardless of affiliate relationship. To do so unfairly advantages one vendor over another and disadvantages ratepayers and other stakeholders.

Question: At an industry conference, can employees exchange ideas about how much customers are charged?

Answer: No. Regardless where you are, you should never share competitive information about market strategies or pricing information unless that information is public. However, an example of appropriate interaction could be an exchange of ideas about general market trends and best practices in organizational structure and policy and procedure.



Personal Safety

Question: While I am driving to a job site, I get a text. Based on the ringtone, I know it is my supervisor. Should I respond?

Answer: Vectren employees should never e-mail or text while driving. Wait until you get to the job site or pull over before responding to the text.

Confidential Information

Question: In your presence, your supervisor receives details of a potential transaction. You overhear the details. What should you do?

Answer: You should follow Vectren's policy regarding confidential information and not share the information with anyone. Your supervisor should have been more careful with the sensitive information and had the conversation in private.

Conflict of Interest

Question: A relative of yours owns a company that is a business partner. Do you need to disclose this information?

Answer: Yes. This information should be disclosed to your supervisor and Corporate Audit.

Question: Two colleagues working in the same department recently started dating, should that relationship be disclosed?

Answer: Yes. Relationships like this, or with someone employed by one of Vectren's business partners, can create a conflict of interest and should be timely disclosed to each of your supervisors.

Government Interaction

Question: I plan to provide contributions to several political candidates. What laws do I need to be concerned about?

Answer: Since the contribution is being made personally, and not through the company, there is no need to inform Governmental Affairs of your activity. You should be aware of both campaign finance and lobbying laws and ensure candidates are aware you are making a personal contribution that is not subject to reimbursement by your employer.

Harassment

Question: Several men in the office constantly make offensive remarks toward females. These comments are often made in front of me and in earshot of those they are describing. What should I do?

Answer: Comments such as these are not appropriate in the work environment. In addition, they may be a form of harassment. If you feel comfortable, discuss the situation with your supervisor and Human Resources, or if you would prefer to stay anonymous call the Vectren hotline.

Public Safety

Question: If I notice a downed power line, a regulator station that is malfunctioning or other company asset that is not operating properly, what should I do?

Answer: We all have a responsibility to protect our communities and customers served. When you see an asset or asset record that needs improvement, you should report that to your supervisor, the compliance department or through the third party administered hotline as soon as possible.

No Retaliation

Question: A colleague reports a compliance issue through the hotline. What should be expected in terms of job responsibilities and duties for that colleague?

Answer: The colleague should expect business as usual. Supervisors make decisions on job duties, special project assignments and promotion without regard to the reporting of instances, or suspected instances, of misconduct or noncompliance. Retaliation against a colleague for reporting Code violations and suspected violations is not tolerated and will be subject to disciplinary action, including termination.



Ethical Decision-Making Framework

Making the best decision in difficult situations can seem somewhat overwhelming. Once familiar with the framework below, you will realize there are many resources available and you make tough decisions every day. Things you will need to make the best decision are:

- **Good judgment and common sense**
- Confidence that you will make the best decision
- An **Understanding of**
 - Company **policy and procedures** and where to get information about them
 - Company values of **Customer, Colleagues, Community and Capital**
- A **Willingness** to talk with others.

Remember that not all decisions result in right or wrong answers. Two individuals with a shared sense of values could reach different conclusions using the same set of circumstances. What is important is the discussion and consultation that is part of the decision-making process. Then, take action. This framework will help you with making an informed and ethical decision.

Framework for Ethical Decision-Making

1. Recognize the Event, Decision or Issue

- You are asked to do something you think might be wrong
- You are aware of potentially illegal or unethical conduct
- You are trying to make a decision and are not sure about the ethical course of action

2. Think Before You Act

- Summarize and clarify the issue for yourself
- Ask yourself, "Am I, or should I be, concerned?"
- Consider all options
- Consider who else may be affected

3. Decide on a Course of Action

- Determine your responsibility
- Refer to company policy and procedures
- Apply the company values to your decision
- Talk with others and if you are uncomfortable or uncertain who to talk to, call the anonymous hotline at 877-703-5224 or Corporate Audit at 812-491-4897

4. Test Your Decision

- Review the ethics questions to consider
- Get the opinion of others on your planned course of action

5. Proceed with Your Decision

Ethics Questions To Guide Your Decision:

- *Is it legal?*
- *Does it feel right?*
- *Will it reflect negatively on you or the company?*
- *Are there alternatives that do not pose a conflict?*
- *How would it look in the media?*
- *What would a reasonable person think?*



Utility operations

Nonutility operations

Our mission & values

Purpose

With a focus on the need to conserve natural resources, we provide energy and related solutions that make our customers productive, comfortable and secure.




Mission

- We will deliver an exceptional customer experience.
- We will achieve industry-leading safety performance.
- We will commit to a culture of continuous improvement.
- We will deliver superior investor returns.

Values

- **Customer:** We know success comes from understanding our customers and delivering value in our services.

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About Vectren

Section menu

Summary

Vectren Corporation is an energy holding company headquartered in Evansville, Ind. Vectren's wholly owned subsidiary, Vectren Utility Holdings, Inc., serves as the intermediate holding company for three operating utilities: Vectren Energy Delivery of Indiana - North (Vectren North), Vectren Energy Delivery of Indiana - South (Vectren South) and Vectren Energy Delivery of Ohio (VEDO).

[View our service map.](#)

 [View fact sheet](#)

Colleagues: We value talent, innovation, diversity and superior performance. We will achieve our goals through teamwork and conduct our business with integrity.

- **Community:** We will contribute to the social, economic and environmental sustainability of our communities.
- **Capital:** We will deliver financial performance that attracts investors.



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About the Foundation

Section menu

Who we are

The Vectren Foundation strives to become a community catalyst in our communities - leveraging everyday opportunities to achieve extraordinary outcomes. The Foundation provides funding for nearly 400 nonprofit organizations throughout its service territory. Through Vectren's support, our local communities are able to support home weatherization and energy education programs that help struggling families reduce utility costs, help children gain access to quality education programs, and give adults workforce training that will give them access to jobs with a fair living wage.

Vectren employees share in the commitment to community by volunteering their time, talents and treasure. Whether it is by serving on a nonprofit board, choosing to contribute personal funding to a local charity or spending their time volunteering at a local agency, Vectren employees are community-minded and highly engaged contributing nearly 38,000 hours annually.

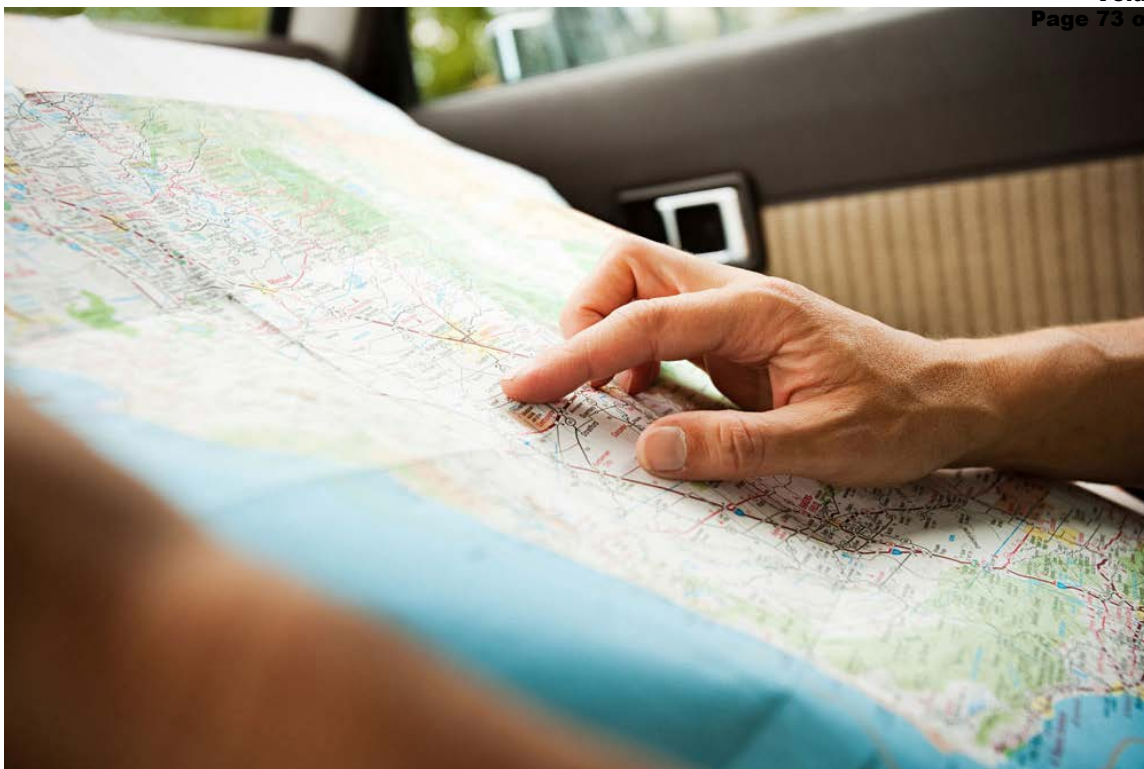
The Vectren Foundation is a nonprofit 501(c)(3) organization funded by Vectren shareholders and governed by a board of directors.

Investment priorities



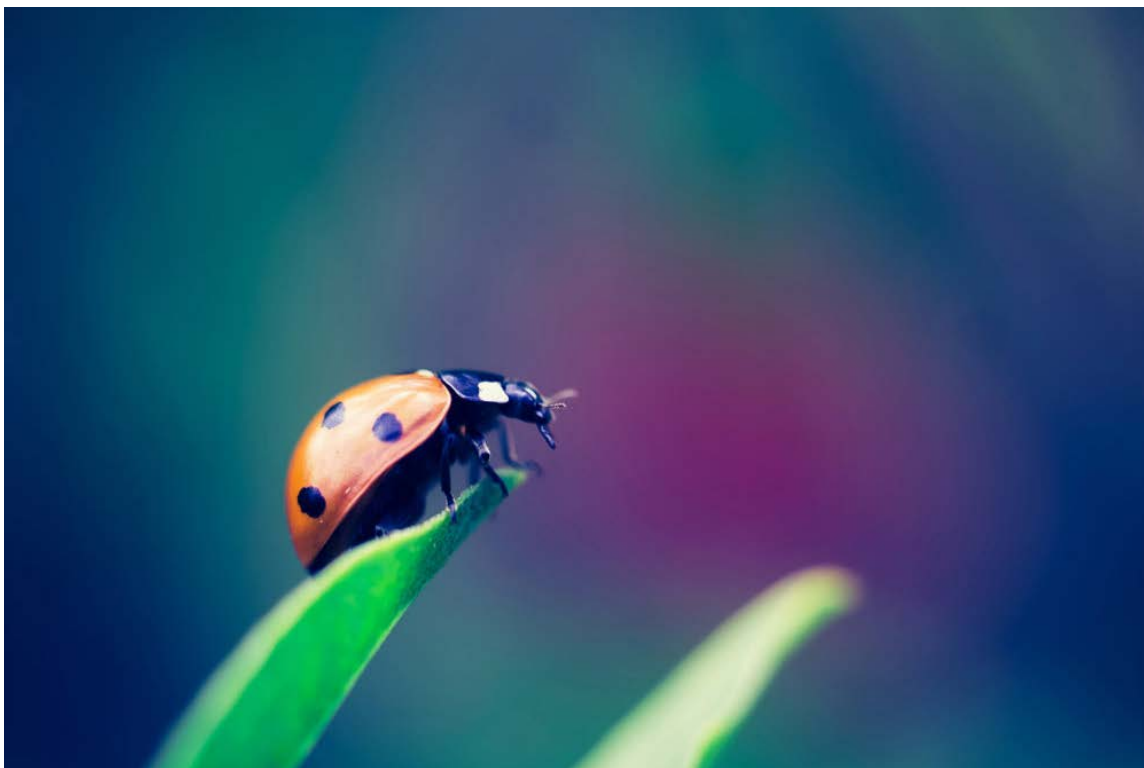
Education

We believe a skilled and educated workforce is vital to the sustainability and economic growth of our communities, and it begins with our youngest residents. We support effective education initiatives at institutions ranging from early education programs to colleges and universities that measurably advance grade-level readiness, graduation rates and workforce development.



Community development

We believe strong communities are essential to personal, economic and social growth. We support programs and initiatives that measurably advance economic development, restore and maintain our neighborhoods, and revitalize the economic core of a community.



Conservation & environment

We believe everyone can play a part in the preservation of natural resources and energy conservation. We support programs and projects that measurably drive long-term conservation behaviors, preserve or restore natural resources, and increase access to natural resource areas.



Program-Related Investments (PRIs)

The Vectren Foundation offers opportunities for both nonprofit and for-profit organizations to qualify for Program-Related Investments (PRIs). These inexpensive capital investments support programs and initiatives addressing social and environmental challenges. Unlike grants, PRIs are expected to be repaid.

Contact our team

Mark Miller

Manager, Community Affairs

P.O. Box 209, Evansville, IN 47702

812-491-4176

Rachel Goodspeed

Manager, Community Affairs

120 West Second Street, Suite 820, Dayton, OH 45402

812-491-4176

Media Inquiries

For all media queries, please contact Natalie Hedde, Director of Corporate Communications.

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Vectren Energy Delivery of Ohio (VEDO)
Case No. 18-0298-GA-AIR; Case No. 18-0299-GA-ALT

Chapter: II
Paragraph: B
Section: 9
Subsection: a-i

Description: An executive summary of applicant utility's management policies, practices, and organization employed to meet the corporate goals determined by the board of directors and corporate officers. This would also include a discussion of all pertinent elements of the applicant utility's management process described in paragraph (B)(8) of Chapter II of this appendix as they relate to any three of the following functional areas identified and requested by staff (identified as Schedule S-4.2).

Witness Responsible: D.M.Bowler

SCHEDULE S-4.2
VECTREN ENERGY DELIVERY OF OHIO, INC.
CASE NO. 18-0289-GA-AIR; CASE NO. 18-0299-GA-ALT
EXECUTIVE SUMMARY
OF MANAGEMENT POLICIES, PRACTICES AND ORGANIZATION

FUNCTIONAL AREA: PLANT ACCOUNTING

I. Policy and Goal Setting

The Plant Accounting group supports the Company's strategic plan and corporate goals, including those set out in the 2018 Corporate Plan. The group establishes goals and objectives that directly support these corporate initiatives for the group and for the Company as a whole. General goals, related to the overall direction of the group, are developed by the Vice President - Controller and Assistant Treasurer. Those goals are reviewed by Senior Executive staff, which includes the Executive Vice President - Chief Financial Officer. Various members of the Plant Accounting team (including the Manager - Plant Accounting, the Director - Corporate Tax and Plant Accounting, and the Vice President - Controller and Assistant Treasurer) regularly review progress towards achieving the group's annual goals.

II. Strategic Planning

The Senior Executive staff has primary responsibility for the Company's Strategic Plan. The Plant Accounting group supports development of that Strategic Plan by ensuring complete and accurate accounting and timely, uniform reporting of transactions involving the Company's capital assets. Additionally, the Plant Accounting group develops goals and programs within the group to support the Company's Strategic Plan.

III. Organizational Structure

The Plant Accounting group is a subset of the Controller Group, which also includes Corporate Tax, External Reporting & Accounting Research, Utility Accounting, Management Reporting & Budgets, Corporate Accounting Services & Transaction Processing (including Payroll and Accounts Payable), and Financial Systems & Business Analysis. The Controller Plant Accounting function includes eight individuals:

- Director - Corporate Tax and Plant Accounting (who reports to the Vice President - Controller and Assistant Treasurer);
- Manager - Plant Accounting;
- Lead Analysts (2);
- Senior Analysts (2); and
- Analysts (2)

Schedule S-4.2: Plant Accounting

A copy of the organizational chart is attached to this narrative.

IV. Responsibilities

The Plant Accounting group is responsible for the establishment and implementation of the Company's capitalization policy. This policy is described in detail in the attached Plant Accounting Policy and includes the process for identification and recording of plant cost and of plant cost and removal. This group ensures compliance with U.S. Generally Accepted Accounting Principles (GAAP) and Federal Energy Regulatory Commission (FERC) accounting rulemaking and guidance. The group is also responsible for complete and accurate recording of the Company's fixed capital assets and the timely closing of the company's fixed asset sub ledger each month. Key group responsibilities include assurance that capital asset work orders are properly authorized, set up, posted, completed, classified, and unitized in the Company's financial accounting systems.

Additionally, the Plant Accounting team is responsible for the timely filing and completion of the Company's personal property tax returns, and oversight of the real and personal property tax payments. The group supports other departments within the Company, including the Budget and Management Reporting Department and business unit analysts, assisting them in achieving corporate planning initiatives. This support takes a number of forms, including budgeting, forecasting, and various projections (including book depreciation expense, Allowance for Funds Used During Construction (AFUDC), and property tax liabilities). The Plant Accounting group works closely with the Rates and Regulatory Analysis group by reviewing and researching transactions to ensure proper capitalization in accordance with FERC guidance and company policy.

V. Practices and Procedures

For a detailed description of the Plant Accounting group's practices and procedures, please see the attached document titled "Plant Accounting Policy."

VI. Decision-making and Control

Decisions are made by employees within the Plant Accounting group, consistent with established practices and procedures, at the lowest levels practical within the team itself. Any decisions requiring additional review are discussed via formal and informal meetings with the Vice President - Controller and Assistant Treasurer, who has ultimate responsibility for the group's decisions. All decisions requiring further review are provided to the Chief Financial Officer (CFO) and the Chief Executive Officer (CEO), with the CEO having final supervisory authority over all Company decision-making.

VII. Internal and External Communication

Communication within the Plant Accounting group generally takes the form of informal and formal meetings, including in-person discussions, monthly departmental staff meetings, telephone conversations, and emails. Communication with other groups and departments within the Company takes these same forms.

Schedule S-4.2: Plant Accounting

The Plant Accounting group engages in external communication as needed in specific connection with the Company's personal and real property taxes. Such communications include the filing of formal returns, interactions in regulatory settings, and informal communication with attorneys and subject matter experts on legal issues related to these filings. In addition, the Plant Accounting team works collaboratively with the Corporate Communications department on accounting-related matters, including key rulings in property tax matters, and potential property tax considerations associated with Company decisions.

Finally, the Plant Accounting group communicates frequently with external and internal auditors when such reviews touch on accounting matters, such as specific calculations, recording of journal entries, application of internal controls, and similar matters.

VIII. Goal Attainment Quantification

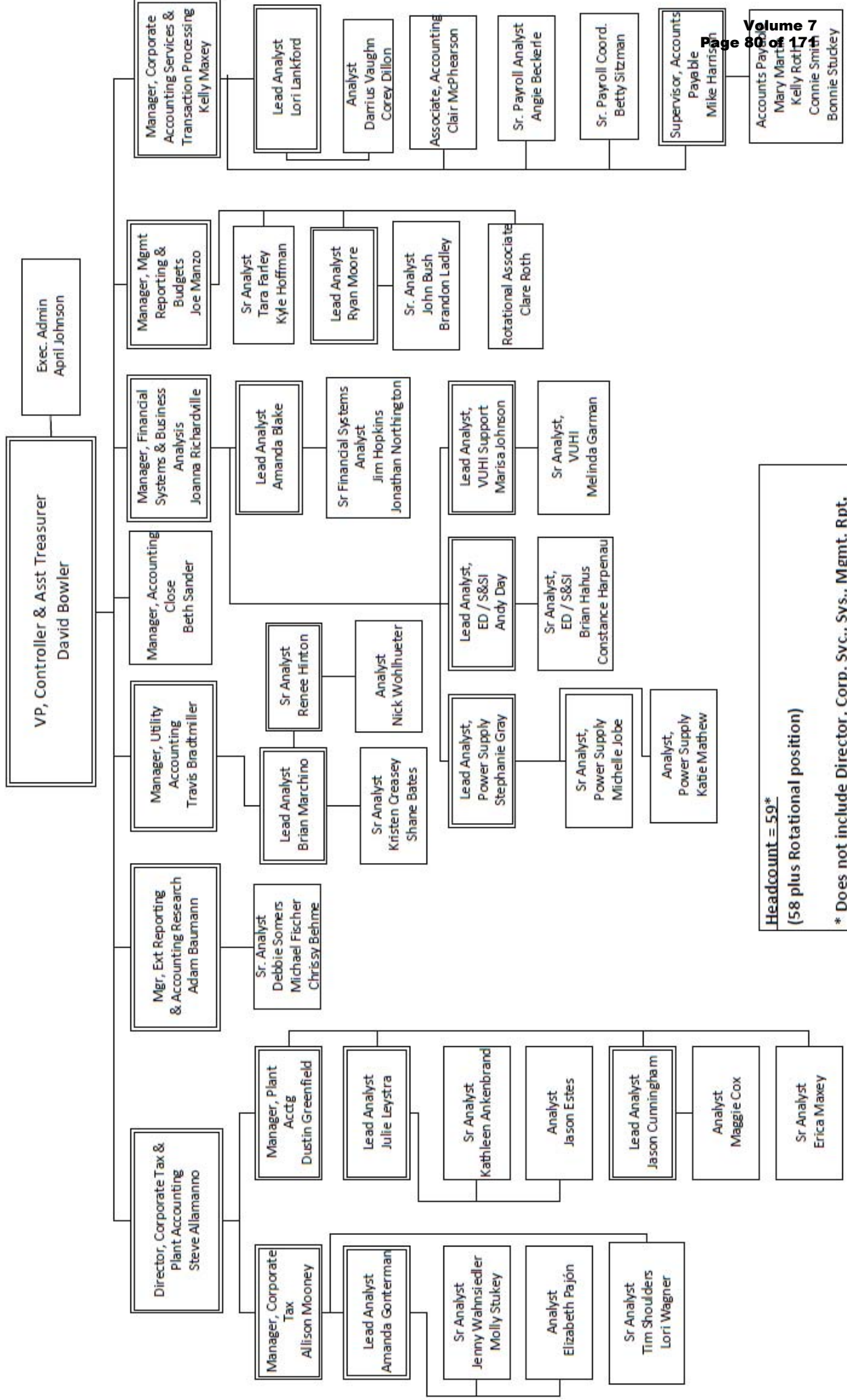
Plant Accounting's routine filings to regulatory agencies are monitored through use of a planning schedule specifying which tasks must be completed during each month and when the task is actually completed. Financial reporting tasks are similarly monitored via the use of a detailed schedule setting out tasks and required completion dates. Property tax returns and payments have due dates established by state and local agencies.

Annually, employees establish goals aligned to the Company's corporate plan and establish a development plan. Throughout the year performance coaching and development progress discussions occur. Annually there is a performance review discussion summarizing goal achievement, gap identification and development opportunities/planning.

IX. Proposed Charts and Documentation to be included with this Profile:

- Controller Group Organization chart(s)
- 2018 Corporate Plan and Strategic Plan (*attached to Schedule S-4.1*)
- Plant Accounting Policy

Controller Organization
January 2018



Headcount = 59*
(58 plus Rotational position)

* Does not include Director, Corp. Svc., Sys., Mgmt. Rpt.

VECTREN POLICY MEMO

Plant Accounting Policy

Policy Owner: Plant Department

Most Recently Updated: December 2017

Purpose

This policy is established to provide guidelines for complete and accurate recording of the Company's fixed capital assets in a timely and uniform manner.

Why the Policy is Important

Capital Asset work orders must be properly capitalized, authorized, setup, posted, completed, classified, and unitized.

An important phase of Vectren Corporation's (Company) operations is the accounting for the fixed capital assets owned by the Company. Certain accounting requirements have been prescribed by regulatory commissions and legislative bodies; the majority of the reporting and accounting for plant is designed to meet these requirements.

One of the major requirements is the maintenance of a plant ledger (continuing property system) showing by location the original cost of plant assets owned by the Company. This ledger (system) supports the Utility Plant and Non-Utility Plant sections of the Balance Sheet and is the basis for the depreciation and amortization line on the Income Statement. It is also the supporting record for the Net Utility Plant Component of Utility rate base.

Final Outputs and Stakeholders

The Plant Department division of the Controller Group uses this policy as a guide in determining the capitalization of work orders, information necessary to setup, authorize, post transactions to, complete, and unitize a capital work order for the regulated companies and certain non-regulated companies (e.g., VUHI, VAU, etc.). The policy is meant to serve as an overall guide on plant policy and related internal controls associated with the various processes. Included within are links to other policies for more detailed information around the property unit catalog, the policy on booking retirements or unitizations, for example.

The internal stakeholders listed below may utilize this policy for any of the outputs as described above.

Internal Customers:

- Controller Group Departments
- Construction/Project Management
- Gas and Electric Engineering Department
- Vectren Management from various business units, including but not limited to;
 - Energy Delivery
 - PowerSupply
 - Fleet & Facilities
 - Information Technology
- Internal Audit Department

External Customers:

- Auditors (Regulatory and Financial)

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Section I: Capitalization Policy

Capitalization

The capitalization policy provides for the definition of when to build or remove an asset as opposed to when to maintain (expense) an asset. It is important that fixed capital assets are properly accounted for in the Company's records. Specific accounting requirements have been prescribed by regulatory commissions and legislative bodies. The "Property Unit Catalog" is an essential aide for determining if a work order should be capitalized. This Property Unit Catalog provides guidelines to ensure the reporting and accounting for fixed capital assets are in compliance with these accounting requirements. Another purpose for the establishment of the property unit catalog is to avoid undue refinement in accounting for additions and retirements of equipment frequently installed or removed as an entity. A property unit is an item or a group of items so associated on an operating or functional basis that the times are logically considered to form an assembly. The components of the assembly have a similar life which is greater than a minimum of 12 months. An expenditure that is a betterment or extends the useful life of a unit of property is normally considered capital.

The Property Unit Catalog is organized in four sections; Energy Delivery-Electric, Energy Delivery-Gas, Power Supply, and Support Services. Each section contains a page for each retirement unit which includes the following:

- Property Unit name
- Asset Tree (containing Company, Business, Class of Plant, Plant Account, and Asset Category)
- Property Unit Description
- Retirement Units
- Unit of Measure
- Property Unit Minor Items
- Required Reporting Description

It is the responsibility of the Plant Accounting Department to issue updates and changes to the manual. See the links below for Vectren's Property Unit Catalog by business unit.

<G:\Corporate\Accounting\PlantAccounting\Policies and Procedures\Capitalization Policies\Units of Property - ED Electric.doc>

<G:\Corporate\Accounting\PlantAccounting\Policies and Procedures\Capitalization Policies\Units of Property - ED Gas.doc>

<G:\Corporate\Accounting\PlantAccounting\Policies and Procedures\Capitalization Policies\Units of Property - Power Supply.doc>

<G:\Corporate\Accounting\PlantAccounting\Policies and Procedures\Capitalization Policies\Units of Property - Support Services.doc>

One accounting requirement for capitalized plant is the maintenance of a ledger showing the original cost of equipment/plant owned by Vectren. While the Plant Ledger maintained in Corporate Headquarters is the primary record of property owned, additional records are maintained in the Corporate Headquarters and a variety of plant locations to support the Plant Ledger.

The Plant Ledger and supporting records are important in our day-to-day operations. They are the basic records for the pricing of equipment/plant installed, retired, and for studies pertaining to insurance, depreciation, rate cases, taxes, etc.

In order that the Plant Ledger and other subsidiary records reflect the correct original cost of equipment/plant owned, it is essential that the reporting of all additions and retirements of equipment/plant be made accurately and promptly. Vectren's managements' role in this process is extremely important, and includes: work order preparation; supplying the required descriptive information, property unit and plant account number for the equipment/plant being installed and/or removed; in service reporting, and accurate reporting of labor, materials, and other costs.

If you are uncertain as to how a cost should be categorized, please contact the plant accounting department for assistance.

Capital vs. Operation and Maintenance (O&M)

One of the key decisions encountered in the accounting for costs is to determine if the construction work should be capitalized as a fixed asset, or expensed as an Operation or Maintenance (O&M) cost. The following definitions and guidelines should be of assistance in making this determination.

Capital

Costs associated with the replacement and/or addition of equipment/plant identified as a retirement unit in any of the property units set forth in this manual. The omission of an item does not preclude its treatment as a retirement unit if it is relatively costly and is an enhancement. In addition, when a minor item of property of substantial cost is added which did not previously exist, then the cost may be accounted for in the same manner as an addition of a retirement unit.

When a minor item of property is replaced independently of a retirement unit of which it is a part, the cost of replacement shall be charged to the appropriate maintenance account except if that replacement effects a substantial betterment.

Costs associated with Engineering studies and testing which specifically results in the addition or replacement of equipment/plant which is an identified retirement unit, may be accounted for as part of the capital work order.

Costs associated with Training shall be expensed as incurred unless being trained to operate or maintain plant facilities that are being constructed and such facilities are not conventional in nature, or are new to the company's operations. Once plant is placed in service, the capitalization of training costs shall cease and subsequent training costs shall be expensed.

Maintenance

Costs associated with the restoration of equipment/plant whose condition was affected by wear, decay, or action of the elements, including the repair and replacement of worn parts, repainting, or other work performed to restore serviceability of equipment/plant. Common work which is categorized as maintenance includes:

- Predictive Maintenance activities including inspecting, testing and reporting the condition of equipment/plant, specifically to determine the need for repairs, replacement, rearrangements or other changes.
- Work performed specifically for the purpose of preventing failure; (i.e.: preventive maintenance work such as replacement of parts prior to actual breakdown or for maintaining the life of equipment/plant).
- Inspecting and testing the adequacy of repairs which have been made.
- Routine work to prevent trouble such as cleaning and painting.
- Corrective maintenance of equipment due to failure, including rebuilding equipment/plant for reuse.

- Restoring the condition of equipment/plant damaged by level one storms, fire, accident, vandalism, or other casualties.
- Replacing or adding minor items of equipment/plant which are not substantial in cost.
- Rearranging and changing the location of equipment/plant not retired.

Operation

Costs associated with the day-to-day operating requirements of equipment/plant. Operation costs include operating and inspecting equipment/plant specifically to determine if operating conditions are normal.

- Operating equipment/plant for the purpose of production, storage, transmission, and distribution of energy services.
- Adjusting equipment/plant to regulate performance of equipment/plant.
- Inspecting, testing and calibrating equipment/plant for the purpose of checking its performance.
- Lubricating, greasing, level checks, and other like functions.
- Routine cleaning of equipment/plant, except cleaning which is performed as a part of specific maintenance functions.

Use of the guidelines reflected above, your experience and that of others in your work group, and good judgment will lead to making the correct decision in determining if costs are to be Capitalized as a fixed asset, or expensed.

Capital vs Maintenance Decision

- | | |
|---|--|
| 1. Is the item of property an identified retirement unit ? | If YES, initiate appropriate capital documents. (i.e.: capital work order).
If NO, continue. |
| 2. Is the item of property substantial in Cost ? | If YES continue.
If NO, charge costs to the appropriate maintenance account. |
| 3. Is the item of property a replacement ? | If YES, continue.
If NO, contact Plant Accounting. |
| 4. Is the replacement item of property an enhancement ? | If YES, contact Plant Accounting.
If NO, charge costs to the appropriate maintenance account. |

When is a retirement work order necessary?

1. When there is a replacement of an existing retirement unit on a Construction Work Order. Retirement can be added to the construction work order.
2. When a retirement unit is removed from service, even if it is being retired in place.
3. When a minor item of property of substantial value is removed from service and not replaced, even if it is being retired in place.

NOTE: If an item is to be replaced, the appropriate labor costs should be charged to the work orders removal task. If the item is being retired in place, no cost need be reflected.

Capitalization – Internal Use Software

Related accounting pronouncement:

SOP 98-1

Overview

This policy provides additional guidance for the capitalization of software developed or obtained for internal use.

All assets (including software) should be capitalized in accordance with the Plant Accounting Capitalization Policy. This policy provides specific guidance for internal use software based on ASC 350-40.

The life cycle of an internal use software project is to be separated into three stages. The accounting treatment of expenditures is based on the stage, not necessarily based on the phase of the project. The table below identifies the stages, examples of activities that would typically occur during those stages, and the accounting treatment of costs incurred in each stage.

Stage	Preliminary Project Stage*	Development & Implementation**	Post-Implementation
Activities	<ul style="list-style-type: none"> ▪ Determine the requirements and scope for the project, including preliminary engineering to determine feasibility ▪ Strategic decisions to allocate resources across projects ▪ Invite vendors to perform demonstrations and submit proposals ▪ Explore alternative means of achieving specified performance requirements. (build or buy) ▪ Determine that the technology and materials needed to achieve requirements exists. ▪ Select a vendor ▪ Select a consultant to assist in the development or installation ▪ A capital project should <u>not</u> be established in PowerPlant or Oracle until this stage is complete and management authorizes and commits funding 	<ul style="list-style-type: none"> ▪ Definitive project identified ▪ Management authorizes and commits funding ▪ Activities in this stage include: <ul style="list-style-type: none"> ▪ Design, engineering & construction ▪ Coding ▪ Installation & testing ▪ The development or purchase of products that allow for access or conversion of old data by the new asset ▪ Preparation of detailed project specifications ▪ Execution of contract with third party to develop software or jointly develop software ▪ Maintenance costs incurred during development implementation (first year maintenance and in year of significant upgrade) ▪ Development of training materials such as preparation of user manuals, computer based training applications, documentation that relates to the coding or design. 	<ul style="list-style-type: none"> ▪ Data conversion costs other than those to buy or develop products to perform conversion (i.e. actual labor costs to convert data) ▪ Additions that do not extend life or enhance functionality ▪ Maintenance and support ▪ Training Costs and general vendor conferences.
Accounting Treatment	Expensed as incurred	Capitalized	Expensed as incurred

Additional Considerations regarding each Project Stage:**Preliminary Project Stage**

* In the event development and design activities are performed before the vendor or consultants are selected, the facts and circumstances of the project and status should be reviewed with Controller department to determine if an exception can be granted for the preliminary stage to be complete and capitalization to begin.

Development & Implementation

** Capitalization begins when the preliminary stage is completed and the company has authorized and committed funding for the project. This transition from Preliminary stage to Development & Implementation is evidenced by completion of the Preliminary Project Stage Activities section in the Capital Project Approval Form that is approved and authorized jointly by Director or VP in IT and Accounting. Company authorization or approval is exemplified by the signing of a contract with vendors and/or consultants, or approval of the expenditures from the Capital Planning & Approval Committee.

See Appendix A for costs that can be capitalized during Development & Implementation stage.

Development & Implementation, thus capitalization, stops at the point in time that the system is ready for its intended purpose and placed into service.

Post Implementation

Post Implementation begins at the point in time that the system is ready for its intended purpose and placed into service.

Any maintenance fees paid for monitoring the assets are expensed (i.e. software maintenance contracts).

Multiple element or bundled contracts

Certain internal-use assets purchased, or developed internally, may have multiple elements, such as software that has multiple deliverables, a multi-year contract, or a contract that includes the software purchase as well as licenses, maintenance, and training. The individual elements of the contract should be separately identified and the applicable costs assigned to each element. The costs incurred for each element should be separately analyzed based on this policy and treatment determined based on the individual element and for the internal-use software component, based on the stages above.

The allocation should be based on objective evidence of fair value of the elements in the contract, not necessarily separate prices stated within the contract for each element.

If you are uncertain as to how a cost should be categorized, please contact the Controller department for assistance.

Appendix A:

Capitalizable Costs

Payroll Costs

Payroll costs (internal labor) and associated benefits are allowed to be capitalized only during the development & implementation stage. An employee's time can be charged to the project if he or she is fully dedicated to the project for a defined period of time during the development & implementation stage and performing tasks as outlined above. To the extent supervisor/project oversight is involved with any of the activities that meet the capitalization criteria as outlined above in the development and implementation stage, supervisor time should be capitalized. Any overhead will be capitalized as a general and administrative charge as outlined below. Questions about the difference between project oversight time versus dedicated work on the project should be addressed to the Controller department.

Travel expenses

Expenses incurred by employees directly involved in developing and implementing the assets qualify for capitalization.

Consultant fees and materials

Fees paid to a third party to design, engineer, code, install, build, and implement the assets qualify for capitalization. Materials purchased from third parties for construction also qualify for capitalization.

General and administrative costs

Expenditures affecting regulated operations are charged an overhead allocation through the plant accounting system automatically. General and administrative and overhead costs on other capital projects do not qualify for capitalization.

Training Costs

Training costs that are not internal-use software development costs shall be expensed as incurred. Training costs do not represent a future economic benefit due to an employee being able to leave at any time. As it relates to training costs incurred as part of deploying the system for its intended purpose and preparing materials for future user reference, contact the Controller department to discuss requirements to capitalize these costs associated with project.

Section II: Capital Work Order Lifecycle

Once the decision is made to capitalize work, capital work orders must be initiated via the Plant Accounting Fixed Asset System, Powerplant. Once the capital work order is setup, it is routed for proper authorization, charges are posted, the work order is completed and classified via unitization. Unitization generally indicates the end of an assets life and the same cycle is repeated for new assets.

Capital Work Order Setup

Capital work orders are setup in the Powerplant by interfacing with a work estimating system or direct entry. Project managers and business unit analysts are responsible for work order setup. Setup information that requires entry includes company, funding project (ABM process), department or cost center, work order name, work order description, major location, asset location, any notes, estimated start date, estimated in-service/completion dates, assignment of first approver, project manager, attachment of any supporting documents, and the work order estimate. See “Section III: Work order Setup Fields” for a list of companies, departments, funding projects, major locations, and asset locations.

The work order estimate includes estimating the addition and removal costs and quantities installed/removed for the work order. These costs and quantities are estimated for each charge type (labor, materials, stores loadings, etc.), utility account (FERC plant account), asset location, property group, and retirement unit. Estimated removal quantities will serve as the basis for the retirements recorded by Plant Accounting.

The Energy Delivery business unit is responsible for approximately 95% of all capital work orders and their setup function will require both electronic interfacing for the appropriate work estimating system and manual entry. Power Supply, Fleet and Facilities, IT, and Support Services capital work orders require manual entry.

Capital Work Order Authorization

Capital Work Orders must be authorized before they become open and will allow transaction postings. Authorizations in Powerplant are based on the Vectren Expenditure Approval Policy. Oracle hierarchies are interfaced into Powerplant to ensure that capital work orders are routed up to the appropriate individuals for financial authorization. The first approver is selected by the work order initiator and from the first approver the work order will be routed for approval up the Oracle hierarchy until an individual with authorization levels greater than the work order estimated cost approves it. Once capital work orders are approved, individual charge transactions (invoices, labor, material issues, etc.) to those work orders are also approved in accordance with the Vectren Expenditure Approval Policy.

Plant Accounting reviews all work orders and follows an approval checklist to ensure work orders are being setup appropriately. Proper setup includes ensuring costs are capitalized in accordance with Company policy (see capitalization policy, Section I) and appropriate FERC accounts, retirements units, locations, etc., are selected on the work order. In addition, the plant analyst approving the work order will review and identify the asset to be retired in Powerplant, if applicable (See Plant Accounting Policies and Procedures – Asset Retirements Policy). Once plant accounting approves the work order it is automatically routed to the first approver for financial authorization.

Based on the work order estimate, the work order may have to be passed up several authorization levels before it reaches final authorization. If a work order is \$1M or greater, approval by the CPAC (Capital Planning and Approval Committee) is required. The Plant Accounting Manager and/or Director serve as the proxy to approve on behalf of the CPAC. Once the final approval is obtained within Powerplant, the capital work order changes from an initiated to an open status in Powerplant.

Capital blanket projects that are \$1M or greater being created do not require CPAC approval in Powerplant. Capital blankets are projects with work of shorter duration and high frequency that are typically closed on a monthly basis and consist of numerous “projects” as opposed to a single construction/implementation. Capital blankets must be approved in an approved capital budget. The Plant Accounting Manager and/or Director serve as the proxy to approve the project at the \$1M or greater threshold; however, normal financial approvals occur up to the \$1M threshold. Other controls and processes as outlined in this policy apply to the capital blankets.

Capital Work Order Posting

After the work order is authorized it is interfaced to the Projects module of the Oracle Financial System and setup to receive capital charges. Per the Federal Energy Regulatory Commission (FERC), the cost of construction properly includible in the plant accounts shall include, where applicable, direct and overhead costs. Transactions charged in Oracle Financials feeder systems are collected in the project module and interfaced to Powerplant. These charges include internal labor, contract labor and materials, materials and supplies, vehicle and equipment usage costs, and other business expenses. Payroll and stores loadings are calculated and posted to the work order. They are calculated based on rates maintained in the Burden Schedules within Oracle Projects.

Capital overheads [Engineering and Supervision (E&S) and Administrative and General A&G] are allocated to appropriate work orders at month end closing of the Fixed Asset System. E&S represents an overhead for general engineering and supervision labor and related labor loadings, which are not applicable to a specific capital work order but are allocated to all utility work orders. Examples of work orders that do not receive E&S overheads are purchases of equipment and software installations. A&G expenses are for corporate services provided to support capital work orders such as Accounts Payable, Corporate Accounting, etc. These are corporate service expenses associated with the administration and support of capital activities. See Plant Accounting Policies and Procedures – Capital Overheads Policy.

Also within the month end closing process, Allowance for Funds Used During Construction (AFUDC) is calculated. AFUDC is the capitalization of interest related to the funding of capital work. Vectren maintains both equity and debt rates for each of the utility companies and maintains a debt rate for Vectren Utility Holdings (VUHI) assets. The AFUDC rates are calculated monthly and entered into a rates table within Powerplant. See Plant Accounting Policies and Procedures – AFUDC Policy.

Charge corrections can be made within the Oracle Projects module by the Project Manager, the Business Unit Analyst, or Plant Accounting personnel. Corrections, adjustments, or transfers made directly in Oracle Projects are interfaced to the Powerplant system. Plant Accounting personnel have the capability to enter corrections in Powerplant. When any type of charge corrections are necessary, Plant Accounting will make corrections for Powerplant initiated transactions (A&G, E&S, AFUDC), while the project managers must contact their appropriate business unit analyst to make corrections/adjustments to other charge transactions.

Through the Company’s management reporting tool, project manager and business unit analysts review budget to actual variances at a cost center basis. This analysis and review rolls up the Performance Management reporting that is completed each month. On an individual work order basis, actual to budget variances are analyzed and followed up on if necessary. Powerplant currently issues spend email alerts to project managers based on actual to estimated spend analysis. There are 3 alerts that are sent out on a monthly basis; 1) 90% alert to indicate that the work order is approaching (90%) of authorized spend 2) 100%

alert to indicate that the work order has hit it's estimated spend 3) 110% alert to indicate that the work order is 10% over the estimated spend. The 100% and 110% alerts are sent to the project manager and his/her supervisor. Plant Accounting currently requires new estimate revisions for any work order that is 10% over estimated spend.

During the construction phase of a capital work order, the asset is held in the accounting ledger account called construction work in progress (CWIP – FERC 107).

Capital Work Order Completion

When the construction or acquisition process is completed and the capital asset is used and useful the capital work order is ready to transfer expenditures from CWIP to Completed Construction Not Classified (CCNC - FERC 106). This is generally when the asset is ready for its intended purpose, for example the line is energized or the gas is flowing through the pipe. This is also typically when an asset is allowed to be included in rate base. When an asset is transferred to CCNC it is priced to the utility plant account and retirement units using the best estimates at that time.

This is accomplished in Powerplant by entering an in service date for the work order. The in service date is initiated by the operating area responsible for the work order. The in service date is the trigger for AFUDC being accrued on the work order to cease and for depreciation to begin on the assets created. Plant Accounting currently has an internal review process of all work orders that are placed in service via a systematic alert. The system alerts to any changes to a work order in service date which is then reviewed prior to month-end close processing. This review process involves evaluating that the estimate for proper setup and classification. This alert also serves as a review of the retirements to be posted on the work order. Powerplant updates the work order status from open to in-service after the in service date is entered.

Applying an in service date to a work order does not prevent the work order from receiving additional transactions. There are cases where a capital asset is used and useful; however, the capital work order is not complete due to some asphalt cleanup or landscaping that is necessary. The completion date indicates all construction on the work order is complete and is the trigger for trailing charges to end. Currently the trailing charge period for utility work orders is 180 days from the completion date (30 days for non-utility work orders). A completion date is entered in the same manner as an in service date as indicated above. The trailing charge period is interfaced to Oracle Projects once the completion date is entered and end dates the work order so that charges are no longer allowed to hit after that date. Once the completion date is entered, the work order goes from in service to completed status.

Capital Asset Classification

A synonymous step with work order setup and completion is classification of assets. It is important in determining the proper depreciation rate to apply to the plant additions as well as the appropriate asset(s) to retire from the continuing property records within the Fixed Asset System. Depreciation rates are assigned to utility accounts that either coincide or are a sub account of the Federal Energy Regulatory Commission (FERC) plant account.

Each retirement unit has a direct assignment to one or more utility accounts. It is important to provide the correct utility account and retirement unit when work orders are being setup. See "Section IV Definition of Classes of Utility Plant" for relationship of Plant Account to FERC Plant Account and "Property Unit Catalog" for Units of Property.

Capital Asset Unitization

Unitization involves pricing the assets to the individual retirement units (or property units). The FERC 106 (CCNC) can be thought of as an un-unitized holding account whereby the asset can be included in rate based and depreciated while allowing time for the plant analysts to perform the pricing. Assets included in FERC 106 are unitized into Plant in Service (FERC 101). Except for blanket type work orders which are completed and unitized in the same month, utility work orders are ready to be unitized after the 180 day trailing charge period (non-utility after 30 days). Field entered data at the time of setup and any additional details obtained during the in service review process aide the unitization process. Plant Accounting requires an “as-built” estimate in Powerplant that provides the final allocations/pricing of the assets built as well as the final assets removed from service. Plant Accounting personnel will use this data and review the assigned transaction amounts to the various units of property added or retired per the work order. See Plant Accounting Policies and Procedures – Unitizations Policy.



Section III: Work order Setup Fields

Company

01 SIGECO
02 INDIANA GAS
03 VECTREN OF OHIO
09 VECTREN UTILITY HOLDINGS

Funding Projects

<u>Funding Project</u> <u>Number</u>	<u>Description</u>	<u>Funding Project</u> <u>Number</u>	<u>Description</u>
01.000	Com Buildings, Furn & Equip	01.082	Elec General Tools & Equip
01.002	Accessory Electric Systems	01.083	Gas Intangible Plant
01.003	Ash Handling	01.084	Electric Intangible Plant
01.004	Boiler Systems	01.085	Gas Communication Equip
01.005	Gas (LP) Plant	01.086	Elec Communication Equip
01.006	Gas Production/Storage	01.087	Gas Land Purchases
01.007	Circulating Water System	01.088	Elec Land Purchases
	Environmental		
01.008	Air/Water/Solids	01.091	Gas Transportation Equip
01.009	Energy Trading	01.092	Elec Transportation Equip
01.010	Flue Gas Desulphurization	01.093	Gas Buildings, Furn & Equip
01.011	Gas Meter/Reg Station-Distr	01.094	Elec Buildings, Furn & Equip
01.012	Future Generation	01.096	Common Intangible Plant
01.013	Gas Meter/Reg Station-Trans	01.097	Com Communication Equip
01.014	Fuel System	01.098	Common Land Purchases
01.015	Feedwater System	01.099	Com Transportation Equip
01.016	Elec Substation - Distr	01.B21	Blkt-Gas Meter/Instrmt Purch.
01.017	Gas Turbines	01.B26	Blkt Electric Line/Transformer
01.018	Elec Substation - Trans	01.B27	Blkt Electric Meter Purchases
01.019	Landfills	01.B31	Blanket- Gas Services
01.020	Miscellaneous Power Supply	01.B32	Blkt Gas Services Replacement
01.022	Support Sys/Structures/Scrvs	01.B36	Blkt Electric Services - New
01.023	Turbines/Generators	01.B37	Blkt Electric Services- Repl
01.024	Water Systems	01.B51	Blkt Gas System Improv - Distr
01.025	Conversion: Warrick	01.B53	Blkt Gas System Improv-Trans.
01.031	Gas Services-New	01.B77	Blkt Electric Pole Replacement
01.032	Gas Services-Replacement	01.B78	Blkt Elec Storm Restoration
01.036	Elec Services - New	01.B80	Blkt Common Gen Tools & Equip
01.037	Elec Services - Replacement	01.B81	Blkt Gas General Tools & Equip
01.041	Gas New Business-Distr	01.B82	Blkt Elec Gen Tools & Equip
01.043	Gas New Business-Trans	01.FDE	Capital Elec Facility Damages
01.046	Elec New Business Line-Dist	01.FDG	Capital Gas Facility Damages
01.048	Elec New Business Line-Tran	02.005	Gas (LP) Plant
01.051	Gas System Improve-Distr	02.006	Gas Production/Storage
01.052	BS/CI Replacements	02.011	Gas Meter/Reg Station-Distr
01.053	Gas System Improve-Trans	02.013	Gas Meter/Reg Station-Trans
01.056	Elec System Improve-Distr	02.031	Gas Services-New
01.058	Elec System Improve-Trans	02.032	Gas Services-Replacement
01.061	Gas Public Improve-Distr	02.041	Gas New Business-Distr



01.063	Gas Public Improve-Trans	02.043	Gas New Business-Trans
01.066	Elec Public Improve-Distr	02.051	Gas System Improve-Distr
01.068	Elec Public Improve-Trans	02.052	BS/CI Replacements
01.076	Elec DD/Street Lighting	02.053	Gas System Improve-Trans
01.078	Elec Storm Restoration	02.061	Gas Public Improve-Distr
01.080	Com General Tools & Equip	02.063	Gas Public Improve-Trans
01.081	Gas Gen'l Tools & Equip	02.081	Gas Gen'l Tools & Equip
02.083	Gas Intangible Plant		
02.085	Gas Communication Equip		
02.087	Gas Land Purchases		
02.091	Gas Transportation Equip		
02.093	Gas Buildings, Furn & Equip		
02.B22	Blkt-Gas Meter/Instrmt Purch.		
02.B31	Blanket- Gas Services		
02.B32	Blkt Gas Services Replacement		
02.B51	Blkt Gas System Improv - Distr		
02.B53	Blkt Gas System Improv-Trans.		
02.B81	Blkt Gas General Tools & Equip		
02.FDG	Capital Gas Facility Damages		
03.005	Gas (LP) Plant		
03.006	Gas Production/Storage		
03.011	Gas Meter/Reg Station-Distr		
03.013	Gas Meter/Reg Station-Trans		
03.031	Gas Services-New		
03.032	Gas Services-Replacement		
03.041	Gas New Business-Distr		
03.043	Gas New Business-Trans		
03.051	Gas System Improve-Distr		
03.052	BS/CI Replacements		
03.053	Gas System Improve-Trans		
03.055	Non Utility Steam Pipe		
03.061	Gas Public Improve-Distr		
03.063	Gas Public Improve-Trans		
03.081	Gas Gen'l Tools & Equip		
03.083	Gas Intangible Plant		
03.085	Gas Communication Equip		
03.087	Gas Land Purchases		
03.091	Gas Transportation Equip		
03.093	Gas Buildings, Furn & Equip		
03.B23	Blkt-Gas Meter/Instrmt Purch.		
03.B31	Blanket- Gas Services		
03.B32	Blkt Gas Services Replacement		
03.B51	Blkt Gas System Improv - Distr		
03.B53	Blkt Gas System Improv-Trans.		
03.B81	Blkt Gas General Tools & Equip		
03.FDG	Capital Gas Facility Damages		
09.N00	NU Buildings, Furn & Equip		
09.N96	NU Intangible Plant		
09.N97	NU Communication Equip		



09.N98

NU Land Purchases

Department (Cost Center)

0461 SIG Director East
 0573 SIG Rates/Regulatory
 2002 SIG Electric Transmission
 2025 SIG Land Services
 2029 SIG Measurement Services
 4060 SIG Power Supply
 4100 SIG Brown Administration
 4210 SIG Culley Unit 1
 4240 SIG Culley Administration
 4309 SIG Support Services – Power Supply
 4312 SIG Bags 2
 4315 SIG Brown 4 Gas Turbine
 4318 SIG Brown Equipment Controls
 4324 SIG Culley 3 Turbine Generator
 4410 SIG Brown Unit 1 QPCP
 4440 SIG Warrick Unit 4 QPCP
 5612 SIG Credit & Collections
 5854 SIG Evansville
 5857 SIG Vincennes/Washington
 A503 SIG Legal General & Administration
 SIG Balance Sheet
 0573 IGC Rates/Regulatory
 1063 IGC Storeroom
 2025 IGC Land Services
 2029 IGC Measurement Services
 5733 IGC Muncie
 5751 IGC Richmond
 5821 IGC Anderson
 5833 IGC Greenfield
 5920 IGC Clarksville
 5925 IGC Bedford
 5928 IGC Seymour
 5952 IGC Greencastle
 5955 IGC Lafayette
 5958 IGC Crawfordsville
 IGC Balance Sheet
 0466 VEDO Fairborn
 0469 VEDO Centerville
 0482 VEDO Bellefontaine
 0571 VEDO Environmental Affairs
 0581 VEDO Buildings
 2008 VEDO Supv Storage Central
 2028 VEDO System Design & Planning
 3011 VEDO VP Marketing & Customer
 5611 VEDO Contact Center
 5640 VEDO Director Marketing
 B552 VEDO Customer Systems
 0433 VUTL Corporate Forecasting
 0547 VUTL Treasury & Finance
 0556 VUTL Computer Operations
 0559 VUTL Telecommunications
 0572 VUTL Economic Development
 0576 VUTL IGC Fleet
 1063 VUTL Storeroom Operations
 2003 VUTL Dispatching
 2006 VUTL Mgr Storage & LP Operations
 2024 VUTL Engineering Administration
 2027 VUTL Project Engineering
 2035 VUTL Corrosion Control
 5502 VUTL Customer Choice
 5550 VUTL Director of Receivables
 5609 VUTL Customer Billing

0547 SIG Treasury & Finance
 0580 SIG Evansville Fleet
 2006 SIG Mgr Storage & LP Ops
 2027 SIG Project Engineering
 2035 SIG Corrosion Control
 4062 SIG Construction – Power Supply
 4110 SIG Brown Unit 1
 4220 SIG Culley Unit 2
 4250 SIG Culley Units 2 & 3 Common
 4310 SIG Northeast Gas Turbine
 4313 SIG Brown 3 Gas Turbine
 4316 SIG Brown 1 Turbine Generator
 4322 SIG Culley 1 Turbine Generator
 4325 SIG Culley Equipment Controls
 4420 SIG Brown Unit 2 QPCP
 4461 SIG Bags 1 NOx
 5640 SIG Director Marketing
 5855 SIG Fort Branch/Mt Vernon
 5858 SIG Substation & Electric
 A575 SIG Buildings Admin/General
 0461 IGC Director East
 0576 IGC Fleet
 2007 IGC Supv Storage North
 2027 IGC Project Engineering
 2035 IGC Corrosion Control
 5741 IGC Marion
 5752 IGC New Castle
 5830 IGC Noblesville
 5834 IGC Elwood
 5823 IGC Madison
 5926 IGC Columbus
 5929 IGC Martinsville
 5953 IGC Danville
 5956 IGC Attica
 5959 IGC Rockville
 0461 VEDO Director
 0467 VEDO Washington Courthouse
 0471 VEDO Dispatch
 0485 VEDO Government & Public Affairs
 0573 VEDO Rates/Regulatory
 1063 VEDO Storeroom Ops
 2025 VEDO Land Services
 2029 VEDO Measurement Services
 5504 VEDO Customer Accounting
 5616 VEDO Performance Assurance
 A552 VEDO Business Application
 VEDO Balance Sheet
 0461 VUTL Director East
 0550 VUTL Information Technology
 0557 VUTL Help Desk
 0570 VUTL Vectren Utility Group
 0573 VUTL Rates/Regulatory
 0577 VUTL IGC Buildings
 2001 VUTL Director Energy Delivery
 2004 VUTL Director Gas Supply
 2007 VUTL Supv Storage North
 2025 VUTL Land Services
 2028 VUTL System Design & Planning
 3011 VUTL VP Customer Relations
 5504 VUTL Customer Accounting
 5600 VUTL VP Energy Delivery
 5611 VUTL Customer Service

0571 SIG Environmental Affairs
 1063 SIG Storeroom
 2007 SIG Supv Storage North
 2028 SIG System Design & Planning
 4010 SIG Warrick Administration
 4070 SIG Ohio River Station
 4120 SIG Brown Unit2
 4230 SIG Culley Unit 3
 4260 SIG Culley Units 1 & 2 Common
 4311 SIG Bags 1
 4314 SIG Turbines and Support
 4317 SIG Brown 2 Turbine Generator
 4323 SIG Culley 2 Turbine Generator
 4330 SIG Power Marketing
 4430 SIG Culley Unit 3 QPCP
 4462 SIG Bags 2 NOx
 5650 SIG Director Bus Proc Planning
 5656 SIG Boonville/Rockport
 5859 SIG Layout & Design
 C571 SIG Environmental-PS
 0547 IGC Treasury & Finance
 0580 IGC Fleet
 2008 IGC Supv Storage Central
 2028 IGC System Design & Planning
 5640 IGC Director Marketing
 5742 IGC Huntington
 5753 IGC Rushville
 5832 IGC Shelbyville
 5835 IGC Franklin
 5924 IGC Bloomington
 5927 IGC Greensburg
 5950 IGC Terre Haute
 5954 IGC Lebanon
 5957 IGC Frankfort
 A575 IGC Building Admin/General
 0462 VEDO Fleet
 0468 VEDO Dayton West
 0481 VEDO Troy
 0547 VEDO Treasury & Finance
 0580 VEDO Fleet
 2005 VEDO Gas Control & Supply
 2027 VEDO Project Engineering
 2035 VEDO Corrosion Control
 5505 VEDO Ohio Customer Choice
 5617 VEDO Meter Reading
 A575 VEDO Buildings Admin/General
 0001 VUTL Capital
 0544 VUHI Management Accounting
 0554 VUTL Infrastructure Services
 0558 VUTL System Integration
 0571 VUTL Environmental Affairs
 0574 VUTL Purchasing
 0581 VUTL VEDO Buildings
 2002 VUTL Electric Transmission
 2005 VUTL Gas Control & Supply
 2008 VUTL Supv Storage Central
 2026 VUTL Engineering Services
 2029 VUTL Measurement Services
 5501 VUTL Mgr Gas Transportation
 5505 VUTL VEDO Customer Choice
 5608 VUTL Remittance
 5612 VUTL Credit & Collections



Department (Cost Center) (cont.)

5616 VUTL Performance Assurance
5640 VUTL Director Marketing
5647 VUTL Marketing
5733 VUTL Muncie Region
A552 VUTL Business Applications
A575 VUTL Buildings Admin/General
C552 VUTL Energy Delivery Systems
D552 VUTL Financial Systems
VRET Balance Sheet
VRET Electric 6032
VRET General & Administrative 6000
VRET Products & Services 6050
0431 VENT VP of Corp Development
0441 VENT Retail Marketing
0547 VENT Treasury & Finance
0501 VVC President & COO
0504 VVC Internal Audit
0521 VVC Corporate Communications
0528 VVC Employee Develop
0537 VVC Transaction Processing
0540 VVC Exec VP & CFO
0543 VVC External Reporting
0547 VVC Treasury & Finance
0550 VVC Information Technology
0557 VVC Office Service & Help Desk
A503 VVC Legal – General and Admin
A558 VVC Business Applications
B503 SIG Facilities Damages
B552VVC Customer Systems
D552 VVC Financial Systems
VVC Balance Sheet

5617 VUTL Meter Reading
5641 VUTL Business Service Center
5650 VUTL Director Bus Proc Plan
A503 VUTL Legal – General & Administration
A553 VUTL General Strategic Dev/PM
B503 VUTL Facilities Damages
C571 VUTL Environmental – Power Supply
E552 VUTL Dir Business Applications
VRET Business Operations 6040
VRET Finance 6010
VRET IT 6041
VRET Regulatory & Market Oper 6030
0432 VENT Energy Mktg and Sales
0455 VENT Generation Services
VENT Balance Sheet
0502 VVC Government Affairs
0505 VVC Corporate Security
0526 VVC Business Partners
0529 VVC Total Compensation
0538 VVC Plant Accounting
0541 VVC Controller
0544 VVC Management Accounting
0548 VVC Investor Relations
0554 VVC Infrastructure Services
0558 VVC Systems Integration
A529 VVC Total Compensation
A553 VVC General Strategic Dev/PM
B503 VEDO Facilities Damages
C503 VVC Insurance & Claims
E503 VVC Corporate Secretary

5618 VUTL Director CRM
5642 VUTL Industrial Sales
5707 VUTL Director Field Services
A551 VUTL Office Services
A571 VUTL Environmental – Gen
B552 VUTL Customer Systems
C575 VUHI New HQ Building
VUTL Balance Sheet
VRET Customer Service 6042
VRET Gas 6031
VRET Marketing 6020
0430 VENT Vectren Ent.-President
0433 VENT Corporate Forecasting
0504 VENT Internal Auditing
0500 VVC Chairman and CEO
0503 VVC General Counsel & Secry
0520 VVC Human Resources & Adm
0527 VVC Employee Safety
0530 VVC Employment & Diversity
0539 VVC Tax Accounting
0542 VVC Financial Accounting
0545 VVC Accounts Payable
0549 VVC Payroll
0556 VVC Computer Operations
0559 VVC Telecommunications
A551 VVC Office Services
B503 IGC Facilities Damages
B521 VVC Communications
C552 VVC Energy Delivery Systems
E552 VVC Dir Business Apps

Major Location

VEDIS ELEC-Dist Lines/Services
PS – Generation
VEDIS GAS-Trans Reg Station
GP – General Plant
VEDO GAS-T&D Main/Service
Reg Station
VEDIN GAS-Trans Reg Station
VEDO GAS-Gas Production

VEDIS GAS-Dist Reg Station
VEDIS GAS-Gas Production
VEDIS ELEC-Trans Substation
VEDIS GAS-T&D Main/Service
VEDO GAS-Dist Reg Station

VEDIS ELEC-Dist Substation
VEDIS ELEC-Trans Lines/Services
VEDIS GAS-Underground Storage
VEDIN GAS-T&D Main/Service
VEDIN GAS-Dist

VEDO GAS-Trans Reg Station
VEDIN GAS-Underground Storage

Asset Location

10th & Barnett-Vincennes
10th & Spruce-Petersburg
12th Alley Perry & Buntin-Vincennes
18th B/T Walnut & McCormick-WA
1st & Scott-Vincennes
2nd & Eberwine-Vincennes
3rd & Woodcrest
69KV Line Network
8th & Vigo-Vincennes
Accounts Payable
Alcoa
Algiers
AMR Transport Indust. Customer
Area Development
Attica
Ayshire Collieries-Aycro Mine
Babcock-Wilcox Station
Barnet Station
Bedford
Bellefontaine
Bernardin Station
Blackford Tipple Station
Blanket for Gauges-Loogootee
Board of Directors

10th & College-Vincennes
11th & College-Vincennes
13th & College-Vincennes
19th & Broadway-Vincennes
1st St Alley Lyn & Port-Vincennes
2nd & Nicholas-Vincennes
4th & Main-Petersburg
7th & Lincoln
A. B. Brown
Adams
Alcoa-Midway
Amax Coal Meter-Wright Mine
Anderson
Arkla (Serval) Station
Auburn Station
Azteca Station
BAGS (Broadway Gas Turbines)
Baseline
Bedford Road-Washington
Benton Corner Station
Berry Station
Blairsville-Wadesville Dist
Bloomfield & Oak-Loogootee
Boonville

10th & Grant
11th B/T Walnut & McCormick-WA
17th & Woodburn
1st & Broadway-Vincennes
22nd & Main-Vincennes
3rd & Busseron-Vincennes
5th & Willow-Vincennes
8th & Buntin-Vincennes
A. K. Steel
AK Steel Station 138/69 KV
Alexandria
Amoco Station
Angel Mounds 138/69 KV
Ashland Station
Auditor
B&O RR & St. Clair-Vincennes
Bargersville Purchase Station
Bayard Park
Bellbrook Propane
Berdolt Road
Bicknell T. B. 1 & 2 Stages
Blairsville-Wadesville Trans
Bloomington
Boonville Station

**Asset Location (cont.)**

Bootz Station
 Broadway Station
 Broadway & Madison-Princeton
 Broadway Gas Turbine Generating
 Brown Gas Turbine No. 4
 Brown-Foreman TB Sta. 141-12
 Buckwood Station
 Busler's
 Castle 138/69 KV
 Centerville
 Charlestown
 Chrisney ANR
 Civic Center Station
 Coal Mine Road
 Colonial Temporary Station
 Columbus
 Continental Emsco Station
 County Line Station
 Covert Avenue
 CR 300 West Mayville Post
 CR SE 400 South
 Culley
 Dale 12.5 KV Station
 Dayton
 Deer Lane
 Devon Station
 Division St. Indoor Station
 Dubois Station
 East Clifford Station #138
 Eastland Station
 Elberfeld
 Elliott Station
 Emge Station
 Environmental Services
 Evansville Waterworks Station
 Fairborn
 Faultless Caster Station
 Fiberfil Incorporated Station
 First Avenue
 Fort Branch
 Frankfort
 Freelandville TGT
 Fuhrman
 Fuquay Station
 Garvin Station
 GE Station #3
 GE Switch Structure
 George Kochj & Sons-Park St.
 GE-SUG-3 Station
 Given Road Station
 Goebel Road
 Governmental Affairs-Wagner Center
 Grandview Station 138 KV
 Greengburg
 Greenfield CR 300 East @ I-70
 Griffin – Stewartville Dist
 Grimm Road 138/69 KV Station
 Harriet Street
 Harwood
 Haubstadt Hwy 68
 Haubstadt Station
 High South of 1st-Oakland City
 Hillsdale Station
 Holland Station
 Howell
 Huntingburg Metering
 Hwy 41 North

Border Station-Washington
 Broadway #1 Metering 69 KV
 Broadway & Seminary-Princeton
 Broadway Gas Turbine Trans
 Brown Gas Turbine No. 3
 Bruceville-Vincennes
 Budget
 Cannelburg T.B. (Williams Farm)
 Cato Station Dist
 CEO & Secretary
 Cherry Street
 Chrisney 69 KV Station
 Claremont Avenue
 College Station – Oakland City
 Columbia & Jackson-Oakland City
 Communication Control Center
 Corner 5th & Popular-Petersburg
 Court Street & Ingle Street
 CR 150 East
 CR 350 North
 Crawfordsville
 Culley Station 138 KV
 Dale 69 KV Substation
 Dayton Service Building
 Degonia Station
 Diamond Avenue
 Division St. Outdoor Station
 Dubois Station 138 KV
 East Industrial Station
 Eastside Station
 Ellenwood Station
 Elsas Avenue
 Englewood / Vandalia
 Essix Wire Plant – Vincennes
 Executive Conference Room
 Fairlawn Station
 Ferdinand Station
 Financial Accounting
 Fleet Garage
 Francisco
 Franklin
 Ft. Branch Rural Station
 Fulton 12 KV Station
 G. E. Metering
 GE Station #1
 GE Station #4
 GE-Hovey Station
 GE-SUB-1 Station
 GE-SUG-4 Station
 Glendale & Main-Princeton
 Goose Hill-Petersburg
 Governor Street
 GreenOaks Station
 Greencastle
 Greensburg
 Griffin – Stewartville Trans
 Haines – Espenlaub
 Harrison Street
 Hatfield
 Haubstadt North
 Heidelberg Switching Station
 Hight Street Station
 Hirsch Road Station
 Hovey Station Distribution
 Human Resources
 Huntingburg
 Hwy 45N @ Old Miami 4 inch-Loogootee

Bristol Myers M&R
 Broadway #2 Metering 69 KV
 Broadway & Stout-Princeton
 Brown Corridor Line
 Brown Switching Station
 Buckskin
 Bufkin
 Cap Emery & Fraizer-Vincennes
 Cato Station Trans
 Charles & State-Vincennes
 Chestnut St Alley-E. of Lyn-Vinc
 City Disposal Plant-Washington 1st
 Claremont Station
 Colonial Station
 Columbia & Main-Oakland City
 Congress Avenue & Iroquois
 Corporate Communications
 Court Street 12 KV Station
 CR 300 East/SR 356
 CR 50 West-N. of CR 650 South
 Crescent Plastics Station
 Culley Station 69 KV
 Danville
 Deaconess Hospital Station
 Derby Propane
 Diamond Avenue Station
 Dixieland Station
 Dunkirk
 Eastland Mall
 Edwardsport TGT-1 & 2 Stages
 Elliott Station 138 KV
 Elwood
 Enos Coal Metering Station
 Evansville
 F. B. Culley
 Farmers Chapel Station
 Ferdinand Temporary
 Financial Controller
 Foltz Road Station
 Francisco T. B.
 Franklin Street
 Fuhrer Ford Milling Co. Station
 Fuquay Avenue
 GAF
 GE Station #2
 GE Station #5
 George Kock & Sons-Mt. Vernon
 GE-SUG-2 Station
 GE-SUG-5 Station
 Glezen Station
 Governmental Affairs
 Grandview Station
 Green River Road Station
 Greenfield
 Greenwood
 Grimm Road
 Hamilton Glass-Vincennes
 Hartford City
 Haubstadt
 Haubstadt South
 Hemenway Station
 Hillcrest & Old Wheat Post-Vincennes
 Hokum Road
 Hovey Station Transmission
 Huntingburg 69 KV Station
 Hwy 261
 Hwy 50 CR 1200 East

Asset Location (cont.)

Hwy 50 CR 350 South
Iglehart Station
Indiana Hardwood Station
Indiana South – DL
Indiana South – DS
Indiana South – TS
Information Systems
International Steel Station
Jasper South Station
Jeffersonville
Keller Cresent Station
Kentucky Bridge Crossing
Kindell Mine & Meter Station
Lafayette
Lebanon
Long Road
Louis Allis Station
Lynnville Station Transmission
Madison
Marion
Maryland 138/69 KV Station
Mason & Oak-Bidknell Trans.
Mesker Park
Midway Underground Storage
Miscellaneous
Mobile #1 69/12 KV Station
Mobile #4 36/12 & 12/4 KV Station
Mohr Road 138/12 KV Station
Monroe City Storage Field House
Montgomery T.B. (Moots Farm)
Morton & Ogden- Washington
Mt. Vernon-Oliver Field
Mulberry Station Distribution
N Line & Old Miami 4 inch – Loogootee
National Cylinder Gas Station
New Albany/Clarksville
New Harmony 69/2.4 KV Station
Newburgh Station
Nfarm-Harris-TGT-Monroe City
North Boeke Road
Northeast Gas Turbine
Nucor Steel Station 301
NW 10th & Robinson-Washington
NW 6th & Apraw-Washington
Oak Grove Substation
Oakland City 4 inch TGT
Oakland City T.B.
Ohio River Station 69 KV
Old Ben Coal Meter Station
Old Hwy 50
Otwell
Paradise Station
Patoka No. T.B. Dist
Peabody-Lynnville Meter Sta. Dist
Pelzer Switching Station
Petersburg-14th & Locust
Petersburg Warehouse Distribution
Pigeon Creek Station
Pit Regulators-Various
Plymouth Station
Pollack Avenue
PPG Metering Station
Prince & Ohio-Princeton
Princeton No. 2 T.B.
Princeton T.B. Meter #1
Purchasing
Rabbit Lane

Hwy 61 Near School 1-Vincennes
Indian Industries Station
Indiana Non-crossing
Indiana South – DM
Indiana South – TM
Indiana South – UGS
Inglefield
Jasper Metering Station (1989)
Jasper Station
Kasson Distribution
Kenmore
Kentucky non-crossing
Kings Station
Lamasco Station
Lebanon Station No. 1
Loogootee T. B.
Lynnville
Mackey
Mahan & Bonenburger Station
Martin Co. Line T.B.
Maryland Street
Matrix Old Hwy 41 North
Midway Station
Mill & Astell-Wachington
Miscellaneous-Various
Mobile #2 69/12 KV Station
Mobile 1 Station
Monroe City Harrison Twp-Knox
Monroe City T.B.
Morgan Avenue
Mt. Vernon Oil refinery Station
Mulberry & Hall – Princeton
Mulberry Station Transmission
N Line & Vincennes – Loogootee
NE 1st & Flora-Washington
New Castle
New Harmony Switch Station
Newtonville Station
Noblesville
North Glendale
Northeast Station
NW & W Emerson-Princeton
NW 3rd & Walnut-Washington
Oak Grove
Oak Street
Oakland City Station Dist
Oaktown T. B.
Ohio River Substation
Old Ben Station
Olive Chapel Station
Outer E Broadway-Princeton
Parke Street
Patoka No. 1 T.B. Trans
Peabody-Lynnville Meter Sta. Trans
Pennsylvannia Avenue
Petersburg-18th & Maple
Petersburg Warehouse Transmission
Pike Avenue-Petersburg
Plainfield
Point Station Distribution
Poplar Avenue
President & Secretary
Prince & Pinkney-Princeton
Princeton No. 3 T.B.
Princeton-Hwy 64
Quarry Bluff Reg Station
Railroad Street

IGC General Plant
Indiana Bridge Crossing
Indiana-River corssing
Indiana South – DP
Indiana South – TP
Indianapolis
Interlake Iron Meter Station
Jasper North Station
Jasper Station (1994)
Kasson Transmission
Kent Plastics 69/12.5 KV Station
Kentucky River crossing
Knauf Fiberglass M & R Station
Lang Road
Lincoln Natural Gas
Loudermild Texas Gas – Wheatland
Lynnville Station Distribution
Mackey Ferry Road
Main & Kentucky- Princeton
Martinsville
Mason & Oak-Bicknell Dist.
Mead Johnson Park Station
Midway Transmission
Minneapolis & Short-Vincennes
Miscellaneous-Vincennes
Mobile #3 138/69/12 KV Station
Modification Station
Monroe City Nat Gas Production
Monroe City Underground Storage
Morgan Avenue Station
Mt Vernon Station
Mulberry B/T Gib & Sem-Princeton
Muncie
N 14th St Alley S. of Ritter-Vincennes
NE 6th & John-Washington
New Harmony 69/12 Station
Newburgh
Nfarm-Harris-Know County
Noblesville Office Building
North Glendale Field
Forthwest Station
NW & W Walnut-Princeton
NW 4th & Hefron- Washington
Oak Grove Road Station
Oakhill
Oakland City Station Trans
Ohio River Station 36 KV
Ohio Valley Container Station
Old Boonville Hwy
Oliver
OVS
Parrett Street
Payroll
Pelzer
Perry Township Station
Petersburg T. B. No. 1 & 2
Pfeiffer
Pioneer Substation
Plant & Tax Accounting
Point Station Transmission
Post-Various
Prince & Clark-Princeton
Princeton No. 1 T.B.
Pinceton Supply (Roy Farmer)
Prosser Reg Station
R. J. Oil Refinery Station
Ralph Rogers S. 6th St-Vincennes

**Asset Location (cont.)**

Ramsey Rd. Vincennes
 Rehald Farm T. B. –Decker
 Richland
 Richmond Dist Reg Station
 River Rd Reg Station
 Riverside, Reg Station 387
 Rockport 13.2 KV Station
 Rockport Office Building
 Rupper Avenue
 Rushville
 S. Franklin South fo Morton-Oakland City
 Schnake Mfg. Station
 SE 2nd & Oak-Washington
 Secretary Treasury
 Seminary BT 4th & 5th.Vincennes
 Shelbyville, Co. Rd. 300N (212)
 Siever Road-Vincennes
 Signal Delivery Station
 Smith & Ginin Rd
 Solar – Vincennes
 South Boeke Road
 Springfield Wire Station
 Squaw Creek Station
 St Henry Station
 St. Marys
 St Phillip's Station
 State Street Dist
 Station 702 on Mausoleum Rd
 Stierly Road Dist
 Stockwell Road
 Stringtown Rd
 Superior Oil Co. Station
 SW 3rd Street-Washington
 System Power Control Center
 T.B. Station No. 1 – Sandborn
 T.G.T. Edwardsport
 TB Station #14-01
 Telemetering Transmitter
 Terre Haute
 Tile Factory
 Todhunter Hunter Propane
 Toyota Station
 Troy
 TXG Haub Purch/ Hwy 57 Ct Gt Tr
 University of Evansville
 Vann Avenue
 Vincennes
 Vincennes-13th & St Clair
 Vincennes-17th & Prairie
 Volkman Avenue
 Wadesville Station
 Wagner Center TS
 Warrick Station 138 KV
 Washington No 1 T. B.
 Washington Warehouse
 Waynesville/Grandview PP St 111
 West Heights Station
 Wheatland T.B. – Wheatlanc
 Whirlpool #41 Station
 Wilmington (Washington CH)
 Windsor Plastics Station
 Winslow Station Trans
 Yankee Propane
 Z79-Mt. Vernon-Point 138 KV
 Z82-Cloverport 138 KV Line-KY
 Z85-Culley-Heidelberg 138 KV Line
 Z92-Mt Vernon 138 KV Line

Rate
 Reserve Station Equipment-DS
 Richland Station
 Richmond, Pickett Drive Station #1804
 River Road T.B.-Vincennes
 Road 650 South & Church Street
 Rockport 69 KV Station
 Rockville
 Rural Knox E T.G.-Monroe City Rd.
 Rushville, Reg Sta #4329
 Santa Claus Station
 Schroeder
 SE 5th & Center-Washington
 Sellersburg
 Seymour
 Sherwood Forest Station #113
 Siever Station
 Slaughter Avenue
 Smythe Station
 Somerville
 Southwind Port
 Spruce & 12th Street-Petersburg
 SR 68 & CR 250 East
 St. James Station
 St. Mary's Station
 St Wendell Station
 State Street Trans
 Station No. 1193
 Stierly Road Trans
 Stormont & Mulberry-Princeton
 Stringtown Station
 SW 11th St & Washington-Washington
 SW 6th & Dewey-Washington
 T. B. No. 1-Washington
 T. B. Station No. 1-Princeton
 Taylor Avenue
 Tekoppel Avenue
 Tell City Station
 Texas Eastern
 Tipton
 Top Hat Rd Station
 Toyota TGT
 Troy Industrial Park
 U.S. Tubber Co-Washington
 USI Station
 VEDO General Plant
 Vincennes Warehouse
 Vincennes-14th & Willow
 Vincennes 8th & Prairie
 W Main & NW 1st-Loogootee
 Wagner #3 & 4 Bldg
 Warrenton
 Washington
 Washington No 2 T. B. (G Farm)
 Water Street Station
 WEA TBS Station #870
 Westport, Station No 893
 Wheatland TB (Steen-Knox Co)
 Whirlpool-Morgan Ave. Station
 Wilmington Dist Station
 Winslow
 Wolcott Storage Field
 Yankeetown
 Z80-Oakland City 138 KV Line
 Z83-NE to NW 138 KV Line
 Z90-Warrick 138 KV Line
 Z93-NQ to Brown 138 KV Line

Read Street Station
 Reserve Station Equipment-TS
 Richmond
 Ritterskamp & Washington-Vincennes
 Riverside Station
 Rockport
 Rockport LNG
 Rolling Hills Station
 Rural Knox E T.G.-Washington Rd
 Rustic Hills
 Schenk Farms- Vincennes
 Scott B/T Upper 11th & 12th- Vinc
 SE 7th & Center-Washington
 Seminary & Spruce-Princeton
 Shelbyville
 Sidney, Reg Station 11
 SIG General Plant
 Slaughter Avenue Staton
 Snake Run
 South 10th & Church-Vincennes
 Southwind Substation #333
 Squaw Creek Meter Station
 SSC – Service Center Building
 St Joe Avenue
 St Meinrad Station
 State & West-Princeton
 Station 1309 @ CR 125 W
 Stendel Station
 Stock Meters & Transformers
 Stringtown Rd Pole Yard
 Sunbeam Station
 SW 1st & Dewey-Washington
 Sycamore at E of 9th-Petersburg
 T. B. No. 2-Washington
 T. B. Station No. 1 – Westphalia
 Taylor & Highland-Vincennes
 Tekoppel Station
 Tell City Switch & Meter Sta
 Texas Gas Interconnection
 Tipton, TBS St #66
 Toyota
 Treasurer
 TXG Evansville / Levee Station
 Ulen Street
 Vandalia Reg Station
 Victory Station
 Vincennes-13th & Praire
 Vincennes-15th & Main
 VIP Substation
 W Broadway & Spring-Princeton
 Wagner Center
 Warrick
 Washington & SE 3rd-Loogootee
 Washington Township Station
 WAUPACA Station
 West Franklin
 Wheatland 900 E – Wheatland
 Whatonville
 White River & Irving-Bicknell
 Wilmington Station
 Winslow Station Dist.
 Wolfinger Road
 Yankeetown Station
 Z81-NE & Cloverport 138 KV Line
 Z84-Petersburg 138 KV Line
 Z91-Heidelberg – NW 138 KV Line
 Z94-Brown to Mt Vernon 138 KV Line



Z95-Northeast Brown 138 KV Line

Z96-Big River 138 KV Line

Z98-Brown 138 KV Line



Section IV: Definition of Classes of Utility Plant

Electric Utility Plant

Intangible Plant

Intangible Plant includes organization expenditures.

<u>FERC</u> <u>Plant</u> <u>Account</u>	<u>Plant</u> <u>Account</u>	<u>Intangible</u>
301	301	Organization

Production Plant

Production includes all plant associated with the generation of electrical energy to the point of connection with the transmission system. It is defined as the point of connection with the main step-up transformer.

<u>FERC</u> <u>Plant</u> <u>Account</u>	<u>Plant</u> <u>Account</u>	<u>Steam Production</u>
310	310.1	Land
311	311	Structures & Improvements
312	312.1	Boiler Plant Equipment
312	312.2	SO2 Removal System
312	312.3	Railroad Coal Cars
312	312.4	NOx Removal System
312	312.5	Multi Pollutant Systems
314	314	Turbogenerator Units
315	315	Accessory Electric Equipment
		<u>Other Production</u>
340	340.1	Land
341	341	Structures & Improvements
342	342	Fuel Holders, Producers & Accessories
343	343	Prime Movers
344	344	Generators
345	345	Accessory Electric Equipment
346	346	Miscellaneous Power Plant Equipment

Transmission Plant



Transmission includes plant used for the purpose of transmitting electric energy in bulk to other principal parts of the system or to other utility systems. When structures support transmission and distribution circuits, the poles, frames, towers, and rights-of-way shall be classified as transmission plant. In defining substations which contain transmission and distribution facilities, facilities are to be classified to either transmission or distribution based on the equipment's voltage.

<u>FERC Plant Account</u>	<u>Plant Account</u>	<u>Transmission</u>
350	350.1	Land
350	350.2	Land Rights
350	350.3	Land Rights KY
352	352	Structures & Improvements
353	353	Station Equipment
354	354	Towers & Fixtures
354	354.3	Towers & Fixtures KY
355	355	Poles & Fixtures
355	355.3	Poles & Fixtures KY
356	356	Overhead Conductors & Devices
356	356.3	Overhead Conductors & Devices KY
357	357	Underground Conduit
358	358	Underground Conductors & Devices

Distribution Plant

Distribution includes plant used for the purpose of delivering electric power from convenient points on the transmission system to consumers.

<u>FERC Plant Account</u>	<u>Plant Account</u>	<u>Distribution</u>
360	360.1	Land
361	361	Structures & Improvements
362	362	Station Equipment
364	364	Poles, Towers & Fixtures
365	365	Overhead Conductors & Devices
366	366	Underground Conduit
367	367	Underground Conductors & Devices
368	368	Line Transformers
369	369	Services
370	370	Meters
371	371	Installations on Customers' Premises
373	373	Street Lighting & Signal Systems

General Plant



General includes plant not properly includable in the production, transmission, or distribution classifications.

<u>FERC</u> <u>Plant</u> <u>Account</u>	<u>Plant</u> <u>Account</u>	<u>General</u>
389	389.1	Land
390	390	Structures & Improvements
391	391.1	Office Electronic Equipment
391	391.2	Office Furniture & Fixtures
392	392.1	Transportation Equip Automobiles
392	392.2	Transportation Equip Light Trucks
392	392.3	Transportation Equip Trailers
392	392.4	Transportation Equip Heavy Trucks

Gas Utility Plant

Intangible Plant

Intangible Plant includes organization, franchises and consents, patent rights, licenses, privileges, and other intangible property necessary or valuable in the conduct of the utility's operations. At Vectren the other intangible property consists of computer software.

<u>FERC</u> <u>Plant</u> <u>Account</u>	<u>Plant</u> <u>Account</u>	<u>Intangible</u>
601	601	Organization
602	602	Franchise & Consents
603	603	Miscellaneous Intangible Plant

Manufactured Gas Production Plant

Manufactured Gas includes plant used in the manufacturing of gas, liquefied petroleum gas, and other gas refining and mixing equipment.

Manufactured Gas Production Plant (cont.)



<u>FERC</u>	<u>Plant</u>	<u>Plant</u>	<u>Manufactured Gas Production</u>
<u>Account</u>	<u>Account</u>		
304	604.1		Land
304	604.2		Land Rights
305	605.1		Structures & Improvements Production
305	605.2		Structures & Improvements Storage
311	611.1		L P Gas Equipment Production
311	611.2		L P Gas Equipment Storage
311	611.3		L P Gas Equipment Lines

Natural Gas Production Plant

Natural gas production includes plant used in natural gas production wells.

<u>FERC</u>	<u>Plant</u>	<u>Plant</u>	<u>Natural Gas Production</u>
<u>Account</u>	<u>Account</u>		
330	630		Producing Gas Well Construction
331	631		Producing Gas Well Equipment
332	632		Field Lines

Underground Storage Plant

Underground Storage includes plant associated with the storage of natural gas underground to the point of connection with either transmission or distribution plant.

<u>FERC</u>	<u>Plant</u>	<u>Plant</u>	<u>Underground Storage</u>
<u>Account</u>	<u>Account</u>		
350	650.1		Land
350	650.2		Land Rights
351	651.2		Compressor Station Structures
351	651.3		Measuring & Regulating Sta Structures
351	651.4		Other Structures
352	652		Wells
352	652.1		Storage Leaseholds & Rights
352	652.2		Reservoirs
352	652.3		Nonrecoverable Natural Gas
353	653		Lines
354	654		Compressor Station Equipment
355	655		Measuring & Regulating Equipment
356	656		Purification Equipment

Transmission Plant



Transmission includes plant used at a primary source of supply to meter and regulate gas for the purpose of its more efficient or convenient transmission; transmission of gas from supplier to storage; and tying together sources of gas supply to the point where it is reduced to distribution pressures.

<u>FERC</u> <u>Plant</u> <u>Account</u>	<u>Plant</u> <u>Account</u>	<u>Transmission</u>
365	665.1	Land
365	665.2	Land Rights
366	666.1	Compressor Station Structures
366	666.2	Measuring & Regulating Sta Structures
367	667	Mains
368	668	Compressor Station Equipment
369	669	Measuring & Regulating Sta Equipment
370	670	Communication Equipment
371	671	Other Equipment

Distribution Plant

Distribution includes plant between the primary source of supply and the point of delivery to the customer, which is not includable in the transmission system.

<u>FERC</u> <u>Plant</u> <u>Account</u>	<u>Plant</u> <u>Account</u>	<u>Distribution</u>
374	674.1	Land
374	674.2	Land Rights
375	675	Structures & Improvements
376	676	Mains
377	677	Compressor Station Equipment
378	678	Measuring & Regulating Sta Equip General
379	679	Measuring & Regulating Sta Equip City Gate
380	680	Services
381	681	Meters
382	682	Meter Installations
383	683	House Regulators
384	684	House Regulator Installations
385	685	Industrial Measuring & Regulating Sta Equip

General Plant



General includes plant not properly includable in other gas plant classifications.

<u>FERC Plant Account</u>	<u>Plant Account</u>	<u>General</u>
389	689.1	Land
390	690	Structures & Improvements
391	691.1	Office Electronic Equipment
391	691.2	Office Furniture & Fixtures
392	692.1	Transportation Equip Automobiles
392	692.2	Transportation Equip Light Trucks
392	692.3	Transportation Equip Trailers
392	692.4	Transportation Equip Heavy Trucks
393	693	Stores Equipment
394	694	Tools, Ship & Garage Equipment
395	694	Laboratory Equipment
396	696	Power Operated Equipment
397	697	Communication Equipment

Common Utility Plant

General Plant

Common includes plant used in common for both the gas and electric divisions or for other purposes not specific to one division or the other.

<u>FERC Plant Account</u>	<u>Plant Account</u>	<u>General</u>
389	989.1	Land
390	990	Structures & Improvements
391	991.1	Office Electronic Equipment
391	991.2	Office Furniture & Fixtures
392	992.1	Transportation Equip Automobiles
392	992.2	Transportation Equip Light Trucks
392	992.3	Transportation Equip Trailers
392	992.4	Transportation Equip Heavy Trucks
393	993	Stores Equipment
394	994	Tools, Ship & Garage Equipment
395	994	Laboratory Equipment
396	996	Power Operated Equipment
397	997	Communication Equipment

SCHEDULE S-4.2
VECTREN ENERGY DELIVERY OF OHIO, INC.
CASE NO. 18-0289-GA-AIR; CASE NO. 18-0299-GA-ALT
EXECUTIVE SUMMARY OF MANAGEMENT POLICIES, PRACTICES AND
ORGANIZATION

FUNCTIONAL AREA: MANAGEMENT REPORTING & BUDGETS

I. Policy and Goal Setting

The Management Reporting & Budgets Group (or the Group) of the Controller's Group supports the corporate initiatives of Vectren Corporation (Vectren), which are established in the Corporate Plan. The Group establishes goals and objectives that directly support Vectren's corporate initiatives. General goals pertaining to the overall direction of the Group are developed by the Vice President - Controller and Assistant Treasurer. Those goals are reviewed by Senior Executive staff, which includes the Executive Vice President - Chief Financial Officer. Progress towards achieving annual goals is regularly assessed by various members of the Group, the Manager - Management Reporting & Budgets, and the Vice President - Controller and Assistant Treasurer.

II. Strategic Planning

The Senior Executive staff has primary responsibility for Vectren's Strategic Plan. The Group supports development of that Strategic Plan by establishing a two-year detailed budget and ten-year strategic forecast by which Vectren can measure actual financial and operational performance. In addition, the annual budget is used to establish earnings guidance for the investment community, set performance-based compensation targets, and establish a baseline from which the extended forecast is developed.

III. Organizational Structure

The Management Reporting & Budgets Group is a subset of the Controller Group, which also includes Corporate Tax, External Reporting & Accounting Research, Utility Accounting, Plant Accounting, Corporate Accounting Services & Transaction Processing (including Payroll and Accounts Payable), and Financial Systems & Business Analysis.

The Group includes seven individuals:

- Manager - Management Reporting & Budgets (who reports to the Vice President - Controller and Assistant Treasurer),
- Lead Analyst
- Senior Analysts (4)
- Rotational Associate

Schedule S-4.2: Management Reporting & Budgets

A copy of the organizational chart has been provided.

IV. Responsibilities

The Group is responsible for preparing and analyzing budgets, forecasts, financial, and operational reports, which support timely, well-informed decision making by management and other Vectren employees. The Group is responsible for near-term financial planning and financial analysis, which enables management to make informed decisions. Departmental responsibilities include preparation and development of the two-year detailed budget, the ten-year forecast, monthly updates to financial projections, year-over-year financial analysis, the corporate allocation policy and loading rate analysis. The Group also provides numerous stakeholders throughout the organization, from cost center owners to the Board of Directors, with detailed financial information necessary to evaluate revenues, operations & maintenance (O&M) expenses, other expenses, and capital expenditures.

The Group prepares a two-year detailed operating, capital, and workforce plan, based on detailed input from departmental managers. This plan integrates key initiatives and regulatory plans and establishes the baseline by which performance will be measured. The operating budget comprises the income statement and detail to support each line item, including specific project work and expenditure type for O&M costs, as well as FERC account detail. The capital budget includes activity-based and project-level detail for distribution and transmission infrastructure and new business. Lastly, the workforce plan addresses all aspects of employee staffing. Labor hours by cost center are budgeted to projects, tasks, and expenditure types within the budget system. Annualized wage increases are determined by union labor contracts or issued by Human Resources for non-union employees.

During the annual budgeting process, the Group completes corporate allocations for Vectren Corporation and VUHI corporate expenses and shared assets to allocate costs to subsidiaries, including Vectren Energy Delivery Ohio, Inc. (VEDO). Approximately one-third of consolidated VUHI O&M is subject to the corporate-allocation process, with direct charging utilized when possible. Common costs are allocated in accordance with the corporate allocation brochure, which documents the purpose of each cost center, with input generated by cost center owners detailing the appropriate method to use in allocating each cost center's common costs. Common allocation drivers are used to allocate shared costs. Individual allocation decisions are implemented and reviewed at the departmental level; the Group annually reviews allocation rates with actual results to confirm that outcomes are within acceptable ranges as defined by the Corporate Allocation Process for Corporate Expenses and Shared Assets Policy.

The Corporate Budget is reviewed in various stages by operational and oversight committees and senior management. Their review focuses on assumptions, income statements, and earnings per share to verify that the spending levels are appropriate to meet operational business needs and that assumptions are in line with Vectren goals. Detailed budget data is then entered into Oracle for Performance Management Reporting

Schedule S-4.2: Management Reporting & Budgets

throughout the year as a guide to manage monthly operational spending, revenues and capital expenditures.

The Group also provides various reports, metrics, and other statistics to support various business units on a regular basis and as needed to provide ongoing operational support. Such information is used to provide guidance to Management and is used for key decisions across Vectren. In general, such information provides financial and operational data to the people who make decisions for Vectren's future and therefore, is critical to the success of the Group and of Vectren as a whole.

V. Practices and Procedures

For a detailed description of the Group's significant practices and procedures, please see the attached document titled "Review of the Corporate Budget Process."

VI. Decision-making and Control

Decisions are made by employees within the Group, consistent with established practices and procedures, at the lowest levels practical within the Group itself. Any decisions requiring additional review are discussed via formal and informal meetings with the Vice President - Controller and Assistant Treasurer, who has ultimate responsibility for the Group's decisions. All decisions requiring further review are provided to the Chief Financial Officer (CFO) and the Chief Executive Officer (CEO), with the CEO having final supervisory authority over all Vectren decision-making.

VII. Internal and External Communication

Communication within the Group generally takes the form of informal and formal meetings, including in-person discussions, weekly staff meetings, telephone conversations, and emails. Communication with other groups and departments within Vectren takes these same forms and occur as needed to facilitate continuous operations support. In addition, the Group works closely with the Investor Relations department with respect to investor presentations.

The Group communicates frequently with external and internal auditors on audit reviews involving calculations, application of internal controls, and similar matters.

VIII. Goal Attainment Quantification

The Group's outputs are monitored through use of a budget planning schedule specifying which tasks must be completed during each month and when the task is actually completed. Financial reporting tasks are similarly monitored via the use of a detailed schedule setting out tasks, meetings, and required completion dates. Additionally, the Group develops internal department level goals and programs to support the Strategic Plan. Employees establish annual goals aligned to Vectren's corporate plan and are responsible for establishing an individual development plan. Throughout the year performance coaching and development progress discussions occur. Annually there is a

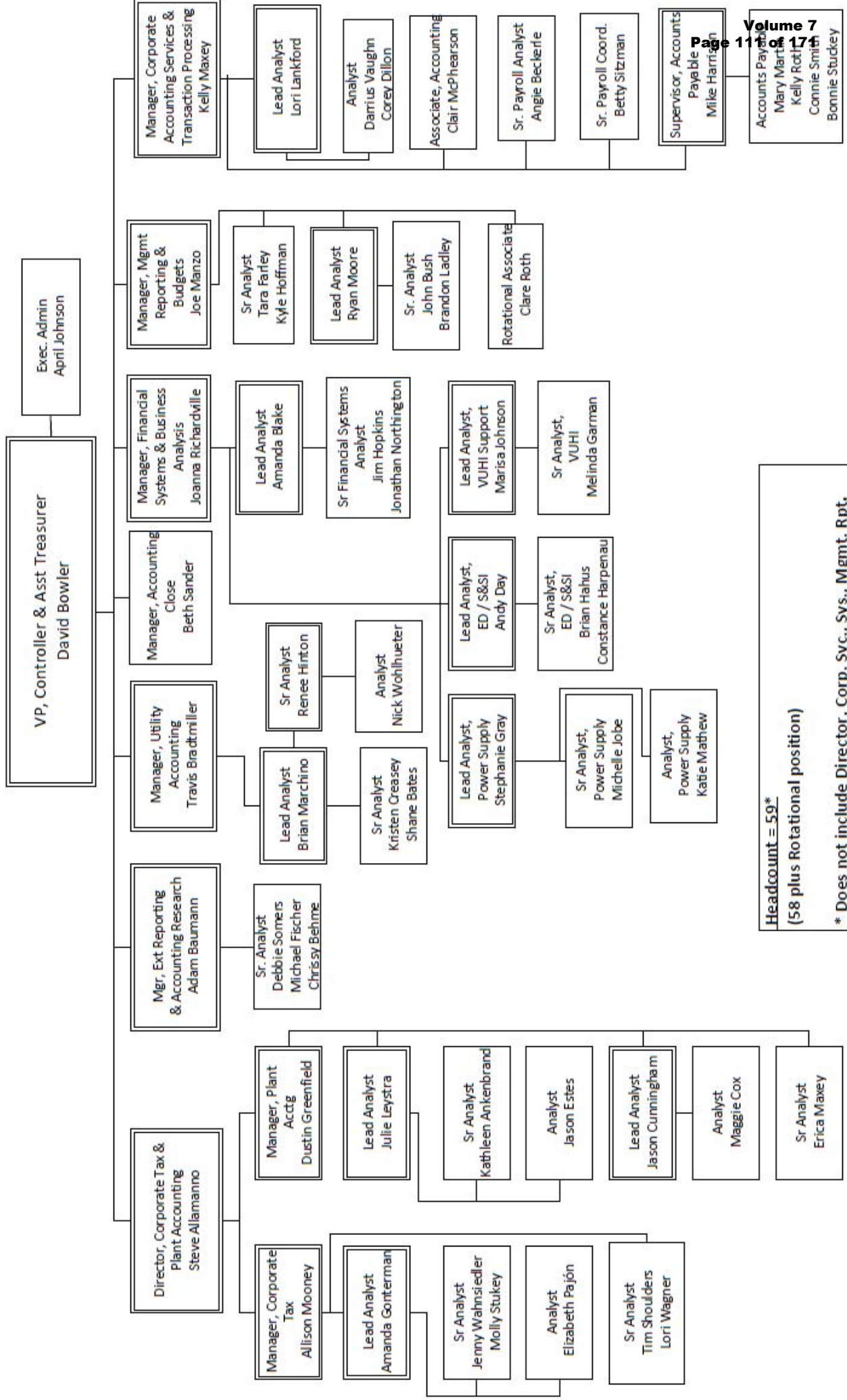
Schedule S-4.2: Management Reporting & Budgets

performance review discussion summarizing goal achievement, gap identification and development opportunities/planning.

IX. Proposed Charts and Documentation to be included with this Profile:

- Controller Group Organization chart
- 2018 Corporate Plan (*attached to Schedule S-4.1*)
- Review of the Corporate Budget Process
- 2018–2019 Budget Guidelines
- Review of the Corporate Allocation Process for Corporate Expenses and Shared Assets

Controller Organization
January 2018



Headcount = 59*
(58 plus Rotational position)

* Does not include Director, Corp. Svc., Sys., Mgmt. Rpt.



VECTEN POLICY MEMO

REVIEW OF THE CORPORATE BUDGET PROCESS

Policy Owner: Management Reporting & Budgets

Most Recently Updated: January 31, 2018

Purpose

This document provides the manner in which the Management Reporting & Budgets division of the Controller Group coordinates, reviews, compiles and reports the annual budget for Vectren Corporation (Vectren), Vectren Utility Holding, Inc. (VUHI) and the other nonutility subsidiaries that are not regulated by Federal Energy Regulatory Commission (FERC) (non-regs).

Why the Corporate Budget Process is important:

The annual budget is an important part of the management of the organization as the process establishes an operating plan by which the company can measure actual financial and operational performance. In addition, the annual budget is used to establish earnings guidance for external investors, set performance based compensation targets, and establish a baseline from which the 10-Yr Forecast is developed. The annual budget is also used in rate filings, specifically for Ohio where a rate case test year is based on a partial year of actual costs and a partial year of budgeted costs or the Regional Expansion Criteria and Benefits (RECB) revenue requirement filing that is based on a forward-year budget.

Final Outputs and Stakeholders

There are numerous stakeholders of the annual budget throughout the organization from cost center owners to the Board of Directors. Each stakeholder uses different pieces or levels of the budget to measure actual performance throughout the year. Cost center owners use the budget at the lowest level to measure Operations & Maintenance expenses (O&M) and capital activities and expenditures, while business unit analysts and vice presidents use the budget to measure the performance of the overall business unit.

The Corporate Budget is developed through a series of processes and reports that provides information that is used by the individuals at the highest level of the organization and our Board of Directors to analyze the business and make financial business decisions.

The Corporate Budget is reviewed in various stages by Capital Planning & Approval Committee (CPAC) and senior management. Both CPAC and senior management review the assumptions, income statement and earnings per share to verify that the spending levels and assumptions are in line with the company goals.

The Corporate Budget is approved by the Board of Directors annually.

The budget data is used by a number of internal groups. Regulatory Accounting uses the budget data to perform profitability analysis by the subsidiary companies. Two years of budget data is used as the starting point for the 10-year forecast. Market Research coordinates in establishing the corporate budget assumptions and being sure that they are reported in the IRP.



The detailed budget data is entered into Oracle for Performance Management Reporting throughout the year as a guide to manage monthly operation spending, revenues and capital expenditures.

Timing of Performance and Sources of Data

The budget cycle currently is an annual process that typically begins in May with system setup, target establishment and general communication of budget guidelines. Departmental budgets for operating and capital expenditures are completed between June and July, as well as other income statement line items such as margin (revenue and cost of sales), depreciation, property and revenue tax, interest expense and effective income tax rates. In the time period of August through October the budget and assumptions are presented and reviewed by CPAC and Senior Management. The budget is then presented for approval to the Board of Directors in fall BOD retreat, which typically occurs in late October / early November. Once the Board approves the budget, the final budget is uploaded into Oracle for reporting purposes

The sources of data used in the annual budget process are housed mostly in Excel spreadsheets and Hyperion. Most of the data for the operating and maintenance expenditures as well as capital expenditures resides in Hyperion. The utility revenues, cost of sales and revenue taxes are prepared by the Margin Analysis department in a series of Excel spreadsheets. The other income statement items and non-reg company information is obtained from Excel spreadsheets.

Key Processes Employed

The Corporate Budget incorporates inputs from numerous departments across the organization. The costs are determined by the departments and stored in the Hyperion budget tool. All department managers and directors have input into the costs anticipated for the budget period.

The Corporate Budget has parameters established by the senior management within the 10-year forecast. These parameters help define the anticipated costs, revenues, and earnings per share that the company anticipates as a corporation. Adjustments and details are supplied by various departments:

- For the Utility
 - o Revenues are supplied in detail by Margin Analysis.
 - o Cost of Fuel and the various components are supplied by Generation Planning.
 - o Cost of Gas is supplied by Gas Supply.
 - o O&M and Capital expenditures are provided by the various operational departments through Hyperion Planning.
 - o Depreciation and Amortizations, Property Taxes and AFUDC are provided by Plant Accounting.
 - o Revenue Taxes are calculated by Margin Analysis.
 - o Interest Expense and Interest Income are provided by Treasury.
 - o Other Income & Expenses are provided by various departments.
 - o Effective Income Tax Rates are provided by Tax Accounting.
- For the Non-Regulated businesses the Margins and Income will be provided by the various companies and reported to Management Reporting & Budgets.
- Corporate costs are allocated using various allocation factors agreed upon by management to allocate the costs between the companies and subsidiaries.



2018 - 2019 Budget Guidelines

REFERENCE GUIDE FOR O&M, CAPITAL AND BALANCE SHEET COSTS 2018–2019 BUDGET

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PURPOSE

This budget guidelines have been developed to provide key information during the budget / forecast process. Within this document you will find deadlines for each process, general assumptions to follow for O&M and capital budgeting, key regulatory information, and other considerations throughout the budgeting process.

OVERVIEW

Consistent with prior years, to ensure that we have an established plan to meet our corporate goals and strategies, we will develop a two-year budget that is integrated with business unit planning and the ten-year forecast. Resources for projects in business unit plans need to be included in operating and/or capital budgets. Likewise, projects for which expenses are included in operating and/or capital budgets should be represented in business unit plans. This year, we will be updating the 2018 budget established in 2016 and establishing a detailed 2019 budget. We will start the process in early June to align with Business Unit Planning, which will allow business unit management to ensure that key projects, resource plans and business unit initiatives are synchronized in the budget and business unit plans. This timeline also allows for the 2018 and 2019 budget to be reviewed at the July VUHI Financial & Resource Oversight Committee meeting, as well as the VUHI Operational & Financial Review, with a review of the Utility forecast in August and final sign-off of the Vectren budget/forecast by management in September.

HIGHLIGHTS TO NOTE

1. The 2018 budget established in 2016 will be the starting point for establishing the budget for both the 2018 and 2019 budget years. Updates should be made to reflect changes in resource plans or business drivers and to capture continuous improvement initiatives.
2. The 2018 Controllable O&M target, which was established through the 2017-2018 budget process, will remain unchanged at \$284M and will be pre-populated in Hyperion prior to opening the budget tool. The 2019 Controllable O&M target has also been established at \$286M, which was established in the Fall 2016 forecast and affirmed through the Spring 2017 forecast update. As a starting point, the 2019 budget will be pre-populated in Hyperion with the 2018 budget adjusted for labor increases. Please note that these targets are subject to change throughout the budget process and as part of our ongoing O&M management process, each business area develops a list of possible O&M reductions to be discussed.
3. Hyperion will be updated for the most current employee and vacancy list including wage rates, productive hours and nonproductive hours for 2018 and 2019. Please review the headcount data at the beginning of the budget process. Cost center owners will then need to review the remaining hours form in Hyperion to determine if any adjustments to the hours included in the budget input form need to be made.
4. All vacant positions identified for the 2018 and 2019 budget should be actively recruited or a workforce plan should be in place to hire these positions within the budget years. The budget should include a level of labor churn to account for the normal turnover that occurs throughout the year.
5. Ensure that your budget is spread according to how you expect actual expenses to be incurred by reviewing the monthly amounts and making changes where necessary. After completing the budget, compare the monthly spread to expenses incurred in prior years. Accurate monthly spreads are vital to enable realistic projections of quarterly performance, manage utility earnings performance and to minimize the effort of adjusting the quarterly projection next year.

6. As continued focus is applied to individual utility operating results, every attempt should be made to direct charge the specific utility where possible. If work needs to be budgeted to one specific utility, please budget to a project and task that directly assigns the cost to the proper utility. Pay attention to what entity benefits from the expense and make sure it gets budgeted appropriately. For help with this, please contact either your business analyst or the budget department (see contact list pg. 24).
7. Performance Management continuous improvement initiatives that have occurred in your respective area and result in savings to the original 2018 budget should be captured in the 2018 and 2019 budget.
8. All capital budget projects that are expected to be **greater than \$0.5 million for Information Technology (IT) or greater than \$1.0 million for all other business areas** need to be identified and budgeted into a separate project and the in-service timing of these projects will need to be provided to the budget department using the templates on pg. 26. The purpose of this information is to provide greater visibility into the capital projects budgeted and enable the plant department to have more accurate information for depreciation and AFUDC budget calculations. Please work with your business analyst to set up new projects for budgeting capital projects that are greater than \$0.5 million for IT or \$1.0M for all other business areas.
9. Users will budget labor hours and dollars at the expenditure type level (Regular, Overtime, Double-time, and Other Labor). Non-labor, with the exception of vehicle usage, will be budgeted at the expenditure category level (Contract Labor, Contract Non labor, Other Expenses Budget, and Direct Material Budget). Vehicle usage will be budgeted at the expenditure type level (Vehicle Class 1, Vehicle Class 2, and Vehicle Class 3). This level of detail remains unchanged from prior years.
10. **Consistent with last year, Energy Delivery cost centers that previously budgeted labor and vehicle hours to numerous capital projects will budget to specific capital projects that have been set up for each cost center.**

The ED capital budget is already provided by Investment Planning. As a result, the Budget/Forecast department has worked with Investment Planning to load these budgets into Hyperion by Cost Center, ABM, Project and Legal Entity. However, in order to obtain accurate labor and vehicle costs to determine loading rates, affected ED cost center owners (0468, 2029, 5830, 5854, 5920 & 5950) will still budget labor and vehicle hours only to the new capital projects outlined below. The costs generated from these labor and vehicle hours will then be fully offset through Contract Nonlabor within the same project after the business rule has been run. These cost center owners will no longer be responsible for budgeting capital costs other than labor or vehicles. Please note that the labor cost split by legal entity (01-SIG, 02-IGC, 03-VEDO) is required to be accurate for pension and other labor allocations. Due to this, each cost center may have more than one capital project for budgeted labor.

Please note that the budget will be pre-seeded with capital labor and vehicle hours moved to the projects below.

0468	2029	5830	5854	5920	5950
0468CAPLABOR01GAS	2029CAPLABOR01GAS	5830CAPLABOR02	5854CAPLABOR01ELE	5920CAPLABOR02	5950CAPLABOR02
0468CAPLABOR02	2029CAPLABOR02	5830CAPVEHICLE02	5854CAPLABOR01GAS	5920CAPVEHICLE02	5950CAPVEHICLE02
0468CAPLABOR03	2029CAPLABOR03		5854CAPVEHICLE01ELE		
0468CAPVEHICLE03	2029CAPVEHICLE02		5854CAPVEHICLE01GAS		

11. Users have the ability to overwrite hours and/or dollars simply by changing the numbers in the monthly columns or by placing a zero in the Year Total column if they do not wish to use the monthly hours or amounts. You will find more information concerning the data and how to adjust it in the Hyperion User Guide (Chapter 6).

12. Consistent with prior years, Corporate Support Service cost centers including Marketing & Communications, Supply Chain, and Fleet & Facilities will budget nonproductive time (holiday, vacation, sick time) to the main project/task combination containing direct labor that has been identified by your business unit analyst. Energy Delivery, Power Supply, certain Safety & System Integrity cost centers (1999, 2024, 2026, 2035, 2037, 2039 & 5712), Information Technology and Vectren Affiliated Utilities Cost Center 6300 will continue to budget nonproductive time to a nonproductive project/ task combination that impacts clearing accounts. These business areas will have a nonproductive loading rate to clear the nonproductive labor from the Balance Sheet. If you have questions about this process, please contact your business analyst.
13. 2018 and 2019 both contain 2,088 hours during the calendar year Monday through Friday. If you plan to hire an employee mid-year, the available hours will need to be adjusted according to the planned start date. Likewise any retirements in the time frame of 2018-2019 should also have adjusted hours according to the planned retirement date.

Please direct any comments or questions relating to this policy to Tara Farley (x15003 or tfarley@vectren.com) or Joe Manzo (x14130 or jmanzo@vectren.com).

KEY DEADLINES

1. **O&M and Capital for the 2018 and 2019 budgets must be updated by 8:00 am, Monday June 26, allowing time for detailed BUA review.** The 2018-2019 O&M and Capital data entered into Hyperion as of June 30 will be reviewed and presented at the July VUHI Financial & Resource Oversight Committee meeting and the VUHI Operational & Financial Review, along with budgeted income statements for both years.
2. **2018 and 2019 O&M budget reconciliations by business area and business unit financial summaries** are due to the budget department by **5:00pm, Friday, June 30**. These reconciliations will be used to help explain variances to the 2017 Budget, 2017 Projection, 2018 Draft Budget, 2018 Budget, and 2019 Budget. Please use the templates on pages 27-30.
3. **It is expected that your Officer(s) has reviewed and is prepared to speak to their budget at the Operational & Financial Review meeting on July 20. As a result, business analysts and direct reports should establish time to review the 2018 and 2019 budget with their Vice President and/or directors prior to this date.** Business analysts and the budget department will assist each area to develop and distribute reports that consolidate budgets for each area. Please work with your business analysts and the budget department in order to ensure all reports necessary are available for your meetings. (see contact list pg. 24)
4. **The 2018-2027 Utility Budget and Forecast will be reviewed on August 29 with executive management.** It is critical to establish the 2018-2019 budget by the July 20th VUHI Ops & Finance meeting as this will be the basis for the 10-yr forecast reviewed on August 29 with executive management.

BUDGET ENTRY INSTRUCTIONS

- Instructions for the Headcount and Budget Input forms can be found in your Hyperion Planning User Guide or through the Interactive Tutorial. The guide and interactive tutorial are available on the Intranet via the links below. They are also available in Taleo.
 - **Hyperion Planning User Guide – Select the link below:**
http://sharepoint.vectren.com/vectren_docs/vantage_content/Accounting/Vectren_User_Training_Guide.docx
 - **UPK (interactive tutorial) – Select the link below:**
<http://sprdweb03/hr/Hyperion/PlayerPackage/tocx.html>
- Specific instruction on how to enter your budget can be found in chapters 6 and 7 of the Hyperion Planning User Guide. These chapters will provide instructions, recommendations, and other pertinent information to consider when preparing and reviewing your budget. If you require additional instruction or just have questions concerning input, please contact your BUA or a member of the budget department. (see contact list pg. 24)
- When making changes to the Budget Input Form, valid combinations must be selected.
 - For Hours Input, the following combinations are valid:
 - Exempt – the only valid expenditure type is Regular Labor.
 - Non Exempt – the valid expenditure types are Regular Labor, Overtime Labor and Doubletime.
 - Bargaining UN INPUT – the valid expenditure types are Regular Labor, Overtime Labor and Doubletime.
 - No_Employee_Type – the valid expenditure types are Vehicle Class 1, Vehicle Class 2, and Vehicle Class 3
 - For Dollars Input:
 - Select No_Employee_Type to input Other Labor or non-labor amounts (i.e. Contract Labor, Contract NonLabor, Other Expenses).
 - Vehicle Class 1, 2, and 3 will be input as hours and all other non-labor and other labor will be input as a dollar amount.
- To access the 2018 and 2019 budget, paste the Hyperion Budget System link below into Mozilla Firefox. You will also be able to access the Hyperion Reports through this link.
 - **Hyperion Budget System – paste the link below into Mozilla Firefox:**
<http://hypfoundation:19000/workspace/index.jsp>
- Users will not have the ability to add projects, tasks or specific combinations within Hyperion Planning directly. All new projects and tasks must **first** be established in Oracle before they will appear in Hyperion Planning. If a new project or task is needed, please contact your BUA to have the new project or task established within Hyperion.
- Users do not have the ability to add or delete employees from a specific cost center in Hyperion Planning. If you anticipate an employee transferring departments, leaving the company, or hiring a new employee, please contact your business analyst to have this change made.

LABOR INFORMATION

All cost centers with employees will be responsible for budgeting labor. Labor will include direct labor, employee benefits and labor loadings. Since each department is expected to budget 100% of their FTE labor, there should be no cross-charging of labor to other departments. The only exceptions to this would be large capital projects or employees on loan to another department for an extended period. Please consult with your business unit analyst or the budget department if there is a situation that requires cross-charging of labor.

Key Labor Items Included in Each Cost Center Budget:

- Productive Labor (Direct Labor) -- including regular, overtime and double time
- Vacation -- spread based on a 3-yr historical trend for each cost center
- Holidays -- spread based on the 2018 & 2019 holiday schedule (floating holidays will be spread evenly)
- Sick time (including Short-Term Disability and maternity leave)
- Labor Loadings (calculated by Hyperion)

All cost centers will have labor hours pre-seeded in the budget tool for 2018 and 2019. The 2018 and 2019 labor hours will be pre-seeded based on the hours input last year for the 2018 budget. Please note while the labor hours will be pre-seeded based on the hours entered last year, the headcount form will be updated for current employees and vacant positions. Therefore, it is essential to reconcile the hours from the headcount form to the budget input form by reviewing the “Remaining Hours” form. The monthly remaining hours should be zero.

For a step by step process, please follow the example below.

Process to review Labor Hours in the 2018 and 2019 Budget:

1. Verify that all employees are listed in the Headcount form for both years and that the appropriate level of hours for each employee has been loaded into Hyperion.

<u>Step 1: (Review the Straight (Productive) Hours on the Headcount Form)</u>						
			<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>
Exempt:	John Doe		145	155	160	140
	Jane Doe		145	155	160	140
Cost Center XYZ - Exempt, Straight Hours			290	310	320	280

2. Open the Remaining Hours form to determine if all hours have been budgeted and the remaining hours are zero in each month.

<u>Step 2: (Review the Remaining Hours form)</u>						
			<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>
Exempt:	Straight Remaining		50	40	-30	0

Note: Because headcount was reloaded with current employees and their non-productive time, this may be different than what was in the original 2018 budget completed in 2016. This may cause your remaining hours not to be zero as in this example.

3. Review the labor hours for each employee type that are pre-seeded for 2018 and 2019 in the Budget Input form.

Step 3: (Review the Budget Input form to determine the hours to adjust)						
		Jan	Feb	Mar	Apr	
Exempt, Regular Labor:	Project A, Task 1	60	40	70	70	
	Project A, Task 2	50	50	60	50	
	Project B, Task 1	40	70	70	50	
	Project B, Task 2	50	70	60	60	
	Project B, Task 3	40	40	90	50	
	Cost Center XYZ Total	240	270	350	280	

Note: These hours will be equal to the hours entered for the 2018 budget in 2016.

4. Make adjustments where necessary to appropriately allocate hours based on the expected level of work by project and task.

Step 4: (Adjust the Budget Input hours)						
		Jan	Feb	Mar	Apr	
Exempt, Regular Labor:	Project A, Task 1	60	70	60	70	
	Project A, Task 2	60	50	50	50	
	Project B, Task 1	50	70	70	50	
	Project B, Task 2	70	70	60	60	
	Project B, Task 3	50	50	80	50	
	Cost Center XYZ Total	290	310	320	280	

Example: Exempt, Regular Labor									
	Step A: (2018 Draft Budget Hours)			Step B: (Calculate Percentage)			Step D: (Budget Revised Hrs based on calc %)		
	2018 Budget Hours			Calculate Percentage			2018 Budget Hours		
	Jan	Feb	Mar	Jan	Feb	Mar	Jan	Feb	Mar
Project A, Task 1	10	15	10	25.0%	37.5%	25.0%	15	19	15
Project A, Task 2	5	5	5	12.5%	12.5%	12.5%	8	6	8
Project B, Task 1	10	5	10	25.0%	12.5%	25.0%	15	6	15
Project B, Task 2	10	10	10	25.0%	25.0%	25.0%	15	13	15
Project B, Task 3	5	5	5	12.5%	12.5%	12.5%	8	6	8
Cost Center XYZ Total	40	40	40	100.0%	100.0%	100.0%	60	50	60
	Step C: (2018 Hours to be budgeted from updated Headcount Form)								
	January 2018 Hours to Budget:			60					
	February 2018 Hours to Budget:			50					
	March 2018 Hours to Budget:			60					
Step E: (Remaining Hours)									
	Jan	Feb	Mar				Jan	Feb	Mar
2018 Remaining Hours	20	10	20				0	0	0

5. When all adjustments to the labor hours are complete, review the Remaining Hours form again to confirm that you have accounted for all labor hours each month.

Step 5: (Review the Remaining Hours form to confirm all hours are budgeted)					
		<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>
Exempt:	Straight Remaining:	0	0	0	0

Labor Increases

Labor increases will be accounted for in the 2018 and 2019 budgets through Hyperion Planning. Guidelines for labor increases will be issued by Human Resources and will be pre-populated in the budget tool prior to the tool opening on June 5.

Depending on the effective date of wage rate increases, the cost center's average labor rate will change as of the month of the increase. For example, non-union increases go into effect March 1st. For January and February, a cost center's budgeted average hourly rate will be one amount, and will increase for March through December to accommodate the expected salary increases. **These labor increases have been built into the Headcount data in Hyperion. Please contact the budget department with any issues related to labor increases for your cost center.**

Labor Loadings

IMPORTANT: All cost centers will receive a benefits loading rate to allocate healthcare, retirement, and certain other costs that will be applied to direct labor and employee benefits costs. Only Power Supply, Energy Delivery, certain Safety & System Integrity cost centers, Information Technology and Vectren Affiliated Utilities will receive a nonproductive loading rate on direct labor cost. Labor loading rates **WILL** change, based on vacancies added/removed during the budgeting process and the final benefits budget. Rates provided in the budget guidelines are estimates to begin the budget process. You will be notified when loading rates are finalized after we receive the fringe benefit budget and the total headcount data, including vacancies that are verified in the system.

Labor Loading Rates

Consistent with the prior 2018 Budget, estimated rates to begin the budget process will be 36.5% for the Fringe Benefits loading rates applied to all cost centers, 19.0% for the Nonproductive loading rate applied only to Energy Delivery, Power Supply, certain S&SI and Vectren Affiliated Utilities cost centers, and 21.0% for the Nonproductive loading rate applied to Information Technology cost centers.

Vacation, Holiday, Sick and Inclement Weather Hours

Vacation and holidays hours will be budgeted for **all** employees by cost center. The Headcount Form will be populated for each cost center as you enter your labor information. The form will default to 96 hours of holiday for every employee based on Vectren's holiday schedule. Vacation hours were trended by the Hyperion system based on a 3-yr historical average of vacation for each cost center. Sick and Inclement Weather hours will also be pre-populated in the Headcount form based on the number of hours provided in the headcount review process prior to the budget tool opening. **As indicated earlier in the pre-seeding process overview, vacation, holiday, sick and inclement weather categories of non-productive hours will automatically be budgeted to projects and tasks for each cost center based on the data in the Headcount form.**

Vacation:

The Headcount form is populated with total vacation hours for each employee based on the eligible vacation by employee in 2018 and 2019. The spread of those hours by month in the headcount form is based on the cost center's 3-year historical trend. Please review the monthly spread to ensure it is reasonable. The vacation hours are automatically budgeted to a project and task in the budget entry form for each cost center with the appropriate loadings applied. For any vacant positions, the vacation hours will need to be provided to the budget department when the vacant position is requested.

Vacation hours are budgeted to the main project/ task combination (as identified by your business analyst) that is used for each cost center's direct labor. Energy Delivery, Power Supply, certain S&SI, Information Technology and the Vectren Affiliated Utilities cost centers will continue to budget vacation hours to a nonproductive project and task.

Holidays:

The holiday hours total 96 hours for all employees for both calendar years 2018 and 2019. Similar to vacation, holiday hours for each cost center will automatically be populated in Hyperion. Hyperion will populate holiday hours to projects and tasks automatically in the budget entry form for each cost center with the appropriate loadings applied. For any vacant positions, holiday hours will be populated by the administrator based on the cost center.

Holiday hours are budgeted to the main project/task combination (as identified by your BUA) that is used for each cost center's direct labor. Energy Delivery, Power Supply, certain S&SI, Information Technology and the Vectren Affiliated Utilities cost centers will continue to budget holiday hours to a nonproductive project and task.

Sick Hours:

Sick Hours are pre-populated in the headcount form based on the sick hours provided in the headcount review process, prior to the start of the budget process. You should budget sick hours based on historical sick hours used. If you know of a specific Short-Term Disability (STD) occasion in your department which will culminate in 2018 and/or 2019, provide this information during the headcount review process or enter the STD hours by entering the number of hours in the appropriate month(s) for that employee. The hours entered for sick hours will be used to calculate an amount by project and task using the average hourly rate for the employee type (exempt, non-exempt and bargaining unit) for each cost center.

As mentioned above, corporate cost centers will not use a nonproductive project and task to budget sick time. These hours will be budgeted to the main project/task that is used for direct labor within the cost center. Your business analyst has identified this project and task. Energy Delivery, Power Supply, certain S&SI, Information Technology and the Vectren Affiliated Utilities cost centers will continue to budget sick hours to a nonproductive project and task.

For the IBEW 1393, USWA 12213 and USWA 7441: The Lump Sum Sick payment is automatically calculated and budgeted by project and task behind the scenes in the budget entry form for each cost center in January, including labor loadings. This will be created using the task 089.0600 (Lump Sum Sick). On the Headcount form 40 hours should be entered for the lump sum sick payment, but please also budget any short term disability hours or regular sick hours experienced in your area.

Labor Hours Verification – “Remaining Hours Form”

Once all projects have been budgeted within a cost center, a user should open the “Remaining Hours” form to verify that all available labor hours have been budgeted (remaining hours should be zero by month). If there are discrepancies, the user should correct the hours budgeted in the input form. The budget department will be reviewing this information and will contact cost center owners who have not cleared their hours.

Note that remaining hours may not be zero for all cost centers at the beginning of the budget process. This will happen if there are changes to the staffing levels from the 2018 budget entered in 2016.

Service Watch, Safety, & Severance (Non-Hour Related Labor)

For non-hour types of labor expenses, such as service watch, job site reporting, severance costs, and meals, you will use the expenditure type **OTHER LABOR**. This expenditure type will allow you to budget labor dollars in the amount field without having to budget hours. Within the budget reports, this expenditure type will fall under the Direct Labor expenditure category and can be viewed by drilling down on the Direct Labor expenditure category.

Service watch (on-call pay) should be budgeted in the **No Employee Type, Other Labor** expenditure type. North centers should budget \$10,400 annually (\$200/wk X 52 weeks), South centers should budget \$7,800 annually (\$150/wk X 52 weeks) and VEDO centers should budget \$7,280 annually (\$140/wk X 52 weeks) as No Employee Type, Other Labor expenditure type per number of service watch personnel required to be on service watch each week.

South 702 Safety Shoe allowance of \$100 per employee should be budgeted as additional wages in project XXXXXADMIN task 254 also in the No Employee Type, Other Labor expenditure type in January.

Uniform/Safety allowance for South, North and Ohio are no longer paid as wages and should be budgeted as contract labor. (see Clothing Allowance pg. 16)

SCBA Certification Pay:

North pay in January each year for annual SCBA Certification (Self-Contained Breathing Apparatus) of \$250 per person (4 in each current operating center (OC), except 2 in Richmond and Greenfield). These costs should be budgeted as additional wages in project XXXXADMIN task 254 in the No Employee Type, Other Labor expenditure type, Amount Input, in January.

Non-Hour related labor will be pre-seeded in Hyperion using the 2018 Budget.

NON-LABOR INFORMATION

As a starting point the 2018 budget will contain all non-labor costs entered last year in the same project/task and expenditure category/type combinations that were used in the 2018 budget.

You will have the ability to overwrite pre-seeded amounts simply by changing the numbers in the monthly columns. There is also the ability to remove pre-seeding completely by putting in a zero in the Year Total column. You will find more information concerning the pre-seeded amounts and how to remove them in the Hyperion User Guide (Chapter 6).

Key Non-Labor Items that may be Included in Each Cost Center Budget:

1. Hiring and relocation costs
2. Training and Conference Expenses
3. Stores Loadings (calculated by Hyperion on Direct Material)
4. Direct Material (Material Issues and Material Returns)
5. Departmental Moves
6. Contract Labor (including Mgmt./Professional Consulting)
7. Contract Nonlabor (Direct Shipped Material; Hardware/Software)
8. Vehicle Usage (applied by hours charged)
9. Professional Fees/Dues
10. Employee Expenses
11. Office Supplies (including fax and copy supplies)
12. Employee Testing (substance abuse, etc.)

New Employee Hiring Costs

If a department is planning to hire new staff, the costs associated with the new hire will be charged back to that department. These costs include such items as reference checks, drug testing and education checks. The estimated cost to budget should be \$375/employee.

Training Costs/Conference Expenses

Individual cost centers should budget for training expenses. However, external training expenses should be budgeted to the standard task of **281: Training – External** for the Corporate cost centers. Training costs should include internal and external training provided to employees. This includes compensation and benefit costs of all training staff, food, training material, travel costs, and room/equipment expenses for instructor-led, computer-based, and video-based training, new hire orientation training sessions, and conferences. Exclude costs related to Executive Coaching, tuition reimbursement, college courses, and trainee pay and benefits.

Energy Delivery and Power Supply will have different tasks to capture training costs. Please contact Ashley Meredith or Brian Hahus if you have questions concerning training costs for Energy Delivery and Stephanie Gray if you have questions concerning training costs for Power Supply. (see contact list pg. 24)

Training costs should NEVER be budgeted or charged to a capital project.

Material Loadings (Stores Loading)

Material loadings will be applied to each cost center's budget at the project/task for any amounts budgeted to the *direct material budget*. **The material loadings budget (Stores Loadings) will be pre-populated in Hyperion based on the pre-seeded direct material budget.**

Materials Loadings (Applied to Direct Material Budget costs): 20%

IMPORTANT: Material Loading rates WILL change, based on the Storeroom budget. You will be notified when loading rates are finalized, after totals are verified and rates are recalculated. Rates provided in budget guidelines are estimates.

Contract Material Loadings (P.O. Loadings)

Contract Material Loadings (P.O. Loadings) will not be applied separately in the budget system, but will continue to be applied to actual charges for direct shipped purchased ordered contract material items only. **When budgeting, assume an additional 4% for P.O. Loading rates on contract non-labor costs that are classified as direct shipped material that bypasses the storeroom.**

Departmental Moves

If a department is planning to move offices, the external labor costs associated with the move will be charged back to that department. Kinder Moving and Storage will be the external mover and the rate to budget should be \$85/hour for two men and equipment. If you need more than two men for your move, each additional man is \$30/hr. Contact Crystal Werner at x14652 if you need estimates for your move.

Budgeting for Company Vehicle Usage

Please be reminded that if you or your staff has a vehicle assigned to them, they will need to budget vehicle hours to the same productive projects and tasks where their time is charged, whether they are in the office filling out paperwork, on the computer, in training, out in the field on the job or actually driving their vehicle. If crews have a vehicle assigned to them, but the vehicle is utilized by more than one crew, the vehicle usage needs to be budgeted according to the expected hours among crews, ensuring all hours are fully budgeted.

We also have fleet that is assigned to departments, but not to specific individuals, like dump trucks, backhoes, trailers, etc. This fleet should be budgeted according to the time expected to be utilized at a job site.

The vehicle classes include three classes that span all companies. As in prior years, you will be budgeting hours of vehicle usage by vehicle class, which Hyperion will then calculate the Vehicle Usage cost. Cost center owners will budget company vehicle “HOURS” by month for the three classes: Light Duty- vehicle class 1, Medium Duty- vehicle class 2, and Heavy Duty- vehicle class 3, that will be required to perform the work within their cost center. A vehicle rate by class will be applied to each hour budgeted to calculate the total vehicle expense for the cost center.

Vehicle hours will be pre-seeded in the budget system. It is very important to review the number of vehicle hours budgeted, as the total vehicle hours budgeted determines the final vehicle rates. If actual vehicle hours are under the budgeted number, then the actual rates will need to be adjusted to accommodate for less vehicle hours being charged.

Preliminary Vehicle Rates

- **Vehicle Class 1 (Light Duty):** \$ 7.00
- **Vehicle Class 2 (Medium Duty):** \$ 11.00
- **Vehicle Class 3 (Heavy Duty):** \$ 23.00

IMPORTANT: Vehicle rates will change based on final fleet budget and final number of vehicle hours budgeted. You will be notified when loading rates are finalized, after totals are verified and rates are recalculated. Rates provided in the budget guidelines are estimates.

Buildings, Furniture and Fixtures

Your department is responsible for communicating new or expanded requirements for material changes to building, furniture or fixture needs to Facilities so they can accommodate your needs in the budget.

Power Supply Buildings

Power Supply is to budget for the power plant buildings, including maintenance, equipment, snow removal, mowing, janitorial and waste removal.

Energy Delivery Regulator Stations and Substations

Energy Delivery is to budget for regulator stations and substations, including all non-HVAC equipment inside buildings as well as signage, driveways and snow removal.

Information Technology (including Hardware, Software and Telecommunications)

IT Client Services

The budgeting of Personal Computers (PCs), printers and other peripheral computer equipment is centralized in the IT budget. IT will also budget for PC's/Software for small incremental staff increases, but please inform IT if your annual plans call for incremental staff to ensure your needs have been included in the budget. Contact Marisa Johnson x14143 or Brian Lohe x14441 with any additional needs for IT equipment as a result of additional staffing. The purchase of standard platform software for new PCs will be budgeted by the IT department.

Your department is responsible for prospectively communicating new technology needs to IT so they can accommodate your needs in the budget.

Telecommunications

The budgeting of local dial tone in each office, wide area network charges for the enterprise, SCADA circuits, all telephony switch maintenance contracts, and mobile data dispatch wireless network costs is centralized in the IT budget.

IT is responsible for ordering, canceling and administering all telecommunications circuits. If you have a need to have a new line installed or canceled, please contact the IT telecommunications team.

For 5611-Contact Center only, in-bound 800 charges should be budgeted at a rate of \$0.013/minute within the cost center's budget. (Task 455 should be used to budget telecom charges).

Mobile Data, Radios and SCADA Budgeting

Mobile Data

- Mobile data dispatch monthly data plan charges are budgeted per month by IT. (Brian Lohe)
- IT will budget replenishment for the existing installed base of mobile laptops and Sierra devices. Any new mobile data laptop projects must be established as new capital projects.
- Vehicle related costs for mobile data, including new mounts and all wiring, labor for swapping mounts when vehicles change or are repaired, and cradle repairs are budgeted by Fleet (Josh Raleigh).

Two-way Radios

- Vectren-wide new two-way radio installations, replacements and repair of radio equipment are budgeted by Fleet (Josh Raleigh).

Items Centrally Budgeted:

1. Margin (Revenue, Fuel and Cost of Gas)
2. Revenue Taxes
3. Depreciation and Property Tax expense
4. Interest Expense and Income
5. Income Taxes
6. Long-term and Short-term Incentive Compensation
7. Advertising and Donations
8. Corporate Association Dues (such as AGA/EEI)
9. Buildings (except those at power plants) including maintenance, janitorial, mowing, snow removal, HVAC, waste removal, recycling, utilities and any other upkeep at the operating centers in all territories
10. Regulator stations and substations – HVAC, fencing, gates, gravel improvements, and mowing/landscaping
11. Furniture and Fixtures
12. Cell Phones
13. Fax Machines and Copiers (excluding paper and toner)
14. Local telephone circuit monthly charges in Vectren offices and field locations, Gas and Electric SCADA telephone charges, and high-speed voice/data network circuits that connect Vectren offices together.
15. Field radio equipment maintenance contracts and IGC radio tower rental monthly fees
16. Computers, Software, and Hardware (for replenishment purposes only)
17. SCADA Equipment
18. Technical Equipment
19. Insurance Expenses (including all claims)
20. Reimbursed Continuing Education Expenses
21. Fleet costs (fuel, maintenance, license fees, power operated equipment)

SCADA - Supervisory Control and Data Acquisition

- Gas and Electric SCADA and Odorizer/Regulator station data communication lines are budgeted by IT (John Van Vorst).
- Electric SCADA equipment repairs are budgeted by Substation and Electric Metering (Carlos Machuca/Rich Hughes).
- New Gas SCADA installations, including RTU (Remote Terminal Units) and associated electronics are budgeted by Gas Control and Supply Planning (Bryan DiCenzo).
- North and VEDO Gas SCADA electronic repairs such as RTU circuitry, transmitter repairs and replacements, and smart stations for odorizers are budgeted by Measurement Services (Lacy Shuck).
- South Gas SCADA preventive and corrective maintenance, including all the gas regulating stations, purchase points and electronics (telecorrector sites interfaced with Gas SCADA System) are budgeted by Substation and Electric Metering (Carlos Machuca/Rich Hughes).
- Internal SCADA O&M work performed by cost center employees is not to be cross-charged to these centralized groups. Labor should be budgeted in the appropriate SCADA project in your own cost center.

Clothing Allowance

Clothing allowance for North, South and Ohio is issued from the Vectren Company Store, through employee expense reimbursement or directly from the vendor depending on the bargaining unit contract. This should be budgeted as Other Expenses as it is paid out throughout the year. (Actual charges should be to expenditure type uniforms or safety shoes).

- North should budget \$550/employee
- Ohio should budget \$475/employee
- South IBEW 702 should budget \$700/employee for electric; \$500 for gas construction and maintenance; \$425/employee for gas other, storeroom and for meter readers; and \$425/employee for Teamsters 135.

Mail Room/Postage

Postage for regular business mailings will be budgeted by the Office Services department. **Large or special departmental mailings that are processed and mailed by an outside service provider are the responsibility of the individual cost centers.**

Example of costs to be budgeted at individual cost centers:

- Postage for customer bills
- Mailing of the annual reports by the Investor Relations department
- Quarterly financial reports by the Finance department
- Special mass mailings by the Corporate Communications department

Postage costs should be budgeted as “Other Expenses Budget” category.

Fax and Copier Costs

Leases and maintenance costs for all copiers & Fax machines will be centralized in the Office Services budget. Individual cost centers should budget for Fax and copier supplies (i.e., paper and toner) only.

Office supplies should be budgeted in the “Other Expenses Budget” category.

CAPITAL AND COST OF REMOVAL (COR) BUDGET

All capital and cost of removal projects will be pre-seeded with the 2018 budget entered last year. It is essential to review the capital budget and ensure that it is synchronized with the Indiana gas and electric infrastructure, Ohio infrastructure and Power Supply Environmental filings.

Capital and cost of removal projects that will be greater than \$0.5 million for Information Technology (IT) and \$1.0M for all other business areas must be budgeted into a unique project and the in-service timing of these projects will need to be provided to the Budget Department using the templates provided on pg. 26. If the project is carried over from 2017, the established project number will need to be added to Hyperion. Please work with your business analyst to ensure that all projects needed are set up in Hyperion.

Consistent with last year, Energy Delivery cost centers that previously budgeted labor and vehicle hours to numerous capital projects will budget to fewer capital projects that have been set up for each cost center.

The ED capital budget will be provided by Investment Planning (Don Stucki). As a result, the Budget/Forecast department has worked with Don to load these budgets into Hyperion by Cost Center, ABM, Project and Legal Entity. However, in order to obtain accurate labor and vehicle costs to determine loading rates, affected ED cost center owners (0468, 2029, 5830, 5854, 5920 & 5950) will still budget labor and vehicle hours only to the new capital projects outlined below. The costs generated from these labor and vehicle hours will then be fully offset through Contract Nonlabor within the same project after the business rule has been run. These cost center owners will no longer be responsible for budgeting capital costs other than labor or vehicles. Please note that the labor cost split by legal entity (01-SIG, 02-IGC, 03-VEDO) is required to be accurate for pension and other labor allocations. Due to this, each cost center may have more than one capital project for budgeted labor.

Please note that the budget will be pre-seeded with capital labor and vehicle hours moved to the projects below.

0468	2029	5830	5854	5920	5950
0468CAPLABOR01GAS	2029CAPLABOR01GAS	5830CAPLABOR02	5854CAPLABOR01ELE	5920CAPLABOR02	5950CAPLABOR02
0468CAPLABOR02	2029CAPLABOR02	5830CAPVEHICLE02	5854CAPLABOR01GAS	5920CAPVEHICLE02	5950CAPVEHICLE02
0468CAPLABOR03	2029CAPLABOR03		5854CAPVEHICLE01ELE		
0468CAPVEHICLE03	2029CAPVEHICLE02		5854CAPVEHICLE01GAS		

Capital Loadings

Capital overhead loadings will not be applied separately in the 2018 and 2019 budget consistent with the process used in 2016. While capital overheads will not be applied separately in the budget, actual costs will continue to receive capital overheads. Capital loadings consist of A&G, E&S and AFUDC loadings and vary by functional class as shown in the table below.

OVERHEADS

- A&G and E&S rates are the current fixed overhead rates used by Plant Accounting.
- Exceptions to application of E&S are: Non-Utility work orders, material only work orders, vehicle work orders, and 3rd Party contractor work orders. Please refer to Plant Accounting Policy for a more detailed explanation of E&S exceptions and applicability.
- All capital spend will receive A&G. Occasionally very large projects that are staffed/organized with their own support team will receive a 1% A&G rate. This is on a case by case basis and must receive approval before this rate can be applied. Please refer to Plant Accounting Policy for a more detailed explanation of A&G exceptions.

AFUDC

- AFUDC is calculated on work orders that exceed \$10,000 and have construction duration of at least 30 days.
- Blanket work orders (by definition are short duration work, generally less than 30 days) are excluded from AFUDC

Company	Functional Class	A&G	E&S	Total OH	AFUDC (debt & equity))	Total
SIG	Common	4.5%	18.0%	22.5%	1.0%	23.5%
SIG	Gas - Distribution	4.5%	18.0%	22.5%	1.0%	23.5%
SIG	Gas - Transmission	4.5%	18.0%	22.5%	1.0%	23.5%
SIG	Gas - All Other	4.5%	18.0%	22.5%	1.5%	24.0%
SIG	Ele - Distribution	4.5%	18.0%	22.5%	2.0%	24.5%
SIG	Ele - Distribution TDSIC	*	*	18.0%	2.0%	20.0%
SIG	Ele - Transmission	4.5%	18.0%	22.5%	3.0%	25.5%
SIG	Ele - Transmission TDSIC	*	*	18.0%	3.0%	21.0%
SIG	Ele - All Other	4.5%	18.0%	22.5%	5.0%	27.5%
SIG	Power Supply	4.5%	2.0%	6.5%	4.0%	10.5%
IGC	Gas - Distribution	4.5%	18.0%	22.5%	1.0%	23.5%
IGC	Gas - Transmission	4.5%	18.0%	22.5%	1.0%	23.5%
IGC	Gas - All Other	4.5%	18.0%	22.5%	1.0%	23.5%
VEDO	Gas - Distribution	4.5%	18.0%	22.5%	0.5%	23.0%
VEDO	Gas - Transmission	4.5%	18.0%	22.5%	0.5%	23.0%
VEDO	Gas - All Other	4.5%	18.0%	22.5%	0.5%	23.0%
VUHI	All	4.5%		4.5%	1.5%	6.0%

*Electric TDSIC is capped at 18% for total Overheads. The allocation between A&G and E&S has not yet been determined.

** AFUDC rates are calculated as an average that takes into account in-service timing. It is not necessary to adjust these rates to take into account the length of the project.

Capital Budget - Furniture and Fixtures, Fleet Vehicles, Power Operated Equipment, and Technical Equipment

The budgeting of Furniture and Fixtures, Fleet and other Technical Equipment is centralized for 2018 & 2019. That is, only one cost center will be responsible for budgeting the total dollars on a company-wide basis. You will need to contact the respective center and/or your business analyst to verify they are aware of your needs for 2018 and 2019 and that they will be budgeting for the dollars. Please contact Brian Hahus @ x14354 for furniture, fixtures and fleet or Marisa Johnson @ x14143 for technical equipment.

Budgeting at a General Ledger Account

When selecting the GL Budget form you will enter information that is not tied to a project or task. When budgeting by account, a cost center, product code and legal entity must be entered. Enter the amounts in the appropriate months and save your work. There should be no labor hours budgeted to GL accounts. If at all possible, you should budget to a project and task. However, if you have an expense that must be budgeted directly to a GL account, for example, VIP expenses, Bad Debt, Insurance Premiums, or Ohio Integrity Management, you should utilize this method.

GL budget items will be populated with the 2018 Budget. The GL items for 2018 and 2019 will remain the same as what was input last year for the 2018 Budget. Cost Centers will need to make appropriate changes. Please call the Budget Department if you have questions about this process.

Costs Linked to Revenues / Regulatory Filings

The following costs require special treatment because of their relationship with revenues. These costs are as follows: VEDO Bad Debt Expense, VEDO PIPP Expense, SIGECO and Indiana Gas Energy Efficiency Funding Programs, VEDO EEFR, MISO related costs, Exit the Transition expenses, as well as funding for Demand Side Management expenses.

While Indiana bad debt is not a direct pass through expense, costs should be budgeted as a percentage of revenue.

Special Notes:

Ohio Distribution Replacement Rider

VEDO's distribution replacement rider encompasses the bare steel/cast iron pipeline replacement program. The program allows for recovery of and the return on plant investment, inclusive of post in-service carrying costs, as well as the incremental costs of the program. The annual expenditures included in this rider are limited each year to an amount not to exceed ordered established rate caps. If you have questions pertaining to the budgeting of this item, please contact Cas Swiz.

Ohio – HB95 Capital Expenditure Program

Program provides for accounting authority (deferred depreciation, accrual of post in-service carrying costs, deferral of incremental property tax expense, and deferral of revenue credits) on VEDO's capital expenditures that are not included in the Distribution Replacement Rider. There are some exceptions, such as new business, that are excluded from both the Distribution Replacement Rider and the Capital Expenditure program. In April of each year, we request accounting authority for our capital expenditure program for that year.

Ohio – DARR Program Deferral

Program provides for accounting authority to defer the related expenditures associated with its Distribution Accelerated Risk Reduction program developed in accordance with VEDO's Distribution Integrity Management plan. Program includes the following initiatives: Expanded Leak Management Program, Enhanced Damage Prevention Program, Public Awareness, Workforce Training and Qualification for New Requirements, Pipeline Safety Management System Implementation, and Enhanced Risk Modeling and Threat Analysis. For the Expanded Leak Management Program, VEDO will defer costs above a defined baseline of \$1,918,234, which represents the average lead repair expenses for mains and services over the prior five years. With the expanded leak management program, these expenses should be budgeted to the balance sheet (regulatory assets) as deferred expenses, and be budgeted at a level of detail that will allow actual charges to be compared to budget for each of the categories. For the expanded leak management program, \$1,918,234 should be budgeted to O&M and the excess should be budgeted to regulatory assets.

Compliance and System Improvement Adjustment ("CSIA")

Includes our approved seven-year gas system modernization plans for VEDS and VEDN, including authority to recover certain costs of federally mandated projects and other capital investment projects outside of base rate proceedings. Approval also includes recovery of appropriate costs related to its gas infrastructure replacement and improvement programs, using the mechanisms prescribed under SEA251 (Compliance Component) and SEA560 (TDSIC Component) that allow for the timely recovery of 80 percent of the applicable costs, with the remaining 20 percent deferred for recovery in the next base rate case.

The combined Indiana infrastructure replacement and improvement plan reflects estimated construction costs of \$700 million for VEDN and \$245 million for VEDS-Gas over the seven year period beginning in 2014 and about \$13 million in annual operating costs associated with compliance with new pipeline safety regulations for VEDN and about \$5 million for VEDS-Gas.

O&M (compliance component only) – Our proposed seven year plan for North includes approximately \$1-2M annually for distribution integrity management and \$7-10M for transmission integrity management, \$1-2M for facility damages, and \$0.8-1.0M for operator qualification. South's proposed plan includes approximately \$0.6-0.8M annually for distribution integrity management, \$2-5M for transmission integrity management, \$0.5-0.7M for facility damages, and \$0.2-0.3M for operator qualification. These expenses should be budgeted to the balance sheet (regulatory assets) as deferred expenses, and be budgeted at a level of detail that will allow actual charges to be compared to budget for each of the distribution integrity management, transmission integrity management, and facility damage categories. If you have questions pertaining to the budgeting of these items, please contact Cas Swiz.

Capital – Our approved seven year capital plans (updated in TDSIC-5) for VEDN and VEDS compliance and TDSIC components are presented in the schedules below:

Vectren North Compliance Projects Summary – 7 Year Plan Update

Plan update

Funding Category	2014 Actuals	2015 Actuals	2016 Plan	2017 Plan	2018 Plan	2019 Plan	2020 Plan	7-year Total
BS/CI Replacements	\$32,059,789	\$39,951,500	\$39,437,000	\$34,083,000	\$34,953,000	\$35,826,000	\$36,722,000	\$253,032,289
Distribution Modernization	\$8,411,803	\$7,109,300	\$8,990,000	\$5,767,000	\$5,366,000	\$8,638,000	\$9,882,000	\$54,164,103
Transmission Modernization	\$15,747,281	\$22,969,939	\$21,536,000	\$23,357,000	\$20,465,000	\$19,171,000	\$20,153,000	\$143,399,220
Total	\$56,218,873	\$70,030,740	\$69,963,000	\$63,207,000	\$60,784,000	\$63,635,000	\$66,757,000	\$450,595,612

Vectren North TDSIC Investment Plan Budget – 7 Year Plan Update

Updated plan

Funding Category	2014 Actuals	2015 Actuals	2016 Plan	2017 Plan	2018 Plan	2019 Plan	2020 Plan	7-year Total
New Business - Targeted Econ Dev	\$0	\$740,885	\$1,081,218	\$6,960,946	\$4,381,969	\$5,275,946	\$5,275,946	\$23,716,908
New Business - Rural Expansion	\$2,071,900	\$5,292,759	\$2,500,000	\$1,899,047	\$1,898,047	\$2,982,047	\$2,982,047	\$19,625,848
System Improvement - Dist	\$7,294,625	\$3,003,423	\$4,817,000	\$4,993,000	\$1,471,069	\$3,965,816	\$3,128,066	\$28,672,999
System Improvement - Trans	\$3,110,536	\$1,658,913	\$3,600,000	\$3,300,000	\$1,571,069	\$0	\$0	\$13,240,518
Lafayette Gas Supply	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Production & Storage	\$41,035	\$8,083	\$675,000	\$600,000	\$600,000	\$500,000	\$500,000	\$2,924,117
LP Plant	\$259,690	\$31,001	\$20,000	\$200,000	\$200,000	\$100,000	\$100,000	\$910,691
Public Improvement - Dist	\$9,692,495	\$5,570,452	\$9,999,000	\$9,999,000	\$4,924,946	\$7,431,800	\$2,011	\$47,619,705
Services - Replacement	\$8,688,351	\$9,034,732	\$9,719,000	\$9,730,000	\$9,742,000	\$9,755,000	\$9,441,000	\$66,110,083
Public Improvement - Trans	\$1,628,194	\$2,076	\$100,000	\$100,000	\$100,000	\$150,000	\$150,000	\$2,230,271
Automated Meter Reader (AMR)	\$0	\$14,664,881	\$30,335,119	\$0	\$0	\$0	\$0	\$45,000,000
Gas Communication Equipment	\$129,343	\$22,565	\$20,000	\$433,000	\$100,000	\$100,000	\$100,000	\$904,908
Totals	\$32,916,169	\$40,029,771	\$62,866,337	\$38,214,993	\$24,989,099	\$30,260,609	\$21,679,070	\$250,956,047

Vectren South Compliance Projects Summary – 7 Year Plan Update

Plan update

Funding Category	2014 Actuals	2015 Actuals	2016 Plan	2017 Plan	2018 Plan	2019 Plan	2020 Plan	7-year Total
BS/CI Replacements	\$14,479,558	\$13,877,418	\$13,206,000	\$14,295,000	\$14,658,000	\$15,024,000	\$15,400,000	\$100,939,975
Distribution Modernization	\$3,634,893	\$3,532,769	\$5,456,000	\$4,620,000	\$4,250,000	\$7,540,000	\$6,956,000	\$35,989,662
Transmission Modernization	\$10,811,818	\$6,801,541	\$10,131,000	\$16,060,000	\$14,382,000	\$6,948,000	\$7,006,000	\$72,140,359
Total	\$28,926,269	\$24,211,727	\$28,793,000	\$34,975,000	\$33,290,000	\$29,512,000	\$29,362,000	\$209,069,996

Vectren South TDSIC Investment Plan Budget – 7 Year Plan Update

Updated plan

Funding Category	2014 Actuals	2015 Actuals	2016 Plan	2017 Plan	2018 Plan	2019 Plan	2020 Plan	7-year Total
New Business - Targeted Econ Dev	\$0	\$0	\$0	\$250,000	\$250,000	\$250,000	\$250,000	\$1,000,000
New Business - Rural Expansion	\$0	\$0	\$700,000	\$300,000	\$0	\$0	\$0	\$1,000,000
System Improvement - Dist	\$333,421	\$174,981	\$810,000	\$507,092	\$800,000	\$546,987	\$115,857	\$3,288,338
System Improvement - Trans	\$0	\$0	\$600,000	\$364,092	\$600,000	\$446,987	\$65,857	\$2,076,935
Production & Storage	\$1,125,093	\$263,629	\$465,000	\$500,000	\$500,000	\$300,000	\$310,000	\$3,463,722
Public Improvement - Dist	\$4,238,403	\$1,293,635	\$2,209,000	\$1,509,000	\$1,500,000	\$1,550,000	\$1,600,000	\$13,900,038
Services - Replacement	\$1,469,048	\$1,570,507	\$1,548,000	\$1,548,000	\$1,549,000	\$1,550,000	\$1,524,000	\$10,758,555
Public Improvement - Trans	\$0	\$0	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$500,000
Automated Meter Reader (AMR)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Gas Communication Equipment	\$0	\$0	\$160,000	\$13,000	\$100,000	\$75,000	\$77,000	\$425,000
Totals	\$7,165,966	\$3,302,751	\$6,592,000	\$5,091,183	\$5,399,000	\$4,818,974	\$4,042,713	\$36,412,587

Capital projects should be budgeted at a level of detail that will allow actual charges to be compared to budget for each of the applicable statute and funding categories listed in the table above. If you have questions pertaining to the budgeting of this item, please contact Cas Swiz.

South-Electric - Clean Energy and Compliance Projects

Order received in January 2015, approving proposed mandated projects to upgrade existing emissions control equipment on our coal-fired steam generating units to comply with three new EPA rules, including the mercury air toxins standards (MATS) that will take effect in 2016. Final cost approximately \$75M, substantially completed in 2016. Order included authorization to create a regulatory asset to reflect deferral of costs including PISCC (using overall cost of capital from last rate case), operating and testing expense, maintenance expense, depreciation and property tax expense, and applicable income tax expense until such costs are reflected for ratemaking purposes.

O&M – Our proposed plan projects the following O&M expenses:

	2014	2015	2016	2017	2018	2019	2020
NPDES Chemicals	\$ -	\$ 586,000	\$ 594,790	\$ 603,712	\$ 612,768	\$ 621,959	\$ 631,288
MATS/NOV Chemicals	\$ -	\$ 3,936,702	\$ 4,346,786	\$ 4,369,222	\$ 4,129,159	\$ 4,183,234	\$ 3,285,094
Total with Annual Inflation	\$ -	\$ 4,522,702	\$ 4,941,576	\$ 4,972,934	\$ 4,741,926	\$ 4,805,193	\$ 3,916,382

These expenses should be budgeted to the balance sheet (regulatory assets) as deferred expenses, and be budgeted at a level of detail that will allow actual charges to be compared to budget for each of the categories above. Level of detail of tracking required may be greater (by plant and/or unit), depending on what is decided in the pending case. If you have questions pertaining to the budgeting of this item, please contact Cas Swiz.

Capital – The budget and forecast should be updated to reflect the most current estimate for the programs.

Capital projects should be budgeted at a level of detail that will allow actual charges to be compared to budget. If you have questions pertaining to any recovery or deferral treatment in the budgeting of these items, please contact Cas Swiz or the Budget department.

South-Electric – Transmission, Distribution, and Storage System Improvement Charge (“TDSIC”) (PENDING)

On February 23, 2017, the Company filed for authority to recover costs related to its electric system modernization plan, using the mechanism allowed under Senate Bill 560. The electric system modernization plan includes investments to upgrade portions of the Company’s network of substations, transmission and distribution systems, to enhance reliability and allow the grid to accept advanced technology to improve the information and service provided to customers. As of the time of this documentation, Vectren and the OUCC agreed to a settlement in principle on a \$446.5 million plan over the seven-year period beginning in 2017.

Approval also includes recovery of appropriate costs related to the plan using the mechanism prescribed SEA560 that allow for the timely recovery of 80 percent of the applicable costs, with the remaining 20 percent deferred for recovery in the next base rate case.

The settlement also provides for accounting authority (deferred depreciation, accrual of post debt component of post in-service carrying costs) on up to \$39 million spent on the AMI project, which is excluded from the plan.

Row Labels		2017	2018	2019	2020	2021	2022	2023	Grand Total
12kV Circuit Rebuilds and Looping	\$	2,450,977	\$ 3,952,042	\$ 2,545,284	\$ 4,417,288	\$ 4,679,034	\$ 4,143,025	\$ 6,430,675	\$ 28,618,324
4kV Conversions	\$	3,451,174	\$ 6,277,453	\$ 9,144,387	\$ 5,353,318	\$ 7,832,048	\$ 6,640,591	\$ 6,926,483	\$ 45,625,454
Distribution Automation	\$	970,341	\$ 1,162,632	\$ 1,429,851	\$ 1,850,697	\$ 2,375,327	\$ 2,789,437	\$ 2,201,835	\$ 12,780,119
Distribution Capacitor Replacements	\$	287,992	\$ 420,017	\$ 647,263	\$ 284,332	\$ 372,307	\$ 805,953	\$ 519,723	\$ 3,337,587
East West Transmission Line				\$ 4,202,954	\$ 8,227,816	\$ 19,405,126	\$ 18,962,375		\$ 50,798,271
Instrument Transformer Replacements	\$	387,541	\$ 495,967	\$ 462,660	\$ 245,540	\$ 245,706	\$ 111,201		\$ 1,948,615
Optical Ground Wire	\$	2,998,110	\$ 4,064,732				\$ 656,624		\$ 7,719,466
PCB Transformer Replacements	\$	1,000,000	\$ 1,317,501						\$ 2,317,501
Substation Arrester Replacements	\$	12,657	\$ 16,723	\$ 14,531	\$ 14,516	\$ 7,454	\$ 20,087	\$ 20,630	\$ 106,598
Substation Battery System Replacements	\$	99,801			\$ 48,853	\$ 43,365	\$ 44,536	\$ 46,746	\$ 283,301
Substation Circuit Breaker Replacements	\$	1,984,500	\$ 1,849,562	\$ 2,915,652	\$ 8,801,969	\$ 4,687,000	\$ 7,222,970	\$ 5,258,018	\$ 32,719,671
Substation Transformer Replacements	\$	2,825,400	\$ 9,567,158	\$ 6,395,472	\$ 9,375,319	\$ 8,665,059	\$ 9,393,718	\$ 8,414,316	\$ 54,636,442
Supervisory Control and Data Acquisition Upgrades	\$	1,646,191	\$ 645,907	\$ 113,647	\$ 136,146		\$ 288,377		\$ 2,830,269
System Protection Relay Upgrades	\$	2,191,095	\$ 2,228,444	\$ 1,529,283	\$ 2,225,000	\$ 1,153,413	\$ 1,215,708	\$ 410,689	\$ 10,953,633
Transmission Capacitor Replacements				\$ 505,879	\$ 589,596				\$ 1,095,475
Transmission Line Looping				\$ 8,549,130	\$ 5,363,865	\$ 11,499,867	\$ 11,730,148		\$ 37,143,010
Transmission Line Rebuilds	\$	6,564,737	\$ 10,953,133	\$ 14,458,535	\$ 7,492,849	\$ 1,379,038	\$ 2,539,573	\$ 19,546,141	\$ 62,934,007
Underground Cable Replacements and Looping	\$	5,079,409	\$ 4,517,906	\$ 4,524,053	\$ 6,179,067	\$ 6,944,087	\$ 6,307,273	\$ 6,899,199	\$ 40,450,995
Underground Network Upgrades	\$	929,867	\$ 1,082,170	\$ 1,760,845	\$ 1,817,692	\$ 2,444,848	\$ 2,063,709	\$ 505,621	\$ 10,604,752
Underslung Replacements	\$	170,854	\$ 134,401	\$ 144,458	\$ 149,781	\$ 127,809	\$ 68,010	\$ 69,726	\$ 865,040
Wood Pole Replacements	\$	5,100,000	\$ 5,237,700	\$ 5,379,118	\$ 5,524,354	\$ 5,673,512	\$ 5,826,696	\$ 5,984,017	\$ 38,725,397
Grand Total	\$	38,150,646	\$ 53,923,450	\$ 64,723,000	\$ 68,098,000	\$ 77,535,000	\$ 80,830,014	\$ 63,233,818	\$ 446,493,928

Capital projects should be budgeted at a level of detail that will allow actual charges to be compared to budget for each of the applicable statute and funding categories listed in the table above. If you have questions pertaining to the budgeting of this item, please contact Cas Swiz

BUDGET REPORTS

The budget reports have remained the same as in prior years with two sets of reports, one set that will query against the Budget Input cube (where data is input) and the other set that will query against the Budget Reporting cube. The reports for the Budget Input cube will provide data at the cost center level only; no rollup information will be available from the Budget Input cube. Reports for the Budget Reporting cube will provide rollup information for the business areas, as well as cost center level data. The data from the Budget Reporting cube will be updated every 4 hours throughout the day, which means users will not be able to pull the most current rolled up data at the business area level until the Budget Reporting cube has been updated. The scheduled times for these updates will be at 8am, 12pm, 4pm and 8pm Central Standard Time.

To access the reports, the user will sign into Hyperion Planning and select Explore, then End User Reports and open the Budget Reports folder. Within this folder there will be two subfolders, “Budget Input Cube Reports” and “Budget Reporting Cube Reports”. To access the most current information that has been entered into Hyperion Planning the user would run the reports in the Budget Input Cube Reports folder. To access the budget data at the business area level or any roll-up level throughout the business area, the user will run the reports within the Budget Reporting Cube Reports folder.

The reports available are listed below:

Budget Input Cube

1. **Cost Center Project Task Detail Report – Budget Dollars**
2. **Cost Center Project Task Detail Report – Budget Hours**
3. **Cost Center Project Task Detail Report by ABM – Budget Dollars**
4. **Cost Center Project Task Detail Report by ABM – Budget Hours**
5. **Cost Summary Report by Month – Budget Dollars**
6. **Cost Summary Report by Month – Budget Hours – Labor Only**
7. **Resource Utilization Report by ABM and Expenditure Type – Budget**
8. **Budget Headcount – Monthly**
9. **Budget Headcount – Year End**
10. **Budget Headcount by Position Status – Monthly**
11. **FTE Reconciliation**
12. **Employee Hours by Employee Type Report**

Budget Reporting Cube

1. **Cost Center Project Task Detail Report - Budget**
2. **Cost Summary Report – Budget to Draft**
3. **Cost Summary Report by Month - Budget**
4. **Rate and Volume Variance Analysis Report – Budget to Draft**
5. **Resource Utilization Report by ABM and Exp Cat with Budget to Draft Comparison**
6. **Resource Utilization Report by ABM and Exp Cat with Yearly Comparison**
7. **Resource Utilization Report by ABM and Expenditure Category - Budget**
8. **Total Cost Report by Month - Budget**

For more instruction about accessing Hyperion Reporting and utilizing the reports available, please see your Hyperion Planning User Guide. Instructions for Hyperion Reporting are within Chapter 8. If you need additional help with the reports, please contact your business analyst or a member of the budget department. (see contact list pg. 24).

BUDGET SUPPORT

If you need assistance, contact the budget department or your business analyst. Do **NOT** contact the IT Service desk. Please see the list below for specific contacts by business area. If the person you contact cannot answer your question directly, he/she will either transfer you to someone who can answer your question or they will research the question and call you back within a reasonable amount of time. You may also request a meeting with any of the contact people listed below. All efforts will be made to accommodate your requests.

Business Area Support				
Area	Contact	Desk Phone	Co. Cell Phone	Email
Energy Delivery / Safety & System Integrity / VUTL Mgmt	Ashley Meredith	x14315	812-664-2825	agmeredith@vectren.com
	Brian Hahus	x14354		bhahus@vectren.com
Fleet & Facilities	Brian Hahus	x14354		bhahus@vectren.com
Power Supply	Stephanie Gray	x14817	812-470-3303	sgray@vectren.com
	Michelle Jobe	x14487		mjobe@vectren.com
	Andy Day	x14482		aday@vectren.com
Customer Experience / IT / Customer Energy Solutions	Marisa Johnson	x14143		mjohnson@vectren.com
Corp Comm & EE Marketing	Melinda Garman	x14650		mfgarman@vectren.com
Supply Chain / Perf Mgmt	Emily Lamb	x14245		elamb@vectren.com
Human Resources	Michelle Lenahan	x14209		mlenahan@vectren.com
Treasury	Leslie Blenner	x14302		lblenner@vectren.com
Legal / Insurance / MISO / Land Services	Tara Farley	x15003		tfarley@vectren.com
Regulatory / Utility Presidents & Corp Oversight	John Bush	x14497		jbush@vectren.com
EVP & CFO / Controller / Corp Plan / CEO / Comm Sust / Govt / Env / COO	Ryan Moore	x15954		rdmoore@vectren.com

General Budget Support				
Area	Contact	Desk Phone	Co. Cell Phone	Email
Tool Questions / Issues	Tara Farley	x15003		tfarley@vectren.com
	Joe Manzo	x14130	815-260-4498	jmanzo@vectren.com
Corporate Services Support	Tara Farley	x15003		tfarley@vectren.com
	Joe Manzo	x14130	815-260-4498	jmanzo@vectren.com
Regulatory Support	Cas Swiz	x14033	812-618-6678	jcs wiz@vectren.com
	Adam Baumann	x14124	812-219-4831	abaumann@vectren.com
Capital Planning Support	Dustin Greenfield	x14851	812-604-8697	dgreenfield@vectren.com
Overall Questions	Tara Farley	x15003		tfarley@vectren.com
	Joe Manzo	x14130	812-260-4498	jmanzo@vectren.com

BUDGET/FORECAST CALENDAR

- **Budget/Forecast Calendar – Select the link below:**
http://sharepoint.vectren.com/vectren_docs/vantage_content/Accounting/Planning%20Calendar.pdf

EXPENDITURE TYPES / CATEGORIES FOR BUDGETING

In an effort to assist you with determining which expenditure category/type to use for specific items, the following table lists expenditure categories/types available for budgeting with typical expenditure types that are used for actual cost. If you have specific questions about a cost and which expenditure type/category should be used, please contact Tara Farley (x15003) or Joe Manzo (x14130).

EXPENDITURE CATEGORY / TYPE USED IN THE BUDGET	ACTUAL EXPENDITURE TYPES
REGULAR LABOR	REGULAR LABOR
OVERTIME LABOR	OVERTIME LABOR
DOUBLETIME	DOUBLETIME
OTHER LABOR	OTHER LABOR
HOLIDAY	HOLIDAY
VACATION	VACATION
SICK PAID	SICK PAID
OTHER PAID	OTHER PAID
PAYROLL TAX LOADING	PAYROLL TAX
FRINGE BENEFITS LOADING	FRINGE-BENEFITS
PENSION LOADING	PENSION
401K LOADING	401K
NON PROD LOADING	NONPRODUCTIVE
IT NON PROD LOADING	IT NONPRODUCTIVE
DIRECT MATERIAL BUDGET	MATERIAL ISSUES
	MATERIAL RETURNS
CONTRACT LABOR	CONTRACT LABOR
	MGMT/PROF CONSULTING
CONTRACT NONLABOR	CONTRACT MATERIALS
	HARDWARE / SOFTWARE
	VEHICLE PURCHASES
INDIRECT	A&G
	E&S
	AFUDC – BORROWED/EQUITY
	STORES LOADING
OTHER EXPENSES	DUES/FEES
	LODGING
	MEALS
	MISCELLANEOUS
	OFFICE SUPPLIES
	PARKING
	PERIODICALS & SUBSCRIPTIONS
	TELECOMMUNICATIONS
VEHICLE CLASS 1	VEHICLE CLASS 1
VEHICLE CLASS 2	VEHICLE CLASS 2
VEHICLE CLASS 3	VEHICLE CLASS 3

2018 Capital Budget Template (Located on the BUA Shared Drive)

[illegible]

2019 Capital Budget Template (Located on the BUA Shared Drive)

[illegible]

[2018 Roll-forward Template \(Located on the BUA Shared Drive\)](#)

To assist in explaining questions related to the 2018 Budget and variances to the 2017 Budget, 2017 Projection and 2018 Draft Budget, there are three reconciliation forms listed below to be filled out. Business analysts should modify the spreadsheets as needed (i.e. add rows, etc.) to provide adequate explanations. Use the link directly above to access the Excel file. Additionally, to further align the budget process with business unit planning, a section has been added to the reconciliations to explain the variances related to added, removed or modified business unit initiatives.

2018 Budget - O&M Reconciliation of 2017 Budget to 2018 Budget				
Business Unit: _____				
1	2017 Budget:			
	Variances to 2017 Budget - Additions / (Reductions):		Variance Explanation	
2	Continuous Improvement - Labor Reductions:		- Reduction of staff	
3	Continuous Improvement - Nonlabor Reductions:			
4	Total Sustainable Reductions:	-		
5	Labor variance due to wage rate:		- Wage increase above 2017 Budget	
6	Loadings variance due to benefit rate:		- Increase/decrease of loading rate	
7	Labor variance due to additions:		- Staffing adjustments	
8	Loadings variance due to labor additions:		- Associated loadings with staffing adjustments	
9	Total Labor Variance:	-		
10	Nonlabor variances:			
11	Variable Production Costs (Pricing)		- Pricing changes	
12	Variable Production Costs (Volume)		- Volumetric changes	
13	Major Program Additions (identify each program)			
14	Contract Additions / reductions			
15	Other Changes(identify each program)			
16	Total Nonlabor Variance:	-		
17	Subtotal Variance:	-		
18	2018 Budget:	\$ -		
	Variance by Business Unit Initiative:			
19	BU Initiative modification #1 (added, removed, etc)			
20	BU Initiative modification #2 (added, removed, etc)			
21	BU Initiative modification #3 (added, removed, etc)			
22	All Other	-		
	Subtotal Variance:	-		

2018 Roll-forward Template (Located on the BUA Shared Drive)

2018 Budget - O&M Reconciliation of 2017 Projection to 2018 Budget				
Business Unit: _____				
1	2017 Projection:			
	<u>Variances to 2017 Projection - Additions / (Reductions):</u>		<u>Variance Explanation</u>	
2	Continuous Improvement - Labor Reductions:		- Reduction of staff	
3	Continuous Improvement - Nonlabor Reductions:			
4	Total Sustainable Reductions:	-		
5	Labor variance due to wage rate:		- Wage increase above 2017 Projection	
6	Loadings variance due to benefit rate:		- Increase/decrease of loading rate	
7	Labor variance due to additions:		- Staffing adjustments	
8	Loadings variance due to labor additions:		- Associated loadings with staffing adjustments	
9	Total Labor Variance:	-		
10	Nonlabor variances:			
11	Variable Production Costs (Pricing)		- Pricing changes	
12	Variable Production Costs (Volume)		- Volumetric changes	
13	Major Program Additions (identify each program)			
14	Contract Additions / reductions			
15	Other Changes(identify each program)			
16	Total Nonlabor Variance:	-		
17	Subtotal Variance:	-		
18	2018 Budget:	\$ -		
<u>Variance by Business Unit Initiative:</u>				
19	BU Initiative modification #1 (added, removed, etc)			
20	BU Initiative modification #2 (added, removed, etc)			
21	BU Initiative modification #3 (added, removed, etc)			
22	All Other	-		
	Subtotal Variance:	-		

2018 Roll-forward Template (Located on the BUA Shared Drive)

2018 Budget - O&M Reconciliation of 2018 Draft Budget to 2018 Budget				
Business Unit: _____				
1	2018 Draft Budget:			
	<u>Variances to 2018 Draft Budget - Additions / (Reductions):</u>		<u>Variance Explanation</u>	
2	Continuous Improvement - Labor Reductions:		- Reduction of staff	
3	Continuous Improvement - Nonlabor Reductions:			
4	Total Sustainable Reductions:	-		
5	Labor variance due to wage rate:		- Wage increase above 2018 Draft Budget	
6	Loadings variance due to benefit rate:		- Increase/decrease of loading rate	
7	Labor variance due to additions:		- Staffing adjustments	
8	Loadings variance due to labor additions:		- Associated loadings with staffing adjustments	
9	Total Labor Variance:	-		
10	Nonlabor variances:			
11	Variable Production Costs (Pricing)		- Pricing changes	
12	Variable Production Costs (Volume)		- Volumetric changes	
13	Major Program Additions (identify each program)			
14	Contract Additions / reductions			
15	Other Changes(identify each program)			
16	Total Nonlabor Variance:	-		
17	Subtotal Variance:	-		
18	2018 Budget:	\$ -		
<u>Variance by Business Unit Initiative:</u>				
19	BU Initiative modification #1 (added, removed, etc)			
20	BU Initiative modification #2 (added, removed, etc)			
21	BU Initiative modification #3 (added, removed, etc)			
22	All Other	-		
	Subtotal Variance:	-		

[2019 Roll-forward Template \(Located on the BUA Shared Drive\)](#)

To assist in explaining questions related to the 2019 Budget and variances to the 2018 Budget, there is one reconciliation form listed below to be filled out. Business analysts should modify the spreadsheet as needed (i.e. add rows, etc.) to provide adequate explanations. Use the link directly above to access the Excel file.

2019 Budget - O&M Reconciliation of 2018 Budget to 2019 Budget				
Business Unit: _____				
1	2018 Budget :			
	Variances to 2018 Budget - Additions / (Reductions):		Variance Explanation	
2	Continuous Improvement - Labor Reductions:		- Reduction of staff	
3	Continuous Improvement - Nonlabor Reductions:			
4	Total Sustainable Reductions:	-		
5	Labor variance due to wage rate:		- Wage increase above 2018 Budget	
6	Loadings variance due to benefit rate:		- Increase/decrease of loading rate	
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8	Loadings variance due to labor additions:		- Associated loadings with staffing adjustments	
9	Total Labor Variance:	-		
10	Nonlabor variances:			
11	Variable Production Costs (Pricing)		- Pricing changes	
12	Variable Production Costs (Volume)		- Volumetric changes	
13	Major Program Additions (identify each program)			
14	Contract Additions / reductions			
15	Other Changes(identify each program)			
16	Total Nonlabor Variance:	-		
17	Subtotal Variance:	-		
18	2019 Budget:	\$ -		
	Variance by Business Unit Initiative:			
19	BU Initiative modification #1 (added, removed, etc)			
20	BU Initiative modification #2 (added, removed, etc)			
21	BU Initiative modification #3 (added, removed, etc)			
22	All Other	-		
	Subtotal Variance:	-		



VECTREN POLICY MEMO

REVIEW OF THE CORPORATE ALLOCATION PROCESS FOR CORPORATE EXPENSES AND SHARED ASSETS

Policy Owner: Budget and Management Reporting Department

Most Recently Updated January 1, 2018

Purpose

This policy documents the manner in which the Budget and Management Reporting Department of the Controller Group reviews how Vectren Corporation (Vectren) and Vectren Utility Holdings, Inc. (VUHI or Utility Holdings) allocates the use of shared assets and costs to subsidiaries throughout Vectren's operations.

Why the Allocation Process is Important

Management believes shared systems and services create synergies and savings compared to each utility and non-regulated subsidiary operating and owning assets as well as obtaining their own services. Vectren and VUHI allocate shared service costs via the "corporate allocation process." VUHI bills each subsidiary for their use of its buildings, systems, and software via an "asset charge." The asset charge and corporate allocation process comply with Cost Allocation Guidelines and Affiliate Guidelines on file with the OUCC in Indiana. The Affiliate Guidelines are also applicable to regulated operations in Ohio. This allocation process is subject to audit by state regulators and other interested parties.

The significance of these costs and assets can impact whether a regulated entity earns its allowed return. In each of the five years ended December 2017, VUHI has incurred consolidated operations and maintenance expenses in the \$300 million range, of which approximately \$100-\$120 million is allocated through the corporate allocation process. The asset charge systemically and rationally allocates the financing costs, including an equity return, as well as related depreciation and property taxes associated with approximately \$160 million in common facilities and assets. These common assets include Banner (the utilities' in-house developed billing system), AMT (Asset Management Transformation system), buildings (such as Vectren One Square "OVS" and the Support Services Center "SSC building"), Oracle (the Company's ERP system), and other assets such as telecommunications equipment, computer hardware and software.

Final Outputs and Stakeholders

Allocated costs and the asset charge are utilized throughout the company by various stakeholders. The Budget and Management Reporting Department of the Controller Group uses this policy to generate four specific outputs:

- the annual allocation percentages loaded into ORACLE and Hyperion;
- a final corporate allocations brochure;
- an annual memo documenting the review/update to derive the following year's allocations; and
- an annual memo documenting the review of actual inputs compared to budgeted inputs and impacts to allocators.

In addition, Regulatory accounting regularly uses the data to assess utility performance and rate case planning. The allocation process also impacts the corporate planning department and the business unit analysts. Applicable reviews of the asset charge and allocation process for annual periods impacting test years are included in minimum standard filing requirements. The OUCC last audited the allocation process for the year ending 2006.



Timing of Performance and Sources of Data

The data utilized in the allocation process generally is derived during the annual budgeting process.

Related to the asset charge, the Plant Accounting Group calculates the point in time assets (generally assets as of 6/30 rolled forward 18 months to December of the following year) for the annual budgeting process and calculates the required return, depreciation, and property taxes. Point in time deferred taxes are also utilized. The Company's policy is to treat deferred taxes in the asset charge calculation consistent with how they were treated in the most recent rate cases. In Indiana deferred taxes are typically treated as cost free capital in the weighted average cost of capital (WACC) calculation while in Ohio deferred taxes are treated as a direct reduction to rate base. Thus, the treatment in Ohio necessitates the tax department to roll forward deferred taxes related to these assets for 18 months as well.

The financing costs are calculated solely on assets allocated to each utility, and not to assets allocated to Vectren Enterprises. The financing calculation uses rate making theory (point in time rate base x WACC grossed up for taxes). The company's policy is to use the WACC used in each entities' last executed rate case.

Key Processes Employed

There are four key processes impacted by the expense allocation and asset charge policy:

- Determination of common drivers;
- Determination of inputs that build the common drivers;
- Determination of how common drivers are applied to actual and budgeted costs; and
- Annual review of actual results.

These processes are more fully described below.

Determination of Common Drivers

Vectren and VUHI incur approximately \$120 million in annual operating costs that are allocated to operating subsidiaries. On an annual basis during the budgeting cycle (typically in the third quarter), the Budget Department performs a review of the common drivers. Common drivers were derived during the merger of SIGCORP and Indiana Gas forming Vectren. While both predecessor companies had some general allocation policy, the expanded organization required a more sophisticated process. The Company, with the assistance of Arthur Andersen and later audited by Deloitte and Touche for rate case purposes, determined that qualitative drivers were effective techniques and were used in many organizational structures. The Company chose to use qualitative common drivers over more time-consuming approaches, such as a time study. At inception many drivers were employed, and over time the number of drivers has reduced to four primary company allocators and a fifth to assist with allocating intra-company costs between SIGECO's gas and electric operations. The reduction to four main drivers has reduced overall complexity while continuing to achieve the desired result of a reasonable, systematic, and rationale allocation policy. Main common drivers used to allocate company costs are

- Full Time Equivalent employees (FTE's),
- Customers,
- a blend of Payroll/Margin/Capital Expenditures, and
- a blend of Plant Assets/Capital Expenditures.

The driver that further allocates FTE's and Payroll/Margin/Cap Ex between gas and electric at the combo utility is Margin/Customer/Cap Ex.

Other allocation methodologies are employed for unique situations. The allocation of costs associated with OVS and SSC buildings are examples where a Customer/FTE Blend is applied. (See below for additional data regarding drivers used in the asset charge)

Any change to the inventory of drivers is documented as part of the annual review process. Such change requires approval from the Manager, Management Reporting & Budgets, as well as the Controller.



Determination of Inputs that Build Common Drivers

During the early stages of the budgeting process, the Company uses current year allocators to allocate future costs. As driver inputs become measurable in subsequent stages, budgeted inputs are used to derive the allocators. The Company's policy is to start with consolidated totals for each driver based on the board approved budget. However, modifications to the consolidated drivers are necessary in certain situations to reflect the actual burden costs have on shared service allocations.

Examples of such modifications include large and unique capital expenditures, FTE's and payroll of subsidiaries that have substantially autonomous payroll functions, and customers of nonutility subsidiaries that do not burden the shared service function. In addition, it is permissible for late changes to budget inputs to not be reflected in final allocators when changes are not significant to the allocator and/or to the overall budget.

Any derivation from consolidated totals is documented during the annual review process and must be approved by the Manager, Management Reporting & Budgets, and the Controller.

The methodology used to build these common drivers is attached as **Appendix A**.
The allocators and budget inputs to derive the allocators are attached as **Appendix B**.

Determination of how common drivers are applied to actual and budgeted costs- Allocation Process

The Company maintains a Corporate Allocation Brochure that documents the purpose of each cost center. Changes to the allocation brochure are required when an existing cost center changes responsibility prompting a change in the allocation driver, a new cost center is added, a new driver is added, or a change to the overall business model affects the appropriateness of a previous driver.

On an annual basis, the Budget Department of the Controller Group initiates an annual review of cost allocation drivers applied to each cost center. Such review occurs during the budgeting process and is carried out by the various business unit analysts throughout the organization. Drivers are established by each business unit analyst, business unit management team, and are approved by the Manager, Management Reporting & Budgets, and the Controller. The steps to obtaining an approved Corporate Allocations Brochure is in **Appendix C**. Changes in cost center allocators are separately highlighted for review by the Manager of Management Reporting & Budgets, the Manager of Corporate Accounting Services and the Controller. Additional information about the allocation driver updates are documented in **Appendix D** as well as the final approved 2018 Corporate Allocation Brochure.

After the final budget allocators are determined, a communication is sent to the Manager of Corporate Accounting and the owner of Oracle Mass Allocations in Corporate Accounting. The allocators are loaded into Oracle by the owner of Oracle Mass Allocations. Likewise the same allocators are used by Financial Systems to perform allocations within Hyperion for operational & financial reporting. For more detail refer to Appendix C.

The process by which common costs are allocated occurs through allocation rules established in the General Ledger Module, Oracle, following guidelines in the allocation brochure. For example, common Accounting costs for general ledger string 99-500-0541-6280000 are allocated to the companies by multiplying the payroll/margin/capital expenditures allocation percent for each company by the common costs. A further allocation is then completed to allocate SIG between Gas and Electric according to the Margins/Customers/Capital Expenditures percentages. In addition, common costs allocated to the Nonutility business are further allocated to the holding companies of each subsidiary based on the Nonutility allocation drivers.

Where it is possible to directly assign costs, corporate support service providers should charge directly to business unit projects or charge a direct-assigned product code. In addition, management can direct charge costs to a specific utility or nonutility business as a result of specific circumstances. As an example, in 2014, management determined that non-recurring earnings at VESCO were to be used to fund the VVC Foundation. As such, that expense was direct charged to VESCO.



Determination of how common drivers are applied to actual costs- Asset Charge

The method used to allocate depreciation, property taxes, and financing costs via the asset charge has evolved over time. The current method uses a consistent driver of 50/50 Utility Customer and FTE to allocate the asset return and related costs for VUHI's assets, except Oracle which uses a blend of Consolidated Payroll/Margin/Capital Expenditures. VUHI's other largest shared assets include Banner, OVS Building, Asset Management System (AMT) and SSC Building.

The policy established for the SSC building, Banner, and AMT is to allocate their cost using an equal weighting of Utility Customers and Utility FTE's with no allocation to Enterprises. The SSC building serves as the call center for all utility customers and houses support functions related to utility customer service and utility revenue management. It provides no service to Enterprises. Banner houses the billing function for the utility company and does not provide any services to Enterprises. The Asset Management Transformation system serves as the planning and resource system for the utility operations. It provides no service to Enterprises. Since certain utilities have fewer customers in relation to FTE's and vice versa and these assets are deemed to impact each utility somewhat evenly, a 50/50 utility customer and FTE driver that distributes costs evenly is deemed appropriate.

OVS is allocated to the utilities using the 50/50 Utility customer and Utility FTE driver. 100% goes to the utilities since the sale of Vectren Fuels in 2014 and no nonutility employees occupy the building.

The policy is to allocate costs related to Oracle assets between the utilities and Enterprises based on a blend of Consolidated Payroll/Margin/Capital Expenditures. The Oracle system holds all the financial and human resource data for the company which includes payroll, benefit information, margins, and company expenditures including capital costs. The remaining plant balance is allocated using an equal weighting of Utility Customers and Utility FTE's, as the assets primarily serve the utility and provides minimal benefit to the Enterprises organization.

On an annual basis, the Budget Department of the Controller Group initiates an annual review of asset charge assets and related allocation drivers applied to each asset. Such review occurs during the budgeting process and is carried out with the assistance of the Plant Group and the Regulatory Accounting Group. The overall calculation is reviewed as part of the budget process by the Manager of Management Reporting & Budgets, and the Manager of Plant Accounting. Any changes to the calculation are approved by the Controller.

The calculation of the asset charge for the 2018 budget is attached as **Appendix E**. Placed into service and depreciation projections were evaluated as of 12/31/17. There were no material changes to the asset charge, therefore the budget department elected to adhere to the policy and record the asset charge to budget. The asset charge for 2018 will be evaluated at year-end in accordance with the policy.

Annual review of actual results

As noted, allocation percentages are loaded into ORACLE and Hyperion at the beginning of each year based on final budgets, and the asset charge is established based on roll forwards of assets and projections of depreciation and property taxes 18 months in advance. The Management Reporting & Budgets Division of the Controller Group performs an annual review of actual inputs/results compared to the budgeted amounts. The purpose of this review is to ensure that the budgeted allocation driver percentages and asset charge established to allocate actual costs were appropriate for the actual level of activity. This review is performed annually during the fourth quarter using a rolling 12 month period of actual results typically ending in October or November. For allocators, there is a high tolerance for variability as the allocation of resources is highly dependent on work plans established during the budgeting process. Generally, a 2 to 4 percent variance in an allocator is not considered material. Related to the asset charge, there is also a high tolerance for variability given that the costs are almost all allocated within VUHI (an audited SEC public registrant) and impacts only the profitability analysis at the utility level. Generally, an asset charge calculated using actual results that is within 10% of the charge used is considered appropriate. However, facts and circumstances prevail when determining whether changes/adjustments are warranted.

Comparisons are reviewed by the Manager of Management Reporting & Budgets and actions to be taken (if any) are decided and approved by the Controller.



Appendix A

FTE's: This number is calculated by querying the Hyperion budgeting database for total budgeted hours by legal entity for 01, 02, 03, and 09. These numbers are then divided by the Total Available Hours for the budget year to arrive at a budgeted FTE for each of the utility companies. The FTE's for legal entity 09 are allocated to legal entities 01, 02, and 03 based on a percentage of each legal entity's FTE. For Enterprises, the number of non-bargaining employees for the various wholly owned subsidiaries has been used. The number of employees is obtained from a headcount report provided by HR.

Customers: For the utility companies, the customer count is derived from the Margin Budget provided by the Margin group on the summary tab in their budget file. Customers are only applicable to the utility companies and do not include any customers from Enterprises.

Payroll: For the utility companies, payroll is determined by querying the direct labor and employee benefits costs for companies 01, 02, 03, and 09. This is then loaded with benefits (the total labor loading rate, less the % for non-productive), in the 2017 budget, this was 36.5 percent. Payroll related to VISCO and VESCO have been excluded from the Payroll allocator as these entities have autonomous payroll functions.

Margin: Direct pulls from the Margin Budget file for each utility company. Enterprises margin budget is pulled from the Nonutility budget/forecast model.

CapX: For the utility companies, a query is run out of the Hyperion budget tool to pull cost type "Capital" for companies 01, 02 and 03 by product (to determine gas/electric split at SIG). Vectren Enterprises is pulled from the Enterprises detailed budget. Any known large projects or direct investments will be evaluated on a standalone basis to determine whether they should be included in the calculation.

Plant Assets: These numbers are determined by the Plant Accounting group based on the FERC presentation of net plant assets and provided to the budget department. The calculations use a point-in-time balance unless significant changes are forecasted by the end of the budget year.

2018 Allocation Drivers

		2018 Allocation Drivers				Total		Nonutility	Consolidated
		SIG	IGC	VEDO	Utility Group				
Consolidated %	FTEs	ALLFTEC	33%	26%	12%	71%	29%	100%	
	Customers	ALLCUSC	22%	51%	27%	100%	0%	100%	
	Payroll/Margin/Cap X	ALLPMCC	39%	29%	16%	84%	16%	100%	
	OVS (Customer/FTE Blend)	ALLSQOC	34%	44%	22%	100%	0%	100%	
Utility Group %	FTEs	ALLFTEU	47%	37%	16%	100%			
	Customers	ALLCUST	22%	51%	27%	100%			
	Payroll/Margin/Cap X	ALLPMCU	47%	35%	18%	100%			
	SSC (Customer/FTE Blend)	ALLSQFV	34%	44%	22%	100%			
SIG/IGC (510)	Plant Assets/Cap X	ALLPLNT	47%	32%	21%	100%			
	Payroll/Margin/Cap X	ALLPMCX	57%	43%	0%	100%			
	Customers	GSCU	11%	58%	31%	100%			
	Plant Assets/Cap X	GSAS	14%	52%	34%	100%			
Gas %	HCA for Integrity Mgmt	GSIV	8%	46%	46%	100%			
	Distribution Integrity Mgmt		14%	60%	26%	100%	*review not yet complete		
	Gas Customers	ALLCUIN	16%	84%					
SIG/IGC (610)	Gas Customers	ALLCUIN	16%	84%					
Gas/Elec Split Basis	Margin/Customer/Cap X	ALMG	Electric		Gas		100%		
	Customers	ALCU	76%	24%	43%	100%			
	Plant Assets/Cap X	ALAS	57%	43%	19%	100%			
	SW Division SIGECO Common	ALSW	81%	19%	34%	100%			
Nonutility			2018 Budget						
	VISCO Corp Allocations (LE 54)	ALLENTR	82%						
	VESCO Corp Allocations (LE 72)	ALLENTR	18%						
			100%						

2018 Allocation Drivers

		SIG	IGC	VEDO	Total		Nonutility	Total Consolidated
					Utility Group			
FTEs 1/		889	700	315	1,904		786	2,690
Payroll 1/	Direct Company Payroll	\$ 65,635	\$ 45,169	\$ 21,304	\$ 132,108	\$	-	\$ 132,108
	VUHI Payroll	\$ 29,765	\$ 20,484	\$ 9,661	\$ 59,910	\$		\$ 59,910
	Total Payroll	\$ 95,401	\$ 65,652	\$ 30,965	\$ 192,018	\$	-	\$ 192,018
Margin	Gas	\$ 64,935	\$ 358,103	\$ 162,696	\$ 585,734	\$	260,591	\$ 846,326
	Electric	\$ 412,245			\$ 412,245	\$		\$ 412,245
		\$ 477,180	\$ 358,103	\$ 162,696	\$ 997,979	\$	260,591	\$ 1,258,571
CapEx 2/	Gas	\$ 55,427	\$ 175,619	\$ 120,900	\$ 351,946	\$	58,000	\$ 409,946
	Electric	\$ 174,124			\$ 174,124	\$		\$ 174,124
		\$ 229,551	\$ 175,619	\$ 120,900	\$ 526,070	\$	58,000	\$ 584,070
Plant Assets	Gas	\$ 338,297	\$ 1,261,212	\$ 815,947	\$ 2,415,455	\$	-	\$ 2,415,455
	Electric	\$ 1,544,843			\$ 1,544,843	\$		\$ 1,544,843
	Common	\$ 30,832			\$ 30,832	\$		\$ 30,832
		\$ 1,913,971	\$ 1,261,212	\$ 815,947	\$ 3,991,129	\$	-	\$ 3,991,129
Customers	Gas	111,465	599,135	319,751	1,030,350		-	1,030,350
	Electric	149,926			149,926			149,926
		261,391	599,135	319,751	1,180,276		-	1,180,276
SW Division	Gas - Direct	6,834						
	Electric - Direct	13,385						
		20,219						

1/ Does not include FTE's or payroll for VVC Parent employees (VUHI Common FTEs allocated across Utilities)

2/ SIG Common Cap Ex is split 90% / 10%



Appendix C

Allocation Brochure Review Process:

I. Annual Communication with Business Units

1. Send current Allocation Brochure to Business Unit Analysts for review with Business Unit Director and/or VP and comment. Reviews to be performed include:
 - a. Cost centers, services provided and allocation drivers.
 - b. If services provided have changed, update the commentary to reflect such change.
 - c. The cost center listing for completeness to ensure all shared services cost centers are included.
 - d. Allocation drivers and confirm these are the best causative cost justification allocation drivers for each cost center's associated costs.
2. Review with Business Unit Analysts to Discuss Brochures and Suggested Changes
 - a. Review the theory, importance, and stress direct charging is preferable, when possible.
 - b. Discuss the types of services provided that are shared with affiliates or legal entities within Vectren and the policies and procedures that are in place to ensure there is no cross-subsidizing.
 - c. Confirm current business unit customers receiving charges via selected allocation driver are also receiving comparable services.
 - d. Confirm Budgeting and Management Reporting is in agreement with allocation drivers and any proposed changes.
 - e. Obtain Director or above sign-off on Allocations Brochure.

II. Annual Update to Final Budget Allocators

- i. After final pass of budget is complete, update allocators to final and evaluate the impact of any changes on the approved budget.
- ii. Input updated allocation driver percentages into Hyperion.
- iii. Communicate revised allocation driver percentages to the Oracle Mass Allocations Owner, Manager Corporate Accounting and the G/L Module Owner.

III. Annual Communication with Oracle Mass Allocation Owner

1. Consistency with Mass Allocations in Oracle
 - a. Review with owner of Oracle Mass Allocations from Corporate Accounting.



- b. Compare allocation drivers on Oracle mass allocations listing to budget allocations in the Allocation Brochure.
- c. Update Hyperion and Oracle Mass Allocations to agree with approved, updated Allocation Brochures' allocation drivers.
- d. Communicate by sending final Allocation Brochure to the Oracle Mass Allocations Owner, Manager Corporate Accounting, Controller, Financial Systems and G/L Module Owner.

IV. Interim Process to Update Allocators

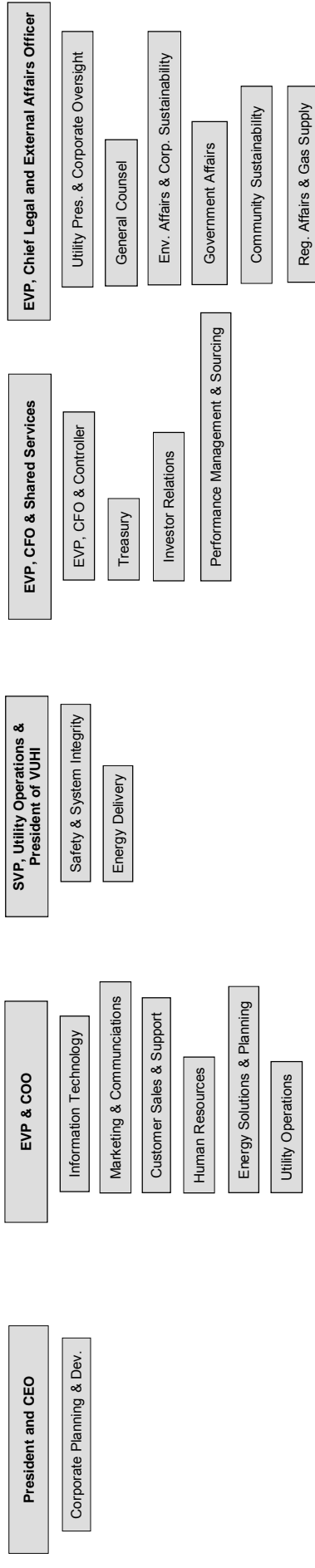
- 1. During the year, maintenance will be necessary.
- 2. When new cost centers are added, allocation drivers will be reviewed and approved by the Manager of Management Reporting & Budgets and communicated to the Oracle Mass Allocations Owner, Manager Corporate Accounting, Hyperion and Financial Systems and G/L Module Owner. It is imperative these groups are consistent in treatment of allocations.
- 3. New cost centers will be added to the Allocation Brochure.
- 4. If the services provided by a cost center change during the year, we need to determine:
 - a. Did the services provided change in a manner such that business unit customers benefiting from those services changed?
 - b. If yes, and the difference is material, especially in cases where the non-regulated entities are involved, a new cost center should be created. This will help avoid any future allocation calculation problems with data requests involving cost centers that were allocated by one allocation driver for part of the year and another driver for the remainder of the year.
 - c. If no change is necessary in the allocation driver, simply update the services provided on the Allocation Brochure.
 - d. If yes, the difference is immaterial and does not involve the non-regulated entities, the change will be noted and made during the upcoming budget year review.



Appendix D

Changes Identified for 1/1/2018:

- Cost Center 2031 – Elec Meter Shop – repurposed and renamed cost center; costs for Electric meter repair and testing are directly assigned
- Cost Center 2042 – Capital & Program Management – renamed cost center allocating common costs to Utilities only based on Plant Assets/CapX; costs to manage the Electric TDSIC program are directly assigned
- Cost Center 0548 – Investor Relations – re-activated the cost center to manage investor relations and shareholder services are allocated to Utilities and Nonutility companies, based on Payroll/Margin/CapX

2018 Cost Allocation Brochure**General Allocation Rules:**

- * Expenses that have legal entity 99 and product 500 are allocated on a consolidated basis
- * Expenses that have legal entity 99 and product 509 are allocated on a utility basis
- * Expenses that have legal entity 09 and product 500 are allocated on a utility basis
- * Expenses that have legal entity 09 and product 509 are allocated on a utility basis
- * Products 400 and 600 are split between the 3 gas entities
- * Product 610 is split between SIG Gas & IGC
- * Product 510 is split between SIG Gas/Elec & IGC

Exceptions:

- * Employee Safety (0562) - expenses on legal entity 09 and product 500 are allocated on a consolidated basis so portion goes to Enterprises
- * Community Sustainability - VVC (0522) - expenses on legal entity 99 and product 500 are allocated to the Utility group only based on the work impacting Utility customers.
- * Corporate Security - VVC (0505) - corporate security and records expenses on legal entity 99 and product 500 should be allocated to the Utility only, as security provides no support to the Nonutility group.
- * HR - Employee Relations (0527) - Employee Relation expenses on legal entity 99 and product 500 should be allocated to the Utility only, as activities in cost center 0527 primarily support the Utility operations.
- * Supply Chain - Supplier Diversity (0436) - Supplier Diversity expenses on legal entity 99 and product 500 should be allocated to the Utility only, as activities in cost center A351 provide no support to the Nonutility group.
- * Fleet & Facilities - Office Services (A551) - Office Services expenses on legal entity 99 and product 500 should be allocated to the Utility only, as activities in cost center A551 provide no support to the Nonutility group.
- * Information Technology Mgmt. - Information Technology expenses on legal entity 99 and product 500 should be allocated to the Utility only for the following cost centers: B552, C552, A553, 0555, 0557, 0558 and 0559.
- * Accounts Payable (0545) - expenses on legal entity 99 and product 500 are allocated to the Utility group only based on A/P processing payments for only the Utility and Corporate. Nonutility entities process their own payments.
- * Payroll (0549) - expenses on legal entity 99 and product 500 are allocated to the Utility group only based on Payroll processing payroll for only the Utility and Corporate. Nonutility entities process their own payroll.

Legend:

- Δ - Changed allocation driver from prior year. See "Changes" for details.
- SIG = Southern Indiana Gas and Electric Company
- IGC = Indiana Gas
- VEDO = Ohio operations
- ENT = Vectren Enterprises
- Y = Yes
- N = No
- FTE = Full Time Equivalent
- - New cost center allocation this year

President and Chief Executive Officer: Carl Chapman
Corporate Services: Executive and Officers

Cost Center	Services Provided	Existing Customers				Type of Change	Allocation Driver	Sig Gas/Elec Split Margin/Customers/Cap X	Primary STAT Account
		SIG	IGC	VEDO	NonUtil				
CEO - VVC (0500)	<ul style="list-style-type: none"> General Corporate Support & Oversight Utility Industry Support Non-Regulated Support 	Y	Y	Y	Y	Allocation	Payroll/Margin/CapX	Margin/Customers/Cap X	ALLPMCC

Corporate Services: Corporate Planning

Vice President, Planning and Corporate Development: Liz Witte

Cost Center	Services Provided	Existing Customers				Type of Change	Allocation Driver	Sig Gas/Elec Split Margin/Customers/CapX	Primary STAT Account
		SIG	IGC	VEDO	NonUtil				
Corporate Planning (0435)	<ul style="list-style-type: none"> Coordination of all planning & corporate development 10 Year Forecast 	Y	Y	Y	Y	Allocation	Payroll/Margin/CapX	Margin/Customers/CapX	ALLPMCC
Corporate Development (0434)	<ul style="list-style-type: none"> Corporate Development project costs - unallocated 	N	N	N	N	Direct	Direct	N/A	N/A

Executive Vice President & Chief Operating Officer: Rick Schach

Corporate Services: Executive and Officers

Cost Center	Services Provided	Existing Customers				Type of Change	Allocation Driver	Sig Gas/Elec Split Margin/Customers/Cap X	Primary STAT Account
		SIG	IGC	VEDO	NonUtil				
EVP & COO (0506)	<ul style="list-style-type: none"> General Corporate Support Utility Support Non-Regulated Support 	Y	Y	Y	Y	Allocation	Payroll/Margin/CapX	Margin/Customers/Cap X	ALLPMCC

Corporate Services: Information Technology

Chief Information Officer, Vice President: Doug Pettit

Cost Center	Services Provided	Existing Customers				Type of Change	Allocation Driver	Sig Gas/Elec Split Margin/Customers/CapX	Primary STAT Account
		SIG	IGC	VEDO	NonUtil				
VP & CIO (0550)	<ul style="list-style-type: none"> Manage Information Technology Department Manage/Develop Budgets for Department Provide Information Technology Training 	Y	Y	Y	Y	Allocation	Payroll/Margin/CapX	Margin/Customers/CapX	ALLPMCC
SCADA (0553)	<ul style="list-style-type: none"> Manage Electric & Gas Network System Operations Provide Direction to SCADA/SCADA-EMS Processes 	Y	Y	Y	N	Allocation	Customers	Customers	ALLCUST
IT Information Security (0554)	<ul style="list-style-type: none"> Manage Electric Engineering and Gas Regulatory Requirements (NERC, TSA) 	Y	Y	Y	Y	Allocation	Payroll/Margin/CapX	Margin/Customers/CapX	ALLPMCC
Customer Information Systems (0552)	<ul style="list-style-type: none"> Network Continuity, Security and Business Continuity 	Y	Y	Y	N	Allocation	Customers	Customers	ALLCUST
Enterprise Systems (0552)	<ul style="list-style-type: none"> Develop, Enhance and Maintain Customer Systems Develop, Enhance and Maintain Energy Delivery Systems Develop, Enhance and Maintain Financial Systems Develop, Enhance and Maintain HR Systems Develop, Enhance and Maintain Supply Chain Systems Develop, Enhance and Maintain Enterprise Content Management Systems Develop, Enhance and Maintain Power Supply Systems Provide/Manage IT Strategic Development 	Y	Y	Y	Y	Allocation	Payroll/Margin/CapX	Margins/Customers/CapX	ALLPMCC
e-Business Systems (A553)	<ul style="list-style-type: none"> Provide/Manage voice services and Internet/Intranet and all customer contact channels (IVR, web, mobile) Develop, Enhance and Maintain Wholesale Power Marketing Systems Provide Contact Center Technology Training 	Y	N	N	N	Direct	Directly Assigned	N/A	N/A
Project Management Office (0555)	<ul style="list-style-type: none"> Manage the Program Management Office 	Y	Y	Y	N	Allocation	FTE	Margin/Customers/CapX	ALLFTEU
Service Desk Ops (0557)	<ul style="list-style-type: none"> Provide IT Project Management Provide Desk side Support (Install, Maintain and Upgrade PCs) Provide General Help Desk Management Provide Support for Mobile Data Dispatching and Cellular Services 	Y	Y	Y	N	Allocation	FTE	Margin/Customers/CapX	ALLFTEU
IT Infrastructure (0558)	<ul style="list-style-type: none"> Manage systems infrastructure availability for Unix, Linux, Windows servers as well as the VMware virtualized server environment. This includes managing hardware, software, disaster recovery and vendor services. Manage the corporate data network and wide area network. This includes managing hardware, software, disaster recovery and outside services. Manage database administration team responsible for Oracle and SQL server databases for all corporate applications. 	Y	Y	Y	N	Allocation	FTE	Margin/Customers/CapX	ALLFTEU
Network & Telecom (0559)	<ul style="list-style-type: none"> Provide Telecommunication and Networking Services 	Y	Y	Y	N	Allocation	FTE	Margin/Customers/CapX	ALLFTEU
Enterprise Agility & SOA (0607) - renamed	<ul style="list-style-type: none"> Center of excellence for software quality tools and practices Develop, Enhance and Maintain software quality systems 	Y	Y	Y	N	Allocation	Customers	Customer	ALLCUST
Corporate Analytics (0502)	<ul style="list-style-type: none"> Coaching software delivery teams in agile practices Obtain better understanding of larger amounts of data analyzed computationally to be predictive and reveal patterns, trends, and associations especially related to human behavior/interactions and asset maintenance through advanced analytics 	Y	Y	Y	N	Allocation	Customers	Customers	ALLCUST
IT Resource Management (0503)	<ul style="list-style-type: none"> Manage IT internal and external resource needs 	Y	Y	Y	N	Allocation	FTE	Margin/Customers/CapX	ALLFTEU
Integration and BI Systems (0508)	<ul style="list-style-type: none"> Provide development and support to agile teams 	Y	Y	Y	N	Allocation	Customers	Customers	ALLCUST

Corporate Services: Marketing & Communications
Vice President: Chase Kelley

Cost Center	Services Provided	Existing Customers					Type of Change	Allocation Driver	Sig Gas/Elec Split	Primary STAT Account
		SIG	IGC	VEDO	NonUtil					
Communications (5521)	<ul style="list-style-type: none"> Internal/employee communications External and customer communications Web and publication management 	Y	Y	Y	Y		Allocation	FTE	Margin/Customer/Cap X	ALLFTEC
Marketing (5648)	<ul style="list-style-type: none"> Provide marketing support to residential/commercial sales to increase customers Manage customer service programs such as budget bill, eBill, etc. Marketing of energy efficiency programs 	Y	Y	Y	N		Allocation	Customers	Customers	ALLCUST
Branding/Customer Education - VVC (5521)	<ul style="list-style-type: none"> Outreach education on infrastructure improvement projects 	Y	Y	Y	N		Allocation	Customers	Customers	ALLCUST
New Service Center (2040)	<ul style="list-style-type: none"> Plan work orders required for field operations construction and maintenance activities including: labor, materials and equipment. Create estimates to assist in determining customer contributions for the installation of services and main/primary extensions. Answer calls routed to Centralized Processing Agents Take Orders for New Service Lines and Meter Sets installs Take orders for service line relocations, resize and relocations Perform revenue calculations for residential customers and generate MBO Work with developers of subdivisions and contractors 	Y	Y	Y	N		Allocation	Customers	Customers	ALLCUST
	<ul style="list-style-type: none"> Make outbound customer calls on service issues Facilitate Customer Installations Central administrative services: scan documents and enter data into Maximo. 	Y	Y	Y	N		Allocation	Customers	Customers	ALLCUST
Residential & Commercial Sales (5647)	<ul style="list-style-type: none"> Working with housing developers for new business Audits on developer and new line extensions (gas & electric) Assist customers regarding energy usage Gather load information for new commercial developments Solicit residential and commercial customers for fuel conversion 	Y	Y	Y	N		Allocation	Customers	Customers	ALLCUST
Marketing Energy Efficiency Programs - VUTL (5640)	<ul style="list-style-type: none"> Manage all Energy Efficiency programs 	Y	Y	Y	N		Allocation	Customers	Customers	ALLCUST
Ohio Conservation (5655)	<ul style="list-style-type: none"> Manage Energy Efficient Programs in Ohio 	N	N	Y	N		Allocation	Directly Assigned	N/A	N/A
Electric DSM New (5656)	<ul style="list-style-type: none"> Community Support projects related to Electric DSM 	Y	N	N	N		Direct	Directly Assigned	Electric Only	N/A
Decoupling (5651)	<ul style="list-style-type: none"> Manage Gas Energy Efficiency projects in Indiana 	Y	Y	N	N		Allocation	Customers	Customers	ALLCUST
Customer Relations & Process Improvement (5612)	<ul style="list-style-type: none"> Manage continuous improvement within Customer Experience Oversee the complaint management process and link relevant issues to improvement opportunities within the department Engage regulator constituents and oversee customer service compliance matters 	Y	Y	Y	N		Allocation	Customers	Customer	ALLCUST
	<ul style="list-style-type: none"> Provide support for court, records validation, claims and subpoena matters related to customer service matters 									

Director: Customer Service
Reese Hamilton

Cost Center	Services Provided	Existing Customers					Type of Change	Allocation Driver	Sig Gas/Elec Split	Primary STAT Account
		SIG	IGC	VEDO	NonUtil					
Quality Assurance - VUTL (5606)	<ul style="list-style-type: none"> Training processes for all contact center resource groups Manage quality assurance functions for all resource groups Analyze company's Contact Survey to plan improvement opportunities Monitor contacts and call recordings for quality and process adherence Develop consistent company 'voice' brand across all resource groups 	Y	Y	Y	N		Allocation	Customers	Customers	ALLCUST
Contact Center (5611)	<ul style="list-style-type: none"> Respond to customer inquiries via all communication channels Perform the Corporate Switchboard function Provide conservation tips and suggestions Assist customers with conservation incentives Schedule relevant service orders for customers 	Y	Y	Y	N		Allocation	Customers	Customers	ALLCUST
Performance Assurance - VUTL (5616)	<ul style="list-style-type: none"> Schedule internal resources to optimize resolution of customer inquiries Manage and optimize the utilization of outsourced call handling vendors Liaison for effective use and implementation of all telecom & IT support systems used in the contact center operations Enhance and drive increased utilization rates of customer self-service across existing and new customer service apps 	Y	Y	Y	N		Allocation	Customers	Customers	ALLCUST
Customer Service Admin - VUTL (5618) - renamed	<ul style="list-style-type: none"> Oversee the customer service business processes Manage overall performance and establish improvement initiatives 	Y	Y	Y	N		Allocation	Customers	Customers	ALLCUST

Director: Revenue Management
Brian Gower

Cost Center	Services Provided	Existing Customers					Type of Charge	Allocation Driver	Sig Gas/Elec Split	Primary STAT Account
		SIG	IGC	VEDO	NonUtil					
SVP Customer Experience & Administration (5550) - renamed	<ul style="list-style-type: none"> Overall Customer Experience strategy and execution for all utilities Oversee the revenue management business processes Manage the uncollectible expense provision for utility receivables, which may include periodic regulatory reporting and projections and forecast of uncollectible Review and analyze customer late fees and DNP's to assist in the analysis of collection risk Ensure timely filing of bankruptcy settlements related to customer accounts Manage non-residential deposits and the Landlord reversion process Assess credit risk and manage credit portfolio for utility customer contracts Manage vendor relationships with outside collection agencies (OCA) and optimize collection performance 	Y	Y	Y	N		Allocation	Customers	Customer	ALLCUST
Credit Risk Management - VUTL (5551)	<ul style="list-style-type: none"> Manage the uncollectible expense provision for utility receivables, which may include periodic regulatory reporting and projections and forecast of uncollectible Review and analyze customer late fees and DNP's to assist in the analysis of collection risk Ensure timely filing of bankruptcy settlements related to customer accounts Manage non-residential deposits and the Landlord reversion process Assess credit risk and manage credit portfolio for utility customer contracts Manage vendor relationships with outside collection agencies (OCA) and optimize collection performance 	Y	Y	Y	N		Allocation	Customers	Customer	ALLCUST
Meter Reading - VUTL (5617)	<ul style="list-style-type: none"> Management and analysis of meter reading processes Analyze meter reading routes for optimization Monitor, track and report contractor performance Research customer inquiries and/or complaints in order to facilitate resolution Analyze meter reading data to identify fraud and diversion Monitor, identify and address meter anomalies and consecutive estimates to enhance revenue assurance Manage low tech service order process 	Y	Y	Y	N		Allocation	Customers	Customer	ALLCUST
Remittance - VUTL (5608)	<ul style="list-style-type: none"> Manage and oversee utility payment processing vendor relationships Process returned payments such as checks and bank drafts Process and assist customers with inquiries or payments on delinquent accounts Research and resolve all unposted payments Research and resolve customer inquiries related to payments and account transfers Support balance and reconciliation of cash receipts with corporate accounting depts 	Y	Y	Y	N		Allocation	Customers	Customer	ALLCUST
Customer Billing - VUTL (5609)	<ul style="list-style-type: none"> Process, analyze and report on meter reading and billing exceptions Perform billing adjustments Research, analysis and billing of non-registering meters Research identified fraud and diversion events to bill responsible party Perform periodic reviews of the accuracy of customer tariff assignments in the customer billing system Research customer inquiries and/or complaints in order to facilitate resolution Maintenance of state sales tax exemption certificates (Indiana) Close manual service orders (i.e. Bare Steel, MDSI, and Measurement) Manage bill print vendor contract to ensure timely and accurate distribution of customer bills 	Y	Y	Y	N		Allocation	Customers	Customer	ALLCUST
Large Electric Billing and Misc Receivables (5507) - renamed	<ul style="list-style-type: none"> Miscellaneous Receivables Administrator for all territories Bill processing for large electric customers Bill processing and account reconciliations for miscellaneous receivables Testing and implementation of billing system enhancements or modifications for large electric customers and Oracle ATR 	Y	Y	Y	N		Allocation Direct	Payroll/Margin/CapX Directly Assigned	Customer N/A	ALLPIMCU N/A
Margin Analysis and Revenue Accounting (5506)	<ul style="list-style-type: none"> Performs daily financial balancing of utility customer billing system Responsible for month end verification of billed utility revenue and consumption, which may include preparing reports, analysis and reconciliations for corporate accounting departments Sampling and audit of utility customer bills focusing on billing accuracy Subject matter expert for utility margin Monthly analysis and reporting of all utility margin, which includes an assessment of the accuracy of the utility margin projection Analyze and forecast AUPC (average use per customer) and customer count Preparation of semi-annual 5-year utility margin forecast and annual budget Budget Bill Forecasting and Analysis 	Y	Y	Y	N		Allocation	Customers	Customer	ALLCUST

Director: Revenue Management (cont.)

Brian Gower

Cost Center	Services Provided	Existing Customers				Type of Charge	Allocation Driver	Sig Gas/Elec Split	Primary STAT Account
		SIG	IGC	VEDO	NonUtil				
VUTL Revenue Accounting - (5504) - NO LONGER USED	<ul style="list-style-type: none"> Performs daily financial balancing of utility customer billing system Responsible for month end verification of billed utility revenue and consumption, which may include preparing reports, analysis and reconciliations for corporate accounting departments Sampling and audit of utility customer bills focusing on billing accuracy 	Y	Y	Y	N	Allocation	Customers	Customer	ALLCUST
Large Customer Billing - VUTL (5501)	<ul style="list-style-type: none"> Managing and overseeing large gas billing functions Bill processing for large gas transport customers in North, South & Ohio Pool bill processing for all large gas transportation customers and special pooling programs Determine and publish imbalance information for marketers to engage in trade activities Testing and implementation of billing system enhancements or modifications for large gas customers and/or pooling programs 	Y	Y	Y	N	Allocation	Customers	Customer	ALLCUST

Director: Industrial Sales & Economic Development

Tom Bailey

Cost Center	Services Provided	Existing Customers				Type of Charge	Allocation Driver	Sig Gas/Elec Split	Primary STAT Account
		SIG	IGC	VEDO	NonUtil				
Economic Development - VUTL (0572)	<ul style="list-style-type: none"> Provide and Coordinate Economic Development Services to Communities Prepare analysis, presentations, and solutions for prospective companies. 	Y	Y	Y	N	Allocation	Customers	Customers	ALLCUST
Industrial Sales - VUTL (5642)	<ul style="list-style-type: none"> Technical Analysis Large Customer Problems/Complaints/Billings Negotiate/Monitor/Maintain Rate Contracts for Large Industrials 	Y	Y	Y	N	Allocation	Customers	Customers	ALLCUST

Corporate Services: Human Resources

Vice President: Jim Francis

Cost Center	Services Provided	Existing Customers				Type of Charge	Allocation Driver	Sig Gas/Elec Split	Primary STAT Account
		SIG	IGC	VEDO	NonUtil				
VP Human Resources & Admin (0520)	<ul style="list-style-type: none"> HR and Communications Management Overall HR Strategy and Execution Performance Management Company Wide HR Policy Administration 	Y	Y	Y	Y	Allocation	FTE	Margin/Customer/CapX	ALLFTEC
Workforce Management and Planning (0526) - NO LONGER USED	<ul style="list-style-type: none"> Recruiting - Executive/General 	Y	Y	Y	Y	Allocation	FTE	Margin/Customer/CapX	ALLFTEC
Organizational Development (0528)	<ul style="list-style-type: none"> Technical Training People Skills Training General Training HR Communications Employee Development HRIS and Benefit Administration HRIS and Analysis 	Y	Y	Y	Y	Allocation	FTE	Margin/Customer/CapX	ALLFTEC
Total Compensation (A529)	<ul style="list-style-type: none"> Compensation/Benefits Design and Admin Executive Compensation Liaison Between Business Units and Human Resources Healthcare & Benefits Compliance Reporting & Documentation Ensure HR Practices are in compliance with existing law Labor Relations/Benefits Educational Refunds Long Term Disability Recognition Awards/Performance Appraisals Employee Programs (VEAO/Forum) Scholarship Program Medical/Dental Costs 	Y	Y	Y	Y	Allocation	FTE	Margin/Customer/CapX	ALLFTEC
Diversity & Employee Programs (0530)	<ul style="list-style-type: none"> Diversity Strategy Development and Implementation Diversity and Harassment Training Diversity Recruiting 	Y	Y	Y	Y	Allocation	FTE	Margin/Customer/CapX	ALLFTEC
Employee Relations (0527)	<ul style="list-style-type: none"> Monitors labor and employment litigations Lead Negotiator in labor and employment matters Interact with bargaining unit employees/labor agreements Execute labor relations strategy 	Y	Y	Y	N	Allocation	FTE	Margin/Customer/CapX	ALLFTEU
Talent Management & Organizational Development - (0431)	<ul style="list-style-type: none"> Workforce Planning Succession Planning Recruiting - Executive/General HR Consulting Costs Manage Human Resources Needs for Business Units Salary Planning Mentoring Leadership Development 	Y	Y	Y	Y	Allocation	FTE	Margin/Customer/CapX	ALLFTEC

Corporate Services: Long Term & Short Term Incentive Plan

Cost Center	Services Provided	Existing Customers				Type of Charge	Allocation Driver	Sig Gas/Elec Split	Primary STAT Account
		SIG	IGC	VEDO	NonUtil				
Incentive Compensation (B529)	<ul style="list-style-type: none"> Incentive Compensation Executive Incentive Compensation 	Y	Y	Y	Y	Allocation	FTE	Margin/Customer/CapX	ALLFTEC

Corporate Services: Energy Solutions & Planning

Vice President: Robbie Sears

Cost Center	Services Provided	Existing Customers				Type of Charge	Allocation Driver	Sig Gas/Elec Split	Primary STAT Account
		SIG	IGC	VEDO	NonUtil				
VP - Energy Solutions & Planning (3011)	<ul style="list-style-type: none"> Oversight of Customer Related Services Oversight of Planning and Services Development 	Y	Y	Y	N	Allocation	Customers	Customers	ALLCUST
GNG (6654)	<ul style="list-style-type: none"> Responsible for sales development and growth Coordinate with community and government leaders in the company's service territory to attract and / or retain potential customers Develop and manage the entire sales cycle from lead generation to implementation 	Y	Y	Y	N	Allocation	Customers	Customers	ALLCUST
Market Research (5649)	<ul style="list-style-type: none"> Saturation Surveys & Reports Review of current marketing areas to determine how and what would help grow the customer base or customer usage Customer Satisfaction Surveys 	Y	Y	Y	N	Allocation	Plant Assets/CapX	Plant Assets/CapX	ALLPLNT
Emerging Technologies (0585)	<ul style="list-style-type: none"> Coordinate and advise on strategic planning projects dealing with emerging energy technology and energy industry innovation Determine impacts of emerging energy technologies to current and future Vectren business operations as well as potential for new business opportunities Develop and manage key emerging energy technology projects at the preliminary planning level from concept to implementation Develop and lead the business development strategy of utility related products and services including sourcing, managing and implementing new business opportunities in order to grow earnings Develop ment of behind-the-meter program development, business plans, implementation and management of procusts and services related to behind-the-meter products and services 	Y	Y	Y	N	Allocation	Customers	Customers	ALLCUST
Customer Solutions (5641)	<ul style="list-style-type: none"> Develop and lead the business development strategy of utility related products and services including sourcing, managing and implementing new business opportunities in order to grow earnings Develop ment of behind-the-meter program development, business plans, implementation and management of procusts and services related to behind-the-meter products and services 	Y	Y	Y	N	Allocation	Plant Assets/CapX	Plant Assets/CapX	ALLPLNT

Senior Vice President, Utility Ops and President, VUHL: Jon Luttrell

Corporate Services: Executive and Officers

Cost Center	Services Provided	Existing Customers				Type of Charge	Allocation Driver	Sig Gas/Elec Split	Primary STAT Account
		SIG	IGC	VEDO	NonUtil				
SVP Utility Ops & President - VUTL (0570)	<ul style="list-style-type: none"> Oversight of Utility Operations Utility Industry Support Manage Association Dues Lobbying 	Y	Y	Y	N	Allocation	Payroll/Margin/CapX	Margin/Customer/CapX	ALLPMCU

Corporate Services: Safety & System Integrity

Vice President: Ellis Redd

Cost Center	Services Provided	Existing Customers				Type of Charge	Allocation Driver	Sig Gas/Elec Split	Primary STAT Account
		SIG	IGC	VEDO	NonUtil				
Electric Compliance - VUTL (1999)	<ul style="list-style-type: none"> Operational policies, standards, and procedures Regulatory liaison and public safety 	Y	N	N	N	Direct	Directly Assigned	Electric Only	N/A
Engineering Administration - VUTL (2024)	<ul style="list-style-type: none"> Manage Engineering and technical support Operational policies, standards, and procedures Manage Integrity Management Program 	Y	Y	Y	N	Allocation	Plant Assets/Cap X	Plant Assets/Cap X	ALLPLNT
Gas Compliance - VUTL (2026)	<ul style="list-style-type: none"> Operational policies, standards, and procedures Regulatory liaison and public safety Manage Facility Damage Claims for gas and electric Closely monitor qualifications, training and performance of contractors Manage Facility Damage Prevention Programs Manage 811 one call mapping and system localities 	Y	Y	Y	N	Allocation	Plant Assets/Cap X	Gas Only	ALLPLNT
Gas Asset Integrity Management - VUTL (2037)	<ul style="list-style-type: none"> Manage Gas Distribution Integrity Management Program Manage Gas Integrity Management Program Gas ROW Clearing Grounds spray for electric stations 	Y	Y	Y	N	Direct	Directly Assigned	N/A	N/A
ED Quality Assurance-VUTL (5712)	<ul style="list-style-type: none"> Manage Pipeline Safety Management System Manage operational control and risk register process 	Y	Y	Y	N	Allocation	provided by Dept based on gas distribution miles	Gas Only	ALLPLNT
Corporate Security (0505)	<ul style="list-style-type: none"> Security Contract Labor for OVS, Wagner, SSC Security Contract Labor for Substations Security Contract Labor for Power Plants 	Y	N	N	N	Direct	Directly Assigned	Gas Only	N/A
Safety (0582)	<ul style="list-style-type: none"> Manage Employee Safety Monitor/Regulatory Compliance Monitor Safety Programs Workers Comp Design/Admin/Testing Manage Fleet Safety 	Y	Y	Y	Y	Allocation	FTE	Margin/Customer/CapX	ALLFTEC
Technical Training-VUTL (2039)	<ul style="list-style-type: none"> Technical training administration 	Y	Y	Y	N	Allocation	Customers	Customers	ALLCUST
Corrosion - VUTL (2035)	<ul style="list-style-type: none"> Gas corrosion control program oversight 	Y	Y	Y	N	Allocation	Plant Assets/Cap X	Gas Only	ALLPLNT

Manager: Fleet & Facilities
Josh Raleigh

Cost Center	Services Provided	Existing Customers				Type of Charge	Allocation Driver	Sig Gas/Elec Split Margin/Customer/CapX	Primary STAT Account
		SIG	IGC	VEDO	NonUtil				
Office Services - VVC (A551)	<ul style="list-style-type: none"> Provide Copy Services Provide GO Services Management Provide Graphic Services Provide Internal and External Mail Services Provide Printing Services 	Y	Y	Y	N	Allocation	FTE		ALLFTEU
SSC Buildings (B875) - NO LONGER USED	<ul style="list-style-type: none"> Building Maintenance (Corrective & Preventative) Lawn Care Janitorial Pest Control 	Y	Y	Y	N	Allocation	Customer / FTE Blend (formerly Square Footage (SSC))	Margin/Customer/CapX	ALLSQFV
Buildings - VUTL (A575)	<ul style="list-style-type: none"> Building Maintenance (Corrective & Preventative) Lawn Care Janitorial Pest Control Maintain CMG Station 	Y	Y	Y	N	Allocation	Customer/FTE Blend (formerly Square Footage OVS)	Margin/Customer/CapX	ALLSQOC

Operations: Energy Delivery
Vice President: Lynnae Wilson

Cost Center	Services Provided	Existing Customers				Type of Charge	Allocation Driver	Sig Gas/Elec Split	Primary STAT Account
		SIG	IGC	VEDO	NonUtil				
ED Performance Improvement - VUTL (2041) - NO LONGER USED	<ul style="list-style-type: none"> Manage Process Improvements and measurement of performance 	Y	Y	Y	N	Allocation	Customers	Customers	ALLCUST
VP Energy Delivery - VUTL (5600)	<ul style="list-style-type: none"> Manage all transmission and distribution operations and capital activity for all utilities 	Y	Y	Y	N	Allocation	Customers	Customers	ALLCUST

Director: Field Operations
Darin Carrol

Cost Center	Services Provided	Existing Customers				Type of Charge	Allocation Driver	Sig Gas/Elec Split	Primary STAT Account
		SIG	IGC	VEDO	NonUtil				
Dir Field Operations - VUTL (6707)	<ul style="list-style-type: none"> Manage transmission and distribution field operations Manage transmission and distribution field support including resource planning. 	Y	Y	Y	N	Allocation	Customers	Customers	ALLCUST
Mgr Storage and LP Ops - VUTL (2006)	<ul style="list-style-type: none"> Propane Operations for VEDIN Storage Operations for VEDIS and VEDIN 	Y	Y	N	N	Allocation	Customers - North/South only	Gas Only	ALLCUIN
SIG Booneville only (2034)	<ul style="list-style-type: none"> Field Operations - Booneville Elec only 	Y	N	N	N	Direct	Direct	Directly Assigned	N/A
SIG Substation & Electric Metering (5858)	<ul style="list-style-type: none"> Field Operations - direct charged to SIG 	Y	N	N	N	Direct	Direct	SIG SW Common	ALSW
Port Branch/MT Vernon (5855)	<ul style="list-style-type: none"> Field Operations - direct charged to SIG 	Y	N	N	N	Direct	Direct	SIG SW Common	ALSW
Evansville (5854)	<ul style="list-style-type: none"> Field Operations - direct charged to SIG 	Y	N	N	N	Direct	Direct	SIG SW Common	ALSW
Boonville/Rockport (5856)	<ul style="list-style-type: none"> Field Operations - direct charged to SIG 	Y	N	N	N	Direct	Direct	SIG SW Common	ALSW
Evansville Gas & Electric Services (5850)	<ul style="list-style-type: none"> Field Operations - direct charged to SIG 	Y	N	N	N	Direct	Direct	SIG SW Common	ALSW
Vincennes/Washington (5857)	<ul style="list-style-type: none"> Field Operations - direct charged to SIG 	Y	N	N	N	Direct	Direct	SIG SW Common	ALSW

Director: System Operations
Jason Williams

Cost Center	Services Provided	Existing Customers				Type of Charge	Allocation Driver	Sig Gas/Elec Split	Primary STAT Account
		SIG	IGC	VEDO	NonUtil				
Gas System Operations - VUTL (2005)	<ul style="list-style-type: none"> Manage Gas Demand Forecasting Process Oversee Compliance Review, monitor and execute all Gas Supply Plans Prepare VEDO Gas Supply Plans Monitor and control Gas Deliveries to Vectren System Forecasting and technical support for the Supplier Component of the VEDO Gas Choice Program 	Y	Y	Y	N	Allocation	Customers	Gas Only	GSCU
Electric Distribution System Operations - SIG (1997)	<ul style="list-style-type: none"> Manage Electric Meter Order Dispatch Operations Monitor and Control Electric Distribution System Operations Perform Electric Trouble Order Dispatching 	Y	N	N	N	Direct	Directly Assigned	N/A	N/A
Electric Operations - VUTL (2002)	<ul style="list-style-type: none"> Monitor and Control Electric Transmission System Operations 	Y	N	N	N	Direct	Directly Assigned	N/A	N/A
Gas Meter Shop - VUTL (2029)	<ul style="list-style-type: none"> Gas meter repair and testing (gas) 	Y	Y	Y	N	Allocation	Customers	Gas Only	GSCU
Gas Measurement Services (2030)	<ul style="list-style-type: none"> Gas measurement assets installation/operation/maintenance/inspection (gas) 	Y	Y	Y	N	Allocation	Customers	Gas Only	GSCU
Elec Meter Shop (2031)	<ul style="list-style-type: none"> Elec meter repair and testing (elec) 	Y	N	N	N	Direct	Direct	Directly Assigned	N/A
Network Ops SCADA Eng - VUTL (2001)	<ul style="list-style-type: none"> Manage Gas SCADA system Manage Electric Distribution and Transmission System Operations SCADA EMS 	Y	Y	Y	N	Allocation	Customers	Customers	ALLCUST
Ops Scheduling & Performance - VUTL (6708)	<ul style="list-style-type: none"> Provide Direction to SCADA/SCADA-EMS Processes Manage/coordinate the operations schedulers to bring about efficiencies in scheduling, processing and completing field operations work. 	Y	Y	Y	N	Allocation	Customers	Customers	ALLCUST
Scheduling and Dispatching - VUTL (2003)	<ul style="list-style-type: none"> Perform Gas Meter Order Dispatching and scheduling Perform Gas Trouble Order Dispatching 	Y	Y	Y	N	Allocation	Customers	Customers	ALLCUST

Director: Gas & Electric Engineering

Steve Hoover

Cost Center	Services Provided	Existing Customers				Type of Charge	Allocation Driver	Sig Gas/Elec Split	Primary STAT Account
		SIG	IGC	VEDO	NonUtil				
Elec Engineering - VUTL (2027)	<ul style="list-style-type: none">Electric project design and major construction managementManage INDOT and ODOT billings for all utilities	Y	N	N	N	Direct	Directly Assigned	N/A	N/A
		Y	Y	Y	N	Direct	Directly Assigned	N/A	N/A
Gas Engineering - VUTL (2028)	<ul style="list-style-type: none">Manage Engineering and technical supportBare Steel / Cast Iron Program oversightSystem Planning of gas transmission and distribution facilities	Y	Y	Y	N	Allocation	Plant Assets/Cap X	Gas Only	ALLPLNT
Geo System and Data Quality - VUTL (2038)	<ul style="list-style-type: none">Technical support for work estimating systemsTechnical support for ED work management systemsED information systems liaison	Y	Y	Y	N	Allocation	Plant Assets/Cap X	Plant Assets/Cap X	ALLPLNT

Director: Capital and Program Management

Mike Williams

Cost Center	Services Provided	Existing Customers				Type of Charge	Allocation Driver	Sig Gas/Elec Split	Primary STAT Account
		SIG	IGC	VEDO	NonUtil				
Capital & Program Management - VUTL (2042) - renamed	• Manage Gas Modernization & TDSIC programs	Y	Y	Y	N	Allocation	Plant Assets/Cap X	Gas Only	ALLPLNT
	• Manage Electric TDSIC program	Y	N	N	N	Direct	Directly Assigned	N/A	N/A
	• Manage ED/SSI Capital Budget	Y	Y	Y	N	Allocation	Plant Assets/Cap X	Plant Assets/Cap X	ALLPLNT

Executive Vice President and Chief Financial Officer: Susan Hardwick

Corporate Services: Executive and Officers

Corporate Services, Executive and Officers										
Cost Center	Services Provided	Existing Customers				Type of Charge	Allocation Driver	Sig Gas/Elec Split	Primary STAT Account	
		SIG	IGC	VEDO	NonUtil					
VP & CFO (0534)	<ul style="list-style-type: none">• General VP Management• General Corporate Financial Support• Utility Industry Financial Support• Non-Regulated Financial Support	Y	Y	Y	Y	Allocation	Payroll/Margin/CapX	Margins/Customers/CapX	ALLPMCC	
Executive VP & CAO (0540) - NO LONGER USED	<ul style="list-style-type: none">• General Corporate Support• Utility Industry Support• Non-Regulated Support	Y	Y	Y	Y	Allocation	Payroll/Margin/CapX	Margins/Customers/CapX	ALLPMCC	

Corporate Services: Controller

Vice President, Controller & Assistant Treasurer: David Bowler

Cost Center	Services Provided	Existing Customers				Type of Charge	Allocation Driver	Sig Gas/Elec Split	Primary STAT Account
		SIG	IGC	VEDO	NonUtil				
VVC Controller (0541)	<ul style="list-style-type: none">General VP and Controller ManagementGeneral Corporate Financial SupportUtility Industry Financial Support	Y	Y	Y	Y	Allocation	Payroll/Margin/CapX	Margins/Customers/CapX	ALLPMCC
Corporate Services (0542)	<ul style="list-style-type: none">General Financial Accounting ManagementCorporate Consolidation	Y	Y	Y	Y	Allocation	Payroll/Margin/CapX	Margins/Customers/CapX	ALLPMCC
External Reporting (0543)	<ul style="list-style-type: none">Complete/Manage SEC ComplianceReview/approve complicated non-cash entries (deriv./pension/stock)Implement new accounting principles	Y	Y	Y	Y	Allocation	Payroll/Margin/CapX	Margins/Customers/CapX	ALLPMCC
Management Reporting (0544)	<ul style="list-style-type: none">Develop/Distribute Management Reports, including Monthly ProjectionsManage/Develop Budgets/ForecastsOversight of cost pools and rate settingManage/Develop Corporate Allocations	Y	Y	Y	Y	Allocation	Payroll/Margin/CapX	Margins/Customers/CapX	ALLPMCC
Transaction Processing and FIS (0537)	<ul style="list-style-type: none">Manage the Financial Systems and changes/modifications to itAssist end users in project maintenance/setupAid other departments in accounting processing	Y	Y	Y	Y	Allocation	Payroll/Margin/CapX	Margins/Customers/CapX	ALLPMCC
Accounts Payable (0545)	<ul style="list-style-type: none">Manage Accounts Payable for the UtilitySetup and Administer Vendor fileAdminister 1099 process	Y	Y	Y	N	Allocation	Payroll/Margin/CapX	Margins/Customers/CapX	ALLPMCU
Payroll & Process Improvement (0549)	<ul style="list-style-type: none">Administer Payroll for UtilityFederal, State and Local Tax PaymentsAdminister W-2 processFile IRS Forms 940 and 941, along with State Unemployment ReportsSetup and Administer Payroll DeductionsDeduct and Remit Court Ordered GarnishmentsVerify 401(k) changes and remit funds to T. Rowe Price	Y	Y	Y	N	Allocation	FTE	Margins/Customers/CapX	ALLFTEU
Regulatory Accounting (0536)	<ul style="list-style-type: none">Complete/Manage Tax Consulting and ResearchManage Utility Accounting Functions	Y	Y	Y	N	Allocation	Payroll/Margin/CapX	Margins/Customers/CapX	ALLPMCU
Corporate Tax (0546)	<ul style="list-style-type: none">Manage Tax ComplianceManage Plant Accounting Functions	Y	Y	Y	Y	Allocation	Payroll/Margin/CapX	Margins/Customers/CapX	ALLPMCC
Plant Accounting (0538)	<ul style="list-style-type: none">Provide financial analysis support for Power Supply, Safety & System Integrity, Customer Experience, Customer Energy Solutions, Corporate Communications & Conservation Marketing, VUHI Management and Energy Delivery Organizations	Y	Y	Y	N	Allocation	Plant Assets / CapX	Plant Assets/Cap X Customer	ALLPLNT
Business Process Planning & Measurement (5650)	<ul style="list-style-type: none">Coordinate Corporate management objective's within the VUHI Operating GroupsManage VUHI financial projections, VUHI operational performance metrics, Power Supply benchmarking, and budgeting within VUHI Groups	Y	Y	Y	N	Allocation	Plant Assets / CapX	Plant Assets/Cap X Customer	ALLCUST

Corporate Services: Treasury and Finance
Vice President and Treasurer: Patrick Edwards

Cost Center	Services Provided	Existing Customers				Allocation Type	Allocation Driver	Sig Gas/Elec Split Margins/Customers/CapX	STAT Account
		SIG	IGC	VEDO	NonUtil				
Treasury (0547)	<ul style="list-style-type: none"> Manage Working Capital Manage Permanent Capital Manage Pension Plan Assets Manage Corporate Risk Manage Corporate Travel Services General Finance and Treasury Management VUHI Credit Facility Fees and Bank Service Charges Non-Regulated Credit Facility Fees and Bank Service Charges Manage Corporate Charter Flights 	Y	Y	Y	Y	Allocation	Payroll/Margin/Cap X		ALLPMCC
Corporate Charter Flights (0501)		Y	N	N	N	Allocation	Payroll/Margin/Cap X		ALLPMCU
		Y	Y	Y	Y	Allocation	FTE		N/A
		Y	Y	Y	Y	Allocation	Margins/Customers/CapX		ALLFTEC

Manager: Investor Relations
Aaron Musgrave

Cost Center	Services Provided	Existing Customers				Allocation Type	Allocation Driver	Sig Gas/Elec Split Margins/Customers/CapX	STAT Account
		SIG	IGC	VEDO	NonUtil				
Investor Relations (0548) **	<ul style="list-style-type: none"> Manage Investor Relations Manage Shareholder Services 	Y	Y	Y	Y	Allocation	Payroll/Margin/Cap X		ALLPMCC

Corporate Services: Performance Management & Sourcing
Vice President: Karen Hamilton

Cost Center	Services Provided	Existing Customers				Type of Charge	Allocation Driver	Sig Gas/Elec Split Margins/Customers/CapX	Primary STAT Account
		SIG	IGC	VEDO	NonUtil				
Corporate Performance Management (0515)	<ul style="list-style-type: none"> Performance Management Corporate Scorecard and Performance Metrics 	Y	Y	Y	Y	Allocation	Payroll/Margin/CapX		ALLPMCC
Purchasing - VUTL (0574)	<ul style="list-style-type: none"> Process Purchase Requisitions and Purchase Orders Negotiate Supplier Price Reductions and Implement Contracts Expedite Order Delivery 	Y	Y	Y	N	Allocation	Payroll/Margin/CapX		ALLPMCU
Materials Control SIG (1063)	<ul style="list-style-type: none"> Material Inventory Value Accuracy Manage Material Mix and Stocking Levels Distribute Material for Projects, Repairs, and Emergent Jobs 	Y	N	N	N	Direct	N/A		N/A
Supplier Diversity (0436)	<ul style="list-style-type: none"> Manage Supplier Diversity Initiative Diverse Vendor Identification/Recruitment Vectren Representation on Local/State/National Committee Internal/External Supplier Diversity Training Government Stakeholder Reporting 	Y	Y	Y	N	Allocation	Payroll/Margin/CapX		ALLPMCU

EVP, Chief Legal & External Affairs Officer: Ron Christian
Corporate Services: Executive and Officers

Cost Center	Services Provided	Existing Customers				Type of Charge	Allocation Driver	Sig Gas/Elec Split Margin/Customers/Cap X	Primary STAT Account
		SIG	IGC	VEDO	NonUtil				
Chief Legal & External Affairs Officer (0510)	<ul style="list-style-type: none"> General Corporate Support & Oversight Utility Industry Support Non-Regulated Support 	Y	Y	Y	Y	Allocation	Payroll/Margin/CapX		ALLPMCC
President, Vectren South (0511)	<ul style="list-style-type: none"> Support of Vectren South Utility Industry Support 	Y	N	N	N	Direct	Directly Assigned		N/A
President, Vectren Ohio (0512)	<ul style="list-style-type: none"> Support of Vectren Ohio Utility Industry Support 	N	N	Y	N	Direct	Directly Assigned		N/A
Corporate Secretary (E503)	<ul style="list-style-type: none"> Perform Corporate Secretary Function Manage Board of Directors Fees 	Y	Y	Y	Y	Allocation	Payroll/Margin/CapX		ALLPMCC
Corporate Audit (0504)	<ul style="list-style-type: none"> Manage/Complete Internal Audits - Regulated & Nonregulated Entities Manage Audit Planning and Code of Conduct General Internal Audit Management 	Y	Y	Y	Y	Allocation	Payroll/Margin/CapX		ALLPMCC

Corporate Services: General Counsel
Senior Vice President, General Counsel and Chief Compliance Officer: Bob Heidorn

Cost Center	Services Provided	Existing Customers				Type of Charge	Allocation Driver	Sig Gas/Elec Split	Primary STAT Account
		SIG	IGC	VEDO	NonUtil				
Legal - General and Admin - (A503)	<ul style="list-style-type: none"> General Insurance/Claims/Records Management Manage Department and Legal Budget 	Y	Y	Y	Y	Allocation	Payroll/Margin/CapX	Margin/Customer/CapX	ALLPMCC
Insurance, Claims & Records Mgmt (C503)	<ul style="list-style-type: none"> Liaison for Electric MISQ Transmission and Generation Integration Manage/Pay Insurance Premiums Records Management Manage Claims For Vectren (Investigations, paperwork, etc.) Manage Self-Insured Funds Manage Claims Against Vectren (Investigations, paperwork, etc.) 	Y	N	N	N	Direct	Direct	N/A	N/A
Land Services - VUTL (L503)	<ul style="list-style-type: none"> Manage Insurance Requirements Utility easement acquisition and management Right of way maintenance 	Y	Y	Y	N	Allocation	Below Ground Property- Gas Customers	Gas Only	GSCU
		Y	Y	Y	N	Allocation	Plant Assets/Cap X	Plant Assets/Cap X	ALLPLNT

Corporate Services: Environmental Affairs & Corporate Sustainability
Vice President: Angila Retherford

Cost Center	Services Provided	Existing Customers				Type of Charge	Allocation Driver	Sig Gas/Elec Split	Primary STAT Account
		SIG	IGC	VEDO	NonUtil				
Environmental Affairs (A571)	<ul style="list-style-type: none"> General environmental & compliance support MGP Issues 	Y	Y	Y	Y	Allocation	Payroll/Margin/CapX	Margin/Customer/CapX	ALLPMCC
		Y	Y	N	N	Direct	Directly Assigned SIG & IGAS	N/A	N/A

Corporate Services: Government Affairs
Vice President: Mike Roeder

Cost Center	Services Provided	Existing Customers				Type of Charge	Allocation Driver	Sig Gas/Elec Split	Primary STAT Account
		SIG	IGC	VEDO	NonUtil				
VP Governmental Affairs & President Vectren North (0502)	<ul style="list-style-type: none"> Manage Federal Governmental Affairs Manage State Governmental Affairs Manage Complete Non-Regulated Governmental Affairs Manage PAC Activity General Governmental Affairs Management Support of Vectren North Lobbying 	Y	Y	Y	Y	Allocation	Payroll/Margin/CapX	Margin/Customer/CapX	ALLPMCC

Corporate Services: Community Sustainability
Vice President: Jeff Whiteside

Cost Center	Services Provided	Existing Customers				Type of Charge	Allocation Driver	Sig Gas/Elec Split	Primary STAT Account
		SIG	IGC	VEDO	NonUtil				
Community Sustainability (0522)	<ul style="list-style-type: none"> Manage Community Relations Manage Corporate Donations Manage Community Sustainability Manage Vectren Foundation 	Y	Y	Y	N	Allocation	Customers	Customer	ALLCUST
Low Income Assistance Programs (5605)	<ul style="list-style-type: none"> Collect, analyze and report low income assistance prog info for regulatory reporting Monitoring of collection of USF funds and various payments of funds Managing the payments, contact with cap. agencies, and education related to low income assistance programs. 	Y	Y	Y	N	Allocation	Customers	Customer	ALLCUST

Corporate Services: Regulatory Affairs & Gas Supply
Vice President: Scott Albertson

Cost Center	Services Provided	Existing Customers				Type of Charge	Allocation Driver	Sig Gas/Elec Split	Primary STAT Account
		SIG	IGC	VEDO	NonUtil				
Rates/Regulatory VUTL (0573)	<ul style="list-style-type: none"> Gas Supply and Pipeline Services Planning, Acquisition and Hedging. Cost Recovery Proceedings - gas, fuel, and other Rate and Tariff Design and Maintenance 	Y	Y	Y	N	Allocation	Payroll/Margin/CapX	Margins/Customers/CapX	ALLPMCU
Gas Transportation Program - VUTL (1998)	<ul style="list-style-type: none"> Regulatory Affairs Representation Employee volunteer hours Manage the operations functions of Indiana transportation programs Manage the operations functions of Ohio transportation programs Manage Regulatory Initiatives and implement regulatory outcomes 	Y	Y	Y	N	Allocation	Customers	Gas Only	GSCU
Rates & Regulatory Analysis (0535)	<ul style="list-style-type: none"> Cost Recovery Proceedings - gas, fuel, and other Rate and Tariff Design and Maintenance Manage Utility Financial Analysis and Performance 	N	N	Y	N	Direct	Direct	N/A	N/A
		Y	Y	Y	N	Allocation	Payroll/Margin/CapX	Margins/Customers/CapX	ALLPMCU

UTILITY HOLDINGS' ASSET CHARGE
Updated through December 31, 2018

<u>Line #</u>	<u>Category</u>		North	Ohio	South-Gas	South-Electric	Enterprises	TOTAL	
Calculation of Plant Balance									
	Plant NBV at December 31, 2017			\$ 157,241,126					
	2018 Cap Ex		\$ 55,971,416						
	Carryforward CWIP		\$ 36,290,120						
	Estimated CWIP balance end of Year		\$ 45,767,021						
	Placed into Service			\$ 46,494,515					
	Depreciation Expense 2018			\$ 26,348,189	From FINAL Depreciation Schedule				
	Plant NBV at December 31, 2018			\$ 177,387,452	\$ -				
1	Utility Holdings Projected Net Plant at December 31, 2018	[A]	\$ 177,387,452	\$ 177,387,452	\$ 177,387,452	\$ 177,387,452	\$ 177,387,452	\$ 177,387,452	1
2	Allocation Factor	[B]	43.44%	21.29%	10.36%	24.31%	0.60%	100.00%	2
3	Allocated Net Plant at December 31, 2018	[C]=[A]*[B]	77,057,109	37,765,789	18,377,340	43,122,890	1,064,325	177,387,452	3
4	Allocated Plant Related Utility Holdings Def. Tax Liab. Projected for 12/31/18 as calculated by Vectren [1]	[D]		(6,386,449)				(6,386,449)	4
5	Allocated Net Plant and Plant Related Def. Tax Liability at Decemb	[E]=[C]+[D]	77,057,109	31,379,340	18,377,340	43,122,890	1,064,325	171,001,003	5
6	Rate Case Rate of Returns (Final / Settlement)	[F]	11.21%	11.87%	10.46%	10.38%	-		6
7	Asset Cost -- Return and Income Taxes	[G]=[E]*[F]	\$ 8,638,102	\$ 3,724,728	\$ 1,922,270	\$ 4,476,156	\$ -	\$ 18,761,256	7
8	Depreciation	[H]	\$ 11,325,283	\$ 5,566,623	\$ 2,721,083	\$ 6,449,417	\$ 285,780	\$ 26,348,186	8
9	Property Taxes	[I]	\$ 878,842	\$ 429,434	\$ 207,407	\$ 481,685	\$ -	\$ 1,997,368	9
10	2018 Asset Charge Budget	[J]=[G]+[H]+[I]	\$ 20,842,227	\$ 9,720,785	\$ 4,850,760	\$ 11,407,258	\$ 285,780	\$ 47,106,810	10
11	Charge From SIGECO to VUHI for use of assets	[K]		\$ -	\$ -	\$ -	\$ -	\$ -	11
12	Net Asset Charge	[J]+[K]	\$ 20,842,227	\$ 9,720,785	\$ 4,850,760	\$ 11,407,258	\$ 285,780	\$ 47,106,810	12

Final Rate Case Amounts
variance

11,196,300
(210,958)

[1] Other jurisdictions include deferred taxes as an element of cost free capital, VEDO is the only one that nets deferred against "rate base"

Vectren
Five Largest Assets & Other
2018 Budget (depreciation expense allocation)

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
Asset	Deprec Exp	% of Total	Driver	IGC	SIG Elec	SIG Gas	VEDO	ENT	Total	IGC	(C * F) (C * F)	(C * G) (C * G)	(C * H) (C * H)	(C * I) (C * I)	Total
1 CIS - Banner	\$ 740,253	2.81%	Utility Customers/ Utility FTE's	44.0%	24.1%	10.4%	21.5%	0.0%	100.0%	\$ 325,711	\$ 178,401	\$ 76,986	\$ 159,154	\$ -	\$ 740,252
2 OVS	1,085,951	4.12%	Utility Customers/ Utility FTE's	44.00%	24.13%	10.37%	21.50%	0.00%	100.0%	\$ 477,818	\$ 262,040	\$ 112,613	\$ 233,479	\$ -	\$ 1,085,950
3 SSC Building	562,639	2.14%	Utility Customers/ Utility FTE's	44.0%	24.1%	10.4%	21.5%	0.0%	100.0%	\$ 247,561	\$ 135,596	\$ 58,514	\$ 120,967	\$ -	\$ 562,638
4 AMT	4,097,577	15.55%	Utility Customers/ Utility FTE's	44.0%	24.1%	10.4%	21.5%	0.0%	100.0%	\$ 1,802,934	\$ 987,516	\$ 426,148	\$ 880,979	\$ -	\$ 4,097,577
5 Other	17,321,501	65.74%	Utility Customers/ Utility FTE's	44.000%	24.100%	10.400%	21.500%	0.000%	100.0%	\$ 7,621,460	\$ 4,174,482	\$ 1,801,436	\$ 3,724,123	\$ -	\$ 17,321,501
6 ULA	754,146	2.86%	Utility Customers/ Utility FTE's	44.000%	24.130%	10.370%	21.500%	0.000%	100.0%	\$ 331,824	\$ 181,975	\$ 78,205	\$ 162,141	\$ -	\$ 754,145
7 Oracle	1,786,122	6.78%	Cons. P/M/C	29.00%	29.64%	9.36%	16.00%	16.00%	100.00%	\$ 517,975	\$ 529,407	\$ 167,181	\$ 285,780	\$ 285,780	\$ 1,786,123
	\$26,348,189	100.00%								\$11,325,283	\$ 6,449,417	\$ 2,721,083	\$ 5,566,623	\$ 285,780	\$ 26,348,186
										42.98%	24.48%	10.33%	21.13%	1.08%	100.00%

Driver Calculation - Utility Customer and Utility FTE

	Utility FTE	Utility Cust
IGC	37.0%	51.000%
SIGE	35.7%	12.540%
SIGG	11.3%	9.460%
VEDO	16.0%	27.000%
	100.0%	100.0%

Blended Rate	Remainder
44.000%	44.00%
24.130%	24.13%
10.370%	10.37%
21.500%	21.50%
100.00%	100.00%

APPENDIX E

Vectren
Five Largest Assets & Other
2018 Budget (property tax allocation)

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
Asset	Property Tax Exp	% of Total	Driver	IGC	SIG Elec	SIG Gas	VEDO	ENT	Total	IGC	SIG Elec	Weighting of % Allocated SIG Gas	VEDO	ENT	Total
1 CIS - Banner	\$ -	0.000%	Utility Customers/ Utility FTE's	44.000%	24.100%	10.400%	21.500%	0.000%	100.00%	\$ -	\$ -	\$ -	\$ -	\$ -	-
2 OVS	\$ 1,064,690	53.305%	Utility Customers/ Utility FTE's	44.00%	24.13%	10.37%	21.50%	0.00%	100.00%	\$ 468,463.60	\$ 256,909.70	\$ 110,408.35	\$ 228,908.35	\$ -	\$ 1,064,690
3 SSC Building	\$ 435,322	21.795%	Utility Customers/ Utility FTE's	44.0%	24.1%	10.4%	21.5%	0.0%	100.00%	\$ 191,541.67	\$ 104,912.60	\$ 45,273.49	\$ 93,594.23	\$ -	\$ 435,321.99
4 AMT	\$ -	0.000%	Utility Customers/ Utility FTE's	44.0%	24.1%	10.4%	21.5%	0.0%	100.00%	\$ -	\$ -	\$ -	\$ -	\$ -	-
5 Other	\$ 497,356	24.901%	Utility Customers/ Utility FTE's	44.000%	24.100%	10.400%	21.500%	0.000%	100.00%	\$ 218,836.63	\$ 119,862.80	\$ 51,725.02	\$ 106,931.54	\$ -	\$ 497,356
6 ULA	\$ -	0.000%	Utility Customers/ Utility FTE's	44.000%	24.130%	10.370%	21.500%	0.000%	100.00%	\$ -	\$ -	\$ -	\$ -	\$ -	-
7 Orade	\$ -	0.000%	Cons. P/M/C	29.000%	29.640%	9.360%	16.000%	16.000%	100.000%	\$ 878,841.90	\$ 481,685.10	\$ 207,406.86	\$ 429,434.12	\$ -	\$ 1,997,367.99
	\$ 1,997,368	100.00%								44.0000%	24.1160%	10.3840%	21.5000%	0.0000%	100.0000%

Driver Calculation - Utility Customer and Utility FTE

	Utility FTE	Utility Cust
IGC	37.000%	51.000%
SIGE	35.720%	12.540%
SIGG	11.280%	9.460%
VEDO	16.000%	27.000%
	100.000%	100.000%

Blended Rate	Remainder
44.000%	44.00%
24.130%	24.13%
10.370%	10.37%
21.500%	21.50%
100.00%	100.00%

Vectren
Five Largest Assets & Other
2018 Budget (Net Plant Allocation)

A	B	C	D	E	F	Allocations Based on Driver						J	K (C * E)	Weighting of % Allocated				O	P								
						Driver								(C * F)						(C * H)				(C * I)			
						% of Total	IGC	SIG Elec	SIG Gas	VEDO	ENT			Total	IGC	SIG Elec	SIG Gas			VEDO	ENT	Total	IGC	SIG Elec	SIG Gas	VEDO	ENT
1	CIS - Banner	3,078,466	1.7354%	Utility Customers/ Utility FTE's	44.0%	24.1%	10.4%	21.5%	0.0%	100.0%	0.764%	0.418%	0.181%	0.373%	0.000%	1.736%											
2	OVS	23,154,391	13.0530%	Utility Customers/ Utility FTE's	44.00%	24.13%	10.37%	21.50%	0.00%	100.0%	5.743%	3.150%	1.354%	2.806%	0.000%	13.053%											
3	SSC Building	9,467,178	5.3370%	Utility Customers/ Utility FTE's	44.0%	24.1%	10.4%	21.5%	0.0%	100.0%	2.348%	1.286%	0.555%	1.148%	0.000%	5.337%											
4	AMT	8,603,886	4.8503%	Utility Customers/ Utility FTE's	44.0%	24.1%	10.4%	21.5%	0.0%	100.0%	2.134%	1.169%	0.504%	1.043%	0.000%	4.850%											
5	Other	114,416,867	64.5011%	Utility Customers/ Utility FTE's	44.0%	24.1%	10.4%	21.5%	0.0%	100.0%	28.381%	15.545%	6.708%	13.868%	0.000%	64.502%											
6	ULA	12,003,942	6.7671%	Utility Customers/ Utility FTE's	44.0%	24.1%	10.4%	21.5%	0.0%	100.0%	2.978%	1.631%	0.704%	1.455%	0.000%	6.768%											
7	Oracle	6,662,722	3.7560%	Cons. P/M/C	29.00%	29.64%	9.36%	16.00%	16.00%	100.00%	1.089%	1.113%	0.352%	0.601%	0.601%	3.756%											
		177,387,452	100.0%								43.44%	24.31%	10.36%	21.29%	0.60%	100.00%											

Driver Calculation - Utility Customer and Utility FTE

Utility FTE		Utility Cust	
IGC	37.00%	51.00%	Blended Rate
SIGE	35.72%	12.54%	44.000%
SIGG	11.28%	9.46%	24.130%
VEDO	16.00%	27.00%	10.370%
	100.00%	100.00%	21.500%
			100.00%

APPENDIX E

Vectren Utility Holdings, Inc. Net Book Value Projected Roll Forward							Property Tax Allocation: 1,997,368	
Description	[A] 12/31/2017 NBV	[B] 2018 Cap. Ex. In Service	[C] 2018 Depreciation	[D]=[A]+[B]+[C] Net Book Value 12/31/2018		Real Prop Alloc	Personal Prop Alloc	Total by Category
CIS - Banner	\$ 3,818,719	\$ -	\$ (740,253)	\$ 3,078,466				
New HQ	\$ 24,240,342	\$ -	\$ (1,085,951)	\$ 23,154,391		964,041	100,649	1,064,690
SSC Building	\$ 10,029,817	\$ -	\$ (562,639)	\$ 9,467,178		394,169	41,153	435,322
AMT	\$ 12,701,463	\$ -	\$ (4,097,577)	\$ 8,603,886				
Other	\$ 98,001,941	\$ 33,736,427	\$ (17,321,501)	\$ 114,416,867			497,356	497,356
ULA	\$ -	\$ 12,758,088	\$ (754,146)	\$ 12,003,942				
Oracle	\$ 8,448,844	\$ -	\$ (1,786,122)	\$ 6,662,722				0
TOTAL	\$ 157,241,126	\$ 46,494,515	\$ (26,348,189)	\$ 177,387,452		1,358,210	639,158	1,997,368

0.68 Real Property % from current liability analysis
0.32 Personal property % from current liability analysis

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Commission of Ohio Docketing Information System on

3/30/2018 11:41:27 AM

in

Case No(s). 18-0298-GA-AIR, 18-0299-GA-ALT

Summary: Application Volume 7 (S Schedules) electronically filed by Ms. Rebekah J. Glover on behalf of Vectren Energy Delivery of Ohio, Inc.