

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of)	
Vectren Energy Delivery of Ohio, Inc.)	Case No. 18-0762-GA-RDR
for Authority to Adjust Its Distribution)	
Replacement Rider Charges.)	

SUPPLEMENTAL APPLICATION

On May 1, 2018, Vectren Energy Delivery of Ohio, Inc. (VEDO or the Company) filed its Application for approval of an adjustment to its Distribution Replacement Rider (DRR) charges. For the reasons explained below, VEDO hereby files a Supplemental Application. Unless modified below, the facts, requests for relief, and other information contained in VEDO's original Application remain unchanged.

After VEDO filed its Application, it discovered that the calculation of the DRR revenue requirement contained two inadvertent errors that resulted in a slight understatement of the revenue requirement: a rounding error of \$108 in connection with the allocation of the O&M Savings Adjustment between Exhibits JCS-2 and JCS-3; and an understatement of incremental service-line responsibility by \$38,445 (*see* Exhibit JCS-3, line 35; *compare* VEDO Exhibit 1.0, Hoover Dir., at 18, line 5 and Exhibit No. SAH-8), resulting from the inadvertent inclusion of last year's figure in this year's filing. As filed, the proposed annual DRR revenue requirement was \$42,798,263. With these corrections, the proposed revenue requirement is now \$42,836,599, for an increase of \$38,336.

As shown below, the corrections have no impact on Rates 345 or 360, but do have a minor effect on other rates and on the amount of deferred revenue in excess of the residential rate cap:

Rate Schedule (or Deferral)	As Filed	Corrected	Difference
310/311/315 & 320/321/325 (Group 1)	\$9.47 ¹	\$9.48	\$0.01
320/321/325 (Groups 2 & 3)	\$0.07675/Ccf	\$0.07682/Ccf	\$0.00007/Ccf
341	\$103.77	\$103.84	\$0.07
Deferred revenue in excess of cap	\$779,864	\$816,258	\$36,394

With this Supplemental Application, the Company is filing VEDO Exhibit No. 2.0R, which is the revised Direct Testimony of J. Cas Swiz, with revised attachments, which provides a corrected calculation of the rates and revenue requirement. The corrections have no impact on VEDO Exhibit No. 1.0, the Direct Testimony of Steve Hoover.

With the foregoing corrections, VEDO's Application, Supplemental Application, and supporting testimony support the following revised DRR charges:

Rate Schedule	\$ Per Month	\$ Per Ccf
310, 311 and 315	\$9.25	
320, 321 and 325 (Group 1)	\$9.25	
320, 321 and 325 (Group 2 and 3)		\$0.07682
341	\$103.84	
345		\$0.01598
360		\$0.01098

A redlined and clean version of the revised and corrected tariff Sheet No. 45, Twelfth Revised Page 2 of 2, which reflects the foregoing revised DRR charges, is included as an exhibit to the revised Direct Testimony of J. Cas Swiz.

WHEREFORE, VEDO respectfully requests that the Commission approve the DRR charges, approve the proposed Sheet No. 45, Twelfth Revised Page 2 of 2, and grant all other necessary and proper relief.

¹ This figure assumes no cap on this rate. The actual proposed charge was and will remain \$9.25, with the excess being deferred for future recovery as stated in VEDO's Application.

Dated: June 8, 2018

Respectfully submitted,

/s/ Andrew J. Campbell

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ATTORNEYS FOR VECTREN ENERGY

DELIVERY OF OHIO, INC.

CERTIFICATE OF SERVICE

I hereby certify that a copy of this Supplemental Application and Attachments was served
by electronic mail this 8th day of June 2018 to the following:

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Vectren Energy Delivery of Ohio, Inc.)	Case No. 18-0762-GA-RDR
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**DIRECT TESTIMONY
OF
J. CAS SWIZ
DIRECTOR, RATES AND REGULATORY ANALYSIS
ON BEHALF OF
VECTREN ENERGY DELIVERY OF OHIO, INC.**

**Direct Testimony of
J. Cas Swiz**

I. INTRODUCTION

Q1. Please state your name and business address.

A. My name is J. Cas Swiz, and my address is One Vectren Square, Evansville, Indiana 47708.

Q2. What position do you hold with Applicant Vectren Energy Delivery of Ohio, Inc. (VEDO or the Company)?

A. I am Director, Rates and Regulatory Analysis for Vectren Utility Holdings, Inc. (VUHI), the immediate parent company of VEDO. I hold the same position with two other utility subsidiaries of VUHI—Southern Indiana Gas and Electric Company d/b/a Vectren Energy Delivery of Indiana, Inc. (Vectren South) and Indiana Gas Company, Inc. d/b/a Vectren Energy Delivery of Indiana, Inc. (Vectren North).

Q3. Please describe your educational background.

A. I am a 2001 graduate of the University of Evansville with a Bachelor of Science Degree in Accounting, and a 2005 graduate of the University of Southern Indiana with a Masters of Business Administration.

Q4. Please describe your professional experience.

A. From 2001 to 2003, I was employed by ExxonMobil Chemical as a Product and Inventory accountant. Since 2003, I have been employed with VUHI in various accounting capacities. In 2008, I was named Manager, Regulatory and Utility Accounting. November 2012, I was promoted to Director, Regulatory Implementation and Analysis. In August 2015, I was named Director, Rates and Regulatory Analysis.

1 **Q5. What are your present duties and responsibilities as Director, Rates and Regulatory**
2 **Analysis?**

3 A. I am responsible for the regulatory and rate matters of the regulated utilities within VUHI
4 in proceedings before the Indiana and Ohio utility regulatory commissions. I also have
5 responsibility for the financial analysis and implementation of all regulatory initiatives of
6 VEDO (and VUHI's other utility subsidiaries), as well as the preparation of accounting
7 exhibits submitted in various regulatory proceedings.

8 **Q6. Are you familiar with the books, records, and accounting procedures of VEDO?**

9 A. Yes, I am.

10 **Q7. Are VEDO's books and records maintained in accordance with the Uniform System**
11 **of Accounts (USoA) and generally accepted accounting principles?**

12 A. Yes.

13 **Q8. Have you previously testified before this Commission?**

14 A. Yes. I testified in VEDO's 2013 Distribution Replacement Rider (DRR) proceeding,
15 Case No 13-1121-GA-RDR; 2014 DRR proceeding, Case No. 14-0813-GA-RDR; 2015
16 DRR proceeding, Case No. 15-0865-GA-RDR; 2016 DRR proceeding, Case No. 16-
17 0904-GA-RDR; and 2017 DRR proceeding, Case No. 17-1155-GA-RDR. I have also
18 testified in VEDO's general rate case and alternative rate plan proceedings, Case Nos.
19 18-0298-GA-AIR, 18-0299-GA-ALT, and 18-0049-GA-ALT (the Rate Case).

20 **Q9. What is the purpose of your testimony in this proceeding?**

21 A. My testimony explains the calculation of the revenue requirement for VEDO's DRR,
22 which includes the bare steel and cast iron replacement program (the Replacement
23 Program), the completed natural gas riser replacement program, and incremental costs
24 associated with the Company's assumption of service line responsibility. I will also
25 provide an explanation of the accounting procedures the Company uses to record and

1 segregate the costs recoverable in the DRR. In addition, my testimony describes certain
2 changes to costs recovered through the DRR and supports the proposed DRR charges, as
3 well as the proposed tariff sheet and associated bill impacts. Finally, I will discuss how
4 the DRR proposed in this proceeding will be impacted by the VEDO's Rate Case pending
5 before the Commission.

6 **Q10. What Exhibits are you sponsoring in this proceeding?**

7 A. The following exhibits are attached to my testimony:

- 8 • Exhibit No. JCS-1R – Summary of DRR Revenue Requirement
- 9 • Exhibit No. JCS-2R – Revenue Requirement for Main Replacement Program
- 10 • Exhibit No. JCS-2aR – Utility Plant Additions for Main Replacement Program
- 11 • Exhibit No. JCS-2bR – Utility Plant Retirements for Main Replacement Program
- 12 • Exhibit No. JCS-2cR – Accumulated Depreciation for Main Replacement Program
- 13 • Exhibit No. JCS-2dR – Cost of Removal for Main Replacement Program
- 14 • Exhibit No. JCS-2eR – Post in Service Carrying Costs (PISCC) for Main
15 Replacement Program
- 16 • Exhibit No. JCS-2fR – Annualized Property Tax Expense for Main Replacement
17 Program
- 18 • Exhibit No. JCS-2gR – Deferred Taxes on Liberalized Depreciation for Main
19 Replacement Program
- 20 • Exhibit No. JCS-2hR – Deferred Depreciation Regulatory Asset Balance for Main
21 Replacement Program
- 22 • Exhibit No. JCS-3R – Revenue Requirement for Service Line and Completed Riser
23 Replacement Program
- 24 • Exhibit No. JCS-3aR – Utility Plant Additions for Service Line and Riser
25 Replacement Program
- 26 • Exhibit No. JCS-3bR – Utility Plant Retirements for Service Line and Riser
27 Replacement Program

- Exhibit No. JCS-3cR – Accumulated Depreciation for Service Line and Riser Replacement Program
- Exhibit No. JCS-3dR – Cost of Removal for Service Line and Riser Replacement Program
- Exhibit No. JCS-3eR – PISCC for Service Line and Riser Replacement Program
- Exhibit No. JCS-3fR – Annualized Property Tax Expense for Service Line and Riser Replacement Program
- Exhibit No. JCS-3gR – Deferred Taxes on Liberalized Depreciation for Service Line and Riser Replacement Program
- Exhibit No. JCS-3hR – Deferred Depreciation Regulatory Asset Balance for Service Line and Riser Replacement Program
- Exhibit No. JCS-4R – DRR Revenue Requirement Variance at December 31, 2017
- Exhibit No. JCS-4aR – DRR Recoveries by Tariff
- Exhibit No. JCS-5R – DRR Derivation of Charges
- Exhibit No. JCS-6R – DRR Tariff Sheet and
- Exhibit No. JCS-7R – DRR Annual Residential Customer Bill Impact
- Exhibit No. JCS-8R – Calculation of Reduced Rate of Return Adjusted due to 2017 Tax Reform

II. BACKGROUND

Q11. Has the Commission approved changes to the DRR since it was originally approved in Case No. 07-1080-GA-AIR?

A. Yes. The Commission’s February 19, 2014 Order in Case No. 13-1571-GA-ALT approved a Stipulation and Recommendation (the 13-1571 Stipulation) between VEDO and the Staff of the Public Utilities Commission of Ohio. In the 13-1571 Stipulation, the Commission approved continuation of the DRR, which was originally approved in VEDO’s last general rate case, Case No. 07-1080-GA-AIR (the 2007 Rate Case). The

1 13-1571 Stipulation continues to allow VEDO to recover a return on and of investments
2 made by the Company under an accelerated bare steel and cast iron pipeline replacement
3 program, inclusive of capitalized interest (or post-in-service carrying costs, or PISCC)
4 associated with the Replacement Program, and to recover the incremental costs of
5 assuming responsibility for service lines.

6 **Q12. How did the 13-1571 Stipulation modify the DRR?**

7 A. The 13-1571 Stipulation provides that Replacement Program costs incurred through
8 December 31, 2017, are recoverable in the DRR. It also accelerated the pace of the
9 Replacement Program and clarified and expanded the scope of costs recoverable in the
10 DRR. These and other modifications are described in further detail in the 13-1571
11 Stipulation itself.

12 **III. DRR REVENUE REQUIREMENT**

13 **Q13. Please explain the work order process that VEDO uses to segregate and record the**
14 **capital costs of the bare steel and cast iron replacement and riser/service line**
15 **replacement programs (collectively, the Programs) while the projects are under**
16 **construction (the Program Construction Costs).**

17 A. To ensure proper accumulation and segregation of Program Construction Costs, a project
18 number is assigned to each capital work order. All Program Construction Costs, as
19 incurred, are recorded to the assigned project number and are maintained in the
20 Company's financial systems (specifically the Financial Information System (FIS)
21 Projects Accounting (PA) module). The project number is required for the recording of
22 all Program Construction Costs into any of the FIS feeder systems. Each of the feeder
23 systems, which include payroll, accounts payable, and material inventory, interface with
24 the PA module. Total Program Construction Costs incurred can be viewed and/or
25 reported by the project number at any point in time as the Programs progress.

1 **Q14. What costs did VEDO include in the value of the property for the DRR rate base**
2 **additions?**

3 A. The DRR includes the construction costs of the Programs, as well as engineering and
4 project management, permitting, consulting services, site preparation, equipment and
5 installation, cost of retirement, an allocation of administrative overhead, and other related
6 expenses.

7 **Q15. Is an allowance for funds used during construction (AFUDC) included in the**
8 **Program Construction Costs?**

9 A. Yes, AFUDC has been recorded as part of the Program Construction Costs in accordance
10 with USoA. The 2017 AFUDC rate used for all other VEDO construction projects was
11 1.26%.

12 **Q16. When does VEDO discontinue recording AFUDC on the Program Construction**
13 **Costs?**

14 A. VEDO ceases the accrual of AFUDC when each work order is placed in service and
15 begins accruing PISCC at an annual rate of 7.02%. The Commission's order in the 2007
16 Rate Case approved the accrual of PISCC after the work order in-service date, along with
17 the fixed rate utilized. The net PISCC deferred as of December 31, 2017, has been
18 reflected on Exhibit No. JCS-2R, Line 11 for mains and Exhibit No. JCS-3R, Line 18 for
19 service lines.

20 **Q17. What is PISCC?**

21 A. PISCC stands for post-in-service carrying costs and is an allocation of interest cost to the
22 infrastructure investments made in the Programs and is accumulated from the in-service
23 date through the date each project's costs are included for recovery in the DRR or in base
24 rates.

1 **Q18. What rate of return is used to calculate the DRR revenue requirement?**

2 A. In the 13-1571 Stipulation, VEDO was authorized to apply a total pre-tax rate of return of
3 11.67% to DRR-recoverable investments. This pre-tax return amount was based upon a
4 Federal Income Tax rate of 35%. On December 22, 2017, the Tax Cuts and Jobs Act
5 (TCJA) of 2017 was signed into law, which reduced the Federal Income Tax rate,
6 effective January 1, 2018, to 21%. As a result of this change, VEDO is adjusting its
7 authorized pre-tax rate of return to reflect the lower Federal Tax Rate. Exhibit No. JCS-
8 8R presents the calculation of the modified rate, 10.36%.

9 **Q19. Does the DRR revenue requirement include retirements and the cost of removal of**
10 **utility plant assets?**

11 A. Yes. Existing bare steel and cast iron mains and service lines are being retired as part of
12 the Program. VEDO had discontinued the installation of bare steel and cast iron pipe by
13 the 1950s; therefore any retirements of these types of mains and service lines represent
14 fully depreciated plant in service. As the retirements are performed, VEDO is also
15 recording the cost to retire or remove the bare steel and cast iron assets as part of the
16 Replacement Program.

17 **Q20. How did VEDO account for the asset retirements and associated cost of removal?**

18 A. In accordance with the USoA, the retirement of utility assets, at original cost, and the
19 retirement's related cost of removal made necessary by the Replacement Program were
20 charged to the associated depreciation reserve(s). The Replacement Program's original
21 cost retirements are reflected on Exhibit No. JCS-2R, Lines 4 and 9 for mains, and on
22 Exhibit No. JCS-3R, Lines 7 and 8 and Lines 15 and 16 for service lines, and cost of
23 removal is reflected on Exhibit No. JCS-2R, Line 8 for mains and Exhibit No. JCS-3R,
24 Line 14 for service lines.

Q21. What operating expenses are included in the DRR revenue requirement?

A. VEDO has reflected the incremental property tax (Exhibit No. JCS-2R, Line 20 (mains) and Exhibit No. JCS-3R, Line 29 (service lines and risers)) and annualized depreciation expense (Exhibit No. JCS-2R, Line 21 (mains) and Exhibit No. JCS-3R, Line 30 and 31 (service lines and risers)) based on the net additions to plant in service shown on Exhibit No. JCS-2R, Line 5, mains, and Exhibit No. JCS-3R, Line 9, service lines. The annualized depreciation expense was calculated using the depreciation rates approved in VEDO's base rate case, Case No. 04-0571-GA-AIR, and property tax expense is supported by Exhibit No. JCS-2fR (mains) and Exhibit No. JCS-3fR (service lines and risers).

VEDO has also included in the DRR revenue requirement the incremental cost associated with assuming ownership of service lines. This expense is reflected on Exhibit No. JCS-3R, Line 35. VEDO witness Steven A. Hoover provides the support for the incremental expense in Exhibit No. SAH-8.

Q22. Are there maintenance expense adjustments associated with the Replacement Program?

A. Yes. As approved by the Commission in Case No. 13-1571-GA-ALT, operations and maintenance (O&M) savings attributed to the Replacement Program are included as an offset to the costs recoverable in the DRR. In this case, the amount of the offset, reflected on Witness Hoover's Exhibit No. SAH-7, was determined by adding together a baseline credit of \$294,116 and a credit of \$5,882 per mile of cumulative bare-steel and cast-iron main retired, for a credit of \$1,424,738 above the baseline amount of \$294,116, which results in a total O&M Savings Credit of \$1,718,854. This credit is reflected in the DRR revenue requirement on Exhibit No. JCS-2R, Line 24 for mains and Exhibit No. JCS-3R,

Line 36 for services. Witness Hoover discusses the determination of this O&M savings credit.

IV. EXPLANATION OF EXHIBITS

Q23. Please explain Exhibit No. JCS-1R.

A. Exhibit No. JCS-1R summarizes the annualized revenue requirement for the Programs. The revenue requirement is supported by Exhibit Nos. JCS-2R through JCS-4R.

Q24. Please explain Exhibit No. JCS-2R and Exhibit No. JCS-3R.

A. Exhibit No. JCS-2R and Exhibit No. JCS-3R represent the revenue requirement calculation for VEDO's DRR charges based on net rate base at December 31, 2017, inclusive of PISCC and deferred taxes related to depreciation and PISCC. Exhibit No. JCS-2R represents the revenue requirement calculation for the main replacement program, and Exhibit No. JCS-3R represents the revenue requirement calculation for service line and riser replacements.

Q25. Please explain Exhibit No. JCS-2aR and Exhibit No. JCS-3aR.

A. Exhibit No. JCS-2aR and Exhibit No. JCS-3aR provide the balance of plant additions at December 31, 2016, and actual plant additions by month for the twelve months ended December 31, 2017, to determine utility plant additions at December 31, 2017. Exhibit No. JCS-2aR provides information for the main replacement program, and Exhibit No. JCS-3aR provides information for the service line and riser replacement programs.

Q26. Please explain Exhibit No. JCS-2bR and Exhibit No. JCS-3bR.

A. Exhibit No. JCS-2bR and Exhibit No. JCS-3bR provide the balance of the original cost plant retired under the Program as of December 31, 2016, as shown in Case No. 17-1155-GA-RDR, and the actual original cost retired by month for projects completed during the

1 twelve months ended December 31, 2017, to calculate the Replacement Program's total
2 original cost retirements. Exhibit No. JCS-2bR provides information for the main
3 replacement program, and Exhibit No. JCS-3bR provides information for the service line
4 and riser replacement programs.

5 **Q27. Please explain Exhibit No. JCS-2cR and Exhibit No. JCS-3cR.**

6 A. Exhibit No. JCS-2cR and Exhibit No. JCS-3cR provide the balance of accumulated
7 depreciation at December 31, 2016, and actual provision for depreciation by month for
8 the twelve months ended December 31, 2017, to calculate the accumulated depreciation
9 provision at December 31, 2017. Exhibit No. JCS-2cR provides information for the main
10 replacement program, and Exhibit No. JCS-3cR provides information for the service line
11 and riser replacement programs.

12 **Q28. Please explain Exhibit No. JCS-2dR and Exhibit No. JCS-3dR.**

13 A. Exhibit No. JCS-2dR and Exhibit No. JCS-3dR provide the balance of cost of removal at
14 December 31, 2016, and the actual cost of removal by month for the twelve months
15 ended December 31, 2017, to calculate the Program's total cost of removal through
16 December 31, 2017. Exhibit No. JCS-2dR provides information for the main
17 replacement program, and Exhibit No. JCS-3dR provides information for the service line
18 and riser replacement programs.

19 **Q29. Please explain Exhibit No. JCS-2eR and Exhibit No. JCS-3eR.**

20 A. Exhibit No. JCS-2eR and Exhibit No. JCS-3eR provide the balance of the PISCC
21 regulatory asset at December 31, 2016, and the PISCC activity by month for the twelve
22 months ended December 31, 2017, to calculate the PISCC regulatory asset balance at
23 December 31, 2017. These schedules also provide the amortization of PISCC by month
24 for the twelve months ended December 31, 2017, and an accumulated PISCC

amortization balance at December 31, 2017. Furthermore, these schedules provide the Net PISCC Regulatory Asset at December 31, 2017. Exhibit No. JCS-2eR provides information for the main replacement program, and Exhibit No. JCS-3eR provides information for the service line and riser replacement programs.

Q30. Please explain Exhibit No. JCS-2fR and Exhibit No. JCS-3fR.

A. Exhibit No. JCS-2fR and Exhibit No. JCS-3fR provide the calculation of the annualized property tax expense based on the net additions (mains, service lines and risers) to Plant In-Service under the Programs. This calculation follows the process used in VEDO's Annual Report to the Ohio Department of Taxation to determine the Net Property Valuation and uses the latest known average personal property tax rate. Exhibit No. JCS-2fR provides information for the net main additions, and Exhibit No. JCS-3fR provides information for the net service line and riser additions. In addition, Exhibit No. JCS-2fR and Exhibit No. JCS-3fR illustrate the Property Tax Settlement reached with the Tax Commissioner of Ohio (Tax Commissioner) in March 2017.

Q31. Please explain Exhibit No. JCS-2gR and Exhibit No. JCS-3gR.

A. Exhibit Nos. JCS-2gR (mains) and Exhibit No. JCS-3gR (service lines/risers) provide the calculation of depreciation-related deferred taxes for the Programs' capital investments placed in service during 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, and 2017.

Q32. Please explain Exhibit No. JCS-2hR and Exhibit No. JCS-3hR.

A. Exhibit No. JCS-2hR (mains) and Exhibit No. JCS-3hR (service lines) provide the balance of the deferred depreciation regulatory asset as of December 31, 2016, and deferred depreciation activity by month for the twelve months ended December 31, 2017, to calculate the deferred depreciation regulatory asset balance as of December 31, 2017. These schedules also provide the amortization of deferred depreciation by month for the

1 twelve months ended December 31, 2017, and an accumulated deferred depreciation
2 amortization balance at December 31, 2017. Furthermore, these schedules provide the
3 net deferred depreciation Regulatory Asset at December 31, 2017. Exhibit No. JCS-2hR
4 provides information for the main replacement program, and Exhibit No. JCS-3hR
5 provides information for the service line and riser replacement programs.

6 **Q33. Please explain Exhibit No. JCS-4R and Exhibit No. JCS-4aR.**

7 A. Exhibit No. JCS-4R provides the calculation of the DRR variance at December 31, 2017.
8 This variance is associated with the DRR revenue requirement for the twelve months
9 ended December 31, 2017.

10 Exhibit No. JCS-4aR reflects DRR recoveries by month by customer group for
11 the twelve months ended December 31, 2017.

12 **Q34. Please describe Exhibit No. JCS-5R.**

13 A. This exhibit contains the filing schedules to support the derivation of the Company's
14 proposed DRR change.

15 Exhibit No. JCS-5R, page 1, shows the allocation of the DRR revenue
16 requirement and the derivation of DRR charges by rate schedule. The rate schedule
17 allocation factors from page 2 (described below) are multiplied by the total revenue
18 requirement (from Exhibit No. JCS-1R) to determine the allocated revenue requirement
19 by rate schedule. For residential (Rates 310, 311, and 315), small general service (Group
20 1 customers served under Rates 320, 321, and 325; hereinafter collectively referred to as
21 Group 1 Customers), and Rate 341 (Dual Fuel Standard Choice Offer Service) customers,
22 the allocated revenue requirement for each rate schedule is then divided by the projected
23 number of customers in each rate schedule, and then divided by 12, to determine the
24 monthly DRR charge applicable to customers in those rate schedules. For larger

1 customers (Group 2 and Group 3 customers under Rates 320, 321, and 325, hereinafter
2 collectively referred to as Group 2 and Group 3 Customers) and all customers receiving
3 service under Rates 345 and 360, the allocated revenue requirement for each rate
4 schedule is divided by the projected annual throughput for each rate schedule to
5 determine the DRR charge per Ccf applicable to those rate schedules.

6 Exhibit No. JCS-5R, page 2, evaluates the calculated residential DRR rate per
7 customer against the approved cap. Any amount in excess, discussed further below, is
8 deferred for recovery in a subsequent DRR proceeding.

9 Exhibit No. JCS-5R, page 3, lists the rate schedule distribution mains and service
10 lines allocation factors from the 2007 Rate Case. These allocation factors are used to
11 allocate the mains and service lines revenue requirements to the various rate schedules.

12 Exhibit No. JCS-5R, page 4, shows how the general service customer DRR
13 charges are determined. Due to the similarity in facilities required to serve Group 1
14 Customers and those required to serve residential customers, and consistent with the
15 Commission's order in the 2007 Rate Case, VEDO presents a DRR charge to Group 1
16 Customers equal to the DRR charge applicable to residential customers. The residential
17 DRR charge is multiplied by the number of Group 1 Customers, with that result
18 multiplied by 12 to determine the annual DRR revenue requirement to be recovered from
19 Group 1 Customers. The Group 1 Customer revenue requirement is then subtracted from
20 the total revenue requirement allocated to Rates 320, 321, and 325. The resulting amount
21 is then divided by the projected annual throughput for Group 2 and Group 3 Customers to
22 determine the DRR charge per Ccf applicable to those customers.

1 Exhibit No. JCS-5R, page 5, shows the impact of the proposed DRR on each rate
2 schedule.

3 Exhibit No. JCS-5R, page 6, identifies the recoveries applicable to the periods
4 September 2018 through December 2018 and January 2019 through August 2019. These
5 are the 12 months during which the proposed DRR is projected to be in effect. The
6 purpose of this schedule is to provide the basis for determining the revenue requirement
7 recovery variance applicable to the period of September through December 2018, since in
8 the next annual DRR filing VEDO will reconcile actual costs and actual recoveries
9 through December 2018¹. The variance determined on Exhibit No. JCS-4R, page 1, is
10 allocated to mains and service lines based upon the approved revenue requirements in
11 VEDO's 2016 and 2017 DRR Filings. The allocated variances are added to the annual
12 revenue requirements for mains and service lines, shown on Exhibit No. JCS-2R and
13 Exhibit No. JCS-3R respectively, for investments made in 2017. Likewise, in the 2019
14 DRR filing the variance applicable to the period of January through August 2018 will be
15 based upon the recoveries for that period as identified on page 5. This methodology is
16 consistent with the company's previous annual DRR filings.

17 **Q35. Does the calculated residential DRR charge per customer exceed the approved cap**
18 **from the 13-1571 Stipulation?**

19 A. Yes. As shown on Exhibit No. JCS-5R, page 2 of 6, the derived DRR charge applicable
20 to Residential Customers is \$9.48 per month, which exceeds the approved cap (\$9.25 per
21 month) for the recovery period September 1, 2018 through August 31, 2019. Therefore,
22 the Company proposes a DRR charge applicable to Residential and Group 1 Customers
23 of \$9.25 per month, as reflected on the proposed DRR tariff sheet, Exhibit No. JCS-6R.

¹ Recoveries applicable to January through August 2018 were included in the determination of the DRR revenue requirement in the 2017 DRR Filing, Case No. 17-1155-GA-RDR.

1 In accordance with the terms of the 13-1571 Stipulation, the revenue requirement amount
2 in excess of the cap, \$816,258, will be deferred for subsequent recovery in a future DRR
3 proceeding provided that the inclusion of this amount does not cause VEDO to exceed
4 the applicable monthly DRR charge cap in that subsequent year.

5 **Q36. Please describe Exhibit No. JCS-6R.**

6 A. Exhibit No. JCS-6R illustrates the proposed DRR tariff sheet (redlined and clean).

7 **Q37. Please describe Exhibit No. JCS-7R.**

8 A. The annual impact of the proposed DRR on a residential customer is shown on Exhibit
9 No. JCS-7R.

10 **V. VEDO'S RATE CASE**

11 **Q38. How will the DRR proposed in this proceeding operate during the pendency and**
12 **ultimate completion of the Rate Case proceeding?**

13 A. VEDO has proposed in this DRR proceeding to recover Program investments made
14 through December 31, 2017, in accordance with the approval in the 13-1571 Stipulation.
15 In the Rate Case, VEDO has also included within the rate base all Program investments
16 through December 31, 2017. At such time as an Order is received in the Rate Case
17 proceeding, establishing new base rates and charges, VEDO will remove the Program
18 investments from the DRR, leaving only the unrecovered DRR over-recovery variance
19 proposed to be included in the DRR rate. This will ensure that VEDO is not recovering
20 Program investments in both the DRR and base rates. With approval in the Rate Case
21 proceeding, VEDO will then submit its next annual DRR filing on May 1, 2019,
22 recovering Program investments made in 2018 only, along with reconciling any recovery
23 variances and additional deferred amounts from this DRR proceeding.

1 **VI. CONCLUSION**

2 **Q39. Does this conclude your direct testimony?**

3 **A. Yes.**

**VECTREN ENERGY DELIVERY OF OHIO, INC.
DISTRIBUTION REPLACEMENT RIDER
SUMMARY OF DRR REVENUE REQUIREMENT**

<u>Line</u>	<u>Description</u>	<u>Amount</u>	<u>Reference</u>
1	Mains Revenue Requirement	\$ 12,166,086	Exhibit No. JCS-2R, Line 27
2	Service Lines Revenue Requirement	<u>30,670,513</u>	Exhibit No. JCS-3R, Line 39
3	Annual DRR Revenue Requirement	<u>\$ 42,836,599</u>	Line 1 + Line 2

**VECTREN ENERGY DELIVERY OF OHIO, INC.
DISTRIBUTION REPLACEMENT RIDER
ANNUAL REVENUE REQUIREMENT - MAINS**

Line	Description	Amount	Reference
1	<u>Return on Investment:</u>		
2	Plant In-Service at December 31, 2017		
3	Additions - Main Replacements	\$ 107,748,573	Exhibit JCS-2aR, Column O, Line 2
4	Original Cost - Retired Mains	(5,671,621)	Exhibit JCS-2bR, Column Q, Line 2
5	Total Plant In-Service	\$ 102,076,952	Line 3 + Line 4
6	<u>Less: Accumulated Depreciation at December 31, 2017</u>		
7	Depreciation Expense - Mains	\$ (6,509,827)	Exhibit JCS-2cR, Column O, Line 2
8	Cost of Removal - Mains	4,070,208	Exhibit JCS-2dR, Column O, Line 2
9	Original Cost - Retired Mains	5,671,621	-Line 4
10	Total Accumulated Depreciation	\$ 3,232,001	Sum of Lines 7 - 9
11	Net Deferred Post In-Service Carrying Costs (PISCC) ⁽³⁾	\$ 7,337,233	Exhibit JCS-2eR, Column O, Line 4
12	Deferred Depreciation Regulatory Asset Balance - Mains	\$ 1,590,844	Exhibit JCS-2hR, Column B, Line 3
13	Net Deferred Tax Balance - PISCC	\$ (2,568,032)	-Line 11 x 35%
14	Deferred Taxes on Depreciation	\$ (22,773,465)	Exhibit No. JCS-2gR, Line 19
15	Deferred Taxes on Deferred Depreciation Regulatory Asset	\$ (556,795)	-Line 12 x 35%
16	Net Rate Base	\$ 88,338,738	Sum of Lines 5 and 10-15
17	Pre-Tax Rate of Return	10.36%	Exhibit JCS-8R, Line 7
18	Annualized Return on Rate Base - Mains	\$ 9,151,893	Line 16 x Line 17
19	<u>Operations and Maintenance Expenses</u>		
20	Annualized Property Tax Expense	\$ 2,256,097	Exhibit No. JCS-2fR, Line 17
21	Annualized Depreciation Expense	\$ 1,806,762	Line 5 x 1.77% ⁽¹⁾
22	Annualized PISCC Amortization Expense	\$ 116,658	Exhibit JCS-2eR, Column D, Line 13
23	Annualized Deferred Depreciation Amortization Expense - Mains	\$ 25,146	Exhibit JCS-2hR, Column C, Line 21
24	Annualized Maintenance Adjustment	\$ (933,969)	(2)
25	Total Incremental Operating Expenses - Mains	\$ 3,270,693	Sum of Lines 20-24
26	Variance	\$ (256,500)	Exhibit JCS-4R, Line 15
27	Total Annual Revenue Requirement - Mains	\$ 12,166,086	Line 18 + Line 25 + Line 26

(To Exhibit No. JCS-1R and Exhibit No. JCS-5R, page 1 of 6)

(1) FERC Account 676 depreciation rate approved in Case No. 04-0571-GA-AIR.

(2) Support provided by VEDO Witness Steven A. Hoover, Exhibit No. SAH-7, Column C, Line 6.

Allocation of Exhibit No. SAH-7 between Mains and Services based upon the cumulative gross investment 2013-2017.

(3) PISCC is accrued at an annual rate of 7.02% from the in service date until investments are reflected in the DRR rate as approved in Case No. 07-1080-GA-AIR.

Vectren Energy Delivery of Ohio
Distribution Replacement Rider (DRR)
Mains - Plant Additions
Twelve Months Ended December 31, 2017

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
Line No.	Description	Balance at 12/31/2016	1/31/2017	2/28/2017	3/31/2017	4/30/2017	5/31/2017	6/30/2017	7/31/2017	8/31/2017	9/30/2017	10/31/2017	11/30/2017	Balance at 12/31/2017	
1	<u>Cumulative Balance</u>														
2	Mains	\$ 93,837,547	\$ 95,143,136	\$ 95,548,275	\$ 96,327,106	\$ 96,749,446	\$ 97,591,408	\$ 99,263,970	\$ 99,912,940	\$ 101,628,740	\$ 103,583,612	\$ 104,128,635	\$ 105,395,514	\$ 107,748,573	To JCS-2R, Line 3
3	<u>Current Year Activity</u>		1/31/2017	2/28/2017	3/31/2017	4/30/2017	5/31/2017	6/30/2017	7/31/2017	8/31/2017	9/30/2017	10/31/2017	11/30/2017	12/31/2017	Activity for Twelve Months Ended 12/31/2017
4	Mains		\$ 1,305,589	\$ 405,139	\$ 778,831	\$ 422,340	\$ 841,963	\$ 1,672,561	\$ 648,970	\$ 1,715,800	\$ 1,954,872	\$ 545,023	\$ 1,266,879	\$ 2,353,059	\$ 13,911,026

Vectren Energy Delivery of Ohio
Distribution Replacement Rider (DRR)
Mains - Retirements
Twelve Months Ended December 31, 2017

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q
Line No.	Description	Retirements at 12/31/2016	1/31/2017	2/28/2017	3/31/2017	4/30/2017	5/31/2017	6/30/2017	7/31/2017	8/31/2017	9/30/2017	10/31/2017	11/30/2017	12/31/2017		Total Retirements for Work Orders Placed in Service by 12/31/2017
1	<u>Cumulative Balance</u>															
2	Mains	\$ (4,904,951)	\$ (4,938,583)	\$ (4,950,141)	\$ (5,023,999)	\$ (5,104,760)	\$ (5,123,529)	\$ (5,244,185)	\$ (5,260,762)	\$ (5,341,845)	\$ (5,387,825)	\$ (5,431,579)	\$ (5,563,671)	\$ (5,671,621)	\$	(5,671,621) To JCS-2R, Line 4
3	<u>Current Year Activity</u>		<u>1/31/2017</u>	<u>2/28/2017</u>	<u>3/31/2017</u>	<u>4/30/2017</u>	<u>5/31/2017</u>	<u>6/30/2017</u>	<u>7/31/2017</u>	<u>8/31/2017</u>	<u>9/30/2017</u>	<u>10/31/2017</u>	<u>11/30/2017</u>	<u>12/31/2017</u>	<u>2018</u> ⁽¹⁾	Retirements for Work Orders Placed In Service in 2017
4	Mains		\$ (33,632)	\$ (11,558)	\$ (73,858)	\$ (80,762)	\$ (18,769)	\$ (120,656)	\$ (16,577)	\$ (81,083)	\$ (45,980)	\$ (43,754)	\$ (132,092)	\$ (107,950)	\$ -	\$ (766,670)

Notes:

(1) Represents retirements recorded in early 2018 for work orders closed in 2017.

Vectren Energy Delivery of Ohio
Distribution Replacement Rider (DRR)
Mains - Depreciation
Twelve Months Ended December 31, 2017

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	
Line No.	Description	Accumulated Depreciation at 12/31/2016	1/31/2017	2/28/2017	3/31/2017	4/30/2017	5/31/2017	6/30/2017	7/31/2017	8/31/2017	9/30/2017	10/31/2017	11/30/2017	12/31/2017	
1	Cumulative Balance														
2	Mains	\$ (4,745,630)	\$ (4,885,003)	\$ (5,025,638)	\$ (5,167,146)	\$ (5,309,540)	\$ (5,452,867)	\$ (5,598,047)	\$ (5,744,940)	\$ (5,893,577)	\$ (6,044,922)	\$ (6,198,109)	\$ (6,352,633)	\$ (6,509,827)	To JCS-2R, Line 7
3	Current Year Activity		1/31/2017	2/28/2017	3/31/2017	4/30/2017	5/31/2017	6/30/2017	7/31/2017	8/31/2017	9/30/2017	10/31/2017	11/30/2017	12/31/2017	2017 Depreciation Expense
4	Mains		\$ (139,373)	\$ (140,635)	\$ (141,508)	\$ (142,394)	\$ (143,326)	\$ (145,181)	\$ (146,893)	\$ (148,637)	\$ (151,344)	\$ (153,188)	\$ (154,524)	\$ (157,194)	\$ (1,764,197)

Vectren Energy Delivery of Ohio
Distribution Replacement Rider (DRR)
Mains - Cost of Removal
Twelve Months Ended December 31, 2017

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
Line No.	Description	Cost of Removal at 12/31/2016	1/31/2017	2/28/2017	3/31/2017	4/30/2017	5/31/2017	6/30/2017	7/31/2017	8/31/2017	9/30/2017	10/31/2017	11/30/2017	Balance at 12/31/2017	
1	<u>Cumulative Balance</u>														
2	Mains	\$ 3,636,401	\$ 3,660,483	\$ 3,681,758	\$ 3,706,332	\$ 3,736,987	\$ 3,800,742	\$ 3,823,647	\$ 3,847,244	\$ 3,899,895	\$ 3,931,558	\$ 4,021,483	\$ 4,054,063	\$ 4,070,208	To JCS-2R, Line 8
3	<u>Current Year Activity</u>		1/31/2017	2/28/2017	3/31/2017	4/30/2017	5/31/2017	6/30/2017	7/31/2017	8/31/2017	9/30/2017	10/31/2017	11/30/2017	12/31/2017	Activity for Twelve Months Ended 12/31/2017
4	Mains		\$ 24,082	\$ 21,275	\$ 24,574	\$ 30,655	\$ 63,755	\$ 22,905	\$ 23,597	\$ 52,651	\$ 31,663	\$ 89,925	\$ 32,580	\$ 16,144	\$ 433,807

Vectren Energy Delivery of Ohio
Distribution Replacement Rider (DRR)
Mains - Post In Service Carrying Costs (PISCC)
Twelve Months Ended December 31, 2017

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
Line No.	Description	PISCC at 12/31/2016	1/31/2017	2/28/2017	3/31/2017	4/30/2017	5/31/2017	6/30/2017	7/31/2017	8/31/2017	9/30/2017	10/31/2017	11/30/2017	Balance at 12/31/2017	
1	Cumulative Balance														
2	Mains-PISCC	\$ 6,040,694	\$ 6,185,824	\$ 6,333,504	\$ 6,485,407	\$ 6,639,547	\$ 6,798,266	\$ 6,967,237	\$ 7,140,313	\$ 7,323,091	\$ 7,378,743	\$ 7,437,498	\$ 7,503,397	\$ 7,582,751	
3	Mains-PISCC Amortization	\$ (167,371)	(173,268)	(179,164)	(185,060)	(190,956)	(196,852)	(202,748)	(208,644)	(214,540)	(222,284)	(230,029)	(237,773)	(245,518)	
4	Deferred PISCC - Mains	\$ 5,873,323	\$ 6,012,556	\$ 6,154,340	\$ 6,300,347	\$ 6,448,591	\$ 6,601,414	\$ 6,764,489	\$ 6,931,669	\$ 7,108,551	\$ 7,156,459	\$ 7,207,469	\$ 7,265,624	\$ 7,337,233	To JCS-2R, Line 11
5	Current Year Activity		1/31/2017	2/28/2017	3/31/2017	4/30/2017	5/31/2017	6/30/2017	7/31/2017	8/31/2017	9/30/2017	10/31/2017	11/30/2017	12/31/2017	Activity for Twelve Months Ended 12/31/2017
6	2016 Mains - Deferred PISCC		\$ 138,751	\$ 138,751	\$ 138,751	\$ 138,751	\$ 138,751	\$ 138,751	\$ 138,751	\$ 138,751	\$ -	\$ -	\$ -	\$ -	\$ 1,110,008
7	2017 Mains - Deferred PISCC		6,379	8,929	13,152	15,389	19,968	30,220	34,325	44,027	55,652	58,755	65,899	79,354	432,049
8	Total 2017 Deferred PISCC		\$ 145,130	\$ 147,680	\$ 151,903	\$ 154,140	\$ 158,719	\$ 168,971	\$ 173,076	\$ 182,778	\$ 55,652	\$ 58,755	\$ 65,899	\$ 79,354	\$ 1,542,057
9	Mains-PISCC Amortization		\$ (5,896)	\$ (5,896)	\$ (5,896)	\$ (5,896)	\$ (5,896)	\$ (5,896)	\$ (5,896)	\$ (5,896)	\$ (7,744)	\$ (7,744)	\$ (7,744)	\$ (7,744)	\$ (78,146)
10	Annualized PISCC Amortization														
11	Cumulative PISCC at 12/31/2017		\$ 7,582,751												
12	Amortization % ⁽¹⁾		1.54%												
13	Annualized PISCC Amortization		\$ 116,658	To JCS-2R, Line 22											

Notes:

(1) FERC Account 676 depreciation rate's average service life or 65 years, as approved in Case No. 04-0571-GA-AIR.

VECTREN ENERGY DELIVERY OF OHIO, INC.
DISTRIBUTION REPLACEMENT RIDER
ANNUALIZED PROPERTY TAX EXPENSE - MAIN REPLACEMENTS

Line	Description	Amount										Reference
		In Service Year										
		2009	2010	2011	2012	2013	2014	2015	2016	2017	Total	
1	Mains Replacements - Book Value	\$ 7,062,973	\$ 5,230,340	\$ 6,856,923	\$ 9,213,164	\$ 11,390,473	\$ 13,627,440	\$ 16,738,050	\$ 23,718,184	\$ 13,911,026	\$ 107,748,574	Exhibit No. JCS-2R, Line 3
2	Less: Capitalized Interest / AFUDC	(14,378)	(18,419)	(19,885)	(1,595)	(1,181)	(6,659)	(3,574)	(10,827)	(11,785)	(88,303)	
3	Net Cost of Taxable Property	\$ 7,048,595	\$ 5,211,921	\$ 6,837,038	\$ 9,211,569	\$ 11,389,292	\$ 13,620,781	\$ 16,734,476	\$ 23,707,357	\$ 13,899,241	\$ 107,660,270	Line 1 + Line 2
4	% Good ⁽¹⁾	71.7%	75.0%	78.3%	81.7%	85.0%	88.3%	91.7%	95.0%	98.3%		
5	Tax Value	\$ 5,053,843	\$ 3,908,941	\$ 5,353,401	\$ 7,525,852	\$ 9,680,898	\$ 12,027,150	\$ 15,345,514	\$ 22,521,989	\$ 13,662,954	\$ 95,080,542	Line 3 x Line 4
6	x Valuation Percentage (25%) ⁽²⁾	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	
7	Taxable Value/Assessment	\$ 1,263,461	\$ 977,235	\$ 1,338,350	\$ 1,881,463	\$ 2,420,225	\$ 3,006,788	\$ 3,836,379	\$ 5,630,497	\$ 3,415,739	\$ 23,770,136	Line 5 x Line 6
8	VEDO's Average 2017 Personal Property Tax Rate										9.577%	
9	Annual Property Tax Expense - Main Replacements										\$ 2,276,466	Line 7 x Line 8
10	Mains Retired - Property Tax Basis	\$ (155,580)	\$ (91,239)	\$ (258,273)	\$ (881,575)	\$ (1,249,732)	\$ (756,711)	\$ (1,035,585)	\$ (476,255)	\$ (766,670)	\$ (5,671,621)	Exhibit No. JCS-2R, Line 4
11	% Good ⁽³⁾	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	
12	Tax Value	\$ (23,337)	\$ (13,686)	\$ (38,741)	\$ (132,236)	\$ (187,460)	\$ (113,507)	\$ (155,338)	\$ (71,438)	\$ (115,001)	\$ (850,743)	Line 10 x Line 11
13	x Valuation Percentage (25%) ⁽²⁾	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	
14	Taxable Value/Assessment	\$ (5,834)	\$ (3,422)	\$ (9,685)	\$ (33,059)	\$ (46,865)	\$ (28,377)	\$ (38,835)	\$ (17,860)	\$ (28,750)	\$ (212,686)	Line 12 x Line 13
15	VEDO's Average 2017 Personal Property Tax Rate										9.577%	
16	Annual Property Tax Reduction - Main Retirements										\$ (20,369)	Line 14 x Line 15
17	Annualized Property Tax Expense - Mains										\$ 2,256,097	Line 9 + Line 16 + Line 17
											(To Exhibit No. JCS-2R, Line 20)	

Notes:

- (1) Per Ohio Department of Taxation Annual Natural Gas Property Tax Report, Schedule C, Distribution Plant.
(2) Per Ohio Department of Taxation Annual Natural Gas Property Tax Report, Schedule G.
(3) Per Ohio Department of Taxation Annual Natural Gas Property Tax Report, Schedule C(2), Distribution Plant.

VECTREN ENERGY DELIVERY OF OHIO, INC.
DISTRIBUTION REPLACEMENT RIDER
DEFERRED TAXES ON LIBERALIZED DEPRECIATION - MAINS

Line	Description	Amount										Reference	
		In Service Year											
		2009 ^[2]	2010 ^[2]	2011	2012	2013	2014	2015	2016	Q1-Q3 2017	Q4 2017 ^[3]	Total	2017 Reference ^[1]
1	Plant in Service at December 31, 2017:												
2	Mains - Bare Steel/Cast Iron Replacements	\$ 7,062,973	\$ 5,230,340	\$ 6,856,923	\$ 9,213,164	\$ 11,390,473	\$ 13,627,440	\$ 16,738,050	\$ 23,718,184	\$ 9,746,065	\$ 4,164,961	\$ 107,748,574	Exhibit No. JCS-2R, Line 3
3	Book to Tax Basis Adjustment - Capitalized Interest	\$ (2,013)	\$ (2,579)	\$ (2,784)	\$ (223)	\$ 18,564	\$ 33,276	\$ 33,483	\$ 116,834	\$ 31,037	\$ 11,514	\$ 237,109	(-Line 2 - Line 3 - Line 5) / 2 [3]
4	Book to Tax Basis Adjustment-Eligible Mains 50% Bonus Depreciation	(3,530,480)	(2,327,524)	591,548	(4,580,674)	(5,704,518)	(6,830,358)	(8,385,767)	(11,917,509)	(4,888,551)	-	\$ (47,573,833)	
5	Book to Tax Basis Adjustment- Eligible Mains 100% Bonus Depreciation	-	(572,714)	(8,037,235)	(51,592)	-	-	-	-	-	-	\$ (8,661,541)	
6	Total Income Tax MACRS Depreciation Base	\$ 3,530,480	\$ 2,327,524	\$ (591,548)	\$ 4,580,674	\$ 5,704,518	\$ 6,830,358	\$ 8,385,767	\$ 11,917,509	\$ 4,888,551	\$ 4,176,475	\$ 51,750,308	Sum of Lines 2-5
7	Tax Depreciation:												
8	MACRS Rate - 15 Year	61.62%	55.710%	49.810%	43.910%	37.680%	30.750%	23.050%	14.500%	5.000%	5.000%		
9	MACRS Rate - 20 Year	48.693%	44.231%	39.709%	34.821%	29.536%	23.823%	17.646%	10.969%	3.750%	3.750%		
10	MACRS Depreciation - 15 Year	\$ 2,175,482	\$ 1,296,663	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,472,145	[4]
11	MACRS Depreciation - 20 Year	-	-	(234,898)	1,595,037	1,684,887	1,627,196	1,479,752	1,307,232	183,321	156,618	\$ 7,799,144	[4]
12	Bonus Depreciation	3,530,480	2,900,238	7,445,687	4,632,266	5,704,518	6,830,358	8,385,767	11,917,509	4,888,551	-	\$ 56,235,374	-Line 4 - Line 5
13	Cost of Removal Incurred	407,719	395,153	299,087	136,767	846,645	722,888	417,809	410,333	295,157	138,649	\$ 4,070,208	Exhibit No. JCS-2R, Line 8
14	Total Tax Depreciation	\$ 6,113,681	\$ 4,592,054	\$ 7,509,876	\$ 6,364,070	\$ 8,236,050	\$ 9,180,442	\$ 10,283,328	\$ 13,635,074	\$ 5,367,029	\$ 295,267	\$ 71,576,871	Line 10 + Line 11 + Line 12 + Line 13
15	Book Depreciation:												
16	Mains											\$ 6,509,827	-Exhibit No. JCS-2R, Line 7
17	Tax Depreciation in Excess of Book Depreciation											\$ (65,067,044)	Line 16 - Line 14
18	Federal Deferred Taxes at 35%											35%	
19	Deferred Tax Balance at December 31, 2017 - Mains											\$ (22,773,465)	Line 17 * Line 18
												(To Exhibit No. JCS-2R, Line 14)	

Notes:

[1] Reference column is applicable to column 2017 under In Service Year section to the left.

[2] Agrees to Exhibit JMB-3g in Case No. 12-1423-GA-RDR, with the exception of the Cost of Removal Incurred amount (Line 13). See Note 4 for tax depreciation formula.

[3] Represents spend on work orders placed in service and eligible for 100% bonus depreciation. 100% Bonus applies only to 2010-2012 investments.

[4] Per Internal Revenue Code ("IRC") Sec. 168(e)(3)(E)(viii), gas utility distribution facilities placed in service before January 1, 2011 have a MACRS life of 15 years. For utility distribution facilities placed in service after January 1, 2011, MACRS life is 20 years per IRC Rev. Proc. 87-56. Below is the formula for tax depreciation by year.

[5] On December 22, 2017, the United States government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act ("TCJA" or "the Act"). Prior to the enactment of the TCJA, Internal Revenue Code rules and regulations permitted 50% bonus depreciation to be claimed for calendar year 2017. The Act made two significant changes to bonus depreciation. Certain assets placed into service beyond September 27, 2017 became eligible for 100% bonus depreciation, and bonus depreciation was repealed for assets used in regulated utility operations. The TCJA was unclear as to the appropriate way to apply the new bonus depreciation methodology included in the Act to regulated utility fixed assets placed in service for the period from September 28, 2017 through December 31, 2017. Until further guidance is issued, the Company has taken the position that assets used in providing utility services subject to ratemaking placed into service beyond September 27, 2017 are not eligible for bonus depreciation.

Formula:

Line 10 = Line 6 * Line 8
Line 11 = Line 6 * Line 9

	2009	2010	2011	2012	2013	2014	2015	2016	2017
X	X								
X		X	X	X	X	X	X	X	X

Vectren Energy Delivery of Ohio, Inc.
Distribution Replacement Rider (DRR)
Mains - Deferred Depreciation Regulatory Asset Balance
For the Period Ended December 31, 2017

A

B

C

		(2017 Filing Exhibit No. JCS-2h)													Total Balance at	
		Deferred Depr	at 12/31/2016	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	
Line	Description															
	Cumulative Balance															
1	Mains - Deferred Depreciation		\$ 1,262,591	\$ 1,292,185	\$ 1,306,875	\$ 1,330,779	\$ 1,355,213	\$ 1,381,450	\$ 1,423,036	\$ 1,445,079	\$ 1,478,982	\$ 1,511,693	\$ 1,533,188	\$ 1,581,385	\$ 1,634,513	
2	Mains - Deferred Depreciation Amortization		(27,696)	(28,883)	(30,071)	(31,258)	(32,445)	(33,633)	(34,820)	(36,007)	(37,195)	(38,384)	(40,432)	(42,051)	(43,670)	
3	Mains - Deferred Depreciation		\$ 1,234,895	\$ 1,263,302	\$ 1,276,805	\$ 1,299,521	\$ 1,322,768	\$ 1,347,817	\$ 1,388,216	\$ 1,409,072	\$ 1,441,787	\$ 1,472,880	\$ 1,492,755	\$ 1,539,334	\$ 1,590,844	To JCS-2R, Line 12

		Activity for													Total Balance by	
			Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Calendar Year	
Line	Description															
4	Mains In-Service Activity	2017 Filing Exhibit No. JCS-2a	\$ 683,229	\$ 746,806	\$ 1,207,085	\$ 1,801,429	\$ 1,491,634	\$ 2,357,805	\$ 1,461,902	\$ 2,013,448	\$ 1,971,890	\$ 1,694,899	\$ 3,911,859	\$ 4,376,198	\$ 23,718,184	
5	Less: Retirements	2017 Exhibit Filing Exhibit No. JCS -2b	(3,654)	(18,454)	(120,494)	(93,649)	(39,979)	(94,432)	(28,619)	(59,854)	(34,894)	(30,001)	(40,145)	(14,080)	(476,255)	
6	Net Main Additions	Line 4 + Line 5	\$ 679,575	\$ 728,352	\$ 1,188,592	\$ 1,707,780	\$ 1,451,655	\$ 2,263,373	\$ 1,433,283	\$ 1,953,594	\$ 1,936,996	\$ 1,664,898	\$ 3,871,714	\$ 4,362,117	\$ 23,241,929	
7	Monthly Depreciation Rate	(1)	0.15%	0.15%	0.15%	0.15%	0.15%	0.15%	0.15%	0.15%	0.15%	0.15%	0.15%	0.15%	0.15%	
8	# of Months from 1/1/2017 to Effective Date of DRR Rates, 9/1/2017		8	8	8	8	8	8	8	8	8	8	8	8	8	
9	Depreciation Expense Recognized - 1/1/2017 to 9/1/2017	Line 6 x Line 7 x Line 8	\$ 8,019	\$ 8,595	\$ 14,025	\$ 20,152	\$ 17,130	\$ 26,708	\$ 16,913	\$ 23,052	\$ 22,857	\$ 19,646	\$ 45,686	\$ 51,473	\$ 274,255	

		Activity for													Total Balance by	
			Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Calendar Year	
Line	Description															
10	Mains In-Service Activity	Exhibit No. JCS-2aR	\$ 1,305,589	\$ 405,139	\$ 778,831	\$ 422,340	\$ 841,963	\$ 1,672,561	\$ 648,970	\$ 1,715,800	\$ 1,954,872	\$ 545,023	\$ 1,266,879	\$ 2,353,059	\$ 13,911,026	
11	Less: Retirements	Exhibit No. JCS -2bR	(33,632)	(11,558)	(73,858)	(80,762)	(18,769)	(120,656)	(16,577)	(81,083)	(45,980)	(43,754)	(132,092)	(107,950)	(766,670)	
12	Net Main Additions	Line 10 + Line 11	\$ 1,271,957	\$ 393,581	\$ 704,973	\$ 341,578	\$ 823,194	\$ 1,551,905	\$ 632,393	\$ 1,634,717	\$ 1,908,892	\$ 501,269	\$ 1,134,788	\$ 2,245,109	\$ 13,144,356	
13	Monthly Depreciation Rate	(1)	0.15%	0.15%	0.15%	0.15%	0.15%	0.15%	0.15%	0.15%	0.15%	0.15%	0.15%	0.15%	0.15%	
14	# of Months from In-Service Date to Effective Date of DRR Rate, 9/1/2018		19.5	18.5	17.5	16.5	15.5	14.5	13.5	12.5	11.5	10.5	9.5	8.5		
15	Depreciation Expense Recognized - In-Service to 9/1/2018	Line 12 x Line 13 x Line 14	\$ 36,585	\$ 10,740	\$ 18,197	\$ 8,313	\$ 18,820	\$ 33,191	\$ 12,593	\$ 30,140	\$ 32,380	\$ 7,763	\$ 15,901	\$ 28,148	\$ 252,771	
16	Deferred Depreciation Expense - Calendar Year 2017		\$ 21,576	\$ 6,096	\$ 9,878	\$ 4,283	\$ 9,107	\$ 14,879	\$ 5,130	\$ 10,850	\$ 9,855	\$ 1,848	\$ 2,511	\$ 1,656	\$ 97,668	
17	Deferred Depreciation Expense - Calendar Year 2018		\$ 15,009	\$ 4,644	\$ 8,319	\$ 4,031	\$ 9,714	\$ 18,312	\$ 7,462	\$ 19,290	\$ 22,525	\$ 5,915	\$ 13,390	\$ 26,492	\$ 155,103	
18	Mains - Deferred Depreciation Amortization		\$ (1,187)	\$ (1,187)	\$ (1,187)	\$ (1,187)	\$ (1,187)	\$ (1,187)	\$ (1,187)	\$ (1,187)	\$ (1,619)	\$ (1,619)	\$ (1,619)	\$ (1,619)	\$ (15,974)	
19	Net Mains Deferred Depreciation at 12/31/2017	Line 1, Column B													\$ 1,634,513	
20	Average Service Life - Mains	(2)													1.54%	
21	Annual Amortization Expense	Line 19 x Line 20													\$ 25,146	
															To JCS-2R, Line 23	

(1) FERC Account 676 depreciation rate approved in Case No. 04-0571-GA-AIR.

(2) FERC Account 676 depreciation rate's average service life or 65 years, as approved in Case No. 04-0571-GA-AIR.

**VECTREN ENERGY DELIVERY OF OHIO, INC.
DISTRIBUTION REPLACEMENT RIDER
ANNUAL REVENUE REQUIREMENT - SERVICE LINES**

Line	Description	Amount	Reference
1	<u>Return on Investment:</u>		
2	<u>Plant In-Service at December 31, 2017</u>		
3	Additions - Services Replacements (Bare Steel/Cast Iron)	\$ 126,413,678	Exhibit JCS-3aR, Column O, Line 2
4	Additions - Meter Installation (Bare Steel/Cast Iron)	29,054,605	Exhibit JCS-3aR, Column O, Line 3
5	Additions - Services Replacements (Service Line Responsibility)	40,609,322	Exhibit JCS-3aR, Column O, Line 4
6	Additions - Natural Gas Risers	17,262,601	Exhibit JCS-3aR, Column O, Line 5
7	Original Cost - Retired Services	(1,662,435)	Exhibit JCS-3bR, Column Q, Line 2
8	Original Cost - Retired Meter Installation	(61,251)	Exhibit JCS-3bR, Column Q, Line 3
9	Total Plant In-Service	\$ 211,616,519	Sum of Lines 3 - 8
10	<u>Less: Accumulated Depreciation at December 31, 2017</u>		
11	Depreciation Expense - Services	\$ (24,921,227)	Exhibit JCS-3cR, Column O, Line 2
12	Depreciation Expense - Meter Installation	(1,534,370)	Exhibit JCS-3cR, Column O, Line 3
13	Depreciation Expense - Natural Gas Risers	(6,742,269)	Exhibit JCS-3cR, Column O, Line 4
14	Cost of Removal - Services	3,827,408	Exhibit JCS-3dR, Column O, Line 2
15	Original Cost - Retired Services	1,662,435	-Line 7
16	Original Cost - Retired Meter Installation	61,251	-Line 8
17	Total Accumulated Depreciation	\$ (27,646,772)	Sum of Lines 11 - 16
18	Net Deferred Post In-Service Carrying Costs (PISCC) ⁽³⁾	\$ 13,768,851	Exhibit JCS-3eR, Column O, Line 10
19	Deferred Depreciation Regulatory Asset Balance - Services	\$ 8,108,505	Exhibit JCS-3hR, Page 1, Column B, Line 3
20	Deferred Depreciation Regulatory Asset Balance - Meter Installation	\$ 472,718	Exhibit JCS-3hR, Page 2, Column B, Line 3
21	Net Deferred Tax Balance - PISCC	\$ (4,819,098)	-Line 18 x 35%
22	Deferred Taxes on Depreciation	\$ (35,147,206)	Exhibit No. JCS-3gR, Line 31
23	Deferred Taxes on Deferred Depreciation Regulatory Asset - Services	\$ (2,837,977)	-Line 19 x 35%
24	Deferred Taxes on Deferred Depreciation Regulatory Asset - Meter Installation	\$ (165,451)	-Line 20 x 35%
25	Net Rate Base	\$ 163,350,090	Sum of Lines 9 and 17-24
26	Pre-Tax Rate of Return	10.36%	Exhibit JCS-8R, Line 7
27	Annualized Return on Rate Base -Service Lines	\$ 16,923,069	Line 25 x Line 26
28	<u>Operations and Maintenance Expenses</u>		
29	Annualized Property Tax Expense	\$ 4,539,152	Exhibit No. JCS-3fR, Line 24
30	Annualized Depreciation Expense - Services	\$ 9,605,979	(Line 3+ Lines 5-7) x 5.26% ⁽¹⁾
31	Annualized Depreciation Expense - Meter Installation	\$ 527,679	(Line 4 + Line 8) x 1.82% ⁽¹⁾
32	Annualized PISCC Amortization Expense	\$ 251,541	Exhibit No. JCS-3eR, Column D, Line 33
33	Annualized Deferred Depreciation Amortization Expense - Services	\$ 146,674	Exhibit JCS-3hR, Page 1, Column C, Line 25
34	Annualized Deferred Depreciation Amortization Expense - Meter Installation	\$ 8,832	Exhibit JCS-3hR, Page 2, Column C, Line 21
35	Incremental O&M - Service Line Responsibility	\$ 64,029	(2)
36	Annualized Maintenance Adjustment	\$ (784,885)	(4)
37	Total Incremental Operating Expenses - Service Lines	\$ 14,359,001	Sum of Lines 29-36
38	Variance	\$ (611,557)	Exhibit No. JCS-4R, Line 16
39	Total Revenue Requirement - Service Lines	\$ 30,670,513	Line 27 + Line 37 + Line 38

(To Exhibit No. JCS-1R and Exhibit No. JCS-5R, page 1 of 6)

(1) FERC Account 680 (Line 30) and FERC Account 682 (Line 31) depreciation rates approved in Case No. 04-0571-GA-AIR.

(2) Support provided by VEDO Witness Steven A. Hoover, Exhibit No. SAH-8, Column C, Line 16.

(3) PISCC is accrued at an annual rate of 7.02% from the in service date until investments are reflected in the DRR rate as approved in Case No. 07-1080-GA-AIR.

(4) Support provided by VEDO Witness Steven A. Hoover, Exhibit No. SAH-7, Column C, Line 6.

Allocation of Exhibit No. SAH-7 between Mains and Services based upon the cumulative gross investment 2013-2017

Vectren Energy Delivery of Ohio
Distribution Replacement Rider (DRR)
Service Lines - Plant Additions
Twelve Months Ended December 31, 2017

A	B		C	D	E	F	G	H	I	J	K	L	M	N	O	P
Line No.	Description	Reference	Balance at 12/31/2016	1/31/2017	2/28/2017	3/31/2017	4/30/2017	5/31/2017	6/30/2017	7/31/2017	8/31/2017	9/30/2017	10/31/2017	11/30/2017	Balance at 12/31/2017	
1	<u>Cumulative Balance</u>															
2	Services		\$ 98,145,058	\$ 101,069,195	\$ 101,564,579	\$ 103,326,100	\$ 107,329,698	\$ 108,914,673	\$ 112,088,380	\$ 113,998,073	\$ 116,185,494	\$ 117,795,410	\$ 120,571,794	\$ 122,323,079	\$ 126,413,678	To JCS-3R, Line 3
3	Meter Installation		\$ 22,928,560	\$ 23,405,671	\$ 23,601,083	\$ 24,065,278	\$ 24,998,153	\$ 25,372,664	\$ 26,083,120	\$ 26,502,933	\$ 27,193,999	\$ 27,629,548	\$ 27,921,007	\$ 28,233,641	\$ 29,054,605	To JCS-3R, Line 4
4	Service Line Responsibility		\$ 28,898,441	\$ 30,262,510	\$ 31,422,705	\$ 32,464,877	\$ 33,444,898	\$ 34,246,118	\$ 35,432,308	\$ 36,262,789	\$ 37,156,352	\$ 38,135,530	\$ 39,060,795	\$ 39,906,405	\$ 40,609,322	To JCS-3R, Line 5
5	Risers		\$ 17,262,601	\$ 17,262,601	\$ 17,262,601	\$ 17,262,601	\$ 17,262,601	\$ 17,262,601	\$ 17,262,601	\$ 17,262,601	\$ 17,262,601	\$ 17,262,601	\$ 17,262,601	\$ 17,262,601	\$ 17,262,601	To JCS-3R, Line 6
6	Total Service Line Additions	Sum of Lines 2-5	\$ 167,234,660	\$ 171,999,978	\$ 173,850,969	\$ 177,118,856	\$ 183,035,350	\$ 185,796,057	\$ 190,866,409	\$ 194,026,396	\$ 197,798,446	\$ 200,823,089	\$ 204,816,197	\$ 207,725,726	\$ 213,340,206	
7	<u>Current Year Activity</u>			<u>1/31/2017</u>	<u>2/28/2017</u>	<u>3/31/2017</u>	<u>4/30/2017</u>	<u>5/31/2017</u>	<u>6/30/2017</u>	<u>7/31/2017</u>	<u>8/31/2017</u>	<u>9/30/2017</u>	<u>10/31/2017</u>	<u>11/30/2017</u>	<u>12/31/2017</u>	Activity for Twelve Months Ended 12/31/2017
8	Services			\$ 2,924,137	\$ 495,384	\$ 1,761,521	\$ 4,003,598	\$ 1,584,975	\$ 3,173,707	\$ 1,909,693	\$ 2,187,421	\$ 1,609,916	\$ 2,776,384	\$ 1,751,285	\$ 4,090,599	\$ 28,268,620
9	Meter Installation (1)			\$ 477,111	\$ 195,412	\$ 464,195	\$ 932,875	\$ 374,511	\$ 710,456	\$ 419,813	\$ 691,066	\$ 435,549	\$ 291,459	\$ 312,634	\$ 820,964	\$ 6,126,045
10	Service Line Responsibility			\$ 1,364,069	\$ 1,160,195	\$ 1,042,172	\$ 980,021	\$ 801,220	\$ 1,186,189	\$ 830,482	\$ 893,563	\$ 979,178	\$ 925,264	\$ 845,610	\$ 702,917	\$ 11,710,881
11	Risers			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
12	Total Service Line Additions	Sum of Lines 8-11		\$ 4,765,318	\$ 1,850,991	\$ 3,267,888	\$ 5,916,494	\$ 2,760,707	\$ 5,070,353	\$ 3,159,987	\$ 3,772,050	\$ 3,024,644	\$ 3,993,107	\$ 2,909,530	\$ 5,614,480	\$ 46,105,547

(1) Also includes Meter Installation from Service Line Responsibility.

Vectren Energy Delivery of Ohio
Distribution Replacement Rider (DRR)
Service Lines - Retirements
Twelve Months Ended December 31, 2017

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q
Line No.	Description	Retirements at 12/31/2016	1/31/2017	2/28/2017	3/31/2017	4/30/2017	5/31/2017	6/30/2017	7/31/2017	8/31/2017	9/30/2017	10/31/2017	11/30/2017	12/31/2017		Total Retirements for Work Orders Placed in Service by 12/31/2017
1	Cumulative Balance															
2	Services	\$ (1,232,343)	\$ (1,242,401)	\$ (1,248,442)	\$ (1,287,702)	\$ (1,335,948)	\$ (1,364,616)	\$ (1,427,104)	\$ (1,447,165)	\$ (1,446,494)	\$ (1,461,496)	\$ (1,495,433)	\$ (1,600,032)	\$ (1,662,435)	\$	(1,662,435) To JCS-3R, Line 7
3	Meter Installations	\$ (107,966)	\$ (108,981)	\$ (109,150)	\$ (110,379)	\$ (112,111)	\$ (112,709)	\$ (112,413)	\$ (113,349)	\$ (114,681)	\$ (115,785)	\$ (116,723)	\$ (59,174)	\$ (61,251)	\$	(61,251) To JCS-3R, Line 8
4	Current Year Activity		1/31/2017	2/28/2017	3/31/2017	4/30/2017	5/31/2017	6/30/2017	7/31/2017	8/31/2017	9/30/2017	10/31/2017	11/30/2017	12/31/2017		Retirements for Work Orders Placed In Service in 2017
5	Services		\$ (10,058)	\$ (6,041)	\$ (39,260)	\$ (48,246)	\$ (28,668)	\$ (62,489)	\$ (20,060)	\$ 671	\$ (15,002)	\$ (33,937)	\$ (104,599)	\$ (62,404)	\$	(430,093)
6	Meter Installations		\$ (1,015)	\$ (169)	\$ (1,229)	\$ (1,732)	\$ (598)	\$ 296	\$ (936)	\$ (1,332)	\$ (1,104)	\$ (938)	\$ 57,549	\$ (2,077)	\$	46,715

Vectren Energy Delivery of Ohio
Distribution Replacement Rider (DRR)
Service Lines - Depreciation
Twelve Months Ended December 31, 2017

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
Line No.	Description	Accumulated Depreciation at 12/31/2016	1/31/2017	2/28/2017	3/31/2017	4/30/2017	5/31/2017	6/30/2017	7/31/2017	8/31/2017	9/30/2017	10/31/2017	11/30/2017	12/31/2017	
1	<u>Cumulative Balance</u>														
2	Services ⁽¹⁾	\$ (17,206,582)	\$ (17,772,854)	\$ (18,352,153)	\$ (18,941,225)	\$ (19,547,364)	\$ (20,169,656)	\$ (20,806,733)	\$ (21,459,371)	\$ (22,124,767)	\$ (22,802,590)	\$ (23,494,200)	\$ (24,199,615)	\$ (24,921,227)	To JCS-3R, Line 11
3	Meter Installation	\$ (1,062,687)	\$ (1,097,824)	\$ (1,133,471)	\$ (1,169,618)	\$ (1,206,824)	\$ (1,245,022)	\$ (1,284,043)	\$ (1,323,921)	\$ (1,364,641)	\$ (1,406,216)	\$ (1,448,342)	\$ (1,490,926)	\$ (1,534,370)	To JCS-3R, Line 12
4	Natural Gas Risers	\$ (5,834,253)	\$ (5,909,921)	\$ (5,985,589)	\$ (6,061,257)	\$ (6,136,925)	\$ (6,212,593)	\$ (6,288,261)	\$ (6,363,929)	\$ (6,439,597)	\$ (6,515,265)	\$ (6,590,933)	\$ (6,666,601)	\$ (6,742,269)	To JCS-3R, Line 13
5	<u>Current Year Activity</u>		<u>1/31/2017</u>	<u>2/28/2017</u>	<u>3/31/2017</u>	<u>4/30/2017</u>	<u>5/31/2017</u>	<u>6/30/2017</u>	<u>7/31/2017</u>	<u>8/31/2017</u>	<u>9/30/2017</u>	<u>10/31/2017</u>	<u>11/30/2017</u>	<u>12/31/2017</u>	2017 Depreciation Expense
6	BS/CI Service Lines		\$ (436,611)	\$ (444,106)	\$ (449,052)	\$ (461,687)	\$ (473,936)	\$ (484,365)	\$ (495,506)	\$ (504,486)	\$ (512,808)	\$ (522,421)	\$ (532,345)	\$ (545,148)	\$ (5,862,471)
7	Incremental Service Line Responsibility		(129,661)	(135,193)	(140,020)	(144,452)	(148,356)	(152,712)	(157,132)	(160,910)	(165,015)	(169,189)	(173,070)	(176,464)	(1,852,174)
8	Services ⁽¹⁾	Line 6 + Line 7	\$ (566,272)	\$ (579,299)	\$ (589,072)	\$ (606,139)	\$ (622,292)	\$ (637,077)	\$ (652,638)	\$ (665,396)	\$ (677,823)	\$ (691,610)	\$ (705,415)	\$ (721,612)	\$ (7,714,645)
9	Meter Installation		\$ (35,137)	\$ (35,647)	\$ (36,147)	\$ (37,206)	\$ (38,198)	\$ (39,021)	\$ (39,878)	\$ (40,720)	\$ (41,575)	\$ (42,126)	\$ (42,584)	\$ (43,444)	\$ (471,683)
10	Natural Gas Risers		\$ (75,668)	\$ (75,668)	\$ (75,668)	\$ (75,668)	\$ (75,668)	\$ (75,668)	\$ (75,668)	\$ (75,668)	\$ (75,668)	\$ (75,668)	\$ (75,668)	\$ (75,668)	\$ (908,016)

Notes:

(1) This line includes depreciation activity for utility plant additions for BS/CI service replacements and service line responsibility.

Vectren Energy Delivery of Ohio
Distribution Replacement Rider (DRR)
Service Lines - Cost of Removal
Twelve Months Ended December 31, 2017

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
Line No.	Description	Cost of Removal at 12/31/2016	1/31/2017	2/28/2017	3/31/2017	4/30/2017	5/31/2017	6/30/2017	7/31/2017	8/31/2017	9/30/2017	10/31/2017	11/30/2017	Balance at 12/31/2017	
1	<u>Cumulative Balance</u>														
2	Services	\$ 2,491,740	\$ 2,563,908	\$ 2,659,379	\$ 2,804,410	\$ 2,950,097	\$ 3,111,235	\$ 3,237,890	\$ 3,312,966	\$ 3,445,993	\$ 3,540,981	\$ 3,598,854	\$ 3,728,873	\$ 3,827,408	To JCS-3R, Line 14
3	<u>Current Year Activity</u>		1/31/2017	2/28/2017	3/31/2017	4/30/2017	5/31/2017	6/30/2017	7/31/2017	8/31/2017	9/30/2017	10/31/2017	11/30/2017	12/31/2017	Activity for Twelve Months Ended 12/31/2017
4	Services		\$ 72,168	\$ 95,471	\$ 145,031	\$ 145,687	\$ 161,138	\$ 126,655	\$ 75,076	\$ 133,027	\$ 94,988	\$ 57,873	\$ 130,019	\$ 98,535	\$ 1,335,666

**Vectren Energy Delivery of Ohio
Distribution Replacement Rider (DRR)
Service Lines - Post In Service Carrying Costs (PISCC)
Twelve Months Ended December 31, 2017**

	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
Line No.	Description	PISCC at 12/31/2016	1/31/2017	2/28/2017	3/31/2017	4/30/2017	5/31/2017	6/30/2017	7/31/2017	8/31/2017	9/30/2017	10/31/2017	11/30/2017	Balance at 12/31/2017	
1	Cumulative Balance														
2	Service Lines-PISCC	\$ 6,430,711	\$ 6,558,449	\$ 6,689,770	\$ 6,829,665	\$ 6,992,923	\$ 7,165,367	\$ 7,356,167	\$ 7,558,855	\$ 7,773,734	\$ 7,885,899	\$ 8,014,427	\$ 8,152,065	\$ 8,314,309	
3	Meter Installation-PISCC (3)	1,525,994	1,555,445	1,586,026	1,618,915	1,657,389	1,697,915	1,742,741	1,790,060	1,841,092	1,867,749	1,896,130	1,926,249	1,961,256	
4	Service Line Responsibility-PISCC	1,897,805	1,957,463	2,024,504	2,097,987	2,177,385	2,261,993	2,352,415	2,448,735	2,550,098	2,601,271	2,658,014	2,719,937	2,786,390	
5	Risers-PISCC	1,204,581	1,204,581	1,204,581	1,204,581	1,204,581	1,204,581	1,204,581	1,204,581	1,204,581	1,204,581	1,204,581	1,204,581	1,204,581	
6	Gross Deferred PISCC - Services	\$ 11,059,091	\$ 11,275,938	\$ 11,504,881	\$ 11,751,148	\$ 12,032,278	\$ 12,329,856	\$ 12,655,904	\$ 13,002,231	\$ 13,369,505	\$ 13,559,500	\$ 13,773,152	\$ 14,002,832	\$ 14,266,536	
7	Service Lines-PISCC Amortization	\$ (300,453)	\$ (311,013)	\$ (321,572)	\$ (332,131)	\$ (342,690)	\$ (353,250)	\$ (363,809)	\$ (374,368)	\$ (384,928)	\$ (398,865)	\$ (412,802)	\$ (426,740)	\$ (440,677)	
8	Meter Installation-PISCC Amortization	(35,400)	(36,945)	(38,490)	(40,035)	(41,580)	(43,125)	(44,670)	(46,215)	(47,760)	(50,072)	(52,384)	(54,696)	(57,008)	
9	Accumulated PISCC Amortization - Services	\$ (335,853)	\$ (347,957)	\$ (360,062)	\$ (372,166)	\$ (384,270)	\$ (396,375)	\$ (408,479)	\$ (420,583)	\$ (432,688)	\$ (448,937)	\$ (465,186)	\$ (481,436)	\$ (497,685)	
10	Net Deferred PISCC - Services	\$ 10,723,238	\$ 10,927,981	\$ 11,144,819	\$ 11,378,982	\$ 11,648,008	\$ 11,933,481	\$ 12,247,425	\$ 12,581,648	\$ 12,936,817	\$ 13,110,563	\$ 13,307,966	\$ 13,521,396	\$ 13,768,851	To JCS-3R, Line 18
11	Current Year Activity		1/31/2017	2/28/2017	3/31/2017	4/30/2017	5/31/2017	6/30/2017	7/31/2017	8/31/2017	9/30/2017	10/31/2017	11/30/2017	12/31/2017	Activity for Twelve Months Ended 12/31/2017
12	2016 Service Lines - Deferred PISCC	\$ 112,602	\$ 112,602	\$ 112,602	\$ 112,602	\$ 112,602	\$ 112,602	\$ 112,602	\$ 112,602	\$ 112,602	\$ -	\$ -	\$ -	\$ -	\$ 900,816
13	2017 Service Lines - Deferred PISCC	15,136	18,719	27,293	50,656	59,842	78,198	90,086	102,277	112,165	112,165	128,528	137,638	162,244	982,782
14	Total 2016 Services Deferred PISCC	\$ 127,738	\$ 131,321	\$ 139,895	\$ 163,258	\$ 172,444	\$ 190,800	\$ 202,688	\$ 214,879	\$ 214,879	\$ 112,165	\$ 128,528	\$ 137,638	\$ 162,244	\$ 1,883,598
15	2016 Meter Installation - Deferred PISCC	\$ 27,152	\$ 27,152	\$ 27,152	\$ 27,152	\$ 27,152	\$ 27,152	\$ 27,152	\$ 27,152	\$ 27,152	\$ -	\$ -	\$ -	\$ -	\$ 217,216
16	2017 Meter Installation - Deferred PISCC	2,299	3,429	5,737	11,322	13,374	17,674	20,167	23,880	26,657	26,657	28,381	30,119	35,007	218,046
17	Total 2016 Meter Installation Deferred PISCC	\$ 29,451	\$ 30,581	\$ 32,889	\$ 38,474	\$ 40,526	\$ 44,826	\$ 47,319	\$ 51,032	\$ 51,032	\$ 26,657	\$ 28,381	\$ 30,119	\$ 35,007	\$ 435,262
18	2016 Service Line Responsibility - Deferred PISCC	\$ 55,668	\$ 55,668	\$ 55,668	\$ 55,668	\$ 55,668	\$ 55,668	\$ 55,668	\$ 55,668	\$ 55,668	\$ -	\$ -	\$ -	\$ -	\$ 445,344
19	2017 Service Line Responsibility - Deferred PISCC	3,990	11,373	17,815	23,730	29,940	34,754	40,652	45,695	51,173	51,173	56,743	61,923	66,453	443,241
20	Total 2016 Service Line Responsibility Deferred PISCC	\$ 59,658	\$ 67,041	\$ 73,483	\$ 79,398	\$ 84,608	\$ 90,422	\$ 96,320	\$ 101,363	\$ 101,363	\$ 51,173	\$ 56,743	\$ 61,923	\$ 66,453	\$ 888,585
21	2016 Risers - Deferred PISCC	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
22	2017 Risers - Deferred PISCC	-	-	-	-	-	-	-	-	-	-	-	-	-	-
23	Total 2016 Risers Deferred PISCC	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
24	Services-PISCC Amortization	\$ (10,559)	\$ (10,559)	\$ (10,559)	\$ (10,559)	\$ (10,559)	\$ (10,559)	\$ (10,559)	\$ (10,559)	\$ (10,559)	\$ (13,937)	\$ (13,937)	\$ (13,937)	\$ (13,937)	\$ (140,224)
25	Meter Installation-PISCC Amortization	(1,545)	(1,545)	(1,545)	(1,545)	(1,545)	(1,545)	(1,545)	(1,545)	(1,545)	(2,312)	(2,312)	(2,312)	(2,312)	(21,608)
26	Annualized PISCC Amortization														
27	Net Deferred Service Lines PISCC at 12/31/2017	\$ 12,305,280	Column O, Line 2 + Line 4 + Line 5												
28	Amortization % ⁽¹⁾	1.75%													
29	Annualized Service Lines PISCC Amortization	\$ 215,882													
30	Net Deferred Meter Installation PISCC at 12/31/2017	\$ 1,961,256	Column O, Line 3												
31	Amortization % ⁽²⁾	1.82%													
32	Annualized Meter Installation PISCC Amortization	\$ 35,659													
33	Total Annualized Services PISCC Amortization	\$ 251,541	Line 29 + Line 32												
To JCS-3R, Line 32															

Notes:

- (1) FERC Account 680 depreciation rate's average service life or 57 years, as approved in Case No. 04-0571-GA-AIR.
(2) FERC Account 682 depreciation rate's average service life or 55 years, as approved in Case No. 04-0571-GA-AIR.

VECTREN ENERGY DELIVERY OF OHIO, INC.
DISTRIBUTION REPLACEMENT RIDER
ANNUALIZED PROPERTY TAX EXPENSE - SERVICE LINES

Line	Description	Amount										2017
		2009	2010	2011	In Service Year		2014	2015	2016	2017	Total	
1	Service and Meter Installation Replacements - Book Value	\$ 5,188,699	\$ 5,651,622	\$ 12,060,837	\$ 11,995,337	\$ 19,250,177	\$ 25,668,264	\$ 36,751,740	\$ 33,405,385	\$ 46,105,546	\$ 196,077,608	Exhibit No. JCS-3R, Lines 3 -5
2	Less: AFUDC	(8,636)	(16,322)	(34,638)	(2,272)	(3,285)	(9,172)	(5,918)	(8,746)	(20,596)	(109,587)	
3	Net Cost of Taxable Property	\$ 5,180,063	\$ 5,635,300	\$ 12,026,199	\$ 11,993,065	\$ 19,246,892	\$ 25,659,092	\$ 36,745,822	\$ 33,396,639	\$ 46,084,950	\$ 195,968,021	Line 1 + Line 2
4	% Good ⁽¹⁾	71.7%	75.0%	78.3%	81.7%	85.0%	88.3%	91.7%	95.0%	98.3%		
5	Tax Value	\$ 3,714,105	\$ 4,226,475	\$ 9,416,513	\$ 9,798,334	\$ 16,359,859	\$ 22,656,978	\$ 33,695,919	\$ 31,726,807	\$ 45,301,505	\$ 176,896,495	Line 3 x Line 4
6	x Valuation Percentage (25%) ⁽³⁾	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	
7	Taxable Value / Assessment	\$ 928,526	\$ 1,056,619	\$ 2,354,128	\$ 2,449,584	\$ 4,089,965	\$ 6,305,722	\$ 9,030,286	\$ 7,931,702	\$ 11,325,376	\$ 44,224,124	Line 5 x Line 6
8	VEDO's Average 2017 Personal Property Tax Rate										9.577%	
9	Annual Property Tax Expense - Service Line Replacements										\$ 4,235,344	Line 7 x Line 8
10	Services and Meter Installation Retired - Property Tax Basis	\$ (24,360)	\$ (51,345)	\$ (54,900)	\$ (51,303)	\$ (92,169)	\$ (316,320)	\$ (261,439)	\$ (488,473)	\$ (383,378)	\$ (1,723,686)	Exhibit No. JCS-3R, Lines 7-8
11	% Good ⁽²⁾	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	
12	Tax Value	\$ (3,654)	\$ (7,702)	\$ (8,235)	\$ (7,695)	\$ (13,825)	\$ (47,448)	\$ (39,216)	\$ (73,271)	\$ (57,507)	\$ (258,553)	Line 10 x Line 11
13	x Valuation Percentage (25%) ⁽³⁾	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	
14	Taxable Value / Assessment	\$ (914)	\$ (1,926)	\$ (2,059)	\$ (1,924)	\$ (3,456)	\$ (11,862)	\$ (9,804)	\$ (18,318)	\$ (14,377)	\$ (64,638)	Line 12 x Line 13
15	VEDO's Average 2017 Personal Property Tax Rate										9.577%	
16	Annual Property Tax Reduction - Service Line Retirements										\$ (6,190)	Line 14 x Line 15
17	Risers Replacements - Book Value	\$ 5,451,132	\$ 6,340,363	\$ 5,471,106	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,262,601	Exhibit No. JCS-3R, Line 6
18	% Good ⁽¹⁾	71.7%	75.0%	78.3%	81.7%	85.0%	98.3%	98.3%	95.0%	98.3%		
19	Tax Value	\$ 3,908,462	\$ 4,755,272	\$ 4,283,876	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,947,610	Line 17 x Line 18
20	x Valuation Percentage (25%) ⁽³⁾	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	
21	Taxable Value / Assessment	\$ 977,116	\$ 1,188,818	\$ 1,070,969	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,236,903	Line 19 x Line 20
22	VEDO's Average 2017 Personal Property Tax Rate										9.577%	
23	Annual Property Tax Expense - Natural Gas Risers										\$ 309,998	Line 21 x Line 22
24	Annualized Property Tax Expense - Service Lines										\$ 4,539,152	Line 9 + Line 16 + Line 23 + Line 24
											(To Exhibit No. JCS-3R, Line 29)	

Notes:

- (1) Per Ohio Department of Taxation Annual Natural Gas Property Tax Report, Schedule C, Distribution Plant.
(2) Per Ohio Department of Taxation Annual Natural Gas Property Tax Report, Schedule G.
(3) Per Ohio Department of Taxation Annual Natural Gas Property Tax Report, Schedule C(2), Distribution Plant.

VECTREN ENERGY DELIVERY OF OHIO, INC.
DISTRIBUTION REPLACEMENT RIDER
DEFERRED TAXES ON LIBERALIZED DEPRECIATION - SERVICE LINES

Line	Description	2009 ⁽¹⁾	2010 ⁽²⁾	2011	In Service Year		2013	2014	2015	2016	Q1-Q3 2017	Q4 2017 ⁽⁴⁾	Total	2017 Reference ⁽¹⁾
1	Plant in Service at December 31, 2017				2012									
Assets Eligible for 50% Bonus Depreciation														
2	Service Additions - Bare Steel/Cast Iron Replacements	\$ 3,441,221	\$ 3,640,145	\$ 825,438	\$ 8,505,786	\$ 13,497,521	\$ 17,374,822	\$ 23,586,433	\$ 19,248,174	\$ 19,650,352	\$ 8,618,268	\$	118,388,160	Exhibit No. JCS-3aR, Column P, Line 8
3	Meter Installation Additions - Bare Steel/Cast Iron Replacements	746,228	360,431	370,471	2,595,066	2,180,947	3,015,979	7,097,915	4,641,320	4,700,988	1,425,057	\$	27,134,403	Exhibit No. JCS-3aR, Column P, Line 9
4	Service Additions - Service Line Ownership	1,001,250	962,436	-	-	3,571,709	5,277,463	6,067,390	9,515,891	9,237,089	2,473,792	\$	38,945,528	Exhibit No. JCS-3aR, Column P, Line 10
5	Additions of Natural Gas Risers	5,451,132	5,554,215	-	-	-	-	-	-	-	-	\$	11,005,347	Exhibit No. JCS-3aR, Column P, Line 11
6	Total Plant In Service - Eligible for 50% Bonus Depreciation	\$ 10,639,831	\$ 10,517,227	\$ 1,195,909	\$ 11,939,360	\$ 19,250,177	\$ 25,668,264	\$ 36,751,738	\$ 33,405,385	\$ 33,588,429	\$ 12,517,117	\$	195,473,438	Sum of Lines 2 - 5
Assets Eligible for 100% Bonus Depreciation														
7	Service Additions - Bare Steel/Cast Iron Replacements	\$ -	\$ 416,686	\$ 7,568,831	\$ 40,001	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$	8,025,518	[3]
8	Meter Installation Additions - Bare Steel/Cast Iron Replacements	-	115,133	1,789,094	15,976	-	-	-	-	-	-	-	1,920,203	[3]
9	Service Additions - Service Line Ownership	-	156,792	1,507,002	-	-	-	-	-	-	-	-	1,663,794	
10	Additions of Natural Gas Risers	-	786,148	5,471,106	-	-	-	-	-	-	-	-	6,257,254	
11	Total Plant In Service - Eligible for 100% Bonus Depreciation	\$ -	\$ 1,474,759	\$ 16,336,033	\$ 55,977	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$	17,866,769	Sum of Lines 7 - 10
12	Total Plant in Service at December 31, 2017	\$ 10,639,831	\$ 11,991,986	\$ 17,531,942	\$ 11,995,337	\$ 19,250,177	\$ 25,668,264	\$ 36,751,738	\$ 33,405,385	\$ 33,588,429	\$ 12,517,117	\$	213,340,206	Exhibit No. JCS-3R, Lines 3-6
13	Book to Tax Basis Adjustment - Capitalized Interest	\$ (1,209)	\$ (2,285)	\$ (4,849)	\$ (318)	\$ 41,439	\$ 88,745	\$ 125,069	\$ 23,732	\$ 34,978	\$ 16,623	\$	321,925	
14	Book to Tax Basis Adjustment - Bonus Depreciation	(5,319,311)	(6,732,230)	(16,931,563)	(6,025,498)	(9,645,808)	(12,878,505)	(18,438,404)	(16,714,559)	(16,811,704)	-		(109,497,582)	-(Line 6 + Line 13) * 50% - Line 11 [4]
15	Total Income Tax MACRS Depreciation Base	\$ 5,319,311	\$ 5,257,471	\$ 595,530	\$ 5,969,521	\$ 9,645,809	\$ 12,878,504	\$ 18,438,403	\$ 16,714,558	\$ 16,811,703	\$ 12,533,739	\$	104,164,549	Sum of Lines 12 - 14
16	Tax Depreciation:													
17	MACRS - 15 Year Rate	61.620%	55.710%	49.810%	43.910%	37.680%	30.750%	23.050%	14.500%	5.000%	5.000%		321,925	
18	MACRS - 20 Year Rate	48.693%	44.231%	39.709%	34.821%	29.536%	23.823%	17.646%	10.969%	3.750%	3.750%		14,417,080	-Line 14
19	MACRS - 15 Year	\$ 3,047,847	\$ 2,828,539	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$	5,876,386	[5]
20	MACRS - 20 Year	181,680	79,711	237,442	2,078,702	2,842,866	3,057,475	3,242,606	1,832,118	629,783	234,696	\$	109,497,582	[5]
21	Bonus Depreciation	5,319,311	6,732,230	16,931,563	6,025,498	9,645,808	12,878,505	18,438,404	16,714,559	16,811,704	-		3,827,408	Exhibit No. JCS-3R, Line 14
22	Cost of Removal Incurred	319,526	303,510	643,803	390,583	(112,043)	160,054	341,135	445,172	1,049,241	286,427	\$	133,618,456	Sum of Lines 19 - 22
23	Total Tax Depreciation	\$ 8,868,364	\$ 9,943,990	\$ 17,812,808	\$ 8,494,783	\$ 12,376,631	\$ 16,096,034	\$ 22,022,145	\$ 18,991,849	\$ 18,490,728	\$ 521,123	\$		
24	Book Depreciation:													
25	Services												\$ 24,921,227	-Exhibit No. JCS-3R, Line 11
26	Meter Installation												1,534,370	-Exhibit No. JCS-3R, Line 12
27	Natural Gas Risers												6,742,269	-Exhibit No. JCS-3R, Line 13
28	Total Book Depreciation												\$ 33,197,866	Sum of Lines 25 - 27
29	Tax Depreciation in Excess of Book Depreciation												\$ (100,420,590)	Line 28 - Line 23
30	Federal Deferred Taxes at 35%												35%	
31	Deferred Tax Balance at December 31, 2017 - Service Lines												\$ (35,147,206)	Line 29 * Line 30
													(To Exhibit No. JCS-3R, Line 22)	

Notes:

(1) Reference column is applicable to column 2017 under In Service Year section to the left.

(2) Agrees to Exhibit JMB-3q in Case No. 12-1423-GA-RDR, with the exception of the Cost of Removal Incurred amount (Line 22). See Note 4 for tax depreciation formula.

[3] Represents spend on work orders placed in service and eligible for 100% bonus depreciation. 100% Bonus applies only to 2010-2012 investments.

[4] Formula corrected for 2011 and 2012 to accurately remove Capitalized Interest to get to true tax basis. The remaining amount is eligible for accelerated Bonus Depreciation, if applicable, for the calendar year.

(5) Per Internal Revenue Code ("IRC") Sec. 168(e)(3)(E)(viii), gas utility distribution facilities placed in service before January 1, 2011 have a MACRS life of 15 years. For utility distribution facilities placed in service after January 1, 2011, MACRS life is 20 years per IRC Reg. Proc. 87-56. Please note that meter installation is not considered a facility; therefore, 20 MACRS has applied to meter installation balances in 2009 - 2017. Below is the formula for tax depreciation by year.

[6] On December 22, 2017, the United States government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act ("TCJA" or "the Act"). Prior to the enactment of the TCJA, Internal Revenue Code rules and regulations permitted 50% bonus depreciation to be claimed for calendar year 2017. The Act made two significant changes to bonus depreciation. Certain assets placed into service beyond September 27, 2017 became eligible for 100% bonus depreciation, and bonus depreciation was repealed for assets used in regulated utility operations. The TCJA was unclear as to the appropriate way to apply the new bonus depreciation methodology included in the Act to regulated utility fixed assets placed in service for the period from September 28, 2017 through December 31, 2017. Until further guidance is issued, the Company has taken the position that assets used in providing utility

Formula:	2009	2010	2011	2012	2013	2014	2015	2016	2017
Line 19 = (Line 6-Line 3+Line 13) * 50% * Line 17	X	X							
Line 20 = Line 3 * 50% * Line 18	X	X							
Line 20 = Line 6 * 50% * Line 18			X	X	X	X	X	X	X

Vectren Energy Delivery of Ohio, Inc.
Distribution Replacement Rider (DRR)
Services, Service Line Responsibility, Risers - Deferred Depreciation Regulatory Asset Balance
For the Period Ended December 31, 2017

A

(2017 Filing Exhibit No. JCS-3h, Page 1)

B

C

Line	Description	Deferred Depreciation at 12/31/2016	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Total Balance at Dec-17	
	Cumulative Balance														
1	Services - Deferred Depreciation	\$ 6,343,455	\$ 6,605,000	\$ 6,740,446	\$ 6,926,505	\$ 7,182,172	\$ 7,325,814	\$ 7,576,930	\$ 7,715,698	\$ 7,883,745	\$ 8,000,883	\$ 8,132,610	\$ 8,202,451	\$ 8,360,396	
2	Services - Deferred Depreciation Amortization	\$ (160,347)	\$ (167,153)	\$ (173,959)	\$ (180,765)	\$ (187,571)	\$ (194,376)	\$ (201,182)	\$ (207,988)	\$ (214,794)	\$ (224,068)	\$ (233,342)	\$ (242,616)	\$ (251,890)	
3	Services - Deferred Depreciation	\$ 6,183,108	\$ 6,437,847	\$ 6,566,487	\$ 6,745,740	\$ 6,994,601	\$ 7,131,437	\$ 7,375,748	\$ 7,507,710	\$ 7,668,951	\$ 7,776,815	\$ 7,899,268	\$ 7,959,834	\$ 8,108,505	To JCS-3R, Line 19

Line	Description	Activity for Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Total Balance by Calendar Year	
4	Services In-Service Activity	\$ 651,512	\$ 911,845	\$ 1,052,378	\$ 1,379,578	\$ 1,119,195	\$ 2,875,874	\$ 1,593,052	\$ 1,789,985	\$ 1,489,309	\$ 1,929,644	\$ 784,942	\$ 3,670,860	\$ 19,248,174	
5	Service Line Responsibility In-Service Activity	658,673	789,762	975,206	674,211	793,012	857,360	514,561	1,314,860	747,949	685,461	753,027	751,809	\$ 9,515,891	
6	Risers In-Service Activity	-	-	-	-	-	-	-	-	-	-	-	-	\$ -	
7	Less: Retirements - Services	(1,524)	(4,092)	(4,491)	(6,730)	(26,136)	(63,764)	(20,442)	(46,065)	(22,982)	(4,775)	(13,632)	(214,227)	\$ (428,860)	
8	Net Services Additions	\$ 1,308,661	\$ 1,697,515	\$ 2,023,093	\$ 2,047,059	\$ 1,886,071	\$ 3,669,470	\$ 2,087,172	\$ 3,058,780	\$ 2,214,276	\$ 2,610,330	\$ 1,524,336	\$ 4,208,442	\$ 28,335,205	
9	Monthly Depreciation Rate	(1)	0.44%	0.44%	0.44%	0.44%	0.44%	0.44%	0.44%	0.44%	0.44%	0.44%	0.44%	0.44%	
10	# of Months from 1/1/2017 to Effective Date of DRR Rates, 9/1/2017	8	8	8	8	8	8	8	8	8	8	8	8	8	
11	Depreciation Expense Recognized - 1/1/2017 to 9/1/2017	\$ 45,890	\$ 59,526	\$ 70,943	\$ 71,784	\$ 66,138	\$ 128,676	\$ 73,190	\$ 107,261	\$ 77,647	\$ 91,536	\$ 53,453	\$ 147,576	\$ 993,621	

Line	Description	Activity for Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Total Balance by Calendar Year	
12	Services In-Service Activity	\$ 2,924,137	\$ 495,384	\$ 1,761,521	\$ 4,003,598	\$ 1,584,975	\$ 3,173,707	\$ 1,909,693	\$ 2,187,421	\$ 1,609,916	\$ 2,776,384	\$ 1,751,285	\$ 4,090,599	\$ 28,268,620	
13	Service Line Responsibility In-Service Activity	1,364,069	1,160,195	1,042,172	980,021	801,220	1,186,189	830,482	893,563	979,178	925,264	845,610	702,917	\$ 11,710,881	
14	Risers In-Service Activity	-	-	-	-	-	-	-	-	-	-	-	-	\$ -	
15	Less: Retirements - Services	(10,058)	(6,041)	(39,260)	(48,246)	(28,668)	(62,489)	(20,060)	671	(15,002)	(33,937)	(104,599)	(62,404)	\$ (430,093)	
16	Net Services Additions	\$ 4,278,148	\$ 1,649,538	\$ 2,764,433	\$ 4,935,373	\$ 2,357,528	\$ 4,297,407	\$ 2,720,115	\$ 3,081,655	\$ 2,574,092	\$ 3,667,712	\$ 2,492,297	\$ 4,731,112	\$ 39,549,409	
17	Monthly Depreciation Rate	(1)	0.44%	0.44%	0.44%	0.44%	0.44%	0.44%	0.44%	0.44%	0.44%	0.44%	0.44%	0.44%	
18	# of Months from In-Service Date to Effective Date of DRR Rates, 9/1/2018	19.5	18.5	17.5	16.5	15.5	14.5	13.5	12.5	11.5	10.5	9.5	8.5		
19	Depreciation Expense Recognized - In-Service to 9/1/2018	\$ 365,675	\$ 133,764	\$ 212,055	\$ 356,951	\$ 160,174	\$ 273,136	\$ 160,963	\$ 168,849	\$ 129,756	\$ 168,806	\$ 103,783	\$ 176,273	\$ 2,410,185	
20	Deferred Depreciation Expense - Calendar Year 2017	\$ 215,654	\$ 75,920	\$ 115,116	\$ 183,884	\$ 77,504	\$ 122,440	\$ 65,577	\$ 60,786	\$ 39,491	\$ 40,192	\$ 16,387	\$ 10,369	\$ 1,023,319	
21	Deferred Depreciation Expense - Calendar Year 2018	\$ 150,020	\$ 57,844	\$ 96,939	\$ 173,067	\$ 82,671	\$ 150,696	\$ 95,385	\$ 108,063	\$ 90,265	\$ 128,614	\$ 87,397	\$ 165,904	\$ 1,386,866	
22	Services - Deferred Depreciation Amortization	\$ (6,806)	\$ (6,806)	\$ (6,806)	\$ (6,806)	\$ (6,806)	\$ (6,806)	\$ (6,806)	\$ (6,806)	\$ (6,806)	\$ (9,274)	\$ (9,274)	\$ (9,274)	\$ (9,274)	\$ (91,543)
23	Net Services Deferred Depreciation at 12/31/2017													\$ 8,360,396	
24	Average Service Life - Services													1.75%	
25	Annual Amortization Expense													\$ 146,674	
														\$ 146,674	To JCS-3R, Line 33

(1) FERC Account 680 depreciation rate approved in Case No. 04-0571-GA-AIR.

(2) FERC Account 680 depreciation rate's average service life or 57 years, as approved in Case No. 04-0571-GA-AIR.

Vectren Energy Delivery of Ohio, Inc.
Distribution Replacement Rider (DRR)
Meter Installation - Deferred Depreciation Regulatory Asset Balance
For the Period Ended December 31, 2017

A

(2017 Filing Exhibit No. JCS-3h, Page 2)

B

C

Line	Description		Deferred Depreciation at 12/31/2016												Total Balance at Dec-17	
			Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17			
1	Cumulative Balance															
2	Meter Installation - Deferred Depreciation		\$ 375,722	\$ 387,015	\$ 394,220	\$ 406,592	\$ 423,245	\$ 433,908	\$ 448,121	\$ 459,034	\$ 466,979	\$ 472,962	\$ 478,705	\$ 482,384	\$ 485,733	
3	Meter Installation - Deferred Depreciation Amortization		(7,786)	(8,155)	(8,524)	(8,893)	(9,262)	(9,631)	(10,000)	(10,370)	(10,739)	(11,108)	(11,477)	(12,446)	(13,016)	
3	Meter Installation - Deferred Depreciation		\$ 367,936	\$ 378,860	\$ 385,696	\$ 397,698	\$ 413,983	\$ 424,277	\$ 438,121	\$ 448,665	\$ 456,240	\$ 461,654	\$ 466,828	\$ 469,937	\$ 472,718	To JCS-3R, Line 20
Line	Description		Activity for												Total Balance by Calendar Year	
			Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16		
4	Meter Installation In-Service Activity	2017 Filing Exhibit No. JCS-3a	\$ 246,548	\$ 337,974	\$ 470,280	\$ 383,520	\$ 528,619	\$ 594,523	\$ 611,803	\$ 267,366	\$ 303,298	\$ 382,853	\$ 233,973	\$ 280,563	\$ 4,641,320	
5	Less: Retirements - Services	2017 Filing Exhibit No. JCS-3b	(169)	(415)	(426)	(322)	(315)	(622)	(357)	(588)	(251)	(286)	(197)	(55,665)	(59,613)	
6	Net Meter Installation Additions	Line 4 + Line 5	\$ 246,379	\$ 337,559	\$ 469,854	\$ 383,198	\$ 528,304	\$ 593,901	\$ 611,446	\$ 266,778	\$ 303,047	\$ 382,567	\$ 233,776	\$ 224,898	\$ 4,581,707	
7	Monthly Depreciation Rate	(1)	0.15%	0.15%	0.15%	0.15%	0.15%	0.15%	0.15%	0.15%	0.15%	0.15%	0.15%	0.15%		
8	# of Months from 1/1/2017 to Effective Date of DRR Rates, 9/1/2017		8	8	8	8	8	8	8	8	8	8	8	8		
9	Depreciation Expense Recognized - 1/1/2017 to 9/1/2017	Line 6 x Line 7 x Line 8	\$ 2,989	\$ 4,096	\$ 5,701	\$ 4,649	\$ 6,410	\$ 7,206	\$ 7,419	\$ 3,237	\$ 3,677	\$ 4,642	\$ 2,836	\$ 2,729	\$ 55,591	
Line	Description		Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Calendar Year	
			\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
10	Meter Installation In-Service Activity	Exhibit No. JCS-3aR	\$ 477,111	\$ 195,412	\$ 464,195	\$ 932,875	\$ 374,511	\$ 710,456	\$ 419,813	\$ 691,066	\$ 435,549	\$ 291,459	\$ 312,634	\$ 820,964	\$ 6,126,045	
11	Less: Retirements - Services	Exhibit No. JCS-3bR	(1,015)	(169)	(1,229)	(1,732)	(598)	296	(936)	(1,332)	(1,104)	(938)	57,549	(2,077)	46,715	
12	Net Meter Installation Additions	Line 10 + Line 11	\$ 476,096	\$ 195,243	\$ 462,966	\$ 931,143	\$ 373,913	\$ 710,752	\$ 418,877	\$ 689,734	\$ 434,445	\$ 290,521	\$ 370,183	\$ 818,887	\$ 6,172,760	
13	Monthly Depreciation Rate	(1)	0.15%	0.15%	0.15%	0.15%	0.15%	0.15%	0.15%	0.15%	0.15%	0.15%	0.15%	0.15%		
14	# of Months from In-Service Date to Effective Date of DRR Rates, 9/1/2018		19.5	18.5	17.5	16.5	15.5	14.5	13.5	12.5	11.5	10.5	9.5	8.5		
15	Depreciation Expense Recognized - In-Service to 9/1/2018	Line 12 x Line 13 x Line 14	\$ 14,081	\$ 5,478	\$ 12,288	\$ 23,302	\$ 8,790	\$ 15,631	\$ 8,577	\$ 13,076	\$ 7,577	\$ 4,627	\$ 5,334	\$ 10,557	\$ 129,316	
16	Calendar Year 2017		\$ 8,304	\$ 3,109	\$ 6,671	\$ 12,004	\$ 4,253	\$ 7,007	\$ 3,494	\$ 4,707	\$ 2,306	\$ 1,102	\$ 842	\$ 621	\$ 54,420	
17	Calendar Year 2018		\$ 5,777	\$ 2,369	\$ 5,617	\$ 11,298	\$ 4,537	\$ 8,624	\$ 5,082	\$ 8,369	\$ 5,271	\$ 3,525	\$ 4,492	\$ 9,936	\$ 74,896	
18	Meter Installations - Deferred Depreciation Amortization		\$ (369)	\$ (369)	\$ (369)	\$ (369)	\$ (369)	\$ (369)	\$ (369)	\$ (369)	\$ (569)	\$ (569)	\$ (569)	\$ (569)	\$ (5,229)	
19	Net Meter Installation Deferred Depreciation at 12/31/2017	Line 1, Column B													\$ 485,733	
20	Average Service Life - Services	(2)													1.82%	
21	Annual Amortization Expense	Line 19 x Line 20													\$ 8,832	
To JCS-3R, Line 34																

(1) FERC Account 682 depreciation rate approved in Case No. 04-0571-GA-AIR.

(2) FERC Account 682 depreciation rate's average service life or 55 years, as approved in Case No. 04-0571-GA-AIR.

**VECTREN ENERGY DELIVERY OF OHIO, INC.
DISTRIBUTION REPLACEMENT RIDER
DRR REVENUE REQUIREMENT VARIANCE**

Line	Description		Total	Reference
1	Revenue requirement for January 2017 - August 2017 per Case No. 16-0904-GA-RDR, Exhibit JCS-5, Page 5 of 5, Line 14	\$ 19,595,147		
2	Less: DRR Recoveries January 2017 - August 2017	(20,224,996)		- (Sum of Lines 19-26)
3	DRR (Over)/Under Recovery for Eight Months Ended August 31, 2017		\$ (629,849)	Line 1 + Line 2
4	Revenue requirement for September 2017 - December 2017 per Case No. 17-1155-GA-RDR, Exhibit JCS-5, Page 5 of 5, Line 5	\$ 11,944,884		
5	Less: DRR Recoveries September 2017 - December 2017	(12,183,093)		- (Sum of Lines 27-30)
6	DRR (Over)/Under Recovery for Four Months Ended December 31, 2017		\$ (238,209)	Line 4 + Line 5
7	DRR (Over)/Under Recovery for Twelve Months Ended December 31, 2017		\$ (868,058)	Line 3 + Line 6
8	<u>(Over)/Under Recovery - Mains and Services Allocation</u>			
	Description	Revenue Requirement	%	DRR Variance Allocation
	2016	D ⁽¹⁾	E	F = Line 6 * E
9	Mains	\$ 8,668,567	29.0%	\$ (182,655)
10	Services	20,776,732	71.0%	(447,193)
11	Total	\$ 29,445,298	100.0%	\$ (629,848)
				Line 3
	2017	D ⁽²⁾	E	F = Line 6 * E
12	Mains	\$ 11,088,842	31.0%	\$ (73,845)
13	Services	24,692,646	69.0%	(164,364)
14	Total	\$ 35,781,488	100.0%	\$ (238,209)
				Line 6
15	Total Main (Over) Recovery Variance		\$ (256,500)	Line 9 + Line 12
16	Total Services (Over) Recovery Variance		\$ (611,557)	Line 10 + Line 13
				To JCS-2R, Line 26
				To JCS-3R, Line 38
17	<u>DRR Recoveries by Month:</u>			
		Recovery - \$	Reference	
18	January 2017	\$ 3,137,177	Exhibit No. JCS-4aR, Column H, Line 1	
19	February 2017	\$ 2,685,973	Exhibit No. JCS-4aR, Column H, Line 2	
20	March 2017	\$ 2,600,460	Exhibit No. JCS-4aR, Column H, Line 3	
21	April 2017	\$ 2,820,743	Exhibit No. JCS-4aR, Column H, Line 4	
22	June 2017	\$ 2,188,126	Exhibit No. JCS-4aR, Column H, Line 5	
23	June 2017	\$ 2,478,424	Exhibit No. JCS-4aR, Column H, Line 6	
24	July 2017	\$ 1,962,617	Exhibit No. JCS-4aR, Column H, Line 7	
25	August 2017	\$ 2,351,477	Exhibit No. JCS-4aR, Column H, Line 8	
26	September 2017	\$ 2,601,025	Exhibit No. JCS-4aR, Column H, Line 9	
27	October 2017	\$ 2,955,744	Exhibit No. JCS-4aR, Column H, Line 10	
28	November 2017	\$ 2,967,561	Exhibit No. JCS-4aR, Column H, Line 11	
29	December 2017	\$ 3,658,761	Exhibit No. JCS-4aR, Column H, Line 12	
30				
31	Total DRR Recoveries	\$ 32,408,089		

Notes:

(1) Revenue Requirement per Case No. 16-0904-GA-RDR (Exhibit JCS-1, Page 1 of 1).

(2) Revenue Requirement per Case No. 17-1155-GA-RDR (Exhibit JCS-5, Page 1 of 1).

VECTREN ENERGY DELIVERY OF OHIO, INC.
DISTRIBUTION REPLACEMENT RIDER
DRR RECOVERIES BY TARIFF

		A	B	C	D	E	F	G	H
		DRR Recoveries							
Line	Month	310/311/315	320/321/325 - Grp 1	341	320/321/325 - Grp 2 & 3	345	360/370	Total	
1	Jan-17	\$ 2,000,009	\$ 105,294	\$ 101	\$ 783,563	\$ 84,335	\$ 163,875	\$ 3,137,177	
2	Feb-17	1,975,973	102,399	62	396,919	66,173	144,447	\$ 2,685,973	
3	Mar-17	1,932,754	100,502	72	343,129	71,768	152,236	\$ 2,600,460	
4	Apr-17	2,226,931	114,505	97	321,183	40,951	117,076	\$ 2,820,743	
5	May-17	1,899,748	96,809	64	30,647	39,945	120,913	\$ 2,188,126	
6	Jun-17	2,132,381	108,895	(36)	91,840	33,304	112,039	\$ 2,478,424	
7	Jul-17	1,663,790	87,355	-	72,599	30,959	107,914	\$ 1,962,617	
8	Aug-17	2,013,954	102,984	-	81,316	39,160	114,063	\$ 2,351,477	
9	Sep-17	2,197,314	113,734	-	112,102	45,347	132,528	\$ 2,601,025	
10	Oct-17	2,476,422	129,414	133	143,743	59,323	146,711	\$ 2,955,744	
11	Nov-17	2,171,303	115,676	89	409,413	90,658	180,423	\$ 2,967,561	
12	Dec-17	2,484,671	124,842	89	724,289	116,941	207,929	\$ 3,658,761	
13	Total	\$ 25,175,250	\$ 1,302,408	\$ 669	\$ 3,510,743	\$ 718,864	\$ 1,700,155	\$ 32,408,089	

**VECTREN ENERGY DELIVERY OF OHIO
DISTRIBUTION REPLACEMENT RIDER
DERIVATION OF CHARGES**

Line	Rate Schedule	(A) Mains Allocated DRR Revenue Requirement (b)	(B) Service Lines Allocated DRR Revenue Requirement (b)	(C) Total DRR Revenue Requirement (A) + (B)	(D) Customer Count (c)	(E) Calculated DRR per Customer Per Month (C)/(D)/12	(F) Proposed DRR per Customer Per Month	(G) Annual Volumes (c) (Ccf)	(H) Proposed DRR per Ccf (C)/(F)
1	310/311/315	\$7,479,651	\$26,126,340	\$33,605,991	295,403	\$9.48	\$9.25	(e)	
2	320/321/325	\$2,845,589	\$4,349,174	\$7,194,763					
3	Group 1			\$1,695,192 (d)	15,272	\$9.25	\$9.25		
4	Group 2 & 3			\$5,499,571 (d)				71,588,963	\$0.07682
5	341	\$554	\$693	\$1,246	1	\$103.84	\$103.84		
6	345	\$747,018	\$134,687	\$881,704				55,160,348	\$0.01598
7	360	<u>\$1,093,275</u>	<u>\$59,620</u>	<u>\$1,152,895</u>				104,989,888	\$0.01098
8	Total (a)	<u><u>\$12,166,086</u></u>	<u><u>\$30,670,513</u></u>	<u><u>\$42,836,599</u></u>					

(a) Mains and Service Revenue Requirement shown on Exhibit No. JCS-1R, Lines 1 and 2 respectively.

(b) Reflects revenue requirement multiplied by allocation factors shown on Exhibit No. JCS-5R, Page 3

(c) 2018 Budget - Customer Count and Volumes

(d) From Exhibit No. JCS-5R, Page 4

(e) Derived DRR per Customer Per Month exceeds approved cap of \$9.25 per month for period September 1, 2018 through August 31, 2019 (Exhibit No. JCS-5R, Page 2)

**VECTREN ENERGY DELIVERY OF OHIO
DISTRIBUTION REPLACEMENT RIDER
CALCULATION OF DEFERRED 310/311/315 REVENUE**

<u>Line</u>	<u>Description</u>	(A) DRR Rate per Customer per month (a)	(B) Customer Count 310/311/315 (b)	(C) <u>DRR Revenue</u> (A) x (B) x 12
1	Calculated DRR - Rate 310/311/315	\$9.48	295,403	\$33,605,991
2	<u>Capped/Proposed DRR - Rate 310/311/315</u>	<u>\$9.25</u>	<u>295,403</u>	<u>\$32,789,733</u>
3	Deferred Revenue - 310/311/315			<u><u>\$816,258</u></u>

(a) 310/311/315 Revenue Requirement shown on JCS-5R Line 1 Column (C)

(b) 2018 Budget - Customer Count and Volumes

**VECTREN ENERGY DELIVERY OF OHIO
DISTRIBUTION REPLACEMENT RIDER
RATE SCHEDULE ALLOCATION FACTORS**

<u>Line</u>	<u>Rate Schedule</u>	<u>Description</u>	<u>Mains Allocation Factors (a) (%)</u>	<u>Service Lines Allocation Factors (b) (%)</u>
1	310/311/315	Residential DSS/SCO/Transportation	61.480%	85.184%
2	320/321/325	General DSS/SCO/Transportation	23.390%	14.180%
3	341	Dual Fuel	0.005%	0.002%
4	345	Large General Transportation	6.140%	0.439%
5	360	Large Volume Transportation	8.986%	0.194%
6		Total	<u>100.000%</u>	<u>100.000%</u>

(a) Mains Allocation Factor as presented in Case No. 07-1080-GA-AIR

(b) Service Lines Allocation Factor as presented in Case No. 07-1080-GA-AIR

**VECTREN ENERGY DELIVERY OF OHIO
DISTRIBUTION REPLACEMENT RIDER
ALLOCATION OF REVENUE REQUIREMENT - RATES 320, 321 AND 325**

<u>Line</u>	<u>Description</u>	<u>Amount</u>		<u>Reference</u>
1	Proposed DRR - Rate 310/311/315	\$9.25	Per Month	Exhibit No. JCS-5R, Page 1
2	Proposed DRR - Rate 320/321/325 - Group 1	\$9.25	Per Month	Line [1]
3	Customer Count - Group 1	<u>15,272</u>		Exhibit No. JCS-5R, Page 1
4	Revenue Requirement - Group 1 (1)	\$1,695,192		Line [2] x Line [3] x 12
5	Revenue Requirement - Total 320/321/325	<u>\$7,194,763</u>		Exhibit No. JCS-5R, Page 1
6	Revenue Requirement - Group 2 & 3 (1)	<u>\$5,499,571</u>		Line [5] - Line [4]

Notes:
(1) to Exhibit No. JCS-5R, Page 1

**VECTREN ENERGY DELIVERY OF OHIO
DISTRIBUTION REPLACEMENT RIDER
RATE SCHEDULE BILL IMPACTS**

		(A)	(B)	(C)	(D)	(E)	
<u>Line</u>	<u>Rate Schedule</u>	<u>Present Revenue (a)</u>	<u>Previous DRR Revenue Requirement</u>	<u>Current DRR Revenue Requirement (b)</u>	<u>Incremental DRR Revenue Requirement (C)-(B)</u>	<u>% Increase (D)/(A)</u>	
1	310/311	\$116,884,520	\$16,542,466	\$20,399,247	\$3,856,781	3.30%	(c) (e)
2	315	\$39,408,803	\$11,309,061	\$12,390,486	\$1,081,425	2.74%	(d) (e)
3	320/321	\$45,679,037	\$3,402,011	\$3,856,514	\$454,503	0.99%	(c) (f)
4	325	\$12,865,664	\$2,693,109	\$3,338,248	\$645,139	5.01%	(d) (f)
5	341	\$12,653	\$1,062	\$1,246	\$184	1.45%	(d)
6	345	\$7,155,643	\$789,309	\$881,704	\$92,395	1.29%	(d)
7	360	<u>\$15,648,670</u>	<u>\$1,044,470</u>	<u>\$1,152,895</u>	<u>\$108,425</u>	0.69%	(d)
8	Total	\$237,654,990	\$35,781,488	\$42,020,341	\$6,238,853	2.63%	

(a) Twelve months ending December 31, 2017

Excludes revenues from former Rate 330 customers; Rate 330 was terminated effective April 14, 2010.

(b) From Exhibit No. JCS-5R, Page 1

(c) Includes gas cost revenues based on the Standard Choice Offer (SCO) rider applicable to these rate schedules

(d) Does not include gas costs

(e) For column (C), Revenue Requirement equals unit rate times number of customers.

(f) For column (C), Revenue Requirement equals unit rate times number of customers for Group 1, and unit rate times projected volumes for Group 2 and Group 3.

**VECTREN ENERGY DELIVERY OF OHIO
DISTRIBUTION REPLACEMENT RIDER
DETERMINATION OF APPROVED RECOVERIES
BY CALENDAR MONTH**

(A)		(B)	(C)
Line	Month	Allocation Factor (1)	Approved Recoveries (2)
1	September-18	7.43%	\$3,181,290
2	October-18	7.81%	\$3,345,770
3	November-18	8.51%	\$3,646,318
4	December-18	9.82%	\$4,208,157
5	Subtotal (To Ninth Annual DRR Filing)		\$14,381,536
6	January-19	10.33%	\$4,426,188
7	February-19	9.43%	\$4,039,982
8	March-19	8.59%	\$3,677,727
9	April-19	8.11%	\$3,472,751
10	May-19	7.68%	\$3,289,731
11	June-19	7.49%	\$3,206,358
12	July-19	7.42%	\$3,179,211
13	August-19	7.38%	\$3,163,116
14	Subtotal (To Tenth Annual DRR Filing)		\$28,455,064

(1) Based on monthly volumes / customer count (as applicable) as a percentage of annual, in 2018 Budget.

(2) Allocation Factor in Column B times total revenue requirement.

VECTREN ENERGY DELIVERY OF OHIO, INC.
Tariff for Gas Service
P.U.C.O. No. 3

Sheet No. 45
~~Twelfth~~ Revised Page 2 of 2
Cancels ~~Eleventh~~ Revised Page 2 of 2

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DISTRIBUTION REPLACEMENT RIDER

DISTRIBUTION REPLACEMENT RIDER CHARGE

The charges for the respective Rate Schedules are:

Rate Schedule

\$ Per Month

\$ Per Ccf

310, 311 and 315

~~\$9.25~~

Deleted: 7.92

320, 321 and 325 (Group 1)

~~\$9.25~~

Deleted: 7.92

320, 321 and 325 (Group 2 and 3)

~~\$0.07682~~

Deleted: 06015

341

~~\$103.84~~

Deleted: 07675

345

~~\$0.01598~~

Deleted: 88.51

360

~~\$0.01098~~

Deleted: 103.77

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Filed pursuant to the Finding and Order dated _____ in Case No. ~~18-0762~~-GA-RDR of The Public Utilities Commission of Ohio.

Issued by Scott E. Albertson, Vice-President Effective _____

Deleted: August 30, 2017

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VECTREN ENERGY DELIVERY OF OHIO, INC.
Tariff for Gas Service
P.U.C.O. No. 3

Sheet No. 45
Twelfth Revised Page 2 of 2
Cancels Eleventh Revised Page 2 of 2

DISTRIBUTION REPLACEMENT RIDER

DISTRIBUTION REPLACEMENT RIDER CHARGE

The charges for the respective Rate Schedules are:

<u>Rate Schedule</u>	<u>\$ Per Month</u>	<u>\$ Per Ccf</u>
310, 311 and 315	\$9.25	
320, 321 and 325 (Group 1)	\$9.25	
320, 321 and 325 (Group 2 and 3)		\$0.07682
341	\$103.84	
345		\$0.01598
360		\$0.01098

Filed pursuant to the Finding and Order dated _____ in Case No. 18-0762-GA-RDR of The Public Utilities Commission of Ohio.

Issued Issued by Scott E. Albertson, Vice-President Effective

**VECTREN ENERGY DELIVERY OF OHIO
DISTRIBUTION REPLACEMENT RIDER
ANNUAL RESIDENTIAL CUSTOMER BILL IMPACT**

<u>Line</u>			<u>Reference</u>
1	Proposed DRR Charge Per Customer Per Month Exhibit JCS-5R, Page 1, Column (F), Line 1	\$9.25	Exhibit No. JCS-5R, Page 1
2	Current DRR Charge Per Customer Per Month	<u>\$7.92</u>	CN 17-1155-GA-RDR
3	Incremental DRR Charge Per Month	\$1.33	Line [1] - Line [2]
4	Months	<u>12</u>	
5	Annual Incremental Bill Impact	<u>\$15.96</u>	Line [3] x Line [4]
6	Total Annual DRR Bill Amount	<u>\$111.00</u>	Line [1] x Line [4]

**VECTREN ENERGY DELIVERY OF OHIO
DISTRIBUTION REPLACEMENT RIDER
CALCULATION OF REDUCED RATE OF RETURN ADJUSTED DUE TO 2017 TAX REFORM**

VECTREN CORPORATION (CONSOLIDATED) CAPITAL STRUCTURE APPROVED IN CASE NO. 07-1080-GA-AIR & CASE NO. 07-1081-GA-ALT									Calculation of Reduced Rate of Return
		(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
Line	Class of Capital	Actual Amount (\$000,000)	Adjustment Amount** (\$000,000)	Pro Forma Amount (\$000,000)	% of Total	Cost	Weighted Cost	Common Equity Portion Tax Adjustment @ 33.45% (F), Line 3/(1 - .3345)	Common Equity Portion Tax Adjustment @ 21.00% (F), Line 3/(1 - .2100)
1	Long-term debt	\$ 1,221.0	\$ -	\$ 1,221.0	47.8%	7.02%	3.36%	3.36%	3.36%
2	Preferred stock	-	-	-	0.0%	0.00%	0.00%		
3	Common equity	\$ 1,206.4	\$ 125.3	\$ 1,331.7	52.2%	10.60%	5.53%	8.31%	7.00%
4	Total capital	\$ 2,427.4	\$ 125.3	\$ 2,552.7	100.00%		8.89%	11.67%	10.36%
Approved DRR Rate of Return in Case No. 07-1081-GA-AIR									Adjusted DRR Rate of Return post 2018 Tax Reform

To JCS-2R, Line 17 and JCS 3R, Line 26

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Case No(s). 18-0762-GA-RDR

Summary: Application Supplemental Application and Revised Direct Testimony of J. Cas Swiz electronically filed by Mr. Andrew J Campbell on behalf of Vectren Energy Delivery of Ohio