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**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Long-Term Forecast)	
Report of Vectren Energy Delivery of)	Case No. 05-120-GA-FOR
Ohio, Inc. and Related Matters.)	
In the Matter of the Regulation of the)	
Purchased Gas Adjustment Clause Contained)	Case No. 04-220-GA-GCR
Within the Rate Schedules of Vectren Energy)	Case No. 05-220-GA-GCR
Delivery of Ohio, Inc. and Related Matters.)	

STIPULATION AND RECOMMENDATION

I. BACKGROUND

Rule 4901:1-30, Ohio Administrative Code ("O.A.C."), provides that any two or more parties to a proceeding may enter into a written or oral stipulation concerning the issues presented in such proceeding. Pursuant to Rule 4901:1-10(C), O.A.C., the Staff of the Public Utilities Commission of Ohio ("Staff") is considered a party for the purpose of entering into a stipulation under 4901:1-30, O.A.C.

The purpose of this document is to set forth the understanding of Vectren Energy Delivery of Ohio, Inc. ("the Company" or "VEDO"), the Ohio Consumers' Counsel ("OCC"), Interstate Gas Supply, Inc. ("IGS"), and the Staff (collectively, the "Parties") and to resolve all issues pertaining to VEDO in these proceedings.

II. STIPULATION AND RECOMMENDATION

A. It is understood by the Parties that this Stipulation and Recommendation is not binding upon the Public Utilities Commission of Ohio

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("Commission"). This Stipulation and Recommendation is based upon the Parties' desire to arrive at a reasoned and reasonable result considering the law, facts and circumstances in these cases. Accordingly, the Parties believe this Stipulation and Recommendation should be given careful consideration by the Commission and should be adopted. This Stipulation is supported by adequate data and information; represents a just and reasonable resolution of all issues in these proceedings; violates no regulatory principle; and is the product of serious bargaining among knowledgeable and capable parties in a cooperative process undertaken by the Parties to settle these cases. While this Stipulation is not binding on the Commission, it is entitled to careful consideration by the Commission, where, as in here, it is sponsored by a wide range of interests, including the Commission Staff.¹

- B. This Stipulation is a compromise involving a balance of competing positions, and it does not necessarily reflect the positions that one or more of the Parties would have taken if these issues had been fully litigated. The Parties believe that this Stipulation represents a reasonable compromise of varying interests when it is considered in its entirety. This Stipulation is expressly conditioned upon adoption in its entirety by the Commission without material modification by the Commission. Should the Commission reject or materially modify all or any part of this Stipulation,

¹ Rule 4901-1-10(c), Ohio Administrative Code, provides that Commission Staff is a party for the purpose of entering into this Stipulation.

the Parties shall have the right, within thirty (30) days of the issuance of the Commission's order, to file an application for rehearing. Upon the Commission's issuance of an entry on rehearing that does not adopt the Stipulation in its entirety without material modification, any Party may terminate and withdraw from the Stipulation by filing a notice with the Commission within thirty (30) days of the Commission's entry on rehearing. Prior to any Party seeking rehearing or terminating and withdrawing from this Stipulation pursuant to this provision, the Parties agree to convene immediately to work in good faith to achieve an outcome that substantially satisfies the intent of the Commission or proposes a reasonable equivalent thereto to be submitted to the Commission for its consideration. Upon notice of termination or withdrawal by any Party, pursuant to the above provisions, the Stipulation shall immediately become null and void. In such event, a hearing shall go forward and the Parties will be afforded the opportunity to present evidence through witnesses, to cross examine all witnesses, to present rebuttal testimony, and to brief all issues which shall be decided based upon the record and briefs as if this Stipulation had never been executed.

- C. For purposes of resolving all issues presented in these proceedings, the Parties stipulate, agree, and recommend that the Commission make the following findings and issue its Opinion and Order in these proceedings as set forth below.

III. MANAGEMENT/PERFORMANCE AUDIT MATTERS

On August 16, 2006, Utilities International, Inc. ("UII") filed its Audit Report of its Management/Performance Audit of Gas Purchasing Practices and Policies of Vectren Energy Delivery of Ohio, Inc. ("M/P Audit") for the audit period November 1, 2002 to October 31, 2005. The Parties agree to the following recommendations pertaining to VEDO's future gas supply practices:

- A. VEDO agrees to examine its peak day design criteria to determine the appropriateness of their applicability and their values for use in modeling VEDO's peak day sendout for gas supply planning purposes. VEDO will provide a report setting forth the findings of this review to the Parties. To the extent appropriate, VEDO will meet with the Staff and OCC to discuss potential changes to the forecast criteria.
- B. VEDO agrees to perform a statistical analysis on its late winter peaking criterion to evaluate the appropriate date for retention of storage ratchets.
- C. The Parties agree that VEDO will remove the storage carrying costs from its base rates and, on a going forward basis, recover its actual storage carrying costs through the GCR mechanism. This shall result in base rate reductions calculated as shown on Exhibit A described below. Carrying charges associated with the actual monthly balances of Current Gas in Storage shall be accrued at a rate of ten percent (10%)² per year for purposes of determining the delivered cost of natural gas which shall be subject to recovery through VEDO's GCR. Attached hereto as Exhibit A

² Ten percent (10%) is the interest rate included in the GCR calculation pursuant to Rule 4901:1-14-05, Ohio Administrative Code.

are the calculations reflecting the effect of removing gas storage costs from the distribution charges for Rate Schedules 310, 315, 320, 325, 330, 340, 341, and 345. Attached as Exhibit B are revised tariffs for the same enumerated Rate Schedules reflecting the revised rates resulting from the removal of gas storage carrying costs, and a revised Gas Cost Recovery Rider tariff sheet, Revised Sheet No. 31, Page 1 of 1. Also attached as Exhibit C is a sample of the Company's GCR schedules revised to show the calculation and treatment of the gas storage carrying costs in the GCR. The Parties agree that the Commission should approve the calculation methodology demonstrated in Exhibit A, the revised tariffs presented in Exhibit B, and the methodology for the calculation of the storage carrying costs for inclusion in the GCR demonstrated in Exhibit C and find that such an adjustment to VEDO's rates is not an increase in base rates. The Parties agree that the base rate revenue reductions calculated in Exhibit A shall also be reductions to the Order Granted Base Rate Revenues for those Rate Schedules subject to the Sales Reconciliation Rider.

- D. VEDO agrees to include a review of its gas supply process profiles and procedures (with a focus on documental control as an objective) and compliance with Affiliate Guidelines and Code of Conduct in internal audits scheduled in the next year.
- E. VEDO agrees to modify its Curtailment Procedures to cover Choice supplier loss of gas supply. Attached hereto as Exhibit D is Second

Revised Sheet No. 70, Page 1 of 4, in which Paragraph A(6) reflects this modification. The Parties agree that the Commission should approve the revised tariff in Exhibit D.

- F. VEDO agrees to conduct further analysis of its review of the expansion of propane vaporization capacity to displace pipeline or storage capacity to the extent consistent with VEDO's efforts to provide a reliable supply at costs that are prudently incurred. The results of this analysis will be shared with the Staff and OCC.
- G. UII recommended that, "VEDO should refund \$831,740 to GCR customers for its 5% reserve margin for November 1, 2002 through October 1, 2003." M/P Audit at 74, Recommendation 1. The Parties agree that this recommendation remains at issue in these proceedings and that it should be submitted to the Commission for its consideration and resolution.
- H. The Parties agree and request that the Commission find that VEDO's purchasing policies satisfy the performance criteria set forth in Rule 4901:1-14-07(D); and that VEDO's procurement practices and policies during the audit period in these proceedings were prudent and reasonable.
- I. The Parties agree that nothing in this Stipulation and Recommendation should be construed as waiving any argument before the Ohio Supreme Court in Case No. 06-367.

IV. FINANCIAL AND UNCOLLECTIBLE EXPENSE RIDER AUDITS

A. Financial Audits

Deloitte & Touche LLP ("D&T") filed, on July 15, 2005 and August 18, 2006, two Independent Accountants' Report on the Uniform Purchased Gas Adjustment Rates in these proceedings, which, together, covered the audit period of November 1, 2003 to April 30, 2006. In these Reports, D&T found that VEDO had fairly determined the GCR rates for the audit period, in all material respects, in accordance with the financial procedural aspects of the uniform purchased gas adjustment as set forth in Chapter 4901:1-14, O.A.C., and properly applied the GCR rate to customer bills. D&T also found that its analyses of the level of Unaccounted For Gas as of October 31, 2004 and April 30, 2006, indicate that the annual percentage is below the five percent ceiling established in Case No. 86-2011-GA-ORD. D&T also made a number of specific findings, all of which were appropriately resolved prior to the end of the audit period. The Parties agree and recommend that the Commission adopt the Financial Audit findings of D&T in these proceedings³.

³ VEDO's financial performance includes VEDO's use of the percentage factor adopted by the Commission to allocate the gas supply portfolio management arrangement proceeds to VEDO's delivered cost of natural gas for purposes of computing GCR rates. This allocation factor was specified by the Commission in its computation of the "...GCR Ratepayer's share..." of such proceeds as being 85 percent (see the Commission's December 21, 2005, Second Entry on Rehearing in Case No. 02-220-GA-GCR, at page 7). In this GCR audit period, consistent with the PUCO's order in the last GCR case, VEDO has conducted a competitive RFP and selected a third party portfolio administrator. The same sharing between ratepayers and the company (85%/15%) has been applied to the proceeds paid by the administrator in this audit period. The Parties believe that the Commission has approved VEDO's ongoing future use of this allocation factor for purposes of computing GCR rates. The Parties urge the Commission to confirm that VEDO's ongoing and future use of this allocation factor as applied to proceeds VEDO may receive from portfolio management arrangements has been approved by the Commission.

B. Uncollectible Expense Rider Audits

D&T filed, on August 31, 2005 and August 18, 2006, two Audit Reports of VEDO's Uncollectible Expense Rider covering the annual report periods of January 1, 2004 to December 31, 2004, and January 1, 2005 to December 31, 2005. In these reports, D&T verified that VEDO appropriately accounted for and billed its Uncollectible Expense Rider Rate during 2004 and 2005. The Parties agree and recommend that the Commission adopt the Uncollectible Expense Rider findings of D&T in these proceedings.

V. LONG-TERM FORECAST REPORT (Case No. 05-120-GA-FOR)

On May 27, 2005, VEDO timely filed its long-term forecast report ("LTFR") in Case No. 05-120-GA-FOR. Consistent with the requirement of Section 4935.04(D)(3)(b), Revised Code, that the Commission convene a hearing at least once every five years considering a utility's long-term forecast, a hearing was scheduled in this matter on August 9, 2005. By Entry dated July 12, 2005, the Commission ordered the August 9, 2005 hearing of Case No. 05-120-GA-FOR convened, continued, and consolidated for hearing with Case No. 04-220-GA-GCR on February 14, 2006. By Entries dated August 24, 2005 and September 14, 2005, the Commission ultimately ordered that the continued hearing for Case No. 05-120-GA-FOR and the hearings for Case Nos. 04-220-GA-GCR, and 05-220-GA-GCR be consolidated for hearing on October 17, 2006. The Signatory Parties agree that VEDO's 2005 Long Term Forecast Report substantially complies with the requirements of Chapter 4935, Revised Code, and request that the Commission close the record in this matter with a finding that

VEDO has satisfied such requirements. The purpose of the LTFR, as announced in Section 4935.04, Revised Code, is to require energy utilities to prospectively plan for a sufficient supply based on projected demand and to demonstrate that such a process has been adequately implemented by the reporting utility. The LTFRs are primarily for the utilities' planning purposes.

VI. PROCEDURAL MATTERS

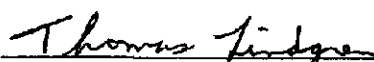
- A. VEDO's publication of notice for the GCR proceedings was inadvertently one day late for seven of the seventeen counties served by VEDO. The Parties agree that the proofs of publication to be submitted in the GCR proceedings will demonstrate that reasonable and adequate notice of these proceedings has been published in substantial compliance with the Commission's rules. In the alternative, the Parties explicitly request that the Commission grant a partial waiver of Rule 4901:1-14-08(C) to the extent required to find that the public notice made in the GCR proceedings was adequate and reasonable. The proofs of publication will be filed as a late-filed exhibit and shall be admitted into the record of these proceedings.

- B. The Parties agree that VEDO's testimony, IGS's testimony, the Management/Performance Audit Report filed by Utilities International, Inc. on August 16, 2006, the two Financial Audits filed by Deloitte and Touche LLP on July 15, 2005 and August 18, 2006, and the two Uncollectible Expense Rider Audit Reports filed by Deloitte and Touche LLP on August 31, 2005 and August 18, 2006 should be admitted as evidence in these

proceedings and that said evidence supports the reasonableness of this Stipulation and Recommendation, taken as a whole, consistent with the criteria that the Commission has adopted for purposes of evaluation of settlements.

- C. Notwithstanding anything to the contrary in any pre-filed testimony, the Parties agree that, to the extent that any specific recommendations or positions proposed by the auditors or witnesses in these proceedings are not explicitly adopted by this Stipulation and Recommendation, said recommendations or positions are excluded from and not supported by the Parties as a part of this Stipulation and Recommendation.
- D. The Signatory Parties agree and intend to support the reasonableness of this Stipulation and Recommendation before the Commission and in any appeal from the Commission's adoption or enforcement of this Stipulation and Recommendation. If not finally adopted by the Commission or if rejected by any appellate court, this Stipulation and Recommendation shall not prejudice any of the positions taken by any party on any issue before the Commission in these or any other proceedings, is not an admission of fact by any of the parties, and shall not be admissible evidence in these or any other proceedings. This Stipulation and Recommendation is submitted for purposes of these cases only, and may not be relied upon or used in any other proceeding except as necessary to enforce the terms of this Stipulation and Recommendation.

Agreed upon this 15th day of December, 2006.


**On Behalf of the Staff of the
Public Utilities Commission of Ohio**

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**On Behalf of Vectren Energy Delivery
of Ohio, Inc.**

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Vectren Energy Delivery of Ohio, Inc.
Effect of Removing Gas Storage Carrying Costs from Base Rates

DERIVATION OF CONTRACT STORAGE REVENUE REQUIREMENTS

(1) Off System Storage (Prepaid Gas Delivery) Rate Base	No.	Allocation Method	Total	Rates 310/315	Rates 320/325	Rates 330/345	Rate 341
(2) System Pre-Tax Cost of Capital - Exhibit A, page 3 of 3			\$35,233,030				
			<u>11.68%</u>				
(3) Revenue to be Removed from Base Rates (1) * (2)	105	Weighted Average C. S. Allocator	\$4,115,227	\$2,478,724	\$949,793	\$685,184	\$1,528

DERIVATION OF BASE RATE AND GCR RATE IMPACTS

(4) GCR Sales Volumes	325,520,819	217,076,485	91,577,551	16,604,324	262,460
(5) Transport Volumes	163,272,198	53,577,085	19,714,259	89,980,855	0
(6) Total Throughput	<u>488,793,018</u>	<u>270,653,570</u>	<u>111,291,810</u>	<u>106,585,178</u>	<u>262,460</u>
(7) Reduction in Block Rates \$(Ccf) (3) / (6)		\$0.00916	\$0.00853	\$0.00643	\$0.00581

NOTE: GROSS RECEIPTS TAXES HAVE NOT BEEN REFLECTED
BECAUSE THEY ARE A SEPARATE RIDER.

Vectren Energy Delivery of Ohio, Inc.
Effect of Removing Gas Storage Carrying Costs from Base Rates

	Approved Base Rates (\$/Ccf)	Remove Contract Storage (\$/Ccf)	Revised Base Rates (\$/Ccf)
<u>Residential Service (Rate 310/216)</u>			
Customer Charge	\$7.00		\$7.00
First 50 Ccf	\$0.12802	(\$0.00816)	\$0.11986
Over 50 Ccf	\$0.11358	(\$0.00816)	\$0.10442
<u>General Service (Rates 320/325)</u>			
Customer Charge-Group 1	\$10.00		\$10.00
Customer Charge-Group 2	\$25.00		\$25.00
First 50 Ccf	\$0.13732	(\$0.00853)	\$0.12879
Over 50 Ccf	\$0.11350	(\$0.00853)	\$0.10497
<u>Large General Service (Rates 330/346)</u>			
Customer Charge-Group 1	\$100.00		\$100.00
Customer Charge-Group 2	\$100.00		\$100.00
First 1,000 Ccf	\$0.13833	(\$0.00843)	\$0.12990
Next 14,000 Ccf	\$0.11705	(\$0.00843)	\$0.11062
Over 15,000 Ccf	\$0.08334	(\$0.00843)	\$0.07691
<u>Interruptible Gas Sales Service (Rate 340)</u>			
Customer Charge-Group 1	\$100.00		\$100.00
Customer Charge-Group 2	\$100.00		\$100.00
All Ccf	\$0.05656	(\$0.00581)	\$0.04977
<u>Dual Fuel Sales Service (Rate 341)</u>			
Customer Charge-Group 1	\$30.00		\$30.00
Customer Charge-Group 2	\$30.00		\$30.00
Base Deliveries	\$0.08631	(\$0.00581)	\$0.08050
Dual Fuel Deliveries	\$0.03268	(\$0.00581)	\$0.02887

Vectren Energy Delivery of Ohio, Inc.
PreTax Cost of Capital (1)

	Weight	Cost	Weighted Cost	One Minus Applicable Tax Rate	Pretax Cost of Capital
Equity	48.1%	10.60%	5.10%	65%	7.84%
Debt	51.9%	7.40%	3.84%	100%	3.84%
	<u>100.0%</u>		<u>8.94%</u>		<u>11.68%</u>

From Case No. 04-571-GA-AIR

VECTREN ENERGY DELIVERY OF OHIO, INC.
Tariff for Gas Service
P.U.C.O. No. 2

First Revised Sheet No. 10
Cancels Original Sheet No. 10
Page 1 of 1

RATE 310 **RESIDENTIAL SALES SERVICE**

APPLICABILITY

This Rate Schedule shall be available to any Residential Customer electing service hereunder when, in the judgment of Company, its service facilities are adequate to render Gas Service to Customer without impairing the quality of Company's Gas Service to other Customers. [Successor Rate Schedule to Small Gas Sales Service, for Residential Customers.]

CHARACTER OF SERVICE

This Rate Schedule applies to the provision of Sales Service. Gas Service provided hereunder shall be metered separately and all charges shall be calculated separately from Gas Service provided under any other Rate Schedule. The delivery pressure shall be that which is available at Customer's Premises.

RATES AND CHARGES

The monthly Rates and Charges for Gas Service under this Rate Schedule shall be:

Customer Charge:

\$7.00 per meter

Distribution Charge:

\$0.11986 ~~\$0.12902~~ per Ccf for the first 50 Ccf, plus
\$0.10442 ~~\$0.11358~~ per Ccf for all Ccf over 50 Ccf

Riders:

The following Riders shall be applied monthly:

- Sheet No. 31 – Gas Cost Recovery Rider
- Sheet No. 35 – Migration Cost Rider
- Sheet No. 37 – Gross Receipts Excise Tax Rider
- Sheet No. 39 – Uncollectible Expense Rider
- Sheet No. 40 – Percentage of Income Payment Plan Rider
- Sheet No. 42 – S.B. 287 Excise Tax Rider

Minimum Monthly Charge:

The Minimum Monthly Charge shall be the Customer Charge

Miscellaneous Charges:

The Miscellaneous Charges set forth in Sheet No. 30, Miscellaneous Charges, shall be charged to Customer if applicable.

TERMS AND CONDITIONS

Gas Service rendered under this Rate Schedule shall be subject to Company's General Terms and Conditions and Commission's Regulations.

Filed pursuant to the Finding and Order dated _____ in Case No. 04-220-GA-GCR and 05-120-GA-FOR of The Public Utilities Commission of Ohio.

Issued:

Issued by Jerrold L. Ulrey, Vice-President

Effective:

VECTREN ENERGY DELIVERY OF OHIO, INC.
Tariff for Gas Service
P.U.C.O. No. 2

Second Revised Sheet No. 11
Cancels First Revised Sheet No. 11
Page 1 of 2

RATE 315

RESIDENTIAL TRANSPORTATION SERVICE

APPLICABILITY

This Rate Schedule shall be available to any Residential Customer electing service hereunder when, in the judgment of Company, its service facilities are adequate to render Gas Service to Customer without impairing the quality of Company's Gas Service to other Customers. However, this Rate Schedule shall not be available to any Customer whose utility service account is past due at the time Customer desires to initiate this service unless Customer has discharged, or entered into a payment arrangement to discharge all existing arrearages owed the Company. This Rate Schedule is also applicable to customers currently enrolled in the Company's Percentage of Income Payment Plan (PIPP) in the event that Company bids out the provision of commodity supply for the PIPP Customers as a Single Pool. [Successor Rate Schedule to Small Gas Transportation Service, for Residential Customers.]

CHARACTER OF SERVICE

This Rate Schedule applies to the provision of Transportation Service. Gas Service provided hereunder shall be metered separately and all charges shall be calculated separately from Gas Service provided under any other Rate Schedule. The delivery pressure shall be that which is available at Customer's Premises.

Customer, except for PIPP Pool Customers, must enter into a contract for firm gas supplies with a Supplier who meets the requirements for participation in Pooling Service (Residential and General) under Rate 385. Company will maintain and make available a list of Suppliers participating in the Pooling Program. Such list shall be available by request and through the Company's website.

DEFINITIONS

Terms used in this Rate Schedule are defined in the Definitions section of Pooling Service Terms and Conditions (Residential and General) on Sheet No. 52.

RATES AND CHARGES

The monthly Rates and Charges for Gas Service under this Rate Schedule shall be:

Customer Charge:

\$7.00 per meter

Distribution Charge:

\$0.11986 ~~\$0.12902~~ per Ccf for the first 50 Ccf, plus
\$0.10442 ~~\$0.11358~~ per Ccf for all Ccf over 50 Ccf

Riders:

The following Riders shall be applied monthly:

- Sheet No. 32 – Gas Cost Recovery Transition Rider
- Sheet No. 35 – Migration Cost Rider
- Sheet No. 37 – Gross Receipts Excise Tax Rider
- Sheet No. 39 – Uncollectible Expense Rider
- Sheet No. 40 – Percentage of Income Payment Plan Rider
- Sheet No. 42 – S.B. 287 Excise Tax Rider

Filed pursuant to the Finding and Order dated _____ in Case No. 04-220-GA-GCR and 05-120-GA-FOR of The Public Utilities Commission of Ohio.

Issued:

Issued by Jerrold L. Ulrey, Vice-President

Effective:

VECTREN ENERGY DELIVERY OF OHIO, INC.
Tariff for Gas Service
P.U.C.O. No. 2

First Revised Sheet No. 12
Cancels Original Sheet No. 12
Page 1 of 2

RATE 320 **GENERAL SALES SERVICE**

APPLICABILITY

This Rate Schedule shall be available to any Non-Residential Customer electing service hereunder whose Annual Usage is less than 150,000 Ccf when, in the judgment of Company, its service facilities are adequate to render Gas Service to Customer without impairing the quality of Company's Gas Service to other Customers. [Successor Rate Schedule to Small Gas and General Gas Sales Services, for Non-Residential Customers.]

CHARACTER OF SERVICE

This Rate Schedule applies to the provision of Sales Service. Gas Service provided hereunder shall be metered separately and all charges shall be calculated separately from Gas Service provided under any other Rate Schedule. The delivery pressure shall be that which is available at Customer's Premises.

RATES AND CHARGES

The monthly Rates and Charges for Gas Service under this Rate Schedule shall be:

Customer Charge:

\$10.00 per Group 1 Meter, or
\$25.00 per Group 2 Meter

Distribution Charge:

\$0.12879 ~~\$0.13732~~ per Ccf for the first 50 Ccf, plus
\$0.10497 ~~\$0.11250~~ per Ccf for all Ccf over 50 Ccf

Riders:

The following Riders shall be applied monthly:

- Sheet No. 31 – Gas Cost Recovery Rider
- Sheet No. 35 – Migration Cost Rider
- Sheet No. 37 – Gross Receipts Excise Tax Rider
- Sheet No. 39 – Uncollectible Expense Rider
- Sheet No. 40 – Percentage of Income Payment Plan Rider
- Sheet No. 42 – S.B. 287 Excise Tax Rider

Minimum Monthly Charge:

The Minimum Monthly Charge shall be the Customer Charge.

Miscellaneous Charges:

The Miscellaneous Charges set forth in Sheet No. 30, Miscellaneous Charges, shall be charged to Customer if applicable.

Filed pursuant to the Finding and Order dated _____ in Case No. 04-220-GA-GCR and 05-120-GA-FOR of The Public Utilities Commission of Ohio.

Issued:

Issued by Jerrold L. Ulrey, Vice-President

Effective:

VECTREN ENERGY DELIVERY OF OHIO, INC.
Tariff for Gas Service
P.U.C.O. No. 2

Second Revised Sheet No. 13
Cancels First Revised Sheet No. 13
Page 1 of 3

RATE 325

GENERAL TRANSPORTATION SERVICE

APPLICABILITY

This Rate Schedule shall be available to any Non-Residential Customer electing service hereunder whose Annual Usage is less than 150,000 Ccf when, in the judgment of Company, its service facilities are adequate to render Gas Service to Customer without impairing the quality of Company's Gas Service to other Customers. However, this Rate Schedule shall not be available to any Customer whose utility service account is past due at the time Customer desires to initiate this service unless Customer has discharged, or entered into a payment arrangement to discharge all existing arrearages owed the Company. [Successor Rate Schedule to Small Gas and General Gas Transportation Services, for Non-Residential Customers.]

CHARACTER OF SERVICE

This Rate Schedule applies to the provision of Transportation Service. Gas Service provided hereunder shall be metered separately and all charges shall be calculated separately from Gas Service provided under any other Rate Schedule. The delivery pressure shall be that which is available at Customer's Premises.

Customer must enter into a contract for firm gas supplies with a Supplier who meets the Company's requirements for participation in Pooling Service (Residential and General) under Rate 385. Company will maintain and make available a list of Suppliers participating in the Pooling Program. Such list shall be available by request and through the Company's website.

DEFINITIONS

Terms used in this Rate Schedule are defined in the Definitions section of the Pooling Service Terms and Conditions (Residential and General) on Sheet No. 52.

RATES AND CHARGES

The monthly Rates and Charges for Gas Service under this Rate Schedule shall be:

Customer Charge:

\$10.00 per Group 1 Meter, or
\$25.00 per Group 2 Meter

Distribution Charge:

\$0.12879 ~~\$0.13732~~ per Ccf for the first 50 Ccf, plus
\$0.10497 ~~\$0.11350~~ per Ccf for all Ccf over 50 Ccf

Riders:

The following Riders shall be applied monthly:

- Sheet No. 32 – Gas Cost Recovery Transition Rider
- Sheet No. 35 – Migration Cost Rider
- Sheet No. 37 – Gross Receipts Excise Tax Rider
- Sheet No. 39 – Uncollectible Expense Rider
- Sheet No. 40 – Percentage of Income Payment Plan Rider
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Filed pursuant to the Finding and Order dated _____ in Case No. 04-220-GA-GCR and 05-120-GA-FOR of The Public Utilities Commission of Ohio.

Issued:

Issued by Jerrold L. Ulrey, Vice-President

Effective:

VECTREN ENERGY DELIVERY OF OHIO, INC.
Tariff for Gas Service
P.U.C.O. No. 2

First Revised Sheet No. 14
Cancels Original Sheet No. 14
Page 1 of 2

RATE 330

LARGE GENERAL SALES SERVICE

APPLICABILITY

This Rate Schedule shall be available to any Non-Residential Customer electing service hereunder whose Annual Usage is 150,000 Ccf or more when, in the judgment of Company, its service facilities are adequate to render Gas Service to Customer without impairing the quality of Company's Gas Service to other Customers. [Successor Rate Schedule to Large Gas Sales Service.]

CHARACTER OF SERVICE

This Rate Schedule applies to the provision of Sales Service. Gas Service provided hereunder shall be metered separately and all charges shall be calculated separately from Gas Service provided under any other Rate Schedule. The delivery pressure shall be that which is available at Customer's Premises.

RATES AND CHARGES

The monthly Rates and Charges for Gas Service under this Rate Schedule shall be:

Customer Charge:

\$100.00 per Meter

Distribution Charge:

\$0.12990 ~~\$0.13633~~ per Ccf for the first 1000 Ccf, plus
\$0.11062 ~~\$0.11705~~ per Ccf for the next 14,000 Ccf, plus
\$0.07691 ~~\$0.08334~~ per Ccf for all Ccf over 15,000 Ccf

Riders:

The following Riders shall be applied monthly:

- Sheet No. 31 – Gas Cost Recovery Rider
- Sheet No. 37 – Gross Receipts Excise Tax Rider
- Sheet No. 39 – Uncollectible Expense Rider
- Sheet No. 40 – Percentage of Income Payment Plan Rider
- Sheet No. 42 – S.B. 287 Excise Tax Rider

Minimum Monthly Charge:

The Minimum Monthly Charge shall be the Customer Charge.

Miscellaneous Charges:

Miscellaneous Charges set forth in Sheet No. 30, Miscellaneous Charges, shall be charged to Customer if applicable.

Filed pursuant to the Finding and Order dated _____ in Case No. 04-220-GA-GCR and 05-120-GA-FOR of The Public Utilities Commission of Ohio.

Issued:

Issued by Jerrold L. Ulrey, Vice-President

Effective:

VECTREN ENERGY DELIVERY OF OHIO, INC.
Tariff for Gas Service
P.U.C.O. No. 2

First Revised Sheet No. 15
Cancels Original Sheet No. 15
Page 1 of 2

RATE 340 **INTERRUPTIBLE SALES SERVICE**

APPLICABILITY

This Rate Schedule is available to any Non-Residential Customer electing service hereunder when, in the judgment of Company, its service facilities are adequate to render Gas Service to Customer without impairing the quality of Company's Gas Service to other Customers.

CHARACTER OF SERVICE

This Rate Schedule applies to the provision of Interruptible Sales Service. The delivery pressure shall be that which is available at Customer's Premises.

RATES AND CHARGES

The Monthly Rates and Charges for Gas Service under this Rate Schedule shall be:

Customer Charge:

\$100.00 per meter

Distribution Charge:

\$0.04977 ~~\$0.05558~~ per Ccf for all Ccf

Riders:

The following Riders shall be applied monthly:

- Sheet No. 31 – Gas Cost Recovery Rider
- Sheet No. 37 – Gross Receipts Excise Tax Rider
- Sheet No. 39 – Uncollectible Expense Rider
- Sheet No. 40 – Percentage of Income Payment Plan Rider
- Sheet No. 42 – S.B. 287 Excise Tax Rider

Minimum Monthly Charge:

For the billing months of June, July, August, September, and October, the Minimum Monthly Charge shall be \$2000.00, plus the Gas Cost Recovery Charge computed on the gas actually metered during such month. For all other billing months, the Minimum Monthly Charge shall be the Customer Charge.

Miscellaneous Charges:

The Miscellaneous Charges set forth in Sheet No. 30, Miscellaneous Charges, shall be charged to Customer if applicable.

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Tariff for Gas Service
P.U.C.O. No. 2

First Revised Sheet No. 16
Cancels Original Sheet No. 16
Page 1 of 3

RATE 341 **DUAL FUEL SALES SERVICE**

APPLICABILITY

This Rate Schedule is available to any Non-Residential Customer electing service hereunder whose Spaceheating equipment has a rated input in excess of 2,500,000 Btu per hour when, in the judgment of Company, its service facilities are adequate to render Gas Service to Customer without impairing the quality of Company's Gas Service to other Customers.

CHARACTER OF SERVICE

This Rate Schedule is applicable to the provision of Dual Fuel Sales Service, as described in the Dual Fuel Terms and Conditions below. Gas Service under this Rate Schedule shall be metered separately and all charges shall be calculated separately from Gas Service provided under any other Rate Schedule. The delivery pressure shall be that which is available at Customer's Premises. Customer, and owner if other than Customer, shall enter into and comply with the terms and conditions of a contract with Company.

RATES AND CHARGES

The monthly Rates and Charges for Gas Service under this Rate Schedule shall be:

Customer Charge:

\$30.00 per meter

Distribution Charge:

\$0.06050 ~~\$0.06624~~ per Ccf for all Ccf of Process or Base Deliveries (as defined below), plus
\$0.02687 ~~\$0.03268~~ per Ccf for all Ccf of Dual Fuel Deliveries (as defined below)

Riders:

The following Riders shall be applied monthly:

- Sheet No. 31 – Gas Cost Recovery Rider
- Sheet No. 37 – Gross Receipts Excise Tax Rider
- Sheet No. 39 – Uncollectible Expense Rider
- Sheet No. 40 – Percentage of Income Payment Rider
- Sheet No. 42 – S. B. 287 Excise Tax Rider

Minimum Monthly Charge:

The Minimum Monthly Charge shall be the Customer Charge.

Miscellaneous Charges:

The Miscellaneous Charges set forth in Sheet No. 30, Miscellaneous Charges, shall be charged to Customer if applicable.

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Tariff for Gas Service
P.U.C.O. No. 2

First Revised Sheet No. 17
Page 1 of 2

RATE 345

LARGE GENERAL TRANSPORTATION SERVICE

APPLICABILITY

This Rate Schedule is available to any Non-Residential Customer electing service hereunder whose Annual Usage is greater than 50,000 Ccf and certain other Non-Residential Customers who were receiving service hereunder prior to March 1, 2005, when, in the judgment of Company, its service facilities are adequate to render Gas Service to Customer without impairing the quality of Company's Gas Service to other Customers. [Successor Rate Schedule to Natural Gas Transportation Service.]

CHARACTER OF SERVICE

This Rate Schedule applies to the provision of Transportation Service. Gas Service hereunder shall be metered separately and all charges shall be calculated separately from Gas Service provided under any other Rate Schedule. The delivery pressure shall be that which is available at Customer's Premises.

Company shall provide Transportation Service from existing pipeline delivery points specified by Company to Customer on a non-discriminatory basis subject to the capacity of Company's Operational Systems.

RATES AND CHARGES

The monthly Rates and Charges for Gas Service under this Rate Schedule shall be:

Customer Charge:

\$100.00 per meter

Distribution Charge:

\$0.12990 ~~\$0.13633~~ per Ccf for the first 1000 Ccf, plus
\$0.11062 ~~\$0.11705~~ per Ccf for the next 14,000 Ccf, plus
\$0.07691 ~~\$0.08334~~ per Ccf for all Ccf over 15,000 Ccf

Riders:

The following Riders shall be applied monthly:

- Sheet No. 37 – Gross Receipts Excise Tax Rider
- Sheet No. 42 – S.B. 287 Excise Tax Rider

Minimum Monthly Charge:

The Minimum Monthly Charge shall be the Customer Charge.

Additional Services Charges:

Customer shall pay the appropriate rates and charges for any additional service provided by Company, as described in the Transportation Terms and Conditions (Large General), and any charge assessed in accordance with orders issued by Commission relating to take-or-pay, transition, or other costs.

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Tariff for Gas Service
P.U.C.O. No. 2

Nineteenth Revised Sheet No. 31
Cancels Eighteenth Revised Sheet No. 31
Page 1 of 1

GAS COST RECOVERY RIDER

APPLICABILITY

The Gas Cost Recovery ("GCR") Rider is applicable to any Sales Service Customer.

DESCRIPTION

The Gas Cost Recovery Charge shall be the product of the billing Ccf and the GCR Rate.

The Gas Cost Recovery Rate (GCR Rate) will be determined pursuant to the requirements of Chapter 4901:1-14 of the Ohio Administrative Code **and applicable Commission Orders**.

GCR RATE

The GCR Rate for October 2006 is \$0.81810/Ccf.

Note: Tariff additions are indicated in bold and italicized.

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GCR 108

Schedule 1
Page 1 of 10

VECTREN ENERGY DELIVERY OF OHIO
DETERMINATION OF GAS COST RECOVERY (GCR)
For the Period November 1, 2006 to January 31, 2007

Line No.	Estimated Cost of Gas to be Recovered	Estimated November 2006 (A)	Estimated December 2006 (B)	Estimated January 2007 (C)	Total (D)
<u>Commodity Costs</u>					
1	Commodity Purchases (Sch 1, Pages 2-4)	\$15,707,548	\$18,065,234	\$19,412,106	\$53,184,888
2	Propane (Sch 1, Page 9)	\$0	\$0	\$0	\$0
3	Contract Storage Commodity Costs (Sch 1, Page 6)	\$16,937	\$71,717	\$99,808	\$187,260
4	Contract Storage Carrying Costs (Sch 1, Page 9)	\$462,500	\$378,187	\$285,833	\$1,137,500
5	Storage (In)/With (Sch 1, Page 8)	\$3,243,370	\$14,595,483	\$20,271,285	\$38,110,139
6	Total Commodity Costs	\$19,429,355	\$33,111,601	\$40,078,831	\$92,619,787
7	Quarterly Sales Volumes (Dth) - Projected	2,812,830	4,385,136	5,234,164	12,432,130
8	Unit Commodity Cost	\$6.9074	\$7.5509	\$7.6572	
<u>Demand Costs</u>					
9	Annual Pipeline Demand Costs (Sch 1, Page 5)				\$12,532,898
10	Annual Contract Storage Demand Costs (Sch 1, Page 7)				\$20,145,782
11	Total Annual Demand Cost				\$32,678,680
12	Annual Sales Volumes (Dth) - Projected				27,650,656
13	Unit Demand Cost (\$/Dth)	\$1.1818	\$1.1818	\$1.1818	
<u>Total Cost of Gas</u>					
14	Expected Gas Cost per Dth (Line 7 + Line 12 + Line 15)	\$8.0892	\$8.7327	\$8.8390	
15	Expected Gas Cost per Mcf (Line 13 X 1.02)	\$8.2510	\$8.9074	\$9.0158	

Note: Existing Schedule, New Line 4

Schedule 1
Page 9 of 10

Vectren Energy Delivery of Ohio, Inc.
Estimated Contract Storage Carrying Costs

Line No.	Ending Storage Balance Month	Estimated Ending Storage Inventory	Average Monthly Storage Inventory Balance	Ave. Storage Balance times Monthly Cost of Capital (1)
				0.8333%
1	October	\$60,500,000		
2	November	\$50,500,000	\$ 55,500,000	\$ 462,500
3	December	\$40,500,000	\$ 46,500,000	\$ 379,167
4	January	\$30,500,000	\$ 36,500,000	\$ 295,833

Note 1: 10% divided by 12 months = 0.8333%

Note: New Schedule

GCR 108

SCHEDULE 3

**PURCHASED GAS ADJUSTMENT
VECTREN ENERGY DELIVERY OF OHIO
ACTUAL ADJUSTMENT**

Details for the Three Month Period Ended:

July-08

PARTICULARS		UNIT	MONTH May 2006	MONTH June 2006	MONTH July 2006
SUPPLY VOLUME PER BOOKS (For Information Only)					
1	Primary Gas Suppliers	Mcf	1,034,478	791,843	495,333
2	Utility Production	Mcf			
3	Includable Propane	Mcf	3,371	0	0
4	Other Volumes (Specify)	Mcf			
5	Total Supply Volumes	Mcf	<u>1,037,849</u>	<u>791,843</u>	<u>495,333</u>
Contract Storage Carrying Costs (Sch 1, Page 9)					
SUPPLY COST PER BOOKS					
6	Primary Gas Suppliers	\$	\$9,575,387	\$7,551,668	\$5,559,609
7	Utility Production	\$			
8	Includable Propane	\$	\$21,525	\$0	\$0
9	Other Volumes				
10	Contract Storage Carrying Costs - Actual		<u>\$187,500</u>	<u>\$229,167</u>	<u>\$270,833</u>
11	Total Supply Volumes	\$	<u>\$9,784,412</u>	<u>\$7,780,835</u>	<u>\$5,830,442</u>
SALES VOLUMES					
12	Jurisdictional	Mcf	1,069,176	754,125	626,882
13	Non-Jurisdictional	Mcf			
14	Other Volumes (Specify)	Mcf			
15	Total Sales Volumes	Mcf	<u>1,069,176</u>	<u>754,125</u>	<u>626,882</u>
16	UNIT BOOK COST OF GAS (Line 10 / Line 14)	\$/Mcf	\$8.9833	\$10.3177	\$9.3007
17	Less: EGC in Effect for Month (Summary, GCR 106, I	\$/Mcf	\$9,1071	\$9,2485	\$9,2728
18	Difference (Line 16 - Line 17)	\$/Mcf	(\$0.1238)	\$1.0692	\$0.0279
19	Times: Monthly Jurisdictional Sales (Line 14)	Mcf	1,069,176	754,125	626,882
20	Under (Over) Recovery (Line 17 * Line 18)	\$	(\$134,823)	\$806,310	\$17,491
21	Credit from Transportation Contract Customers Transportation Credit Adjustment for GCR106		(\$58,679)	(\$57,184)	(\$125,628)
PARTICULARS			UNIT		THREE MONTH PERIOD
22	Cost Difference for the Three Month Period (Line 19 + Line 20)		\$		\$447,477
23	Balance Adjustment Amount		(Sch 4, Line 7)		(\$270,324)
24	Divided By: Annual Projected Sales		(Sch 1, Page 1, Line 11)		Mcf
25	Current Quarterly Actual Adjustment (Line 21 + Line 22 + Line 23 / Line 24)		\$/Mcf		\$0.0064

Note: Existing Schedule, New Line 10

Schedule 5

Vectren Energy Delivery of Ohio, Inc.
Reconciliation of Contract Storage Financing Cost

Line No.	Month	Actual Storage Inventory	Average Monthly Storage Inventory Balance	Ave. Storage Balance times Monthly Cost of Capital (1) 0.8333%
1	April	\$20,000,000		
2	May	\$25,000,000	\$22,500,000	\$187,500
3	June	\$30,000,000	\$27,500,000	\$229,167
4	July	\$35,000,000	\$32,500,000	\$270,833

Note 1: 10% divided by 12 months = 0.8333%

Note: New Schedule

VECTREN ENERGY DELIVERY OF OHIO, INC.
 Tariff for Gas Service
 P.U.C.O. No. 2

Second Revised Sheet No. 70
 Page 1 of 4

GENERAL TERMS AND CONDITIONS **APPLICABLE TO GAS SERVICE**

11. CURTAILMENT PROCEDURES

When sufficient capacity or quantities of gas are not available to Company to meet existing and reasonably anticipated demands for Gas Service or to protect and replenish Company's gas storage reserves, which determinations shall be within Company's reasonable discretion, Company shall have the right to curtail Gas Service within any of its Operational Systems so affected in accordance with the provisions of this procedure.

A. **Definitions.** For the purpose of this Procedure, the following terms shall have the meanings defined below:

- (1) **Firm Curtailment Customer.** A Firm Curtailment Customer shall mean any Customer being served under Rate 320, 325, 330, or 345 whose Average Daily Throughput in any billing month during or subsequent to the Base Period exceeds 1,000 Ccf.
- (2) **Average Daily Throughput.** The Average Daily Throughput for any Base Period billing month shall be the Firm Curtailment Customer's metered Throughput during such month divided by the number of days in the month.
- (3) **Base Period.** The Base Period is any twelve consecutive billing months as established by Company.
- (4) **Normal Monthly Throughput.** The Normal Monthly Throughput shall be the Firm Curtailment Customer's metered Throughput during each billing month of the Base Period. These quantities may be adjusted by Company for unusual circumstances.
- (5) **Human Needs Customers.** Human Needs Customers shall include hospitals, medical centers, nursing homes, and other Customers as determined by Company, whose Curtailment could adversely affect public health or safety.
- (6) **Gas Supply Curtailment.** Curtailment resulting from insufficient quantities of Company-Supplied gas to meet the demands of Company's Sales Customers *or temporarily supplied Choice Customers*.
- (7) **Capacity Curtailment.** Curtailment resulting from insufficient system capacity to supply Gas Services to Company's Gas Service Customers.
- (8) **Plant Protection Level -** The minimum quantity of Gas Service for Firm Curtailment Customers or Alternate Fuel capability for Interruptible Sales Service Customers required by Customer to prevent endangering the health or safety of personnel, or to prevent extensive damage to Customer's facilities, equipment, or other property. This includes the protection of such material currently in process at the time a Curtailment is called which would otherwise be destroyed, but shall not include Gas Service required to maintain plant production.

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